

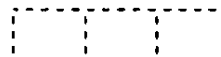
Form 1.1

Rule 1.24/1.54

The Insolvency Act 1986

Notice to Registrar of Companies of
Voluntary Arrangement Taking EffectPursuant to Section 4 of, or
paragraph 30 of Schedule A1 to,
the Insolvency Act 1986**S.4/
Para 30
Sch A1**

For official use



Company Number

05109923

To the Registrar of Companies

Name of Company

(a) Insert full name of
company

(a) KNB Contracts Limited

(b) Insert full name and
addressI, (b) Ravi Semb
Begbies Traynor (Central) LLP
2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ(c) Delete as applicable
(d) Insert datethe chairman of meetings held in pursuance of (c) section 4 of the Insolvency
Act 1986 on (d) 17 January 2011 enclose a copy of my report of the said
meetings

Signed

Date 18 Jan 2011

Presenter's name,
address and reference
(if any)Ravi Semb
Begbies Traynor (Central) LLP
2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

For Official Use

FRIDAY



A18

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21/01/2011

COMPANIES HOUSE

467

No. 1291 of 2010

**IN THE MATTER OF THE INSOLVENCY ACT 1986 PART I
AND IN THE MATTER OF
KNB CONTRACTS LIMITED**

Chairman's report on the adjourned meetings of creditors and members held at 2 Merus Court, Meridien Business Park, Leicester, LE19 1RJ convened pursuant to Section 3 of The Insolvency Act 1986

Introduction

This report is submitted to the Court pursuant to Section 4 of The Insolvency Act 1986 and in accordance with Rule 1.24 of The Insolvency Rules 1986

I, Ravi Sembi, the Joint Nominee in this matter, confirm that I acted as Chairman of the adjourned meetings of the creditors and members on 17 January 2011

Approval or Rejection of the Proposal

The directors' proposal for a voluntary arrangement was accepted by the creditors and members of the Company

25 modifications to the proposal were made and voted upon prior to the voting on the acceptance or rejection of the proposal. Details of the modifications are set out below

Modifications to the Proposal

The following resolutions specifying 25 modifications to the proposal were voted upon at the meeting of creditors

- 1 Interpretation – Where a modification to the proposal is approved by the creditors and accepted by the Company, the entire proposal shall be construed in the light of the modification and read to give effect to that modification such that any contrary or potentially contrary provisions in the proposal shall either be ignored, or interpreted, in order that the intention of the modification is given priority and effect
- 2 HMRC Claim – The HMRC (former IR) claim in the CVA will include PAYE/NIC due to the date, of the meeting to approve the arrangement, [or the commencement of the prior administration] and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement [or date of commencement of the prior administration]
- 3 HMRC Claim – The HMRC (former HMC&E) claim in the CVA will include assessed tax, levy or duty to the date of approval or [to the date of commencement of the prior administration]
- 4 Post approval returns and liabilities – All statutory returns and payments due to HMRC post approval shall be provided on or before the due date
- 5 Outstanding Returns – All statutory accounts and returns overdue at the date of the creditors' meeting shall be provided to HMRC within 3 months of the approval date together with any other information required
- 6 Dividend Prohibition – No non preferential distribution will be made until (i) a CTSA return has been filed for the accounting period ended on or immediately prior to the date, of approval, or of commencement of the prior administration (ii) a VAT and/or other levy or duty return due to HMRC has been filed up to the date of the approval or [the date of commencement of the prior administration] or (iii) an HMRC Determination or assessment has been made and the Supervisor had admitted their final claims
- 7 Expenses of Arrangements – CTSA/VAT due on realisation of assets included in the arrangement will be regarded as an expense of realising the asset payable out of net sale proceeds

- 8 Tax-overpayments – Set-off of refunds due from HMRC against debts due to HMRC will be in accordance with statute and established legal principles e.g. Burton (HM Collector of Taxes) v Mellham Limited [2006] UKHL 6 at paragraph 22
- 9 Expenses of VA – HMRC distress / petition costs are to be paid as an expense of the arrangement, in priority to the nominee's fees and Supervisor's fees, remuneration and disbursements
- 10 Termination – the arrangement shall terminate upon
 - a The making of a winding up order against the Company, or the passing of a winding up resolution or the Company going into administration
 - b (Where there is express authority for the Supervisor so doing) the Supervisor issuing a certificate of termination
- 11 Arrangement Trusts – Upon termination of the arrangement the arrangement trusts expressed or implied shall cease, save that assets already realised shall [after provision for Supervisor's fees and disbursements] be distributed to arrangement creditors
- 12 Liquidation Costs Provision – The Supervisor shall set aside sufficient funds for Winding up proceedings against the Company and such funds will rank ahead of any other expenses of the arrangement
- 13 Non-Compliance – Failure to comply with any express term of the arrangement shall constitute a breach of the Company's obligation under the arrangement. The Supervisor shall work with the Company to remedy any breach of obligation. Rule 1.19 shall apply where any variation is proposed. But if any breach of obligation is not remedied within 60 days of its occurrence this shall constitute default of the CVA that cannot be remedied and the Supervisor shall petition for a winding up order
- 14 Windfall – Should the Company receive or become entitled to any assets / funds which had not been foreseen in the proposal details shall be notified to the Supervisor immediately and such sums shall be paid into the CVA until all costs, creditors' claims and statutory interest have been paid in full. Until such costs, claims and statutory interest are paid in full all the Company's other obligations under the arrangement shall continue and the payment shall not reduce the amount of contribution due from the Company
- 15 Payments – The Company is to make monthly voluntary contributions of not less than £1,250 during the currency of the arrangement
- 16 Reviews – The Supervisor is to conduct a full review every 12 months of the company's business income and expenditure and obtain an increase in voluntary contributions of not less than 50% of any rise in the net income after provision for tax
- 17 Dividend Payments – All claims will rank in their respective classes for dividend from the first dividend date after they have been lodged with, and admitted by, the Supervisor
- 18 The debtor shall not, within 12 months of approval propose a variation of the arrangement that will reduce the yield to creditors below the forecast of 55p/£, unless the Supervisor can provide clear evidence that the variation proposal results from changed trading or personal circumstances that could not have been foreseen when the arrangement was approved. For the avoidance of doubt, simple misforecasting of business turnover or profitability shall not provide cause for variation

The Supervisor's evidence, supporting financial information and notice of a creditors' vote shall be circulated to creditors giving at least 14 days clear notice. Creditors shall be asked to say whether the costs associated with the variation shall be met from VA funds in the event that it is rejected
- 19 Duration – The duration of the arrangement shall not exceed 63 months
- 20 Time Limits – No time limit for lodging claims shall apply to HMRC
- 21 The directors of the Company shall not
 - a declare or pay any dividend to shareholders for the duration of the voluntary arrangement,
 - b declare or pay themselves additional remuneration or fees save shall be agreed with creditors representing 75% of voting creditors
- 22 Supervisors' fees are to be limited to £20,620.00 (Nominees' Fees £5,000.00, Supervisors' Fees £15,000.00 and £620 disbursements), plus VAT

- 23 Creditors will receive a minimum dividend of 55p/£, failure to pay the minimum dividend will constitute a default of the arrangement and the Supervisor will petition for the winding-up of the Company and the arrangement shall fail and terminate
- 24 That Ravi Sembi and John Lowe of Begbies Traynor (Central) LLP be appointed as Joint Supervisors of the voluntary arrangement
- 25 That any act required or authorised under any enactment or under the terms of the proposal (and if approved under the terms of the arrangement) to be done by the joint supervisors is to be done by all or any one or more of the persons for the time being holding office

Attendance and Voting

Details of creditors and members who attended and how they voted on each resolution are set out in the Appendix to this report

EC Regulation

The joint supervisors are of the opinion that the EC Regulation on Insolvency Proceedings 2000 (1346/2000/EC) ("the EC Regulation") applies to the voluntary arrangement and that the proceedings are main proceedings within the meaning of Article 3 of the EC Regulation

Further Relevant Information

Notice of the result of the meetings of creditors and members will be sent to all creditors and members who received notice of the meetings

A copy of this report shall forthwith be sent to the registrar of companies

Dated 18 January 2011

Signed


Ravi Sembi, Chairman

KNB CONTRACTS LIMITED

Voting Schedule for Creditors Meeting on 7 January 2011

Proxy Type	Proxy Holder	Voting Instruction	No	Claims Submitted	Claims admitted to vote	Invalid/ Abstained	Votes cast for					Total acceptances subject to vote on modifications
							Reject proposals	Accept without modification	Accept with modifications			
				£	£	£	£	£	£	£	£	
General	Chairman ¹	None			NIL							
Special	Chairman	Accept without modification	2	17,937 50	17,937 50			17,937 50				17,937 50
Special	Chairman	Accept with modifications	1	86,602 98	86,602.98				86,602 98			86,602 98
Special	Chairman	Rejecting										
General	Named individual	None										
Special	Named individual	Accept without modification										
Special	Named individual	Accept with modifications										
Special	Named individual	Rejecting										
TOTALS			3	104,540.48	104,540 48			17,937 50	86,602 98			104,540 48

¹ See Rule 8 6 (1) Insolvency Rules 1986

A proxy holder shall not vote in favour of any resolution which would directly or indirectly place him, or any associate of his, in a position to receive any remuneration out of the insolvent estate, unless the proxy specifically directs him to vote in that way

Insolvency Rules 1986 (as amended)

Requisite majorities (creditors)

119 - (2) A resolution to approve the proposal or a modification is passed when a majority of three-quarters or more (in value) of those present and voting in person or by proxy have voted in favour of it

(4) Any resolution is invalid if those voting against it include more than half in value of the creditors, counting in these latter only those (a) to whom notice of the meeting was sent, whose votes are not to be left out of account under paragraph (3), and who are not, to the best of the Chairman's belief, persons connected with the Company

Voting on				
	PROPOSED MODIFICATIONS	Accepting modification £	Rejecting modification £	Result
1	Interpretation – Where a modification to the proposal is approved by the creditors and accepted by the Company, the entire proposal shall be construed in the light of the modification and read to give effect to that modification such that any contrary or potentially contrary provisions in the proposal shall either be ignored, or interpreted, in order that the intention of the modification is given priority and effect	104,540 48	Nil	[Passed][Failed]
2	HMRC Claim – The HMRC (former IR) claim in the CVA will include PAYE/NIC due to the date, of the meeting to approve the arrangement, [or the commencement of the prior administration] and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement [or date of commencement of the prior administration]	104,540 48	Nil	[Passed][Failed]
3	HMRC Claim – The HMRC (former HMC&E) claim in the CVA will include assessed tax, levy or duty to the date of approval or [to the date of commencement of the prior administration]	104,540.48	Nil	[Passed][Failed]
4	Post approval returns and liabilities – All statutory returns and payments due to HMRC post approval shall be provided on or before the due date	104,540 48	Nil	[Passed][Failed]
5	Outstanding Returns – All statutory accounts and returns overdue at the date of the creditors' meeting shall be provided to HMRC within 3 months of the approval date together with any other information required	104,540 48	Nil	[Passed][Failed]
6	Dividend Prohibition – No non preferential distribution will be made until (i) a CTSA return has been filed for the accounting period ended on or immediately prior to the date, of approval, or of commencement of the prior administration (ii) a VAT and/or other levy or duty return due to HMRC has been filed up to the date of the approval or [the date of commencement of the prior administration] or (iii) an HMRC Determination or assessment has been made and the Supervisor had admitted their final claims	104,540 48	Nil	[Passed][Failed]
7	Expenses of Arrangements – CTSA/VAT due on realisation of assets included in the arrangement will be regarded as an expense of realising the asset payable out of net sale proceeds	104,540 48	Nil	[Passed][Failed]
8	Tax-overpayments – Set-off of refunds due from HMRC against debts due to HMRC will be in accordance with statute and established legal principles e.g Burton (HM Collector of Taxes) v Melham Limited [2006] UKHL 6at paragraph 22	104,540 48	Nil	[Passed][Failed]

9	Expenses of VA – HMRC distress / petition costs are to be paid as an expense of the arrangement, in priority to the nominee's fees and Supervisor's fees, remuneration and disbursements	104,540 48	Nil	[Passed][Failed]
10	Termination – the arrangement shall terminate upon (a) The making of a winding up order against the Company, or the passing of a winding up resolution or the Company going into administration (b) (Where there is express authority for the Supervisor so doing) the Supervisor issuing a certificate of termination	104,540 48	Nil	[Passed][Failed]
11	Arrangement Trusts – Upon termination of the arrangement the arrangement trusts expressed or implied shall cease, save that assets already realised shall [after provision for Supervisor's fees and disbursements] be distributed to arrangement creditors	104,540 48	Nil	[Passed][Failed]
12	Liquidation Costs Provision – The Supervisor shall set aside sufficient funds for Winding up proceedings against the Company and such funds will rank ahead of any other expenses of the arrangement	104,540 48	Nil	[Passed][Failed]
13	Non-Compliance – Failure to comply with any express term of the arrangement shall constitute a breach of the Company's obligation under the arrangement. The Supervisor shall work with the Company to remedy any breach of obligation. Rule 1 19 shall apply where any variation is proposed. But if any breach of obligation is not remedied within 60 days of its occurrence this shall constitute default of the CVA that cannot be remedied and the Supervisor shall petition for a winding up order	104,540 48	Nil	[Passed][Failed]
14	Windfall – Should the Company receive or become entitled to any assets / funds which had not been foreseen in the proposal details shall be notified to the Supervisor immediately and such sums shall be paid into the CVA until all costs, creditors' claims and statutory interest have been paid in full. Until such costs, claims and statutory interest are paid in full all the Company's other obligations under the arrangement shall continue and the payment shall not reduce the amount of contribution due from the Company	104,540 48	Nil	[Passed][Failed]
15	Payments – The Company is to make monthly voluntary contributions of not less than £1,250 during the currency of the arrangement	104,540 48	Nil	[Passed][Failed]
16	Reviews – The Supervisor is to conduct a full review every 12 months of the company's business income and expenditure and obtain an increase in voluntary contributions of not less than 50% of any rise in the net income after provision for tax	104,540 48	Nil	[Passed][Failed]
17	Dividend Payments – All claims will rank in their respective classes for dividend from the first dividend date after they have been lodged with, and admitted by, the Supervisor	104,540 48	Nil	[Passed][Failed]
18	The debtor shall not, within 12 months of approval propose a variation of the arrangement that will reduce the yield to creditors below the forecast of 55p/£, unless the Supervisor can provide clear evidence that the variation proposal results from changed trading or personal circumstances that could not have been foreseen when the arrangement was approved. For the avoidance of doubt, simple misforecasting of business turnover or profitability shall not provide cause for variation	104,540 48	Nil	[Passed][Failed]

	The Supervisors evidence, supporting financial information and notice of a creditors' vote shall be circulated to creditors giving at least 14 days clear notice. Creditors shall be asked to say whether the costs associated with the variation shall be met from VA funds in the event that it is rejected				
19	Duration – The duration of the arrangement shall not exceed 63 months	104,540.48	Nil		[Passed][Failed]
20	Time Limits – No time limit for lodging claims shall apply to HMRC	104,540.48	Nil		[Passed][Failed]
21	The directors of the Company shall not (a) declare or pay any dividend to shareholders for the duration of the voluntary arrangement, (b) declare or pay themselves additional remuneration of fees save shall be agreed with creditors representing 75% of voting creditors	104,540.48	Nil		[Passed][Failed]
22	Supervisors' fees are to be limited to £20,620.00 (Nominees' Fees £5,000.00, Supervisors' Fees £15,000.00 and £620 disbursements), plus VAT	104,540.48	Nil		[Passed][Failed]
23	Creditors will receive a minimum dividend of 55p/£, failure to pay the minimum dividend will constitute a default of the arrangement and the Supervisor will petition for the winding-up of the Company and the arrangement shall fail and terminate	104,540.48	Nil		[Passed][Failed]
24	That Ravi Sembi and John Lowe of Begbies Traynor (Central) LLP be appointed as Joint Supervisors of the voluntary arrangement	104,540.48	Nil		[Passed][Failed]
25	That any act required or authorised under any enactment or under the terms of the proposal (and if approved under the terms of the arrangement) to be done by the joint supervisors is to be done by all or any one or more of the persons for the time being holding office	104,540.48	Nil		[Passed][Failed]

Accepting Proposals £	Rejecting Proposals £	Result
104,540.48	Nil	[Passed][Failed]
PROPOSALS AS MODIFIED		

Rejecting Proposals £	Creditors notified less connected parties £	Result [< 50%][> 50%]
0	89,540.48	[Passed][Failed]
CONNECTED PARTY VOTE ADJUSTMENT		