



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: 202223-336.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 2023. The assessment submission portal will close at 23:00 (11 pm) BST (GMT +1) on 31 July 2023. 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 10 pages.**

ANSWER ALL THE QUESTIONS

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

Commented [SE1]: 6/10

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

One of the most significant barriers to the restructuring process 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 absence of a moratorium on creditor actions after the commencement of a bankruptcy proceeding inhibits the restructuring process.**
- (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 DIFC and AGDM insolvency laws and regulations are primarily 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.

Commented [SE2]: The correct answer is C.

Question 1.3

Which statement correctly describes the relationship between the courts of the DIFC and the courts in mainland UAE?

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

Commented [SE3]: The correct answer is B.

(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.

Commented [SE4]: The correct answer is D.

(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.**

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 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 disapplies 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 incorrect?

(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) A foreign judgment is enforceable in mainland UAE as long as there is reciprocity between the UAE and the foreign state issuing the judgment for which enforcement is sought.

Commented [SE5]: The correct answer is B.

(c) *The ADGM courts may recognise reciprocity with a foreign jurisdiction in the absence of an applicable treaty if the Chief Justice of the Courts is satisfied that substantial reciprocal treatment will be assured regarding recognition and enforcement in that foreign country of the judgments of the ADGM courts.*

(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.*

QUESTION 2 (direct questions) [10 marks in total]

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Question 2.1 [maximum 2 marks]

Commented [SE7]: 2/2

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?

The UAE law makes general provision for the granting of mortgages over land, but each emirate controls its own land registration system. The financing structures originates mainly from Islamic origin.

In the DIFC mortgages (real Property) is governed by DIFC Law Number 10 of 2018 as amended. The law provides for a land registry to determine interests in land and the rights arising therefrom.

In Mainland UAE the law provides for the right of a mortgagee to sell the mortgaged property after the debtor's default however this right must be obtained through the courts.

In the DIFC the position is where a debtor defaults, a creditor holding a mortgage over the debtor's land, can enter into possession of the land by giving 60 days' notice to relevant parties, without the need to obtaining a court order.

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. Which actor is responsible for each of the following processes?

(a) ***A decision on any application to commence an insolvency process.***

The court, on its own initiative, may terminate a restructuring and commence liquidation of the debtor's assets or on application of a creditor.

(b) ***A primary determination as to whether a debtor's proposal should be adopted.***

Only creditors whose debt have been admitted may vote and the requisite majority for approval of the scheme is a majority of creditors holding two-thirds of the debtor's debt.

(c) Confirmation of the primary determination as to whether a debtor's proposal should be adopted.

The trustee must, within seven days of the date of approval of the scheme by the court, register the court's decision confirming the approval in the debtor's governmental corporate register and publish a summary of the scheme.

(d) To supervise the implementation of the insolvency process by the debtor.

The trustee is responsible for the implementation of and supervising of the scheme.

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 difference between preventative composition and an application to commence bankruptcy is that a debtor can seek preventive composition as an option (court-supervised mechanism) and only a debtor can apply to court for the appointment of a composition trustee while restructuring is an alternative to liquidation and can be initiated by a debtor or creditor.

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?

When a debtor has applied for preventive composition, a secured creditor may not enforce their security without permission of the court.

QUESTION 3 (essay-type question) [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.

A significant strain had to be placed on the economic market of the UAE for them to realise that the Bankruptcy laws were inadequate. The 2008 Global Financial Crisis highlighted that the UAE insolvency laws did not provide for the rescue of distressed businesses. UAE Mainland insolvency law was non-existent. In 2016 a New UAE Bankruptcy Law was introduced. In 2016 the UAE adopt a Federal Decree Law relating to Bankruptcy and a consolidated insolvency regime for commercial insolvencies were put together but did not deal

Commented [SE8]: This is the role of the court

Commented [SE9]: 2/2

Commented [SE10]: 1/2
This question focuses on commencement. Under the UAE Bankruptcy Law, a creditor has no right to compel a debtor to enter preventive composition, but a creditor, or group of creditors collectively, who are owed more than AED 100,000 (USD 27,229), may apply to the court to initiate bankruptcy procedures if the creditor has given notice to the debtor requiring the debtor to settle the debt and the debtor has failed to discharge the debt within 30 business days of any such notification.

Commented [SE11]: 15/15

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with consumer bankruptcy. It was only in 2019 that a consolidated insolvency regime for debtors were put together.

The Bankruptcy law applies to all commercial entities and individuals carrying on commercial activities except for state-owned companies. The Bankruptcy law is also available to debtors who do not fit within the ambit of the Bankruptcy law. Generally, the new laws and developments have been welcomed as a necessary progress in the UAE as in the past they were fairly undeveloped and not utilised. With the new laws in place the UAE can now provide a comprehensive system for companies in distress and individuals with debt. What is a step to a better economy is that the insolvency laws protect the interest of creditor as well as debtors.

Question 3.2 [maximum 8 marks]

Commented [SE13]: 8/8

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.

Preventative composition can only be utilised under Article 6 of the law, and it is a court-supervised mechanism. When the court receives a preventive composition application the court must appoint an expert to draft a report on the debtor's financial position. The report must be submitted to court within a specific time period whereby the court then decides on the preventive composition application and if the court accepts the application the preventive composition procedure commences. The court can reject the application under certain circumstances and can initiate bankruptcy procedures under the Bankruptcy Law.

Upon acceptance of the application the court is required to appoint a trustee. The trustee, in terms of article 18 may ask the courts assistance in appointing an expert to assist the trustee in his duties. The court is responsible for determining the fees of the trustee and authorise payment from the funds provided by the debtor. The court can also compel the debtor to provide more funds when they prove to be inadequate (article 21). The court can provide an order, on application by the trustee, allowing the debtor to obtain finance. Creditors are not allowed to enforce their security during the preventive composition period but can apply in terms of section 28 and 181 for permission from the court to do so. Article 30 states that the court may appoint a supervisor to assist the trustee and the court and to serve the general body of creditors. It is the courts discretion to commence with the preventive composition proceedings and in terms of Article 31 the creditor is prohibited from certain actions and can only do so on the court's approval. In terms of Article 32 with the commencement of the procedures all legal action is suspended, and Article 212 suspends any criminal proceedings. Article 32 states that the court's decision is subject to appeal. Article 33 states that any decision by the court in commencing with the procedure does not cause any debts owed by the debtor to fall due nor does it result in the suspension of interest.

The trustee is required in terms of Article 35 to publish a summary of the courts decision to proceed with the preventive composition procedure. The court will determine the final list of creditors. A creditor can on application object and the courts decision may be appealed. Article 39 provides for a mechanism whereby a creditor can apply outside the time period for acceptance as a creditor. Once the scheme has been approved the trustee must place the scheme before court for its approval or rejection. The court's determination is final – Article 49

Question 3.3 [maximum 2 marks]

Commented [SE14]: 2/2

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 to 150 words) whether you consider that the level of court involvement in approving a restructuring to be appropriate. Provide reasons for your answer.

My submission is that only a limited amount of involvement from a court is required as there are professional people that can deal with the restructuring and the courts involvement should only be as a watch-dog to insure that the process followed was in terms of the law and that the administrating and or restructuring of the company was done in accordance with the prescribed law and to the benefit of creditors taking into consideration all necessary remedies were followed to restructure and safe a company. Thereby taking into consideration the rights and interest of both the creditor and the debtor.

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

Commented [SE15]: 10/15

RZA LLC operates a restaurant chain in various locations in Dubai. It was a thriving and successful business but has been negatively impacted by the increase in global food prices. It has exhausted all available funds and has no cash to pay creditors. RZA LLC owns a restaurant site which is under development, but the development is not expected to be completed for seven months. The site had been purchased by one of RZA LLC's shareholders and was transferred to RZA LLC on the basis that payment for the site would be made by RZA LLC to the shareholder in full in 2024. In the meantime, the shareholder holds a mortgage over the property for the unpaid purchase price.

[Type your answer here]

Question 4.1 [maximum 5 marks]

Commented [SE16]: 5/5

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.

Answer:

1. On receiving application for preventive composition, the court must appoint an expert to prepare a report setting out the financial position of the debtor. This report must be delivered to court no later than 20 business days from the date of the instruction to the expert to prepare the report.
2. The court must decide on the application within 5 business days of application or from the date of the expert's report.
The court must appoint a trustee. A creditor may object to the appointment of a trustee within 5 business days of the date of the publication of the appointment. The application to court which is required to determine any objection within a further 5 business days on a final basis. The court is responsible for determining the trustees' fees and any interested party may object to the trustee's fees and the court is required to determine any objection within 5 business days of such an application.
3. Secured creditors can enforce their securities only on courts permission. The court is required to determine such application within 10 working days of the date the application is made.
4. The trustee is required to publish a summary of the court's decision to commence the preventive composition procedure within 5 business days of the trustee's appointment.
5. The notices given by the trustee must also be given to creditors to file claims within 20 business days from the date of the publication.
6. The trustee must lodge a list of claimants with the court within 10 business days from the date of the period for lodging claims. Objection to the list by way of application must be done within 7 business days from publication of the list.
7. The court is required to determine any application within 10 days of the application.
8. The court is required to confirm within 10 working days from date of submission of the scheme that it takes account of the interest of all interested parties. Amendments by the trustee must be done within 10 business days of such request. If the court is satisfied with the terms the trustee must issue invitations within 5 business days to the creditors to attend a meeting to discuss the proposed scheme
9. The creditors meeting must be held within 15 days of the date of invitation.
10. If the scheme has been approved the draft scheme must be before court within 3 business days for its approval or rejection of the scheme and within 7 business days of the date of the approval of the scheme the trustee must register the court's decision.

Question 4.2 [maximum 5 marks]

RZA 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.

Commented [SE17]: 3/5

- RZA LLC would have to make an application to commence bankruptcy. The court would be required to make an order for the bankruptcy of RZA LLC and the liquidation of its assets, because the restructuring procedures would be inappropriate for the debtor, and it is likely that the expert's report would conclude that restructuring in bankruptcy is impossible. The trustee of the proposed preventive composition scheme can continue as a trustee for the liquidation.
- Creditors are required to make their claims with the trustee within 10 business days from the date of the judgment requiring liquidation. All of RZA LLC's debts would fall due upon the order for bankruptcy, including the full amount of the amount payable to the shareholder.
- The trustee would be required to liquidate all of the debtor's property by public auction, under the supervision of the court. The trustee may ask the court to permit the debtor to undertake the sale of the debtor's business and assets over a period of up to six months (which can be extended by up to two months), if it would be in the public interest or interest of creditors to do so. It might be that it is appropriate to defer the sale of the restaurant site under development until completion of the development in seven months.
- The proceeds of sale of the liquidation of the debtor's assets would be distributed by the trustee to creditors. The proceeds of sale of the property subject to a mortgage would be applied in payment of the debt owed to the mortgagee, less the trustee's costs of sale.
- The trustee must pay claims in the order provided for in the law, subject to court approval for the distribution and approval of payment of priorities. Accordingly, the trustee must pay the employees' unpaid salaries, for up to three months, from the proceeds of sale.

If preventive composition is not possible the debtor is automatically subjected to bankruptcy procedures. The court may terminate the preventive composition or terminate by application of a creditor if it is evident that the debtor has:

- a) committed an act of bankruptcy, by being in default for more than 30 days before the application for preventive composition procedure: or
- b) if the scheme's implementation is impossible which will result in the debtor being unable to pay its debts for more than 30 business days

The court is required to appoint a trustee being either a person nominated by the debtor, or a person enrolled in the table of experts by the Financial Restructuring Committee. The appointed trustee can be a natural or a legal person and up to three trustees can be jointly appointed.

Generally, when bankruptcy procedures have been commenced, the appointed trustee for the preventive composition will terminate unless the trustee has been appointed as the bankruptcy trustee.

When the company enters liquidation proceedings a liquidator who is a qualified liquidator, will be appointed to manage the affairs of the company. The liquidator must realise the company's assets which will eventually be distributed to all creditors that have proved their claims.

Question 4.3 [maximum 5 marks]

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

Rehabilitation is a new DIFC insolvency procedure which provides for companies unable to pay their debts to enter into an agreement with its shareholders and creditors to achieve a court sanctioned plan known as a Rehabilitation Plan that binds creditors backed by a moratorium. The liquidation of a company is addressed by Winding Up under the DIFC Insolvency Law Pt 6. The application of the Law is also extended to DIFC registered or incorporated entities. If the application for Rehabilitation fails, the debtor can apply for Administration. The company is required to bring an application to court, submitting the rehabilitation plan and nominating the proposed rehabilitation nominee who is required to be a licensed insolvency practitioner. When the company brings an application, the Nominee must confirm that there is a prospect of the plan being approved by creditors and that there is a good prospect of the plan being successful.

For the plan to be approved three quarters in value of the creditors, with admitted claims, must approve the plan. Any creditor who believes that they will be prejudiced by the plan must file an objection to court within a specified period of time.

Action that creditors can take is either to submit a claim and approve the plan when there is a possibility of success or not to submit a claim and not be part of the plan or to reject the plan.

Commented [SE18]: 2/5

Commented [SE19]: The question focuses on liquidation. This is an interesting response, but not quite on point!

- As a DIFC-incorporated company, a creditor of RZA Limited could seek the compulsory winding up of RZA Limited by the DIFC courts if it is unable to pay its debts.
- The most common means of establishing that a company is unable to pay its debts is for a creditor made demand for payment of a debt which is for a sum of more than USD 2,000, and that demand has been unsatisfied for a period of more than three weeks.
- If satisfied that RZA Limited should be wound up, the DIFC courts would appoint a liquidator to wind up the affairs of the company and to gather, realise and distribute the company's assets.
- Creditors wishing to claim in the liquidation of RZA Limited would have to lodge a proof of debt. Whenever the liquidator has sufficient funds, he or she must declare a dividend and distribute that dividend among the company's creditors. All debts of an insolvent company rank equally in any distribution, unless they are preferential debts as provided for by regulation.
- When the liquidator has done everything necessary to wind up the affairs of the company, by realising all assets and distributing the proceeds, the liquidator may seek to have the company dissolved – whereby the company's legal existence is brought to an end.

If Rehabilitation fails, the company will have to apply for Administration. A receiver can be appointed by creditors subject to terms of a security agreement. The administrative receiver will however be the agent of the company. The receiver has the powers to sell assets of the company to pay towards creditors' claims. The DIFC Insolvency Law makes provision for the appointment of receivers and administrative receivers.

Steps to be taken with the winding up of a company would be for a liquidator to be appointed to realise all the assets of the company and to distribute the proceedings obtained from the sale to the creditors as required by law. The liquidator has a wide range of powers to do what ever is necessary for the winding up of the company's affairs and distribute its assets. The liquidator may request claims from the creditors and pay them in terms of proven claims and rank.

The process in adopting creditors' claims is for the creditor to submit a claim for the amount in writing to the liquidator. This will be the creditors prove of debt. Apart from submitting the claim in writing additional supporting documentation or information must be provided to verify the claim. The creditor can prove a future debt in terms of regulation 6.29.

When the liquidator has sufficient funds, he may declare a dividend and distribute the dividend among the creditors. If a creditor did not prove its claim by providing the necessary, prove to the liquidator can not share in the dividend unless there are funds available after all claims have been satisfied. Once the liquidator has done everything necessary to wind up the company's affairs, distributed all the proceeds may them seek to have the company dissolved whereby the company's legal existence is brought to a finality.

*** End of Assessment ***

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