



SUMMATIVE (FORMAL) ASSESSMENT: MODULE 7E

UNITED ARAB EMIRATES

This is the **summative (formal) assessment** for **Module 7E** of this course and must be submitted by all candidates who **selected this module as one of their elective modules**.

The mark awarded for this assessment will determine your final mark for Module 7E. In order to pass this module, you need to obtain a mark of 50% or more for this assessment.

INSTRUCTIONS FOR COMPLETION AND SUBMISSION OF ASSESSMENT

Please read the following instructions very carefully before submitting / uploading your assessment on the Foundation Certificate web pages.

1. You must use this document for the answering of the assessment for this module. The answers to each question must be completed using this document with the answers populated under each question.
2. All assessments must be submitted electronically in **Microsoft Word format**, using a standard A4 size page and an 11-point Arial font. This document has been set up with these parameters – **please do not change the document settings in any way. DO NOT** submit your assessment in PDF format as it will be returned to you unmarked.
3. No limit has been set for the length of your answers to the questions. However, please be guided by the mark allocation for each question. More often than not, one fact / statement will earn one mark (unless it is obvious from the question that this is not the case).
4. You must save this document using the following format: **[studentID.assessment7E]**. An example would be something along the following lines: 202122-336.assessment7E. **Please also include the filename as a footer to each page of the assessment** (this has been pre-populated for you, merely replace the words "studentID" with the student number allocated to you). Do not include your name or any other identifying words in your file name. **Assessments that do not comply with this instruction will be returned to candidates unmarked.**
5. Before you will be allowed to upload / submit your assessment via the portal on the Foundation Certificate web pages, you will be required to confirm / certify that you are the person who completed the assessment and that the work submitted is your own, original work. Please see the part of the Course Handbook that deals with plagiarism and dishonesty in the submission of assessments. **Please note that copying and pasting from the Guidance Text into your answer is prohibited and constitutes plagiarism. You must write the answers to the questions in your own words.**
6. The final submission date for this assessment is **31 July 2022**. The assessment submission portal will close at **23:00 (11 pm) BST (GMT +1) on 31 July 2022**. No submissions can be made after the portal has closed and no further uploading of documents will be allowed, no matter the circumstances.
7. Prior to being populated with your answers, this assessment consists of **8 pages**.

ANSWER ALL THE QUESTIONS

QUESTION 1 (multiple-choice questions) [10 marks in total]

Questions 1.1. – 1.10. are multiple-choice questions designed to assess your ability to think critically about the subject. Please read each question carefully before reading the answer options. Be aware that some questions may seem to have more than one right answer, but you are to look for the one that makes the most sense and is the most correct. When you have a clear idea of the question, find your answer and **mark your selection on the answer sheet by highlighting the relevant paragraph in yellow**. Select only **ONE** answer. Candidates who select more than one answer will receive no mark for that specific question.

Question 1.1

The **most significant barrier**, historically, to the development of a culture of distressed business rescue in the UAE has been:

- (a) The failure of the responsible authorities to enact laws which would encourage a business rescue culture.
- (b) The low rate of business failure in the UAE.
- (c) The owners of failed businesses are liable as a matter of criminal law for the failure of their business.
- (d) There could be criminal law consequences for business owners arising from the security agreements which a business might have with its creditors.

Question 1.2

What is the **principal difference** between the "mainland" UAE Bankruptcy Law and the insolvency laws of the two financial centres (the DIFC and the ADGM)?

- (a) The insolvency laws of the financial centres govern the insolvency of financial service businesses only, while the Bankruptcy Law governs the insolvency all other businesses.
- (b) The insolvency laws of the financial centres have no application and cannot be enforced in the UAE "mainland" (that is, outside of the financial centres), while the Bankruptcy Law is the only applicable law governing insolvency in the UAE "mainland".
- (c) The Bankruptcy Law drew on the experiences of a number of jurisdictions, while the insolvency laws of the financial centres are based on the insolvency laws of one other country.
- (d) The Bankruptcy Law incorporates substantial elements of Islamic law, while the insolvency laws of the financial centres are based on the common law.

Question 1.3

Which statement **correctly describes** the relationship between the Courts of the DIFC and the Courts elsewhere in the UAE?

- (a) The judgments and orders of the Courts of the DIFC are not enforceable outside of the DIFC.

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(b) The judgments and orders of the Courts of the DIFC are enforceable elsewhere in Dubai only through the Dubai Courts.

(c) The judgments and orders of the Courts of the DIFC are enforceable elsewhere in Dubai only after recognition for enforcement by the Joint Judicial Committee.

(d) The judgments and orders of the Courts of the DIFC are not capable of enforcement outside of Dubai.

Question 1.4

As regards security in Mainland UAE a secured creditor's rights, both in relation to real and personal property security, are not substantially affected by any formal insolvency process; the secured creditor can generally enforce its rights notwithstanding the debtor's insolvency. Is this statement **True or False**?

(a) True.

(b) False.

Question 1.5

Which statement **is correct** in relation to the operation of security interests for both real and personal property in the DIFC?

(a) The law regulating security interests in land and personal property in the DIFC is based on Australian law.

(b) A mortgagee of land in the DIFC requires a court order to allow it to repossess land subject to a mortgage.

(c) The regulating security interests in land and personal property in the DIFC is based on English common law.

(d) There are separate registers in which security interests in both land and personal property in the DIFC can be registered.

Question 1.6

Which of the following statements is **incorrect** in relation to creditor rights following the Court's decision to commence preventive composition under the UAE Bankruptcy Law up until the approval of the scheme?

(a) All legal claims and proceedings and any judicial enforcement procedures against the debtor are suspended, unless otherwise decided by the Court.

(b) The commencement of preventive composition procedures will also suspend any criminal proceedings brought in relation to a dishonoured cheque, including against the signatory of the cheque.

(c) Creditors may not bring or pursue claims against persons jointly liable with the debtor or any guarantors of the debtor's debts.

(d) Secured creditors may enforce their securities provided they have obtained Court permission to do so.

Question 1.7

Which of the following **is not** a consequence or possible outcome of the commencement of Preventive Composition?

- (a) Interest on debts owed by the debtor stops accruing on the date of commencement of Preventive Composition.
- (b) The debtor can borrow further money during the period of preventive composition, with the Court's permission.
- (c) The debtor is not allowed to change its ownership in any way.
- (d) The Court can order the rescission of effective contract to which the debtor is a party.

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Question 1.8

Which of the following **is not** a basis for an application to the Court for the commencement of bankruptcy proceedings under the UAE Bankruptcy Law?

- (a) If a secured creditor, having security over all or substantially all of the assets of a debtor, takes steps to enforce its security.
- (b) If a creditor (or a group of creditors) has given notice to a debtor requiring the debtor to pay a debt of AED 100,000, and the debtor has failed to discharge the debt within 30 business days of that notification.
- (c) Following the annulment or rescission of Preventive Composition by the Court.
- (d) If a debtor is in default of its payment obligations for 30 consecutive business days.

Question 1.9

Rehabilitation is a new DIFC insolvency procedure introduced by the 2019 law, which allows companies unable to pay their debts but able to reach agreement with its shareholders and creditors to agree to a plan referred to as a Rehabilitation Plan to achieve a court sanctioned plan that binds creditors. In regard to the rehabilitation procedure, which of the following statements is **incorrect**?

- (a) In order to initiate the rehabilitation process the company is required to make an application to court submitting the rehabilitation plan and nominating the proposed rehabilitation nominee.
- (b) A moratorium comes into effect for an initial 180 days, preventing creditors from commencing or continuing legal action against the company.
- (c) The moratorium disapples contractual provisions that would otherwise enable a contract to be terminated upon insolvency.
- (d) Any creditor materially prejudiced by the moratorium may apply to court seeking the disapplication of the moratorium in relation to a particular contract.

Question 1.10

Which of the following statements **is not** correct?

- (a) The DIFC Courts will enforce judgments and arbitration awards from other countries in accordance with the Riyadh Convention (Riyadh Arab Agreement for Judicial Co-operation).
- (b) The DIFC Courts will enforce judgments and awards from other countries if there is a memorandum of understanding with the Courts of that country which enable the DIFC Courts to do so.
- (c) The DIFC Courts will enforce arbitration awards from other countries in accordance with the New York Convention for the Recognition and Enforcement of Foreign Arbitration Awards.
- (d) The DIFC Courts will enforce judgments and arbitration awards from other countries, even if the debtor has no presence of any type in the DIFC.

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QUESTION 2 (direct questions) [10 marks]

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Question 2.1 [maximum 2 marks]

What is the key point of distinction regarding the registration of real property interests, including mortgages, in the different emirates of the UAE? What is the key difference between the sale of mortgaged real property following a debtor default if that real property is in a financial free zone or if the real property is in "mainland" UAE?

Although each Emirate maintains its own land registration system the key point of distinction is that the laws of each Emirate differ slightly from one Emirate to another AND Dubai has its own laws.

The key difference in the sale of mortgaged real property in a financial free zone is that in the event of the debtor's default, a creditor need only give sixty days' notice to take possession, whereas in the Mainland UAE, the mortgagor can petition the court for an order of sale without first obtaining judgment on the debt.

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Question 2.2 [maximum 4 marks]

Preventive Composition and Restructuring are both insolvency processes that an entity can adopt under the UAE Bankruptcy Law. They share a number of similarities regarding the entry into and conduct of each of the respective processes. While the processes are different, various "actors" assume similar roles in each process. For all of the processes, which actor is responsible for each of the following:

- (a) A decision on any application to commence an insolvency process;
- (b) A primary determination as to whether a debtor's proposal should be adopted;
- (c) Confirmation of the primary determination as to whether a debtor's proposal should be adopted;
- (d) For supervising the implementation of the insolvency process by the debtor.

- (a) The debtor in a Preventive Composition and a debtor or creditor in a Restructuring.
- (b) The creditors.
- (c) The Court.
- (d) The trustee.

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a) The Court

Question 2.3 [maximum 2 marks]

Under the UAE Bankruptcy Law, for a debtor, what is the key difference between the circumstances which could give rise to an application to commence Preventive Composition or an application to commence Bankruptcy (whether leading to Restructuring or Liquidation)?

The application for Preventive Composition is a debtor-lead application where the debtor can seek this as an option. Restructuring is a part of the bankruptcy process which can be initiated by either a debtor or a creditor.

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A debtor must initiate Bankruptcy Procedures if in default.

Question 2.4 [maximum 2 marks]

What is the key difference for a creditor regarding the commencement of Preventive Composition or Bankruptcy of a debtor?

The commencement of a Preventive Composition will suspend legal actions against the debtor until either the approval of the Preventive Composition plan, or 10 months following the Court's decision to open Preventive Composition proceedings, whichever comes first. In addition, criminal proceedings brought in relation to a dishonoured cheque including against the signatory of the cheque is suspended.

In Bankruptcy proceedings, while legal and criminal proceedings are stayed as above, secured creditors can however enforce their claims with the consent of the Court.

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This answer demonstrates some confusion. Creditors have no right to compel a debtor to enter Preventive Composition. They may apply to the court to initiate bankruptcy if owed more than AED 100,000

QUESTION 3 (essay-type questions) [15 marks in total]

Question 3.1 [maximum 5 marks]

Briefly explain the historical background to the introduction of the Bankruptcy Law. Describe which entities the Bankruptcy Law applies to and how it has been received and applied in the UAE.

Prior to the coming into effect of the Federal Decree Law No. 9 of 2016, the insolvency regime of the UAE represented a fragmented, impractical and outdated approach across a myriad of sources depending on the Emirate in question.

Although the Commercial Transactions Law No. 18 of 1993 provided a basic mechanism for insolvency, no single law existed to codify bankruptcy procedures.

It was not until the near collapse of Dubai World that placed a spotlight on the UAE's lack of appropriate insolvency system.¹

Following the near crash of Dubai World, a government owned enterprise, the realization of the impact of debtor default led to the creation of a new insolvency laws to provide for early relief to distressed companies.

¹ <https://www.lw.com/thoughtLeadership/COVID-19-Managing-Financial-Difficulties-in-the-United-Arab-Emirates>. Accessed 17th June 2022.

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Thus the Commercial Transactions Law was repealed, and replaced with the Federal Decree Law No 9 of 2016 ("Bankruptcy Law"). The Bankruptcy Law was enacted with the aim to modernize and streamline bankruptcy procedures of corporate entities in the UAE.²

The Bankruptcy Law applies throughout the UAE with the exception of government bodies and those trading in the financial free zones being the DIFC and AGDM which have their own insolvency laws.

The Bankruptcy Law thus applies to corporate entities subject to the provision of the UAE Commercial Companies Law as well as individuals acting as traders for profit and licenced civil companies of a professional nature.

There are no official statistics for how many insolvencies the Bankruptcy Law has dealt with, but anecdotal figures indicate there have been but a **few**.

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Question 3.2 [maximum 8 marks]

If a debtor company seeks to enter bankruptcy, describe the ways in which the Court is required to be actively engaged in the Restructuring in Bankruptcy Process (assume that a restructuring is possible, that there are no unusual features to the bankruptcy, there are no secured creditors and there has been no criminal conduct by any person involved in the debtor). Your answer should provide references to the legislation.

The position regarding Restructuring in a Bankruptcy Process is governed by Article 5 of the Bankruptcy Law and confers robust managerial powers upon the court effecting judicial oversight over the proceedings.

The court is involved at every stage of the process from inception, up until the final report has been submitted for review. The court further decides the interlocutory applications that naturally arise in bankruptcy proceedings. A brief overview follows hereunder:-

After an application for restructuring is received by the court, the court will make a decision as to whether it will accept or reject the application. In its independent analysis the court is empowered under Article 80 of the Bankruptcy Law to call for more information, and/or join other parties who have a substantial material interest in the application.

In terms of Article 77, the court is further saddled with the duty of appointing an expert from a panel of experts to prepare an assessment report on the financial situation of the debtor, in order to establish whether the debtor meets the threshold for restructuring. The expert is given twenty days to prepare this report, and the court must make a decision within five days from receipt of the report, if it has not already made an order within five days of receiving the application.

Under Article 79 the court can reject the application if there is insufficient information provided in the application, or if there is no funding, or if it is brought in bad faith and/or amounts to an abuse of the court process.

Where the court orders the commencement of bankruptcy, it will simultaneously make an order staying all other bankruptcy proceedings and other claims and enforcement actions relating to the trader.

This includes the staying of any criminal action brought in relation to criminal proceedings against the signatory to a cheque.³

² This was followed in 2019 by Federal Decree Law No. 19 of 2019.

³ Article 212 of the Bankruptcy Law.

It may in terms of Article 81 make protective orders in order to preserve the trader's assets before the issue of the commencement decision.

The court will select a trustee whom it has the powers to appoint and can remove the trustee of its own volition and in the absence of any application brought by the creditor for such a removal.⁴

Where the creditors do object to the appointment of the trustee in question, they must do so within five days of the trustee's appointment, and the court must act promptly to make a final decision on the trustee's appointment within five days thereafter.

The court also has the power to appoint a supervisor from the list of creditors.

At all stages, the court is responsible for the payment of the trustees fees.⁵

Pursuant to an order authorizing commencement of the preventive composition, and within five days of the notice of commencement, the trustee must publish a summary for the court on the debtor's financial position, and further include a list of creditors.

The court will also order the trustee to register the proposed composition with the Companies Register and publish an invitation to all creditors to lodge their claims in two daily newspapers.

It is the court who convenes the meeting of creditors, and it is also the court that determines the final list of creditors in the event of any objections.

Assuming that the court orders restructuring, once the draft restructuring scheme is received by the court⁶ (which report must be submitted within forty-five days) the court has wide powers to *inter alia* compel secured creditors to accept alternate security and order essential assets to be sold or replaced.

The court will review the draft scheme-report and make amendments where necessary. The court will not authorize a restructuring scheme if a debtor is unwilling to continue business, or if the scheme is not viable.

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Question 3.3 [maximum 2 marks]

In any insolvency system that involves the forced compromising of individual creditor claims, the requirement for court involvement is to ensure that the rights of all parties, including individual creditors, are being protected. The UAE Bankruptcy Law requires a high degree of Court involvement. Briefly describe (100-150 words) whether you consider that the level of Court involvement in approving a restructuring to be appropriate. Provide reasons for your answer.

The degree of court involvement in the UAE cannot be measured in isolation but must be viewed comparatively as against other jurisdictions and their corresponding insolvency systems.

The UAE insolvency system bears distinctive features by conferring powers upon the court to appoint trustees and bear the responsibility for their fees, as well as the convening of the creditor's meeting. Ordinarily, these decisions rest with the creditors and for good reason. It is the creditors who form the *concursum creditorum* which serves as the fountain-head of decision-making in the winding-up of the debtor.

⁴ See further: Article 86 of the Bankruptcy Law.

⁵ See further: Article 85 of the Bankruptcy Law.

⁶ Restructuring and Insolvency in the United Arab Emirates available online at https://www.lw.com/upload/pubContent/pdf/pub2881_1.pdf. Accessed 17th June 2022.

It stands to reason however that in a restructuring application, much of the decision-making is for the benefit of the debtor so as to rescue the company from debt. This is apposite to the creditors, especially those that are unsecured and cannot liquidate their debt in the same way secured creditors can. As secured creditors cannot vote at a creditor's meeting unless they surrender their securities, it is difficult to imagine a situation in which a restructuring can succeed in the absence of reasonable pressure (*viz.* the cramdown) exerted on the creditors from the courts.

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QUESTION 4 (fact-based application-type question) [15 marks in total]

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BNE LLC operates a restaurant chain in various locations in Dubai. It was a thriving and successful business but had to cease operations temporarily due to the effects of COVID-19. It has exhausted all available funds and has no cash to pay creditors. BNE LLC owns a restaurant site which is under development, but the development is not expected to be completed for several months. The site had been purchased by one of BNE LLC's shareholders and was transferred to BNE LLC on the basis that payment for the site would be made by BNE LLC to the shareholder in full in 2025. In the meantime, the shareholder holds a mortgage over the property for the unpaid purchase price.

Answer the questions that follow:

Question 4.1 [maximum 5 marks]

The process of Preventive Composition requires adherence to a number of time-frames. Briefly outline the necessary steps and 10 specific steps that will determine the maximum time taken between making an application (the first step) and the registration of the scheme following final approval (the tenth and final step before its implementation).

Assume that: an expert's report is required by the Court; there are no disputes about whether a creditor is accepted or not; there are no amendments to the proposed scheme by the Court; the scheme is accepted by the creditors without the requirement for any adjournment of the creditors' meeting; the scheme is approved by the Court following the meeting; and there are no other extensions.

Note: "days" means business days.

Preventive composition commences by an application under Article 6 by the debtor company (the first step).

The application is founded on the basis that the debtor has failed to meet its obligations towards the creditor for a period of 30 *consecutive business days*.

If the debtor is subject to a competent controlling body, then, under Article 68, debtor must provide a notice of its application to the said body within 15 days.

The court can make an order within 5 days of receiving the application; alternatively, it must make an order (commencing bankruptcy procedures) within 5 days of receiving the expert's report.

The expert has 20 days to prepare the court-ordered report.

The commencement of bankruptcy procedures results in suspension of *inter alia* claims against the debtor company until such time as the restructuring plan is approved or for a maximum of 10 months.

Pursuant to the appointment of the trustee, the trustee then has 5 days to publish a summary of the court's decision to commence bankruptcy procedures in 2 newspapers and to call for

creditors to submit their claims within 20 days from the date of publication. The trustee must simultaneously give notice to the creditors of the court's decision within 20 days from the date of publication.

After the expiration of the 20 days the trustee then has 10 days to compile a list of creditors together with the amount of debt owed and other supporting documentation, as well as the trustee's views.

Once the list is lodged at the court, the trustee must publish it within 3 days.

The trustee will prepare a report on the restructuring of the debtor company for the court and under instruction of the court, will convene a creditor's meeting within 10 days from the date of receipt of the report by the creditors.

Where the court accepts the restructuring the trustee then has a further 3 months, from the date of his/her appointment, to prepare a restructuring scheme.

The trustee's report on the restructuring scheme must be considered and decided by the court within 10 days of its submission. Any resubmissions required by the trustee must be filed within 5 days from the date of the resubmission request.

A report which is approved at a creditor's meeting must be placed before the court within 3 days from the date of the meeting.

Following court approval of the scheme, the trustee must publish same in the governmental corporate register within 7 days.

The time frame for the implementation of the scheme can be no more than 5 years but can be extended by up to 3 years at a time by a majority of creditors holding 2/3 of the debt.

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Question 4.2 [maximum 5 marks]

BNE LLC's creditors rejected the proposed Preventive Composition scheme after a process of nearly four months. During that time, creditors, including staff, were not paid. The owners consider that without creditor support, restructuring would be impossible and liquidation is the only option available. With specific reference to the facts described above, describe the process that would be followed as part of any liquidation and, in particular, considering who could be appointed as trustee.

Following the rejection of the Preventive Composition scheme, the court must make an order for the bankruptcy of the debtor and accompanying liquidation of the debtor's assets. The court will simultaneously make an order under Article 26 for the appointment of a trustee although the trustee who case-managed the Preventive Composition may remain as trustee, albeit that the role and tasks will change.

As in the Preventive Composition, the trustee cannot be a creditor, or a relative or spouse of the debtor, and the appointed trustee cannot have been convicted of dishonesty in a court of law. The trustee cannot be one who has commercial relations with the debtor.

The trustee must advertise his appointment within 3 days and indicate that the debtor is subject to a bankruptcy order.

The trustee is required to provide monthly reports to the Court on the progress of the liquidation including the debtor's financial position and creditor's claims.

Creditors must make claims within 10 days from the date of judgment but can do so afterwards upon application to the court.

The trustee is enjoined to consider the creditors claims including future debts owed by the debtor, and any foreign debts must be converted to AED currency.

The trustee can liquidate the debtor's property by public auction, but if any proposals for sale by an interested party are received by the trustee, the trustee is obliged to notify the court, supervisors and the debtor of such proposals.

The proceeds of liquidation are distributed in order of priority, thus preferential debts are paid out before secured and unsecured creditors, but after the payment of expenses incidental to the winding-up.

The legal existence of the debtor company comes to an end by court order confirming the liquidation which application can be made by the liquidator, or the debtor. When the application is made by the trustee, the court's decision is advertised.

The debtor is rehabilitated after 5 years but can apply earlier on the condition all outstanding debts (after liquidation) have been settled.

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Question 4.3 [maximum 5 marks]

BNE LLC incorporated and registered a fully-owned subsidiary company in the DIFC to operate a restaurant in the DIFC, The subsidiary is called BNE Limited and it is incorporated as a DIFC company. BNE Limited is also unable to pay its debts. What actions can BNE Limited's creditors take if they wish to see BNE Limited liquidated in the DIFC? In particular, who can take such actions and what steps would have to be taken? If BNE Limited was to be wound up, who would be responsible for it and what process would be adopted for addressing creditor claims in the winding up?

BNE Limited must now enter into liquidation proceedings where it will be wound up under DIFC insolvency law.

A DIFC incorporated company can be wound up by DIFC Insolvency laws including foreign companies registered under DIFC insolvency laws.

This liquidation application is actioned by the creditors and is referred to as a compulsory liquidation. It must set out the fact that BNE Limited failed to service its debt of not less than AED 100 000 within a 30 day period, of which the 30 days are defined to mean 30 consecutive business days; and, that the debt remains unsatisfied.

Alternatively, after the court orders bankruptcy, the grounds set forth in the application may, in the event of a failed preventive composition be loosely based on the creditor's rejection of the preventive composition scheme by which it is meant that the debt remains outstanding by the debtor and remains unsatisfied.

Pursuant to placing the company into liquidation, a liquidator is appointed to realise the assets and distribute the proceeds thereof to the creditors. There are a number of options that can be taken to appoint a liquidator:

1. The court may provisionally appoint a liquidator.
2. Once appointed, the liquidator can take office, or s/he may elect to summon a meeting of creditors and contributories for the purposes of choosing a liquidator.
3. Where the contributories and creditors cannot reach agreement on the liquidator, the liquidator who convened the meeting remains the liquidator in charge of winding-up the estate.

A blanket moratorium remains in place such that no claims can be brought against the debtor without the leave of the court.

The liquidator's powers are wide: S/he can carry on the business of the debtor, enter into or reject contracts, investigate the affairs of the company and compel the production of information by any person of interest as well as apply for summary orders against parties privy to dishonest dealings with the debtor. From time to time the liquidator must also report to the creditors regarding the state of affairs of the company.

After the expiration of any time frames for the lodgement of claims, the liquidator will decide whether to approve or reject such claim; and, if the claim is rejected, the creditor may appeal within 21 days from the date of rejection.

Dividends which come into existence are paid out by the liquidator on a cascading scale and preferential debts, are paid out before secured debts. However, in circumstances where the liabilities exceed the sum available for distribution, the court may order the expenses of the liquidator to be paid above preferential claims (such as employees' salaries).

Having realized all assets and distributed the dividends the liquidator will prepare a Final Account for production at the creditor's meeting in which the liquidator will seek a release from his obligations.

In cases where assets are insufficient to cover the costs of the winding-up, and the company is not under investigation, the liquidator will apply for an early release and give the creditor's 28 days notice thereof.

The creditors may grant the liquidator an early release, but if it is not granted then the liquidator will apply to court.

The company is deemed dissolved within 3 months of the service of the Final Account of Winding-up on the creditors.

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*** End of Assessment ***