

**THE COURT OF SESSION**

**Parliament House**

**Parliament Square**

**Edinburgh**

**Scotland**

**IN THE MATTER OF  
THE RANGERS FOOTBALL CLUB P.L.C.  
AND  
IN THE MATTER OF THE INSOLVENCY ACT 1986**

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**PROPOSAL FOR A COMPANY VOLUNTARY ARRANGEMENT  
BY THE JOINT ADMINISTRATORS OF THE RANGERS FOOTBALL CLUB P.L.C.  
TO ITS CREDITORS AND SHAREHOLDERS  
DATED 29 MAY 2012**

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This Proposal of the Joint Administrators of The Rangers Football Club P.L.C. has been prepared in accordance with the provisions of Part I of the Insolvency Act 1986 and Part 1 of the Insolvency (Scotland) Rules 1986 (as amended).

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**1. EXPLANATORY STATEMENT RELATING TO THE PROPOSAL BY THE JOINT ADMINISTRATORS FOR A COMPANY VOLUNTARY ARRANGEMENT**

**(Pursuant to Part I of the Insolvency Act 1986 (“the Act”) and  
the Insolvency (Scotland) Rules 1986 (“the Rules”) (as amended))**

**The Rangers Football Club P.L.C.**

**(“the Company”)**

1.1 We, the undersigned, Joint Administrators of The Rangers Football Club P.L.C. (company number SC004276), whose registered office is at Ibrox Stadium, Glasgow, G51 2XD propose that the Company enters into a Company Voluntary Arrangement (“CVA”) pursuant to Part I of the Act. Set out in this proposal is our explanation of why, in our opinion, a CVA is desirable and we give reasons why the creditors may be expected to concur with such opinion. We believe that a CVA is likely to provide for a greater distribution to be made to creditors than would be possible if: (1) the business and assets of the Company were sold absent a CVA; and / or (2) the Company were put into liquidation.

1.2 The words and phrases defined in clause 3 of the Proposal apply to this Explanatory Statement.

**2. INTRODUCTION TO CVA AND VOTING**

2.1 A CVA is a formal procedure pursuant to Part I of the Act which enables a company to make a proposal to its creditors and its members for a composition in satisfaction of its debts. It requires the approval of 75% or more in value of the creditors, and more than 50% in value of the members, voting on the resolution.

2.2 The CVA is approved either if (1) it has been agreed by both the meeting of creditors and the meeting of members (as set out above) or (2) it has been approved by the creditors’ meeting only (subject to a member’s right to apply to Court within 28 days of (a) the day on which the decision was taken by the creditors’ meeting or (b) where the decision of the members was taken on a later day, such later day).

2.3 Special provisions apply for valuing the votes of creditors who are connected with the Company.

2.4 The prescribed extracts from the Act and the Rules dealing with the requisite majorities at the meetings of creditors and members are set out in the Appendices.

2.5 Once you have read this Proposal, please indicate whether you would like to vote in favour or against the Proposal for the Company to enter into this Company Voluntary Arrangement by completing the proxy form attached at Schedule 1.

2.6 In addition, if you are a creditor and have not already done so, please complete the statement of claim form attached at Schedule 2 to indicate the amount you claim you are owed by the Company as at 14 February 2012, the date of Administration, in accordance with Rule 1.15A(2) of the Rules. For the avoidance of doubt, creditors’ claims as at the date of approval of this Proposal will be bound by the Proposal, unless they constitute administration expenses.

- 2.7 In order for your claim to be lodged, please complete and return the statement of claim form and any proxy by either: - (a) no later than midday on 13 June 2012 to the Joint Administrators of The Rangers Football Club P.L.C., 43-45 Portman Square, London, W1H 6LY or (b) at the meeting.
- 2.8 The meeting of creditors of the Company will be held at 10am on 14 June 2012 at Ibrox Stadium. The meeting of members of the Company will be held at 1pm on 14 June 2012 at Ibrox Stadium.
- 2.9 Once approved, the CVA binds all creditors who were entitled to vote whether or not they were present or represented at that meeting and so voted, whether or not they chose to vote and whether or not they actually received notice of the meeting.
- 2.10 The Administrators believe that this CVA will, if approved:
- 2.10.1 Provide a better return to creditors than would otherwise be achieved on a sale of the business and assets of the Company or liquidation of the Company;
  - 2.10.2 Ensure the continuation of Rangers Football Club in its current corporate entity providing the maximum opportunity to avoid additional football regulatory sanctions;
  - 2.10.3 Allow an enhanced prospect of a successful application for a UEFA licence, which is required to compete in UEFA competitions (subject to satisfying the necessary UEFA regulations), thereby enhancing the business' value;
  - 2.10.4 Permit the achievement of the primary statutory objective of the Administration in accordance with Paragraph 3 of Schedule B1 to the Act, being rescuing the Company as a going concern; and
  - 2.10.5 Satisfy the strong preference of the supporters that the football club continues to trade within its current corporate entity.
- 2.11 The Joint Administrators therefore believe that it is in the best interests of the creditors to approve this Proposal.
- 2.12 The Joint Administrators are insolvency practitioners licensed by the Insolvency Practitioners' Association. They are duly qualified to act as insolvency practitioners and Supervisors of the CVA and it is intended that they will act jointly and severally in the conduct of the CVA.
- 2.13 Any Creditor claims admitted for the purposes of voting on the Proposal may subsequently be re-assessed by the Supervisors for the purposes of distribution of any dividend, in accordance with paragraph 16 herein. The Supervisors shall not admit any claim of any Creditor (including but not limited to contingent claims) for dividend distribution purposes unless such claim is proven to their satisfaction pursuant to and in accordance with the provisions of the Act and the Rules applicable in liquidation (as modified by this Proposal so as to give effect to the CVA)

### 3. INTERPRETATION

- 3.1 The following words shall throughout the Proposal have the meanings set opposite them:

**"Appointment Date"** means the date of the appointment of the Joint Administrators, being 14 February 2012.

**"Bank"** means Lloyds TSB Bank plc.

**"Business Day"** means any day (other than a Saturday or Sunday) on which clearing banks in Edinburgh are generally open for business.

**"Claims"** means any Creditor's claim against the Company as at the CVA Date.

**"Company"** means The Rangers Football Club P.L.C. (company number SC004276).

**"Completion Certificate"** means a completion certificate issued in accordance with Rule 1.23 of the Rules.

**"Connected Creditors"** means those persons who have a claim against the Company and who are also connected with the Company as defined in Section 249 of the Act.

**"Creditors"** means all persons to whom the Company, as at the CVA Date, is indebted in any way whether actually, contingently or prospectively, or whether in respect of a liquidated or unascertained debt or claim, including (without limitation) those entitled to vote at a meeting of creditors summoned under Section 3 of the Act (whether or not present or represented) or who would have been so entitled to vote if such persons had had notice of it. A non-exhaustive list of the creditors of whom the Joint Administrators are currently aware is set out at Schedule 8.

**"Creditors Committee"** means any committee of the creditors established in accordance with the provisions of Paragraph 15 of the Proposal.

**"CVA"** means the company voluntary arrangement being the subject of the Proposal.

**"CVA Assets"** means the assets referred to in Section 5 of the Proposal.

**"CVA Creditors"** means all Creditors other than the Secured Creditors.

**"CVA Date"** means the date of approval of the Proposal at the Statutory Meetings.

**"CVA Trading Costs"** means the costs, expenses and fees payable as an expense of the Administration (but shall not include the Joint Administrators remuneration or the Supervisors' Remuneration) in the period from 6 June 2012 to the earlier of: (1) the draw down of the Sevco Loan; or (2) the completion of the purchase of the business and assets of the Company by Sevco.

**"Directors"** means the Directors of the Company, details of whom are set out in Schedule 3 of the Proposal.

**"EBT Case"** means the case number SC/3113-3117/2009, being Murray Group Holdings Ltd and Others -and- The Commissioners for Her Majesty's Revenue and Customs, heard in the First Tier Tribunal (Tax) Sitting in Edinburgh.

**"Estimated Financial Position"** means the Estimated Financial Position of the Company as at 14 February 2012 prepared by the Joint Administrators pursuant to Rule 2.25(i) of the Rules and contained in Schedule 6 of the Proposal.

**"Excluded Assets"** means all other assets of the Company except the CVA Assets.

**"Failure Certificate"** means a certificate issued in accordance with Rule 1.23 of the Rules upon the failure or termination of the CVA.

**"Goodwill"** means the goodwill relating to the business of a professional football club carried on by the Company and the exclusive right to use the name "The Rangers Football Club".

**"Group"** means The Rangers FC Group Limited of 4 Bedford Row, London, WC1R 4DF (Company No. 07380537).

**“Group Shares”** means the 92,842,388 ordinary shares in the Company held by Group, amounting to 85.3% of the total issued share capital.

**“High Court Proceedings”** means: (1) Application Number 2003 of 2012 in the Companies Court, Chancery Division of the High Court of Justice, London; and (2) Claim Number HC12EO1526 in the Chancery Division of the High Court, London; (3) any claims, proceedings or demands arising out of (1) or (2).

**“Ibrox”** means Ibrox Stadium, 150 Edmiston Drive, Glasgow G51 2XD.

**"Members"** means all members of the Company irrespective of the class of their shareholding.

**“Murray Park”** means the Company’s training facilities at Murray Park, Auchenhowie Road, Milngavie, Glasgow G62 6EJ.

**"Nominees"** means Paul John Clark and David John Whitehouse, both of Duff & Phelps Ltd., 43-45 Portman Square, London W1H 6LY or their successors.

**"Nominees’ Remuneration"** means the liabilities, costs, expenses, legal fees, disbursements, fees and remuneration referred to in Paragraph 9.

**“Non-preferential creditors”** means Creditors other than Secured Creditors (to the extent of their security) and Preferential Creditors.

**“Joint Administrators’ Expenses”** means the expenses (including but not limited to remuneration) of the Joint Administrators pursuant to Rule 2.39B.

**“Player Contracts”** means the contracts of employment of those employees of the Company who are professional football players registered with the SFA.

**“Player Transfer Fees”** means those payments, in respect of players sold by the Company on or before 12 May 2012, due and payable to the Company on or before the earlier of: (1) the termination of the CVA in accordance with paragraph 7; or (2) 2 September 2013.

**"Preferential Creditors"** means Creditors whose claims against the Company at the Relevant Date would have been preferential pursuant to Section 386 of and Schedule 6 to the Act if the Company was being wound up within the meaning of Section 247(2) of the Act.

**"Prescribed Part"** has the meaning given to it in Section 176A of the Act.

**"Proposal"** means the Proposal of the Company for a CVA pursuant to Part I of the Act the terms of which are contained in this document.

**"Relevant Date"** means the Appointment Date.

**“SFA”** means Scottish Football Association Limited (The).

**“SPL”** means The Scottish Premier League Limited.

**“SPL Membership”** means the Company’s membership of the SPL together with all and any other rights of the Company to participate in any football league or competition organised or administered by the SPL.

**“Secured Creditors”** means those creditors listed at Schedule 7.

**"Statutory Meetings"** means the meetings of creditors and members of the Company convened pursuant to Section 3 of the Act and the Rules.

**"Supervisors"** means Paul John Clark and David John Whitehouse of Duff & Phelps Ltd., 43-45 Portman Square, London W1H 6LY or such other person or persons as may be appointed as Supervisors by the Statutory Meetings, or their successors.

**"Supervisors' Account"** means the bank account that will be opened by the Supervisors upon the approval of the Proposal for the purpose of receiving contributions from the Company and making distributions to the CVA Creditors.

**"Supervisors' Remuneration"** means the liabilities, costs, expenses, disbursements, fees and remuneration referred to in Paragraph 11 (excluding legal fees).

**"Termination Date"** means the termination of the CVA in accordance with Paragraph 7 of the Proposal.

3.2 In this Proposal:

- (a) references to Paragraphs, Schedules and Appendices are references to Paragraphs, Schedules and Appendices of the Proposal;
- (b) references to a "person" includes a company, an unincorporated association or partnership;
- (c) references to a statute or statutory provision includes the same as modified or re-enacted from time to time;
- (d) the singular includes the plural and vice versa and the masculine and neuter include each other and the female; and
- (e) headings to Paragraphs, Schedules and Appendices are for ease of reference only and shall not affect the interpretation of the CVA or the Proposal.

## 4. BACKGROUND TO THE COMPANY AND OVERVIEW OF THE PROPOSAL

### Overview

- 4.1 Statutory information on the Company and a summary of its financial position is included at Schedules 4, 5 and 6.
- 4.2 Rangers Football Club was founded in 1872 and incorporated as the Company in 1899. It is one of the most successful and renowned football clubs in the world. The club plays in the SPL and has been a member of the SPL since its formation.
- 4.3 The club has won 54 league titles, more top flight national titles than any other football club in the world. The club has also won the Scottish League Cup 27 times and the Scottish Cup 33 times.
- 4.4 The club has qualified for the UEFA Champions League 15 times since the inception of the competition in 1992. The club was runner up in the 2008 UEFA Cup Final and won the European Cup Winners Cup in 1972.
- 4.5 The club plays its home matches at Ibrox which is a 51,082 all-seater stadium in Glasgow and the playing staff train at Murray Park located in the outskirts of Glasgow.
- 4.6 The financial issues surrounding the Company have been well-publicised. Paul John Clark and David John Whitehouse were appointed Joint Administrators of the Company with effect from 14 February 2012. Additional information on the circumstances leading to the appointment of the Joint Administrators can be found in their Report and Statement of



Proposals dated 4 April 2012 copies of which can be obtained from the Company's website ([www.rangers.co.uk](http://www.rangers.co.uk)).

- 4.7 At the Appointment Date, the Company employed 326 staff, 67 of whom were playing staff in either the first team squad, reserve squad or the football academy.
- 4.8 In order to maintain the value of the Company whilst a purchaser could be found, the Joint Administrators have traded the business as a going concern. The Company successfully completed all of its remaining footballing fixtures for the 2011/12 season.
- 4.9 In addition, the Joint Administrators have implemented stringent cost-saving measures. This included agreements with the players to waive substantial proportions of their salaries from 1 March 2012 to 31 May 2012.
- 4.10 The Joint Administrators have undertaken to discharge (from Company funds) all costs and expenses of the Administration and will continue to do so ((from Company funds), until their discharge from office). The Supervisors are required by this Proposal to discharge any costs and expenses of the Administration outstanding as at the date of termination of the CVA.

#### **Assets in the Administration Estate**

- 4.11 The assets of the Company, listed at Schedule 6, currently consist of:
- Ibrox;
  - Murray Park;
  - The other heritable properties and leasehold interests of the Company;
  - The Player Contracts;
  - The SFA Membership;
  - The Company's share in the SPL;
  - The Goodwill and intellectual property rights;
  - Stock, plant and equipment and cash at bank;
  - Amounts owed to the Company (other than the Player Transfer Fees);
  - The High Court Proceedings; and
  - The Player Transfer Fees.

#### **Sale of Company / Business and Assets**

- 4.12 Due to the high level of media coverage that the Administration has received in the national and international press, the appointment of the Joint Administrators and the proposed sale of the Company or its business and assets has become known throughout the wider football and investment community.
- 4.13 Contact was made with parties who were known to have previously expressed an interest in acquiring businesses in similar and associated sectors to ensure that they were made aware of the opportunity to acquire the Company and/or the business as a going concern.
- 4.14 The Joint Administrators have engaged in dialogue with all parties who have expressed a serious interest in acquiring the business and assets of the club. An information memorandum

was prepared and released to those interested parties upon the receipt of a signed non-disclosure agreement.

- 4.15 A virtual data room was created for those prospective purchasers who were able to demonstrate that they have funding for an acquisition, to enable them to perform initial due diligence.
- 4.16 Further information in respect of the sale process will be provided in the Joint Administrators' subsequent report to creditors.

#### **Offer of Loan to Company**

- 4.17 Following the extensive marketing of the Company and the extensive sale process, an offer was made by Sevco 5088 Limited ("Sevco") to make a loan on certain terms (explained below) in conjunction with the purchase by Sevco of the Group Shares.
- 4.18 Having considered the offer from Sevco and compared it to other offers received for the Company / business and assets, the Joint Administrators determined that the Sevco offer was preferable because it:
- secures the best available return to creditors of the Company; and
  - proposes a CVA in respect of the Company, the benefits of which are outlined in paragraph 2.10.
- 4.19 Consequently, on 12 May 2012, the Joint Administrators agreed and signed an offer letter with Sevco ("the Offer Letter") and granted Sevco exclusivity to complete a takeover of the Company or a purchase of the Company's business and assets by 30 July 2012. Sevco made a payment of £200,000 to the Company for such exclusivity.
- 4.20 The Offer Letter is confidential between Sevco and the Company, but the principal terms are as follows:
- 4.20.1 In addition to the £200,000 referred to in Paragraph 4.19, Sevco agrees to advance to the Company the sum of £8,300,000;
- 4.20.2 £8,300,000 will be available for draw down by the Company no later than 31 July 2012, but only once certain conditions (the "Conditions") are satisfied;
- 4.20.3 The Company will repay the Loan together with interest on it on or before 31 December 2020; and
- 4.20.4 The loan will, subject to the laws of Scotland, be secured by standard securities and a floating charge over the assets and undertaking of the Company.
- 4.21 From 6 June 2012, Charles Green will be appointed to assist in the day-to-day management of the business of the Company (at no cost to the Company or the Joint Administrators), in order to manage the ongoing trading costs of the Company and allow for a smooth transition in ownership.
- 4.22 The relevant Conditions of the Offer Letter for the purposes of this document include the following:
- 4.22.1 Approval of this Proposal;
- 4.22.2 The Joint Administrators being discharged from office as Joint Administrators within 14 days after the end of the period permitted for challenge by creditors to any approved CVA;

- 4.22.3 The time period under the Insolvency Act 1986 for bringing any application to challenge the CVA having expired without any such application being made or if such challenge is made such challenge being dismissed by the competent court;
- 4.22.4 Sevco acquiring the Group Shares (Sevco holds an irrevocable written undertaking from Group to sell the Group Shares to Sevco for £1, conditional upon approval by the creditors and members of the Company of a CVA);
- 4.22.5 the Takeover Panel confirming that Sevco shall not be required to make any offer for any share capital other than the Group Shares, under Rule 9 of the City Code on Takeovers and Mergers notwithstanding the acquisition of the Group Shares; and
- 4.22.6 all consents or other requirements of the SPL and SFA having been obtained or complied with so that Rangers Football Club can continue to participate in such domestic leagues and competitions as it currently participates in.
- 4.23 In the event that either this CVA is not approved, or the other Conditions of the loan are not satisfied or waived by 23 July 2012, Sevco is contractually obliged to purchase the business and assets of the Company for £5,500,000 by 30 July 2012. All further terms of that sale have been agreed in advance and are confidential.

#### **Company Financial Information**

- 4.24 A Statement of Affairs has not been provided by the directors of the Company. In its absence a copy of the Joint Administrators' Estimated Financial Position of the Company as at 14 February 2012, is at Schedule 6 and a list of creditors follows at schedule 8.
- 4.25 An Estimated Outcome Statement is also attached at Schedule 4 and provides a comparison of the estimated funds available for creditors of the Company under the following scenarios:
- The proposed CVA;
  - The proposed new company scenario; and
  - A liquidation of the Company.
- 4.26 It is estimated that the return for Creditors is greater in the proposed CVA compared with the other two scenarios. Under the liquidation scenario, it is estimated that there will be no dividend to Non-preferential Creditors.
- 4.27 A summary of the estimated funds available to Non-preferential Creditors in these scenarios is set out in schedule 4.
- 4.28 The assumptions and notes to support these estimates are detailed within the Estimated Outcome Statement at Schedule 4.

#### **The Prescribed Part**

- 4.29 Pursuant to Rule 1.3(2) of the Rules, the Proposal for a CVA must also include details of the value of the Net Property and Prescribed Part that would become available to creditors if the Company was placed into liquidation. Under Section 176A of the Act, the Prescribed Part applies only where floating charge security in relation to a company has been granted after 15 September 2003. The only registered holder of a qualifying floating charge granted by the Company as at the date of this report is Group, having taken an assignation (in May 2011) of the Bank of Scotland's security granted in 1999. It is the Joint Administrators' position that no monies are outstanding under that security but, in any event, that security was granted before 15 September 2003 and therefore the Prescribed Part will not apply. Accordingly, no estimate of the value of any Prescribed Part, or the Company's net property, is provided.

## **Reasons why the Company's Creditors may reasonably be expected to support the Proposal**

- 4.30 The Joint Administrators believe that it is appropriate to propose a CVA to the creditors of the Company for the reasons set out below:
- 4.30.1 the CVA provides a better return to creditors than would otherwise be achieved on a going concern sale of the business and assets of the Company or a liquidation of the Company;
  - 4.30.2 the distribution to creditors from the CVA is funded by the loan from Sevco and the loan is conditional on approval of the CVA;
  - 4.30.3 the approval of the Proposal will allow the Company to exit Administration and return to normal trading operations;
  - 4.30.4 the approval of the Proposal will ensure the continuation of Rangers Football Club in its current corporate entity providing the maximum opportunity to avoid additional football regulatory sanctions;
  - 4.30.5 The approval of the Proposal will allow an enhanced prospect of a successful application for a UEFA licence which is required to compete in UEFA competitions (subject to satisfying the necessary UEFA regulations), thereby enhancing the business' value; and
  - 4.30.6 the CVA will enable the Joint Administrators to achieve the first hierarchal objective of an Administration which is to rescue the Company as a going concern.
- 4.31 For all of the reasons set out above, it is the Joint Administrators' view is that approval of this Proposal is by far the most attractive option for creditors compared to the alternatives of a going concern sale of the business and assets of the Company or a liquidation of the Company.

## **5. ASSETS AND LIABILITIES OF THE COMPANY**

### **Assets of the Company**

- 5.1 The Estimated Financial Position dated 14 February 2012 shows, so far as it was within the Joint Administrators' knowledge, the Company's assets at the date of the appointment of the Joint Administrators. The document also provides where possible, the extent to which the assets are charged in favour of the Secured Creditors. The only material change to the financial position of the Company since the date of the Joint Administrators' appointment is the accrual of trading losses of the Administration process which have been discharged utilising cash at bank which was held by Lloyds TSB as at the date of the Joint Administrators' appointment and recoveries from certain trade debtors.

### **The High Court Proceedings**

- 5.2 The creditors are referred to paragraph 10.7 of the Joint Administrators' report to creditors dated 5 April 2012.
- 5.3 On 1 March 2012, the Joint Administrators applied, pursuant to Section 234(2) of the Act to have all monies held by Collyer Bristow LLP ("CB") which belonged to or were held to the order of the Company to be paid to the Joint Administrators or alternatively into Court. The Court ordered that the funds totalling £3,928,390.73 ("the Fund") be paid to the Joint Administrators' English solicitors, Taylor Wessing LLP to be held subject to an appropriate undertaking. There are competing claims to the Fund.

- 5.4 In the course of disclosure in the Fund proceedings, it became apparent that the Company had wider claims against CB and Group in relation to the purchase of the Group Shares by Group. Consequently, the Company issued a claim form against CB and Group on 16 April 2012, seeking damages for claims wider than the Fund proceedings, in respect of the monies that were (and the Joint Administrators say should have been) in CB's client account (the "Claim")
- 5.5 As the High Court Proceedings are continuing, the Joint Administrators do not wish to potentially prejudice those actions by revealing their details in this Proposal. However, the Joint Administrators can confirm that the value of the Claim and Fund Proceedings could be in excess of £25,000,000.
- 5.6 The High Court Proceedings will be assigned to a new company ("LitigationCo") controlled by the Supervisors, meaning that any proceeds of this litigation (less the costs of the litigation and the formation, maintenance and dissolution of LitigationCo) will be available for the CVA creditors. The assignment will be made in such form as the Supervisors consider fit but shall, as a minimum, provide that the proceeds of the High Court Proceedings, less the costs thereof, shall be paid to the Supervisors and form a CVA Asset.
- 5.7 The Supervisors shall, following the CVA Date, pursue the High Court Proceedings in such manner as the Supervisors consider appropriate. The conduct, cost and benefit of the High Court Proceedings will be the responsibility of and under the control of the directors of LitigationCo who will be the Supervisors of the CVA. The Supervisors shall retain, out of the CVA Assets, sufficient funds as they require to pursue the High Court Proceedings and discharge any adverse costs.
- 5.8 Trial of the High Court Proceedings is due to commence between 1 and 31 October 2012. Following the issuing of a Completion Certificate, the directors of LitigationCo shall cause the dissolution of LitigationCo.

#### **CVA Assets**

- 5.9 If the Conditions are satisfied and the Sevco loan is drawn down, the CVA Assets available to creditors will comprise:
- 5.9.1 £8,300,000;
- 5.9.2 The Player Transfer Fees;
- 5.9.3 Any sums awarded and paid (less applicable costs) to the Company in respect of the High Court Proceedings
- less costs and expenses of the Administration, or of the Joint Administrators, and CVA Trading Costs;
- 5.10 The Excluded Assets will be excluded from the CVA, as they are required to be utilised by the Company for the purpose of continued trading of the Company.
- 5.11 For the avoidance of doubt, the proceeds of all sums due from the SPL together with any broadcasting monies payable to the Company will be payable to the Company but for the benefit of Sevco (in the event that this Proposal is approved and the Loan drawn down) and shall be Excluded Assets.
- 5.12 The SPL season has finished and as a result, the Company's trading revenue has dropped sharply. The Company must still continue to trade, and in particular it must continue to pay its players, to remain as a going concern. As such, the Company will incur the CVA Trading Costs. It is unclear at the date of this Proposal the period over which the CVA Trading Costs will be incurred and therefore a definitive figure cannot be provided at present. It is estimated that, if the loan is drawn down on or around mid July 2012, the CVA Trading Costs may be in the region of £3,000,000.

- 5.13 In order to satisfy the CVA Trading Costs, the costs or expenses of the Joint Administrators, Nominees' Remuneration, the Supervisors' Remuneration and / or continue to prosecute the High Court Proceedings, the Joint Administrators will, within 30 days of approval of this Proposal, discount or factor (on such terms as they consider appropriate) the Player Transfer Fees.
- 5.14 During this period from 6 June 2012, a number of receipts may be received by the Company, in respect of:
- 5.14.1 Outstanding Player Transfer Fees;
- 5.14.2 The sales of season tickets for Ibrox Stadium, in respect of the 2012/13 season;
- 5.14.3 player transfer fees with respect to players sold after 12 May 2012; and
- 5.14.4 the proceeds of sums due from the SPL together with any broadcasting monies payable to the Company.
- 5.15 In accordance with the Offer Letter, any monies received in respect of paragraphs 5.14.2 and 5.14.3 will be paid into a bank account ("the Account") held by the Joint Administrators' solicitors and it is intended that the monies in the Account will be an Excluded Asset as provided in paragraph 5.11 above. However, in the event that the Company's trading revenue is insufficient to meet the CVA Trading Costs, and subject to the appointment of Charles Green being made in accordance with paragraph 4.21, the Joint Administrators may request Sevco to consent (such consent not to be unreasonably withheld) to the use of monies in the Account to meet the CVA Trading Costs, as is anticipated.
- 5.16 If a request for consent is made by the Joint Administrators pursuant to paragraph 5.15 above (such consent not to be unreasonably withheld) and there are insufficient monies in the Account to meet CVA Trading Costs, then the Joint Administrators may require that the sums paid to their solicitors pursuant to paragraphs 4.20.2 and 4.20.3 above be used to cover CVA Trading Costs. In the event that any sum is released pursuant to this paragraph, the Conditions are subsequently satisfied and the Loan is formally drawn down, any sum available for the purposes of the CVA would be reduced accordingly.
- 5.17 The sums referred to in paragraph 5.14.4 above are Excluded Assets, for the Company's ongoing benefit, and will not be paid into the Account.
- 5.18 Save as set out elsewhere, any sums received by the Company for the purposes of the CVA shall be held on such accounts and in such manner as the Supervisors consider fit.
- 5.19 Save as set out in paragraph 5.9 above, no property other than assets of the Company are proposed to be included in the CVA or made available for distribution to Creditors.

#### **Application of the CVA Assets of the Company**

- 5.20 The CVA Assets as set out in Paragraph 5.9, shall be held on trust by the Supervisors for the benefit of the CVA Creditors pending distribution in accordance with the terms of this Proposal.
- 5.21 The CVA Assets shall be applied in accordance with the terms of Paragraph 9.2 of the Proposal. To the extent that, on termination of the CVA, there are any CVA Assets not so paid to creditors, such funds shall be dealt with in accordance with Paragraph 9.3 of the Proposal.

#### **Liabilities of the Company**

- 5.22 So far as is within the Joint Administrators' knowledge, the Estimated Financial Position details the nature and amount of each of the Company's known liabilities. The Company's liabilities are summarised below

### Preferential Creditors

- 5.23 The amounts due to known preferential creditors consist of outstanding holiday entitlement for the employees who were made redundant during the Administration trading period. The Joint Administrators estimate that these preferential claims will total £7,300.

### Non-preferential Creditors

- 5.24 A summary of the non-preferential creditors is set out below:

<b>Creditor</b>	<b>Claim (£)</b>
Trade & Expense Creditors	5,544,508
Ticketus LLP & Ticketus 2 LLP ("Ticketus") (amount of claim to be confirmed)	26,711,857
HM Revenue & Customs – Excluding EBT Case and the Discounted Option Scheme Case	18,324,285.42
HM Revenue & Customs – Discounted Option Scheme Case	3,052,481.67
HM Revenue & Customs – the EBT Case	TBC
Supporter Debenture Holders – <u>see paragraph 5.28</u>	TBC
Football Related Creditors	1,063,082
Employees	TBC
<b>Total</b>	<b>TBC</b>

- 5.25 Non-preferential claims will be calculated as at the Relevant Date.

### **Proceedings**

- 5.26 No executions or distrains have been levied on any of the assets belonging to the Company.

### **Supporter Debenture Holders**

- 5.27 The Company issued 6,050 debentures in 1990 to raise capital to fund the building of the club deck on the Govan stand at Ibrox. The debentures ranged in value from £1,000 to £1,650 and the total value of the issued debentures is £7,736,000. The debenture entitles the holder to various benefits (the "Benefits", as defined in the debentures), including the right to purchase a season ticket in a designated seat and to have a plaque with their name affixed to the seat.
- 5.28 In accordance with clause 2.3.2 of the debenture, the debentures are repayable in full upon the appointment of Administrators of the Company and in consideration for the surrender of the Benefits. This means that debenture holders presently have the option to surrender their Benefits in exchange for a distribution via the CVA as an CVA Creditor. Debenture holders should note that CVA Creditors will not be repaid in full via this CVA. **Any debenture holder who submits a claim in the CVA for repayment of his/her debenture stock will be taken (unless otherwise agreed by the Supervisors) as concurrently surrendering his/her**

**rights (including but not limited to the Benefits) under the debentures and should take advice before they do so.**

**Connected Creditors**

- 5.29 The Nominees do not believe that there are any Connected Creditors who will receive a distribution under the CVA.

**Financial Information**

- 5.30 The financial information contained in the Proposal does not constitute statutory accounts within the meaning of Chapter 4 of the Companies Act 2006 and the Proposal has not been audited.

**Antecedent Transactions**

- 5.31 The Joint Administrators do not believe that there are circumstances giving rise to the possibility, in the event that the Company should go into liquidation (if applicable), of claims under the following sections of the Act:

5.31.1 Section 244 (extortionate credit transactions); or

5.31.2 Section 245 (floating charges invalid);

- 5.32 The Joint Administrators believe that there are any circumstances giving rise to the possibility, in the event that the Company should go into liquidation (if applicable), of claims under the following section of the Act:

5.32.1 Section 242 (gratuitous alienations);

5.32.2 Section 243 (unfair preferences).

- 5.33 The circumstances referred to in paragraph 5.33 are as follows:

5.33.1 Mr Phillip Betts (trading as Primary Asset Finance), a director of the Company, received payments from funds held by Collyer Bristow LLP (the "CB Funds") in the total sum of £234,000. On the evidence currently available, the Joint Administrators believe the CB Funds belonged to the Company and are repayable by Mr Betts, unless he can satisfy any of the defences set out in section 242 of the Act. As such, the Joint Administrators' solicitors have demanded repayment of the payments from Mr Betts. In the event that the CVA is approved, any claim against Mr Betts arising out of these matters will be for the Company to consider and, if appropriate, (a) pursue itself or (b) allow the Supervisors to pursue on terms to be agreed between them.

5.33.2 On 24 August 2011, a company called Regenesi s Holdings Limited ("Regenesi s") appears to have received a payment of £250,000 from the CB Funds. On the evidence currently available, the Joint Administrators consider that this payment is repayable by Regenesi s (unless it can satisfy any of the defences in Sections 242 or 243 of the Act) and as such, their solicitors have made demand for repayment. In the event that the CVA is approved, any claim against Regenesi s arising out of these matters will be for the Company to consider and, if appropriate, (a) pursue itself or (b) allow the Supervisors to pursue on terms to be agreed between them.

- 5.34 The Supervisors shall have the power (but no obligation) to investigate any matters which might, in the event of a liquidation of the Company, fall within the provisions of Sections 242, 243, 244 or 245 of the Act and to negotiate with any person that may be liable to make a payment to a Liquidator under any of these sections and to secure a payment from them into the funds of the CVA for the benefit of Creditors.



### **Cautionary Obligations (including guarantees)**

- 5.35 Mr Craig Whyte (a Company director), Group and Liberty Capital Limited (“Liberty”) have guaranteed the Company’s liabilities to Ticketus arising under certain ticket sale agreements. Liberty is the ultimate beneficial owner of Group and therefore all of Mr Whyte, Group and Liberty are connected to the Company. This CVA does not purport to compromise any liability of Mr Whyte, Group or Liberty to Ticketus under those guarantees.
- 5.36 Any valid claims of Mr Whyte, Group and Liberty against the Company, in respect of those guarantees, which are admitted by the Supervisors, will be compromised by the CVA in the same manner as other Non-preferential Creditors.
- 5.37 For the purposes of Rule 1.3(2)(i), no cautionary obligations (including guarantees) are offered by the directors of the Company.

## **6. THE PROPOSAL**

- 6.1 The Nominees propose that the Company shall by this CVA:
- 6.1.1 release any CVA Assets in its possession to be held by the Supervisors;
  - 6.1.2 assign the High Court Proceedings in accordance with paragraph 5.6 above;
  - 6.1.3 place any monies received in accordance with paragraphs 5.14.2 and 5.14.3 above into the Account;
  - 6.1.4 irrevocably assign to the Supervisors the rights of the Company to require or receive payment of monies held in the Account;
  - 6.1.5 irrevocably assign the Player Transfer Fees to the Supervisors to be held by the Supervisors;
  - 6.1.6 irrevocably assign to the Supervisors all the rights of the Company to receive monies from Sevco (or its successors) under the Offer Letter and the right to proceed against Sevco (whether by claim form, winding up proceedings or otherwise) in respect of any breach by Sevco of the Offer Letter; and
  - 6.1.7 distribute the CVA Assets in accordance with the terms hereof.
- 6.2 The Supervisors anticipate making a payment to CVA Creditors (the “Dividend”) following the latter of:
- 6.2.1 final determination of the High Court Proceedings (to include any appeals); or
  - 6.2.2 judgment of the First Tier Tax Tribunal the EBT Case.
- 6.3 The quantum of the Dividend is currently unknown, pending determination of the CVA Trading Costs, High Court Proceedings and the EBT Case, amongst other things.
- 6.4 Any person who is bound by the CVA by virtue of Section 5(2)(b)(ii) of the Act shall be dealt with in accordance with the Proposal as a CVA Creditor.
- 6.5 Payment of the Dividend to the CVA Creditors is in full and final satisfaction of their claim against the Company and no further recourse is available.
- 6.6 Any dividends that remain unclaimed 3 months after the distribution will be returned to the Company to be held in a separate bank account for a further 3 months. In the event that

these dividends are not claimed during this further 3 months then the funds will be paid in a further pro rata distribution to the other CVA Creditors (less the costs of such distribution). However, if the cost of the distribution would (in the opinion of the Supervisors) be uneconomic in relation to the amount available, the Supervisors may pay this amount to the Company.

### **Secured Creditors**

- 6.7 It is not intended that this Proposal will affect the rights of Secured Creditors save to the extent that the Secured Creditor specifically agrees to their rights being varied.
- 6.8 If a Secured Creditor wishes to prove in the CVA for any unsecured element of their claim, the Supervisors shall be entitled (but not bound) to invite any Secured Creditor to provide a valuation of their security prior to distributing funds to Non-preferential Creditors and may (as a cost of the CVA) seek expert advice upon the value of the creditor's security.
- 6.9 A Secured Creditor will be entitled to claim in the CVA for any deficiency between the amount of the creditor's claim (as at the date of approval of the CVA) and the amount actually realised for his security (if it has been realised) or, if the Supervisors has not been notified that the security has been realised before the Supervisor distributes a dividend to the Non-Preferential creditors, the Secured Creditor shall be entitled to claim for any shortfall between the value placed on the security by the Supervisor and the value of the Secured Creditor's claim.
- 6.10 The Supervisors will be entitled (but are not obliged) to request from the Secured Creditor in writing, details of whether or not his security has been realised and if it has been realised the value obtained by the Secured Creditor on realisation of his security. Should the Secured Creditor fail to respond to a written request from the Supervisors sent not less than 14 days before the Supervisors pays a dividend, the Supervisors shall be entitled to assume that the security has not been realised, and will be entitled to place his own value on the security for the purpose of arriving at the calculation of the shortfall and distributing a dividend.
- 6.11 In the event that a Secured Creditor realises a surplus from the assets upon which it is secured over and above the amount required to pay the Secured Creditor in full then such surplus, subject to any secured rights or interest of third parties and subject to the CVA still remaining in force, shall be paid by the Secured Creditor to the Supervisors for the benefit of creditors under the CVA.

### **Leases and Hire Purchase Agreements**

- 6.12 If the Company is the lessee or hirer of any premises or goods pursuant to a lease or hire purchase agreement ("HP Agreement"), the lessor shall be entitled to claim any arrears of rent or other liabilities outstanding at the Relevant Date as an unsecured claim in the CVA.

## **7. DURATION AND TERMINATION**

### **Duration of the CVA**

- 7.1 The CVA shall continue until either:
- (a) the issuing of a Completion Certificate by the Supervisors, which shall occur no earlier than the final determination (to the determination of any and all appeals) of, and payment to the Supervisors of all proceeds (less costs) in respect of, the High Court Proceedings; or
  - (b) the issuing of a Failure Certificate;

whereupon the CVA shall terminate.

- 7.2 Upon termination of the CVA, the trusts expressed or implied shall cease save that assets realised shall (after provision for the Supervisors' costs and disbursements) be distributed to the CVA Creditors in accordance with the provisions of the Proposal.
- 7.3 In the event of approval of the CVA, it is proposed that the Joint Administrators will apply to the Court of Session for their discharge from office so that such order is granted within 14 days of the end of the period referred to in Section 6(3) of the Act.

#### **Failure of the CVA**

- 7.4 Any of the following events (which are not exhaustive) will entitle the Supervisors, at their sole discretion, to issue a Failure Certificate:
- 7.4.1 any failure by Sevco to make the payments in full as set out in paragraphs 4.20.2 and 4.20.3 the Offer Letter by their due date;
- 7.4.2 any failure by Sevco to reasonably assist with the setting up of the Account;
- 7.4.3 any failure by Sevco to comply with its obligations under paragraphs 5.15 and/or 5.16 herein.
- 7.5 In the event that the Supervisors issue a Failure Certificate, then the Joint Administrators will sell the Company's business and assets in accordance with the terms of the Offer Letter and agreed contract.

#### **Procedure on Termination**

- 7.5 Upon termination:
- 7.5.1 save where the CVA impose obligations on the Supervisors after termination, the powers and duties of the Supervisors shall terminate and the Supervisors shall be fully and completely discharged from all obligations and liabilities in relation to the CVA; and
- 7.5.2 provided that the Completion Certificate was issued, the CVA shall have no further effect save that the Creditors will remain bound by Paragraph 8 and no CVA Creditor shall be entitled to recover any additional sums from the Company in respect of its Claim.

## **8. MORATORIUM / RELEASE**

### **Moratorium**

- 8.1 Notwithstanding the moratorium which is effective under Paragraphs 42 and 43 of Schedule B1 to the Insolvency Act 1986 (as a result of the Company's Administration), for the duration of the CVA, no CVA Creditor (excluding Secured Creditors) shall be entitled to take or continue to take any step or proceedings against the Company or any CVA Assets or Excluded Assets (whether by way of demand, legal proceedings, execution, judgment, alternative determination process including arbitration or expert determination process, diligence, levying distress or otherwise howsoever) in any jurisdiction for the purpose of obtaining payment or settlement or quantification of any Claims.
- 8.2 As soon as practicable following the CVA Date all CVA Creditors who are currently party to legal proceedings against the Company shall at their own expense take all reasonable steps to procure the withdrawal, discontinuance or dismissal of those proceedings.

## **Release**

- 8.3 The issue of a Completion Certificate by the Supervisors shall operate as a full and final settlement, release and discharge of all and any Claims which the CVA Creditors had or may have against the Company, whether arising in contract, tort, equity, delict under statute or howsoever.

## **9. DISTRIBUTION OF THE CVA ASSETS**

### **Secured Creditors**

- 9.1 Unless expressly agreed by the Secured Creditors concerned, nothing in the Proposal shall restrict the rights of the Secured Creditors to enforce or continue with the enforcement of their security. Where applicable, sums due to the Secured Creditors shall be paid from realisations of any Excluded Assets to the Secured Creditors by the Company in priority to all other claims.

### **Distribution of the CVA Assets**

- 9.2 The CVA Assets shall be applied by the Supervisors in the following order:
- 9.2.1 the expenses of the Administration of the Company as defined by the Rules;
  - 9.2.2 the costs and disbursements of the Joint Administrators;
  - 9.2.3 the Nominees' Remuneration (if not paid prior to the creditors and members meetings);
  - 9.2.4 the Supervisors' Remuneration;
  - 9.2.5 all liabilities, costs, expenses and disbursements incurred by the Nominees and Supervisors as set out in Paragraph 11.4;
  - 9.2.6 payment in full to the Preferential Creditors; and
  - 9.2.7 the Dividend(s) due to the Non-preferential Creditors as referred to in Paragraph 6.2.
- 9.3 In the event of termination of the CVA under Paragraph 7.1 of the Proposal, any remaining funds held by the Supervisors in the Supervisors' Account shall be distributed to the CVA Creditors, after costs, in accordance with the Proposal.

### **Nominees' Remuneration**

- 9.4 The Nominees' Remuneration shall be fixed on a time costs basis plus disbursements and VAT for acting as such.
- 9.5 The Nominees' Remuneration shall be paid from the CVA Assets. To the extent that there are unpaid Nominees Remuneration outstanding as at the CVA Date, this will be paid to the Nominees within seven days of the CVA Date from CVA Assets in accordance with Paragraph 9.2.

## 10. CONDUCT OF THE BUSINESS

### Conduct of the Company's Business

- 10.1 The business of the Company shall continue to be conducted under the control of the Joint Administrators until their release from office, whereafter the officer(s) of the Company at that time (nominated by Sevco) shall be so responsible for the conduct of any further trading of the Company. Neither the Nominees nor the Supervisors shall have any personal liability or responsibility for or in respect of any of the actions or liabilities of the Company.

### Credit Facilities

- 10.2 Other than the Sevco Loan, the Supervisors do not propose or intend to arrange for any credit facilities to be made available to the Company for the purpose of the implementation of the CVA. The Company shall be solely responsible for any credit facilities or liabilities incurred by it after the CVA Date.

## 11. THE SUPERVISORS – DUTIES AND POWERS

### The Supervisors

- 11.1 It is proposed, subject to the approval of the Creditors, that the Nominees should be appointed as Joint Supervisors, for the purpose of acting in relation to and supervising the implementation of the CVA. The Supervisors may act jointly and severally in connection with the CVA.
- 11.2 The proposed Supervisors are qualified to act as insolvency practitioners in relation to the Company.

### Supervisors' Fees

- 11.3 It is proposed that the Supervisors should be remunerated on a time cost basis by reference to the time properly given by them and their staff in attending to matters arising in the CVA at the rates normally charged for such work, plus disbursements plus VAT. As of the date of the Proposal, Duff & Phelps Limited's charge-out rates are as follows:

Grade	Hourly Rate (£)
Partners	480 - 545
Managers/Directors	305 – 480
Seniors	190 - 305
Assistants/Support staff	30 - 170

- 11.4 All liabilities, costs, expenses and disbursements incurred by the Supervisors and all fees and remuneration of the Supervisors (including, without prejudice to the generality of the foregoing, legal and other professional costs and any tax which the Supervisors are obliged to pay by law or pursuant to a Court order on or after the CVA Date) whether in preparing, implementing or operating the CVA or in the performance of any act reasonably incidental to the CVA shall be paid in full pursuant to the terms of these Proposal.

11.5 The Supervisors shall have the right to submit, and to be paid in full, interim accounts on a monthly basis in respect of the Supervisors' Remuneration. The Supervisors' Remuneration will be paid to the Supervisors out of the CVA Assets in accordance with paragraph 9.2 above.

11.6 It is also proposed that the Supervisors pay any disbursements and expenses properly incurred by them in connection with the supervision of the CVA and that they shall be authorised to pay such disbursements and expenses as and when required from the CVA Assets.

#### **Liability of the Nominees and the Supervisors**

11.7 Neither the Nominees nor the Supervisors nor any person acting on their behalf shall incur any personal liability under or in respect of contracts or other obligations of the Company whether past, present or future, actual or contingent.

#### **Duties and Powers of the Supervisors**

11.8 It shall be the duty of the Supervisors to implement the CVA in accordance with the provisions of Part I of the Act and the Rules and the terms of the Proposal. For the avoidance of doubt, each of the Creditors irrevocably authorises the Supervisors to exercise and carry out all acts and exercise all discretions, authorities, powers and duties conferred upon the Supervisors by or reasonably incidental to these Proposals in order to facilitate the implementation and operation of the CVA.

11.9 Without prejudice to the generality of this Paragraph, the Supervisors shall have the power to carry out the following and any such costs incurred in doing are to be met from the funds held in control of the Supervisors:

- a. appoint a solicitor or accountant or other professionally qualified person to assist with the performance of their functions;
- b. bring or defend any action or other legal proceedings in the name and on behalf of the Company for the purpose of enforcing the provisions of the CVA;
- c. refer to arbitration any question affecting enforcing the provisions of the CVA;
- d. make any payment that is necessary or incidental to the performance of their functions;
- e. commence winding up proceedings in respect of the Company if required or permitted by the terms of the CVA;
- f. apply to the Court for directions in respect of any matter arising in connection with the CVA;
- g. undertake any other functions which it may be necessary or expedient for the Supervisors to undertake in connection with the implementation of the CVA; and
- h. convene meetings of creditors generally and convene meetings in the event that creditor claims materially affect the proposed dividend distribution.

11.10 The Supervisors shall have, in addition to any powers conferred on them under the Act or the Rules or otherwise as a matter of law, such powers as are necessary or expedient to enable them to carry out their functions under the CVA in accordance with their terms.

11.11 The Supervisors shall have no duties or responsibilities except as may be expressly set out herein or imposed by the Act and Rules.

- 11.12 The Supervisors may perform their duties through agents and employees and shall be entitled to rely on any communication, instrument or document or information (whether provided in writing or orally) believed by them to be genuine and correct and shall be entitled to rely upon the advice of or information obtained from any professional adviser or other person (whether instructed by them or not) believed by them in good faith to be competent.
- 11.13 Each of the Creditors and the Company agree that the Supervisors shall not assume any fiduciary or other special responsibility or duty to any Creditor of the Company (as the case may be) as a result of the implementation or operation of the CVA and that all information supplied to the Supervisors has emanated from the Company or some other third party and that the Supervisors do not warrant the accuracy of that information.
- 11.14 Without prejudice to the trusts hereby created, the Supervisors' duties shall be owed solely to the Company on behalf of which they are appointed to act.
- 11.15 Neither the Nominees, the Supervisors, their staff nor their agents shall incur any personal liability in connection with the preparation, adoption, agreement, negotiation or implementation of the CVA or in connection with any collateral or ancillary arrangement.
- 11.16 In exercising their powers, the Supervisors are deemed to act at all times as the Company's agents and neither the Supervisors nor any person acting on their behalf shall incur any personal liability under or in respect of contracts or other obligations of the Company whether present or future, actual or contingent.
- 11.17 The powers given to the Supervisors by the Proposal shall be exercisable without the sanction of a creditors' committee.
- 11.18 The Supervisors shall have no responsibility for or in respect of the financial statements of the Company which have been prepared by the Directors. Where applicable, any projections contained in the Proposal shall not be regarded or relied upon by any person bound by the CVA as forecasts of results or cash flows and the Supervisors do not express or imply any opinion as to the possibility of their achievement.
- 11.19 The Supervisors shall:
- (a) make distributions permitted by the CVA as agent on behalf of the Company to the CVA Creditors; and
  - (b) have the power to do all things ancillary to the matters referred to in sub-paragraphs 11.9a to 11.9h above or which are otherwise required to be done by the Supervisors in accordance with the CVA.

#### **Dealing in Good Faith and For Value**

- 11.20 A person dealing with the Supervisors in good faith and for value is not concerned to enquire whether the Supervisors are acting within their powers.

#### **Vacancy in office**

- 11.21 Any vacancy howsoever arising in the office of a Supervisors may be filled by the remaining Supervisors appointing a replacement Supervisors. Any replacement Supervisors so appointed shall have the same functions, rights and powers as the original Supervisors.
- 11.22 Notwithstanding any provisions of the CVA, the Supervisors shall not be required to undertake any duties or incur any expenses in relation to the CVA unless they are satisfied that they have sufficient funds under their control to cover such costs and expenses

## **12. THE COMPANY'S OBLIGATIONS TO SUPERVISORS**

- 12.1 For as long as the CVA shall be in force, the Company shall:
- 12.1.1 give the Supervisors, without charge, such assistance as they may reasonably require in connection with the CVA;
  - 12.1.2 provide the Supervisors with such authorities as they need to deal with all of the Creditors as they think fit;
- 12.2 For as long as the CVA shall be in force, the Company shall provide the Supervisors with its fullest co-operation in relation to all and any investigations that the Supervisors may undertake into and enquiries that the Supervisors may have in respect of the Company's assets and affairs including the provision of all information and documentation in the Company's power or under its custody or control including any documents or information in relation to which the Company could claim legal professional privilege.

## **13. CREDITORS' CLAIMS**

- 13.1 If at any time after the CVA Date the Supervisors and/or the Company become aware of any claim against the Company by any Creditor who for whatever reason is not bound by the Proposal then the Supervisors may agree to treat that Creditor as if they were so bound at the CVA Date. The Supervisors or the Company shall determine the amount of any such claim to be admitted for the purposes of the CVA in accordance with the terms of paragraph 16 of the Proposal provided that no claim shall be admitted unless the claimant agrees to be fully bound by the terms of the CVA. The Supervisors shall have power to apply to the Court for an order that any such claimant be bound by the CVA if he thinks fit. No such Creditor will have any claim in relation to any dividend already paid.
- 13.2 No Creditor of the Company bound by the CVA will have any remedy against it except to receive distributions, if appropriate, in accordance with the terms of the CVA. Any such distributions are accepted in full and final settlement of Creditors' claims.
- 13.3 Where an employee (including any Director with a service contract) has been made redundant or was on notice of redundancy prior to the approval of the Proposal any resultant claim of the employee against the Company (including where such a claim is transferred to and vested in the Secretary of State for Business Innovation and Skills) shall be included as a Creditor claim in the CVA to be determined in accordance with paragraph 16 of the Proposal and rank equally with other Creditor claims as a Preferential Creditor or Non-preferential Creditor accordingly. For the avoidance of doubt such Creditor claims will include inter alia any claim for redundancy and pay in lieu of notice that would arise from such redundancy.
- 13.4 The Company shall be responsible for the payment of taxation liabilities, including but not limited to any liability for value added tax, arising from the continuation of the business or the disposal of any assets, other than the CVA Assets, after approval of the CVA.
- 13.5 Notwithstanding any other provisions of this Proposal the Supervisors shall not be required to undertake any duties or incur any expenses in relation to the CVA unless they are satisfied that they have sufficient funds under their control (or will shortly have such funds) to cover the costs and expenses of undertaking such duties.
- 13.6 As at the date of this Proposal, judgement is awaited in respect of the EBT Case. HMRC's claim in the CVA in respect of the EBT Case shall be that liability awarded to it (if any) by the First Tier Tax Tribunal. This is without prejudice to any sums that may be awarded in the Company's favour by that tribunal or any right of set-off available to the Company.
- 13.7 If necessary, in order to determine the amount of any claim made by HMRC or other taxing authority (save in respect of the EBT Case) the Supervisors shall give instructions for any



outstanding tax returns or accounts to be prepared and submitted to the relevant authority. Any costs incurred in so doing shall be treated as expenses of the CVA.

#### **14. VARIATIONS TO THE ARRANGEMENT**

- 14.1 If the Supervisors consider that the interests of Creditors are best served by any variation to the CVA being incorporated after the CVA Date then they may circulate Creditors with details of the proposed variation. Such variation shall be deemed to be incorporated into the Proposal if it receives the approval of three-quarters or more (in value) of the Creditors voting on the proposed variation in person or by proxy at either a Creditors' meeting or by postal vote. The provisions of Rules 1.15A and 1.16A of the Rules shall apply to any voting in respect of such variations.
- 14.2 No variation permitted by this paragraph shall be effective unless the Company acting by its Members consents to it.

#### **15. CREDITORS' COMMITTEE**

- 15.1 If so resolved by the Creditors the Supervisors shall establish a Creditors' Committee. That committee shall have not less than three nor more than five members. The provisions of Rules 4.40 to 4.59A of the Rules (other than Rules 4.43 and 4.53) shall apply to the membership and conduct of the Creditors' Committee in the same manner (as nearly as practicable) as they apply in the case of a liquidation with references in the Rules to "the liquidator" being deemed to be references to "the Supervisors" and references to "liquidation" or "winding up" being deemed to be references to the "CVA".
- 15.2 The Supervisors shall report to the Creditors' Committee all matters which appear to them to be of concern to them in relation to the CVA. They will report in such manner and at such frequency as they think fit but unless otherwise agreed by the Creditors' Committee their reporting shall take place at intervals of not more than six months.
- 15.3 The chairperson of meetings of the Creditors' Committee shall be one of the Supervisors or a person appointed by them. The quorum at meetings shall be two members present or represented. A member of the Creditors' Committee may be represented by another person authorised for that purpose.
- 15.4 The Supervisors shall have regard to the views of the Creditors' Committee in respect of matters which the Supervisors have reported to them or of which they shall otherwise notify the Supervisors as being matters which they regard as being of concern to the Supervisors in relation to the CVA.

#### **16. STATEMENTS OF CLAIM**

- 16.1 In admitting statements of claim under the CVA, the Supervisors shall apply, wherever applicable and subject to the provisions of the CVA, those provisions of the Act and the Rules relating to (i) proving of debts; and (ii) quantification of claims as are applicable in a liquidation (save that no advertisements will be made). The Supervisors shall not admit any claim of any Creditor (including but not limited to contingent claims) for dividend distribution purposes unless such claim is proven to their satisfaction pursuant to and in accordance with the provisions of the Act and the Rules applicable in liquidation (as modified by this Proposal so as to give effect to the CVA).
- 16.2 The amount of any indebtedness owed by the Company to any Creditor shall be the total amount owing as at the CVA Date.

- 16.3 Rules 4.15 to 4.17 inclusive of the Rules shall apply to the CVA, except that:
- 16.3.1 references to proving or claiming to prove shall be taken as references to the submission of a claim calculated in accordance with the terms of the CVA;
  - 16.3.2 references to "the liquidator" shall be read as references to "the Supervisors".

## **17. DISTRIBUTION TO CREDITORS**

- 17.1 Rules 4.66 to 4.68 inclusive of the Rules shall apply to the CVA except that, in the case of the Rules:
- 17.1.1 references to "the liquidator" and/or "the office-holder" (where relevant) shall be read as references to "the Supervisors";
  - 17.1.2 references to "creditors" shall be read as references to "Preferential Creditors" and "Non-preferential Creditors";
  - 17.1.3 references to proving or claiming to prove shall be taken as references to the submission of a claim calculated in accordance with the terms of the CVA; and
  - 17.1.4 no action shall be permitted against the Supervisors for a dividend including a refusal by them to pay a dividend for whatever reason they think fit.
- 17.2 The Supervisors shall have sole discretion to determine the amount to be distributed out of the CVA Assets from time to time and they shall be under no obligation to distribute all of the CVA Assets in one distribution.
- 17.3 If the CVA terminates, then the balance of the funds held (less any prior dividend distribution payment(s) made already by the Supervisors to the Preferential Creditors and Non-preferential Creditors) shall be distributed by the Supervisors to creditors in conclusion of the CVA.
- 17.4 Creditors shall not be entitled to receive any payment or dividend under the terms of the CVA unless they are bound by the CVA, either by virtue of Section 5 of the Act, or by virtue of an undertaking to that effect, and their claim has been admitted in whole or in part by the Supervisors for dividend distribution purposes.

## **18. GENERAL**

### **Notices**

- 18.1 Any notice or demand hereby or by law authorised or required to be given shall be sufficiently given by posting the same by post to or by faxing or leaving the same at (1) in the case of the Company, its registered offices, and (2) in the case of any other party, its address last known to the Company. If such notice or demand is posted, it shall be deemed to have been received by the addressee 48 hours after the same shall have been posted. If such notice or demand is sent by fax, it shall be deemed to have been received at the time of transmission, save that if such transmission is made otherwise than between 9.00 am and 6.00 pm on a Business Day in the offices of the person to whom such transmission is made, such transmission shall be deemed to have been received at 9.00 am on the next Business Day.

## Law and Jurisdiction

- 18.2 The Proposal and, if approved, the CVA resulting there from shall in all respects be governed and construed in accordance with Scots law and all parties who are bound by the Proposal and the CVA hereby submit to the exclusive jurisdiction of the Scottish courts in respect thereof.

## No Waiver

- 18.3 No failure to exercise and no delay on the part of any person in exercising any right, power or privilege under the CVA shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or future exercise thereof, or the exercise of any other right, power or privilege.

## 19. EC REGULATION

- 19.1 The Council Regulation (EC) No. 1346/2000 of 29/05/2000 on Insolvency Proceedings ("the Regulation") applies to these proceedings which are main proceedings as defined by Article 3 of the Regulation.

## 20. NO PERSONAL LIABILITY

- 20.1 Neither the Joint Administrators nor the Nominees nor the Supervisors nor their staff or any agents employed by them accept any personal liability in connection with the CVA. Further, neither the Joint Administrators nor the Nominees nor the Supervisors nor their staff or any agents employed by them give any warranties and make no representations whatsoever in connection with the contents of this Proposal and any warranties and/or representations whether express or implied, or of any description, are hereby expressly excluded.

## 21. JOINT ADMINISTRATORS' STATEMENT

- 21.1 All of the above is accurate, true and correct to the best of the Joint Administrators' knowledge and belief. We are aware that if the Proposal contains any material omissions or if the Company fails to comply with the approved Proposal, subject to any modifications if appropriate, then the Supervisors may petition for the Company's winding up or make application to the Court under Section 7(3) and 7(4)(b) or of the Act.
- 21.2 The Joint Administrators' attention has been drawn to Section 6A of the Act which states that an offence is committed if any false representation is made or any other fraud is committed for the purposes of obtaining the approval of the Creditors to the Proposal for company voluntary arrangements under Part I of the Act.

Signed.....

Paul Clark

Joint Administrator

On behalf of the Joint Administrators, without personal liability

29 May 2012

**SCHEDULE 1**

**Proxy Form**

The Insolvency Act 1986

**PROXY - PROPOSED COMPANY VOLUNTARY ARRANGEMENT**

Pursuant to Rules 7.14 and 7.15 of the Insolvency (Scotland) Rules 1986

**THE RANGERS FOOTBALL CLUB P.L.C.** (Registered Number SC004276)  
having its registered office at Ibrox Stadium, Glasgow G51 2XD

In Administration

Name of Creditor/Member \_\_\_\_\_

Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (hereinafter called 'the principal')

Insert the name and address of the proxy holder and of any alternative. A proxy holder must be an individual aged over 18.

Name of Proxy-Holder 1. \_\_\_\_\_  
 Address \_\_\_\_\_

Whom failing 2. \_\_\_\_\_  
 Address \_\_\_\_\_

Whom failing 3. \_\_\_\_\_  
 Address \_\_\_\_\_

I appoint the above person to be the principal's proxy-holder at:-

\*Delete as appropriate

\*all meetings in the above insolvency proceeding relating to the above company

\*the meeting of \*creditors/members of the above Company to be held on 14 June 2012 or at any adjournment of that meeting.

**Voting Instructions**

**The proxy-holder is authorised** to vote or abstain from voting in the name, and on behalf, of the principal in respect of any matter(s), including resolution(s), arising for determination at said meeting(s) and any adjournment(s) thereof and to propose any resolution(s) in the name of the principal, either

- (i) in accordance with instructions given below, or
- (ii) if no instructions are given, in accordance with his/her own discretion.

Complete only if you wish to instruct the proxy-holder to vote for or against a specific resolution

1. For the acceptance/rejection\* of the proposed voluntary arrangement (with the following modifications);

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Set forth any voting instructions for the proxy-holder. If more room is required, attach a separate sheet

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Signed \_\_\_\_\_ Date \_\_\_\_\_

Name in BLOCK LETTERS \_\_\_\_\_

Position of signatory in relation to the creditor/member or other authority for signing

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**Notes for the Principal and Proxy-holder**

1. The chairman of the meeting who may be nominated as proxy-holder, will be the insolvency practitioner who is presently the administrator.
2. All proxies must be in this form or a form substantially to the same effect with such variations as circumstances may require (Rules 7.15(3) and 7.30).
3. To be valid the proxy must be lodged at or before the meeting at which it is to be used (Rule 7.16(2)).
4. Where the chairman is nominated as proxy-holder he cannot decline the nomination (Rule 7.14(4)).
5. The proxy-holder may vote for or against a resolution for the appointment of a named person to be the responsible insolvency practitioner jointly with another person, unless the proxy states otherwise (Rule 7.16(4)).
6. The proxy-holder may propose any resolution in favour of which he would vote by virtue of this proxy (Rule 7.16(5)).
7. The proxy-holder may vote at his discretion on any resolutions not dealt with in the proxy, unless the proxy states otherwise (Rule 7.16(6)).
8. The proxy-holder may not vote in favour of any resolution which places him, or any associates of his in a position to receive remuneration out of the insolvent estate unless the proxy specifically directs him so to vote (Rule 7.19(1)).

**SCHEDULE 2**

**Statement of Claim Form**

**STATEMENT OF CLAIM BY CREDITOR  
FOR PURPOSES OF PROPOSED COMPANY VOLUNTARY ARRANGEMENT**

Pursuant to Rules 1.15A and B of the Insolvency (Scotland) Rules 1986

**WARNING**

It is a criminal offence:

• For a creditor to produce a statement of claim, account, voucher or other evidence which is false, unless he shows that he neither knew nor had reason to believe that it was false; or

• For a director or other officer of the company who knows or becomes aware that it is false to fail to report it to the Administrator within one month of acquiring such knowledge.

On conviction either the creditor or such director or other officer of the company may be liable to a fine and/or imprisonment.

Notes:

(a) *Insert name of company:*

(a) **THE RANGERS FOOTBALL CLUB P.L.C.**  
(Registered Number SC004276) having its registered office at Ibrox Stadium, Glasgow G51 2XD (in administration)

(b) *Insert name and address of creditor:*

(b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) *Insert name and address, if applicable, of authorised person acting on behalf of the creditor:*

(c) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) *Insert total amount as at the date of the meeting (14 February 2012) claimed in respect of all the debts, the particulars of which are set out overleaf.*

I submit a claim of (d) £\_\_\_\_\_ in the administration of the above company and certify that the particulars of the debt or debts making up the claim, which are set out overleaf, are true, complete and accurate to the best of my knowledge and belief.

Signed \_\_\_\_\_  
Creditor/person acting on behalf of creditor

Date \_\_\_\_\_



**PARTICULARS OF EACH DEBT****Notes**

**A separate set of particulars should be made out in respect of each debt**

1. Describe briefly the debt, giving details of its nature, the date when it was incurred and when payment became due.

Attach any documentary evidence of the debt, if available.

2. Insert total amount of the debt, showing separately the amount of principal and any interest which is due on the debt as at the due date (see note (e)). Interest may only be claimed if the creditor is entitled to it. Show separately the VAT on the debt and indicate whether the VAT is being claimed back from HM Customs and Excise.

3. Insert the nature and amount of any preference under Schedule 6 to the Act claimed in respect of the debt.

4. Specify and give details of the nature of any security held in respect of the debt including -

(a) The subjects covered and the date when it was given.

(b) The value of the security.

Security is defined in section 248(b) of the Insolvency Act 1986 as meaning "any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off)". For claims in administration procedure security also includes a hire purchase agreement for the hire of goods for more than three months and a conditional sale agreement (see Rule 2.33)

**1. Particulars of debt**

**2. Amount of Debt**

**3. Preference Claimed for debt**

**4. Security for Debt**

**SCHEDULE 3**  
**Statutory Information**

## Statutory Information

**Date of Incorporation** 27 May 1899

**Registered Number** SC004276

<b>Company Directors in the last 3 years</b>	<b>Director</b>	<b>Appointed</b>	<b>Resigned</b>
	Andrew Ellis	20 January 2012	N/A
	David King	30 March 2000	N/A
	Craig Whyte	6 May 2011	N/A
	Martin Bain	6 September 2001	23 June 2011
	Philip Betts	6 May 2011	20 January 2012
	John Greig	6 February 2004	16 October 2011
	Alastair Johnston	6 February 2004	23 May 2011
	John McClelland	14 September 2000	16 October 2011
	Michael McGill	16 October 2009	6 May 2011
	Donald McIntyre	12 June 2006	7 October 2011
	Donald Muir	16 October 2009	6 May 2011
	David Murray	18 January 1989	26 August 2009
	Paul Murray	20 September 2007	23 May 2011

**Company Secretary** Gary Withey

**Majority Shareholder** The Rangers FC Group Limited (holder of 85.3% of the issued share capital)

**Trading Address** Ibrox Stadium  
150 Edmiston Drive  
Glasgow  
G51 2XD

**Registered Office** Ibrox Stadium  
150 Edmiston Drive  
Glasgow  
G51 2XD

**SCHEDULE 4**

**Estimated Outcome Statement**

## Estimated Outcome Statement as at 28 May 2012

### The Rangers Football Club P.L.C.

In Administration	Notes	CVA	NEW COMPANY	LIQUIDATION
		£	£	£
<b>CVA FUNDING</b>				
Exclusivity Payment	1	200,000	200,000	200,000
Loan Funding	2	8,300,000	N/A	N/A
<b>FIXED CHARGE ASSETS</b>				
Intellectual Property Rights / Goodwill	}			
Player Contracts		3	N/A	5,300,000
Stock				
Freehold Property	4	N/A	N/A	4,590,214
Less:				
Scottish Sports Council	5	Nil	(650,000)	(650,000)
		<b>8,500,000</b>	<b>4,850,000</b>	<b>4,140,214</b>
<b>SURPLUS AFTER CHARGEHOLDER INDEBTEDNESS</b>				
Surplus Assets b/d	6	8,500,000	4,850,000	4,140,214
Proceeds of Litigation	7	TBD	TBD	TBD
Player Transfer Fees (factored)	8	2,000,280	2,000,280	2,000,280
Cash at Bank		3,403,762	3,403,762	3,403,762
Administration Trading Shortfall	9	(3,632,458)	(3,632,458)	(3,632,458)
Debtors and Other Realisations	10	264,000	550,000	550,000
		<b>10,535,584</b>	<b>7,171,584</b>	<b>6,461,798</b>
<b>ESTIMATED COSTS OF REALISATIONS</b>				
Joint Administrators' Remuneration	11	(3,000,000)	(3,000,000)	(3,000,000)
Joint Nominees' and Supervisors' Fees	12	(500,000)	(150,000)	(150,000)
Joint Liquidators' Remuneration	13	N/A	(1,000,000)	(1,000,000)
Legal Fees (including Counsel)	14	(1,800,000)	(1,800,000)	(1,800,000)
Other Professional Fees	15	(61,000)	(61,000)	(61,000)
Other Expenses	16	(200,000)	(200,000)	(200,000)
		<b>(5,561,000)</b>	<b>(6,211,000)</b>	<b>(6,211,000)</b>
<b>Estimated Surplus / (Shortfall)</b>		<b>4,974,584</b>	<b>960,584</b>	<b>250,798</b>
Distribution to Preferential Creditors	17	(7,300)	(7,300)	(250,798)
<b>Estimated Funds Available for Unsecured Creditors</b>		<b>4,967,284</b>	<b>953,284</b>	<b>Nil</b>

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## Estimated Outcome Statement as at 28 May 2012

### The Rangers Football Club P.L.C.

#### In Administration

#### NOTES

1. Exclusivity payment made by Sevco in accordance with the Offer Letter.
2. Loan from Sevco in accordance with the Offer Letter.
3. The sale consideration under the New Company scenario has not been apportioned. Under the Liquidation scenario, the club ceases to trade and therefore the player contracts terminate and registrations revert to the SFA and therefore may have no value. There is assumed to be no residual value in any Intellectual Property or Goodwill as the club has ceased to trade.
4. The estimated realisable value of the freehold properties is based on the Joint Administrators' agents valuation less holding and disposal costs based on a period of two years. It is possible these costs could exceed the gross realisable value rendering the properties onerous and without value.
5. The Scottish Sports Council holds standard security in relation to any future change in use in respect of Murray Park.
6. Surplus Assets brought down.
7. The value of any litigation proceeds cannot at this stage be accurately quantified and in any event disclosure of same could prejudice ongoing litigation.
8. The Joint Administrators will, within 30 days of approval of this Proposal, discount or factor (on such terms as they consider appropriate) the Player Transfer Fees in accordance with the Offer Letter.
9. Anticipated Administration trading shortfall as at 6 June 2012. In a Liquidation scenario it is likely that the the cessation of trade date would be after 6 June 2012 but for comparison purposes it has been assumed as this date.
10. Debtors and Other Realisations includes the dividend from the Administration of Pritchard Stockbrokers Limited in relation to the sale of the Arsenal shares held by the Company prior to the Joint Administrators' appointment, arrestment monies in relation to Martin Bain and other miscellaneous receipts and contingent debtors. Please note that under the CVA scenario, realisations from this source are restricted to the Martin Bain arrestment monies.
11. Estimated Joint Administrators' Remuneration.
12. Estimated Joint Nominees' and Supervisors' fees. In the New Company and Liquidation scenarios there are no Supervisors' fees as the CVA would not have been approved. Nominees' fees are incurred in all scenarios.
13. Estimated Joint Liquidators' Remuneration is not incurred in a CVA scenario.
14. Estimated Legal Fees include the costs of Counsel and all other legal disbursements.
15. Other Professional Fees include fees in respect of property agents, chattel asset valuation agents and costs associated with operating the data room.
16. Other Expenses include stationery, postage, statutory advertising and other miscellaneous expenses.
17. In the CVA and New Company scenarios, the amounts due to preferential creditors consist of outstanding holiday entitlement for the employees who were made redundant during the Administration trading period. In the Liquidation scenario, it is anticipated that preferential claims would exceed the funds available to preferential creditors.

**SCHEDULE 5**

**Summary of Historical Audited Accounts**

## Balance Sheet

	As at 30 June 2011 (Draft) £'000	As at 30 June 2010 (Audited) £'000
<b>Fixed Assets</b>		
Tangible Assets	116,814	118,626
Intangible Assets	7,892	10,781
Investments	751	751
	<b>125,457</b>	<b>130,158</b>
<b>Current Assets</b>		
Debtors	8,913	7,806
Cash	8,552	8
Stock	2	2
	<b>17,467</b>	<b>7,816</b>
<b>Liabilities</b>		
Amounts Falling Due Within One Year	(48,822)	(27,316)
Amounts Falling After One Year	(20,372)	(37,941)
<b>Net Assets</b>	<b>73,730</b>	<b>72,717</b>
<b>Capital and Reserves</b>		
Called up Share Capital	10,879	10,879
Share Premium Account	120,973	120,973
Capital Reserve	9,185	9,185
The Rangers Bond	7,736	7,736
Revaluation Reserve	57,207	57,770
Profit & Loss Account	(132,250)	(133,826)
	<b>73,730</b>	<b>72,717</b>



## Profit and Loss

	Year Ended 30 June 2011 (Draft) £'000	Year Ended 30 June 2010 (Audited) £'000
Turnover	57,183	56,287
Net Operating Expenses	(47,525)	(43,856)
Trading Profit/(Loss)	9,658	12,431
Amortisation of Player Registrations	(8,412)	(7,339)
<b>Exceptional Items:</b>		
Gains on Disposal of Player Registrations	4,202	512
Taxation on Discount Option Scheme	(3,270)	-
<b>Profit/(Loss) Before Interest &amp; Tax</b>	<b>2,178</b>	<b>5,604</b>
Interest Payable	(2,102)	(1,395)
<b>Profit/(Loss) Before Taxation</b>	<b>76</b>	<b>4,209</b>
Taxation	-	-
<b>Retained Profit/(Loss) for the Year</b>	<b>76</b>	<b>4,209</b>

**SCHEDULE 6**

**Estimated Financial Position**

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## Estimated Financial Position as at 14 February 2012

### The Rangers Football Club P.L.C.

#### In Administration

Book Value

	Notes	£
<b>FIXED CHARGE ASSETS</b>		
Freehold Property Including Ibrox Stadium and Murray Park	1	109,613,870
Leasehold Property - Albion Road Car Park	1	2,931,968
Goodwill	1	620,000
Trademarks	1	39,495
		<u>113,205,333</u>
<b>Less: Fixed Charge Holders</b>		
The Rangers FC Group Limited	2	TBC
Close Leasing Limited	3	(1,560,000)
The Scottish Sports Council	3	(505,000)
Premier Property Group Limited	2	TBC
Bank of Scotland (Albion Road Car Park Finance)	2	TBC
Kelvinside War Memorial Trust	2	TBC
		<u>(2,065,000)</u>
		<u>111,140,333</u>
<b>FLOATING CHARGE ASSETS</b>		
Surplus from Fixed Charge Assets		111,140,333
Cash at Bank	4	3,373,170
Fixtures and Fittings	1	3,907,345
Player Registrations	1	7,661,456
Deferred Transfer Fees		TBC
Football Debtors	1	3,804,000
Trade Debtors	1	538,846
		<u>130,425,150</u>
Preferential Creditors	5	<b>TBC</b>
Floating Charge Creditor - The Rangers FC Group Limited	6	<b>TBC</b>
<b>UNSECURED CREDITORS</b>		
Trade & Expense Creditors	7	(5,544,508)
Football Related Creditors	8	(1,063,083)
HM Revenue & Customs	9	(14,372,042)
Ticketus	10	(26,700,000)
Employees	11	TBC
Debenture Holders	12	(7,736,000)
		<u>(55,415,632)</u>
Surplus/(Deficit) to Unsecured Creditors		<u>75,009,518</u>
Issued and Called Up Share Capital		<u>(10,879,400)</u>
Total Surplus/(Deficit) to Shareholders		<u>64,130,118</u>

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## **Estimated Financial Position as at 14 February 2012**

### **The Rangers Football Club P.L.C.**

#### **In Administration**

#### NOTES

1. Values as per the January 2012 management accounts.
2. The Joint Administrators are yet to receive details of claims from these chargeholders.
3. The Joint Administrators are yet to review and adjudicate these claims.
4. Cash at bank transferred into the Joint Administrators account on the date of appointment.
5. The Joint Administrators are yet to be advised of the quantum of preferential claims, however they will be limited to claims for holiday pay from employees who have been made redundant.
6. The Joint Administrators are yet to receive details of claims from this chargeholder.
7. Trade and expense creditors are as per the Company's books and records as a the date of appointment.
8. Football related creditors as per the Company's records.
9. The claim from HMRC is as per the Company's books and records and does not include any amounts which may become outstanding upon the resolution of the EBT Case and the Discounted Option Scheme case.
10. The Ticketus claim is estimated as per the principal sum outstanding. Ticketus final claim is to be determined, it may be higher if liquidated damages are due, or lower if their claim is found to not be valid against the Company.
11. The Joint Administrators are yet to be advised of the quantum of employee claims.
12. Debenture holder liability as stated in the Company's records.

**SCHEDULE 7**  
**Secured Creditors**

<b>TYPE</b>	<b>DATE CREATED</b>	<b>PERSON ENTITLED</b>
Floating Charge	24/02/1999	The Rangers FC Group Limited <sup>1</sup>
Standard Security	11/01/2002	The Scottish Sports Council
Standard Security	01/05/2006	Premier Property Group Limited
Assignment in Security	09/08/2011	Close Leasing Limited

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<sup>1</sup> The Joint Administrators understand that, in respect of this security: (1) Group has confirmed that no debt is secured; and (2) Group has agreed to release the security concurrently with the approval of this Proposal.

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**SCHEDULE 8**

**Non-Preferential and Preferential Creditors**

<b>Name</b>	<b>Amount</b>
A K Ray - FRCS	150.00
Acies Group LLP	2,340.00
ADI UK Limited	7,620.00
Adrian Coll	1,600.00
Alan Duncan	1,400.00
Alasdair Russell	TBC
Alastair Johnston	TBC
Alexander West Property	2,807.00
Alison Walker.TV Ltd	600.00
Alliance Video Ltd	204.00
Anderson Strathern LLP	TBC
Aon Limited	14,151.00
Arena Imaging	336.00
Arena Sports Management Ltd	TBC
Argyll and Bute Council	406.80
Arsenal Football Club	136,560.00
AS St Etienne	252,212.39
ASL	2,514.00
Astra Hygiene Supplies Ltd	61.27
Audi Stirling	396.05
Azure Support Services Limited	523,949.71
Azzurri Scotland Ltd	34.63
Bank of Scotland plc	TBC
Barclaycard Commercial	11,514.37
Bar-One Limited	TBC
Barr Environmental Limited	264.00
Base Soccer Agency Ltd	52,560.00
Bauer Radio Ltd (Radio Clyde)	702.00
Beyard Services Ltd	5,559.60
Bhutta's Newsagents	567.45
Big Think Agency Limited	14,265.60
Blooms UK Limited	70.00
Brabners Chaffe Street LLP	12,999.00
BRB (Residuary) Ltd	TBC
Brentwood Estates	42,963.06
Brian Proudfoot Transport & Dis	2,802.00
British Gas Business	1,562.42
British Telecommunications	1,292.13
Bruce Coaches Ltd	TBC
BTWShiells	2,917.39
BUPA	TBC
Burnbrae Bar & Restaurant	2,708.91
Business Cost Consultants Ltd	6,240.60
Business Stream	9,727.22
Byron Limited	TBC
Cairn Financial Advisers LLP	4,127.60
Cairns & Scott Caterhire Limited	762.00
Cameron Presentations Ltd	8,795.99
Campbell Medical Supplies	3,386.73
Camtec	552.00
Canniesburn Taxis	269.69
Capital Solutions	11,423.40
Capito Ltd	1,049.69
Carberry's Coaches	1,200.00
Carnival Chaos Production Ltd	672.00
Carol Govan	600.00
Cask Productions Limited	1,980.00
Cask Sports Limited	2,919.60
Catercare Scotland	420.00
Celtic Football Club	40,337.00
Charlton Chauffeur Drive	792.00
Chelsea FC Ltd	238,345.43
Childcare Vouchers Ltd	1,143.74
Chilli It Limited	416.52
Chris Clarke	150.00
Christine Siebelt	1,100.00
Citrus Office Solutions	4,304.24
City Electrical Factors	215.40

<b>Name</b>	<b>Amount</b>
CJP Fleming	TBC
Clyde Productions Ltd	180.00
CNP Professional Ltd	719.96
Coca Cola Enterprises Ltd - Az	10,133.91
Colin Suggett	741.80
Collstream Limited	5,779.37
Collyer Bristow LLP Solicitors	40,691.22
Colours Agency	1,980.00
Computer Links	2,146.32
Computershare Investor Service	23,855.03
Craig Services & Access Ltd	900.00
Craig Whyte	TBC
CRE8	68,406.70
Culture & Sport Glasgow	10,338.96
Daily Record & Sunday Mail Ltd	312.00
David McDonald Financial Services Ltd	TBC
DealBureau Commercial Finance Limited	10,000.00
Decco Limited	174.72
Dell Computer Corporation Ltd	272.85
Direct Medical Imaging Ltd	230.00
Disclosure Scotland	372.00
Dominique S Byrne	160.00
Dr David A S Marshall	160.00
Dundas & Wilson, CS	24,027.84
Dundee United FC	65,981.49
Dunfermline Athletic FC	83,370.13
E.ON UK PLC	8,827.14
Eagle Consulting	40.00
Eagle Couriers (Scotland) Ltd	96.60
East Dunbartonshire Council	TBC
Eden Springs Uk Limited	644.64
Edinburgh Audi	5,197.08
Electrical Waste Recycling Group Ltd	18.00
Enterprise Rent-a-Car	9,000.00
Events Audio Visual Limited	300.00
Exchequer Corporate Finance Ltd	4,000.00
Executive Hire Ltd T/A Hire Society	1,060.00
FES FM Ltd	80,874.93
Fiona Goodall	TBC
Fives East Kilbride	TBC
FK Senica	4,783.00
FL Memo Ltd	116.86
Football Promotions Limited	TBC
Footuro AG	82,471.86
FX Signs Ltd	15,546.56
G Media Mangement Ltd	995.00
G4S Secure Solutions (UK)	295,036.24
GAIS	TBC
Gareth Neil Design	3,200.00
Geoff Monk & Associates	TBC
Gerry McGeoch	150.00
Glasgow Audi	1,041.62
Glasgow City Council	5,000.00
Glasgow City Council	2,008.21
Glasgow Leading Attractions	1,525.00
Glasgow Taxis Limited	238.28
Glencairn Crystal Studio Limited	354.00
Gordon McKay	150.00
Gordon Smith	TBC
Graeme Rankin Sports Management	TBC
GTG Training	396.00
Gudmundur Torfason	TBC
Hamilton Brothers	115.56
Hason Cetinkaya	TBC
Hay McKerron Associates	3,600.00
Heart of Midlothian FC	800,000.00
Hepscott Water Systems	1,190.28
Hilton Glasgow	TBC



<b>Name</b>	<b>Amount</b>
HM Revenue & Customs	21,376,767.00
HOBS Reprographics	270.15
Hrvoje Bojanic	2,898.42
HSS Hire Service Group Plc	67.10
Hutchesons Educatational Trust	550.00
Ian Hart	TBC
ILC Media	2,040.00
IMG Media Ltd	180.00
Impact Signs	9,482.79
Impact Sports Management	TBC
Integrated Cleaning Management Ltd	3,329.19
Inverness Caledonian Thistle FC	39,805.00
Iris Chorus Application Software Ltd	5,973.60
Iris Ticketing Limited	37,210.42
Iron Mountain UK Ltd	1,271.16
James Gordon (Engineers) Ltd	1,437.68
James Grant Sports	TBC
JCM Business Consulting Limited	2,745.00
Jewson Limited	930.60
JJB Sports Plc	19,390.59
Joe Lennon Picture Framing	840.00
John Deere	41,191.59
K7X Ltd T/A Pro-Soccer	240.00
Kalamazoo Secure Solutions Limited	4,017.00
Keith Hawley	2,600.00
Kevin Cameron Radio Service	600.00
Kickstart 2000	TBC
Kube Networks	7,672.08
Kube Networks Ltd	1,800.00
L & S Litho Ltd	17,035.04
Lawrie Furnishings Ltd	607.20
Liberty Capital Limited	TBC
Limelight Networks Inc	2,333.49
Link Seating Limited	606.98
Loomis UK Ltd	2,248.08
Louis Grace Electrical Ltd	1,087.84
LPC (Lothian Power Clean)	194.34
LSK Supplies Ltd	178.58
Lyco Direct Limited	2,381.27
MacGregor Industrial Supplies Ltd	106.76
Mackinnon Partners	200.00
Manchester City Football Club	328,248.71
Manea Florin P.F.A.	37,500.00
Mar Hall	5,511.90
Marsh Ltd	779.10
Martin Dawes	654.74
Maxinutrition Ltd	TBC
Mayfield Jays	TBC
Media House	19,200.00
MediaCom	11,544.42
Menzies Hotels Ltd	257.40
Michael Douglas	100.00
Michael Sher	TBC
Micromega Holdings Limited	TBC
Milngavie Mini Market	413.29
Modular Property Holdings	20,930.22
Motif Promotional Clothing Ltd	27.29
Mr Dave King	TBC
MSM Solicitors	420.00
Murray Group Holdings	278,964.30
Nairn Brown (Glasgow) Ltd	1,492.50
National Car Rental	162.52
Navyblue Design Group Limited	6,960.00
Neilstra Limited	TBC
Newline Products Ltd	7,001.00
Newline Products Ltd	TBC
Newsquest (Herald & Times) Ltd	1,500.00
Nexo S.A.	1,799.37

<b>Name</b>	<b>Amount</b>
Nicola Young	3,500.00
Nikica Jelavic	TBC
Noble Grossart Limited	18,612.00
Nordic Scouting AS	20,000.00
North Glasgow College	11,041.80
Numeric Futures Limited	TBC
OfficeFurnitureOnline.co.uk	338.40
OHSS (UK) Ltd	234.00
Ooyala, Inc	733.92
Opal Telecom	169.72
Orebro SK	150,000.00
OSK Elitofotboll AB	150,000.00
Oxford Hotels & Inns (Camoustie)	3,709.96
Paramed UK Ltd	1,050.00
Parklands Country Club Ltd	500.00
Parks of Hamilton	7,256.00
Paton Plant Limited	1,450.16
Perform Group	346,097.43
Performing Right Society Ltd	TBC
Pineapple Aroundshot Ltd	2,316.96
Pineapple Photographic Products	5,875.00
Ping Network Solutions	4,020.25
Plum Films	3,000.00
Plus Stock Exchange plc	TBC
Posh Deli	260.00
Postage by Phone-Pitney Bowes Ltd	510.80
PR Newswire Europe Limited	300.00
Premier Cash Registers	12,600.00
Premier Inn Business Accounts	TBC
Prime Commercial Properties Management	10,805.53
Professional Pre-Season Tours (Liberio)	60,000.00
PTS - Plumbing Trade Supplies	30.42
Pyramid Joinery & Construction Limited	TBC
Quick Shift Tyre Service	48.00
R.F.Brown Ltd	1,681.44
Rangers F.C. Development Fund Ltd.	750.67
Rangers Lotteries Ltd	105.80
RBS WorldPay	180.66
Reed Business Information	2,764.80
Renfrewshire Council HQ	108.00
Restore Scotland	579.74
Rigby Taylor Limited	10,762.16
Rodgers Security Systems	342.50
Ross Hall Hospital	770.50
Ross Promotional Products Limited	1,022.88
Royal Mail	3,262.54
RS Components Limited	204.95
SA Gallea Gestion	TBC
Saffery Champness	31,028.01
Scotprint	7,514.00
Scotrae Productions Ltd	17,058.94
Scottish Ambulance Service	8,438.40
Scottish Hydro Electric	62,527.30
Scottish Power PLC	302.44
Scottish Premier League Limited	22,500.00
Scot-West Business Forms Ltd	749.60
SDL Group Ltd	1,350.00
Search Promotional Merchandise Ltd	6,240.00
SG World Ltd	577.56
Shanks Waste Management Limited	122.58
Sharon Agnew	460.00
Shawfield Timber	786.24
Shell UK Ltd (Gold Card)	7,637.94
Shields Land Rover	246.75
Shred-it	484.80
Shred-it Glasgow Ltd	444.00
Sign Plus Ltd	2,473.22
Signature Industries	1,507.90

<b>Name</b>	<b>Amount</b>
Simplewaste Solutions Ltd	17,626.26
Sinclair Pharmacy	1,909.79
SIR Teknologi (UK) Ltd	66.29
SK Rapid	1,011,763.44
Slater Menswear	688.31
Slaters	688.31
Solutions.tv Limited	2,652.00
Sound Acoustic Productions Ltd	12,000.00
Souters Irrigation Services Ltd	456.00
Spike Multimedia Limited	5,312.50
Sporting iD	144.70
Sportopps.com	150.00
Sports Alliance	2,006.65
Sports Revolution Limited	5,034.52
St Andrew's First Aid	8,341.60
Stellar Football Ltd	72,000.00
Stirling Fire Protection Ltd	1,149.30
Stockline Plastics Ltd	258.00
Strathclyde Police	51,882.00
STRI Ltd	17.28
Striking Imagery Ltd	113.51
Stuart MacMorran	422.50
Summit Asset Management Limited	70,555.88
Susan Thomson	40.00
Tab's FM Ltd	1,980.00
Tellcomm Limited	6,435.89
Tennent Caledonian Limited	TBC
The Arco Group	443.43
The Brite Bulb Co Ltd	3,209.64
The Burnbrae	1,403.88
The Business & Property Bureau	7,376.00
The Business Incentives Group Ltd	1,893.60
The City of Edinburgh Council	90.00
The Fees Company Ltd	118.16
The Financial Times Ltd	3,480.00
The Premier Property Group	103,210.96
The Rangers FC Group Limited	TBC
The Scottish Football Association	11,089.04
The Scottish Football League	3,859.92
THE SCOTTISH SPORTS COUNCIL T/A SPORTSCOTLAND	TBC
Thistle International Freight	128.42
Thistle Storage Equipment	140.40
Thomas Cook Sport	129,216.56
Ticket Team B.V.	873.36
Ticketline Network Ltd	11,668.67
Ticketus LLP & Ticketus 2 LLP	26,711,857.00
TNT Post Scotland Ltd	1,255.39
Trade UK (Screwfix Direct Ltd)	77.01
Trident Trust Company Ltd	40,689.90
UK Fast	689.78
Umbro International Limited	1,756.05
University of the West of Scotland	135.00
US Citta di Palermo SPA	205,513.04
Vodafone	204.00
Voicescape Limited	786.84
West Coast Electrical Services (Scotland) Limited	TBC
William Henderson	275.00
Yuill & Kyle Solicitors	1,486.80
Debenture Holders	TBC
Employees	TBC

## APPENDICES

- A. Copy of Sections 3 and 4 of the Insolvency Act 1986
- B. Copy of Rules 1.16A and 1.16B of the Insolvency Rules 1986
- C. Creditors' Guide to Insolvency Practitioners' fees in Voluntary Arrangements
- D. Statement of Insolvency Practice 3B (Scotland)

## APPENDIX A

### Copy of Sections 3 and 4 of the Insolvency Act 1986

#### Summoning of Meetings

- 3 (1) Where the Nominee under section 1 is not the liquidator or administrator, and it has been reported to the court that such meetings as are mentioned in section 2(2) should be summoned, the person making the report shall (unless the court otherwise directs) summon those meetings for the time, date and place proposed in the report.
- (2) Where the Nominee is the liquidator or administrator, he shall summon meetings of the company and of its creditors to consider the proposal for such a time, date and place as he thinks fit.
- (3) The persons to be summoned to a creditors' meeting under this section are every creditor of the company of whose claim and address the person summoning the meeting is aware.

#### Decisions of Meetings

- 4 (1) The meetings summoned under section 3 shall decide whether to approve the proposed voluntary arrangement (with or without modifications).
- (2) The modifications may include one conferring the functions proposed to be conferred on the Nominee on another person qualified to act as an insolvency practitioner in relation to the company.
- But they shall not include any modification by virtue of which the proposal ceases to be a proposal such as is mentioned in section 1.
- (3) A meeting so summoned shall not approve any proposal or modification which affects the right of a secured creditor of the company to enforce his security, except with the concurrence of the creditor concerned.
- (4) Subject as follows, a meeting so summoned shall not approve any proposal or modification under which -
- (a) any preferential debt of the company is to be paid otherwise than in priority to such of its debts as are not preferential debts, or
- (b) a preferential creditor of the company is to be paid an amount in respect of a preferential debt that bears to that debt a smaller proportion than is borne to another preferential debt by the amount that is to be paid in respect of that other debt.
- However, the meeting may approve such a proposal or modification with the concurrence of the preferential creditor concerned.
- (5) Subject as above, each of the meetings shall be conducted in accordance with the rules.
- (6) After the conclusion of either meeting in accordance with the rules, the chairman of the meeting shall report the result of the meeting to the court, and, immediately after reporting to the court, shall give notice of the result of the meeting to such persons as may be prescribed.

- (7) References in this section to preferential debts and preferential creditors are to be read in accordance with section 386 in Part XII of this Act.

#### **Approval of the Arrangement**

- 4A (1) This section applies to a decision, under section 4, with respect to the approval of a proposed voluntary arrangement.
- (2) The decision has effect if, in accordance with the rules -
- (a) it has been taken by both meetings summoned under section 3, or
  - (b) (subject to any order made under subsection (4)) it has been taken by the creditors' meeting summoned under that section.
- (3) If the decision taken by the creditors meeting differs from that taken by the company meeting, a member of the company may apply to the court.
- (4) An application under subsection (3) shall not be made after the end of the period of 28 days beginning with:-
- (a) the day on which the decision was taken by the creditors' meeting, or
  - (b) where the decision of the company was taken on a later day, that day.
- (5) Where a member of a regulated company, within the meaning given by paragraph 44 of Schedule A1, applies to the court under subsection (3), the Financial Services Authority is entitled to be heard on the application.
- (6) On an application under subsection (3), the court may:
- (a) order the decision of the company meeting to have effect instead of the decision of the creditors meeting, or
  - (b) make such other order as it thinks fit.

## APPENDIX B

### Copy of Rules 1.16A and 1.16B of the Insolvency (Scotland) Rules 1986 (as amended)

#### 1.16A Requisite Majorities at Creditors' Meetings

- (1) Subject to paragraph (2), a resolution is passed at a creditors' meeting when a majority (in value) of those present and voting in person or by proxy have voted in favour of it.
- (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.
- (3) There is to be left out of account a creditor's vote in respect of any claim or part of a claim—
  - (a) where written notice of the claim was not given, either at the meeting or before it, to the chairman or nominee;
  - (b) where the claim or part is secured;
  - (c) where the claim is in respect of a debt wholly or partly on, or secured by, a current bill of exchange or promissory note, unless the creditor is willing—
    - (i) to treat the liability to the creditor on the bill or note of every person who is liable on it antecedently to the company, and who has not been made bankrupt or had their estate sequestrated (or in the case of a company, which has not gone into liquidation), as a security in the creditor's hands; and
    - (ii) to estimate the value of the security and (for the purpose of entitlement to vote, but not of any distribution under the arrangement) to deduct it from the creditor's claim.
- (4) Any resolution is invalid if those voting against it include more than half in value of the creditors—
  - (a) to whom notice of the meeting was sent;
  - (b) whose votes are not to be left out of account under paragraph (3); and
  - (c) who are not, to the best of the chairman's belief, persons connected with the company.
- (5) It is for the chairman of the meeting to decide whether under this Rule—
  - (a) a vote is to be left out of account in accordance with paragraph (3), and
  - (b) a person is a connected person for the purpose of paragraph (4)(c),and in relation to the second of these two cases the chairman is entitled to rely on the information provided by the company's statement of affairs or otherwise in accordance with this Part of the Rules.
- (6) If the chairman uses a proxy contrary to Rule 1.14AA the chairman's vote with that proxy does not count towards any majority under this Rule.

- (7) The chairman's decision on any matter under the Rule is subject to appeal to the court by any creditor and paragraphs (5) to (7) of Rule 1.15B apply as regards such an appeal.

#### **1.16B Requisite Majorities at Company Meetings**

- (1) Subject as follows and to any express provision made in the articles of association of the company, at a meeting of the members of the company any resolution is to be regarded as passed if voted for by more than one-half in value of the members present in person or by proxy and voting on the resolution.
- (2) The value of members is determined by reference to the number of votes conferred on each member by the company's articles.
- (3) If the chairman uses a proxy contrary to Rule 1.14AA, the chairman's vote with that proxy does not count towards any majority under this Rule.



## APPENDIX C

### Creditors' Guide to Insolvency Practitioners' fees in Voluntary Arrangements

#### 1 INTRODUCTION

- 1.1 In a voluntary arrangement, as in other types of insolvency, the amount of money available for creditors is likely to be affected by the level of costs, including the remuneration of the insolvency practitioner appointed to implement the arrangement. This guide explains how fees are fixed in voluntary arrangements, how the creditors can affect the level of fees, and the information which should be made available to them regarding fees.

#### 2 THE VOLUNTARY ARRANGEMENT PROCEDURE

- 2.1 Voluntary arrangements are available to both Company and individual debtors. Company voluntary arrangements are often referred to as CVA, and individual voluntary arrangements as IVAs.
- 2.2 The procedure is similar for both CVA and IVAs and enables the company or individual to put a proposal to their creditors for a composition in satisfaction of their debts or a scheme of arrangement of their affairs. A composition is an agreement under which creditors agree to accept a certain sum of money in settlement of the debts due to them. A CVA may be used as a stand-alone procedure or as an exit route from an administration. It may also be used where a company is in liquidation, but this is extremely rare. The proposal will be made by the Directors, the administrator or the liquidator, depending on the circumstances. A proposal for an IVA may be made by a debtor whether or not he is already subject to bankruptcy proceedings: The proposal will be considered by creditors at a meeting convened for that purpose. The procedure is extremely flexible and the form which the voluntary arrangement takes will depend on the terms of the proposal agreed by the creditors. In both CVA and IVAs the proposal must provide for an insolvency practitioner to supervise the implementation of the arrangement. Until the proposal is approved by the creditors, the practitioner is known as the Nominee. If the proposal is approved, the Nominee (or if the creditors choose to replace him, his replacement) becomes the supervisor.

#### 3 FEES, COSTS AND CHARGES - STATUTORY PROVISIONS

- 3.1 The fees, costs, charges and expenses which may be incurred for the purposes of a voluntary arrangement are set out in the Insolvency Rules 1986 (rule 1.28 for CVA and rule 5.28 for IVAs). They are:
- 3.2 any disbursements made by the Nominee prior to the approval of the arrangement, and any remuneration for his services agreed between himself and the company (or the administrator or liquidator) as the case may be) or the debtor (or the official receiver or trustee, where the debtor is subject to bankruptcy proceedings);
- 3.3 any fees, costs, charges or expenses which:
- (a) are sanctioned by the terms of the arrangement (see below), or
  - (b) would be payable, or correspond to those which would be payable, in an administration, winding up or bankruptcy (as the case may be).
- 3.4 The rules also require the following matters to be stated or otherwise dealt with in the proposal (rule 1.3 for CVA and rule 5.3 for IVAs):
- (a) the amount proposed to be paid to the Nominee (as such) by way of remuneration and expenses; and

- (b) the manner in which it is proposed that the supervisor of the arrangement should be remunerated and his expenses defrayed.

#### **4 THE ROLE OF THE CREDITORS**

- 4.1 It is for the creditors' meeting to decide whether to agree the terms relating to remuneration along with the provisions of the proposal. The creditors' meeting has the power to modify any of the terms of the proposal (with the consent of the debtor in the case of an IVA), including those relating to the fixing of remuneration. The Nominee should be prepared to disclose the basis of his fees to the meeting if called upon to do so. Although there are no further statutory provisions relating to remuneration in voluntary arrangements, the terms of the proposal may provide for the establishment of a committee of creditors and may include among its functions the fixing of the supervisor's remuneration.

#### **5 WHAT INFORMATION SHOULD THE CREDITORS RECEIVE?**

- 5.1 Whether the basis of the supervisor's remuneration is determined at the meeting which approves the arrangement or by a committee of creditors, the supervisor, or proposed supervisor should provide details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.
- 5.2 Where the supervisors' fees are to be agreed by a committee of creditors during the course of the arrangement, the supervisor should provide sufficient supporting information to enable the committee to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case, and should always provide an up to date receipts and payments account. Where the fee is to be charged on a time basis the supervisor should disclose the amount of time spent on the case and the charge out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case and the functions conferred on the supervisor under the terms of the arrangement. The additional information should comprise a sufficient explanation of what the supervisor has achieved and how it was achieved to enable the value of the exercise to be assessed and to establish that the time has been properly spent on the case.
- 5.3 Where the basis of the remuneration of the supervisor as set out in the proposal does not require any further approvals by the creditors or any committee of creditors, the supervisor should specify the amount of remuneration he has drawn in accordance with the provisions of the proposal in his subsequent reports to creditors on the progress of the arrangement. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the arrangement was approved. He should also provide such additional information as may be required in accordance with this paragraph.
- 5.4 Where the supervisor proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the supervisor's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

#### **6. CHARGE OUT RATES**

- 6.1 A schedule of charge-out rates as at the date of the Proposal and subject to future variation is as follows:

##### **DUFF & PHELPS LTD. PROFESSIONAL FEES**

Duff & Phelps Ltd.'s mission statement is "to provide clients with an outstanding service based on technical excellence, effective problem solving and the highest level of client care". It provides a quality, partner led service and takes compliance with insolvency legislation and best practice guidance seriously.

This guide to our fees has been produced to provide creditors with information required by best practice guidance. We recommend that this guidance is read in conjunction with Statement of Insolvency Practice 3B (Scotland).

At Duff & Phelps Ltd. we seek to recover fees on time cost basis. Set out below are our firm's current hourly rates, excluding VAT:

<b>Grade</b>	<b>Hourly Rate (£)</b>
Partners	480 - 545
Managers/Directors	305 – 480
Seniors	190 - 305
Assistants/Support staff	30 - 170

## APPENDIX D

### Statement of Insolvency Practice 3B (Scotland)

A copy of Statement of Insolvency Practice 3B (Scotland) can be downloaded from [www.r3.org.uk](http://www.r3.org.uk), the website of the Association of Business Recovery Professionals.