

PRACTICE DIRECTION – APPLICATIONS UNDER THE COMPANIES ACT 1985

**THIS PRACTICE DIRECTION SUPPLEMENTS CPR PART 49
AND REPLACES, WITH MODIFICATIONS, RSC ORDER 102
AND CCR ORDER 49 RULE 3**

GENERAL

1. (1) In this practice direction -

“the Act” means the Companies Act 1985.

“the companies court registrar” means any officer of the High Court who is a registrar within the meaning of any rules for the time being in force relating to the winding-up of companies;

“the court” includes the companies court registrar.

(2) Applications under the Act may be made in the county court if the county court would have jurisdiction to wind up the company in question (see the definition of “the court” in section 744 of the Act). A company can be wound up in the county court if its paid-up capital is not more than £120,000 (s.117(2) Insolvency Act 1986).

(3) Every claim form or petition by which an application under the Act is begun and all affidavits, witness statements, notices and other documents in those proceedings must be entitled in the matter of the company in question and in the matter of the Act.

COMMENCEMENT OF PROCEEDINGS

2. (1) Except in the case of the applications mentioned in sub-paragraph (4) below, every application under the Act, whether made in the High Court or in the county court, must be made by the issue of a claim form and the use of the procedure set out in CPR Part 8, subject to any modification of that procedure under this practice direction or any other practice direction relating to applications under the Act.

(2) Notice of an application under section 721 of the Act need not be given to the respondent and the claim form need not be served on him.

(3) A claim form issued under this rule must, in the High Court, be issued out of the office of the companies court registrar or a chancery district registry and, in the county court, out of a county court office.

(4) This paragraph does not apply to applications under sections 459 or 460 of the Act or to any of the applications specified in paragraph 4(1) of this practice direction.

3. All High Court applications under the Act shall be assigned to the Chancery Division.

APPLICATIONS MADE BY PETITION

4. (1) The following applications under the Act in addition to applications under sections 459 and 460 of the Act must be made by petition, namely, applications:
 - (a) under section 5 to cancel the alteration of a company's objects,
 - (b) under section 17 to cancel the alteration of a condition contained in a company's memorandum,
 - (c) under section 130 to confirm a reduction of the share premium account of a company,
 - (d) under section 136 to confirm a reduction of the share capital of a company,
 - (e) under section 127 to cancel any variation or abrogation of the rights attached to any class of shares in a company,
 - (f) under section 425 to sanction a compromise or arrangement between a company and its creditors or any class of them or between a company and its members or any class of them,
 - (g) under section 653 for an order restoring the name of a company to the register, where the application is made in conjunction with an application for the winding up of the company,
 - (h) under section 690 to cancel the alteration of the form of a company's constitution,
 - (i) under section 727 for relief from liability of an officer of a company or a person employed by a company as auditor,
 - (j) under section 54(1) to cancel a special resolution to which that section applies,
 - (k) under sections 157(2) or 176(1) to cancel a special resolution to which either of those sections applies, and
 - (l) under section 170 in relation to the reduction of capital redemption reserve.
- (2) Paragraphs 5 to 14 of this practice direction apply to the applications specified in sub-paragraph (1)(a) to (l).
5. (1) After the presentation of a petition by which any application mentioned in paragraph 4 is made, the petitioner, except where his application is one of those mentioned in sub-paragraph (2), must apply for directions by filing an application notice.
- (2) The applications referred to in sub-paragraph (1) are:

- (a) an application under section 425 of the Act to sanction a compromise or arrangement unless there is included in the petition for such sanction an application for an order under section 427 of the Act,
 - (b) an application under section 653 of the Act for an order restoring the name of a company to the register,
 - (c) an application under section 54(1) of the Act for an order cancelling a special resolution to which that section applies, and
 - (d) an application under section 157(2) or 176(1) of the Act for an order cancelling a special resolution to which those sections apply.
- (3) At the directions hearing the court may by order give such directions for the hearing of the application as it thinks fit including, in particular, directions for the publication of notices and the making of any inquiry .
- (4) Where the application made by the petition is to confirm a reduction of the share capital, the share premium account, or the capital redemption reserve, of a company the Court may give directions:
- (a) for an inquiry to be made as to the debts of, and claims against, the company or as to any class or classes of such debts or claims,
 - (b) as to the proceedings to be taken for settling the list of creditors entitled to object to the reduction and fixing the date by reference to which the list is to be made,
- and the power of the court under section 136(6) of the Act to direct that section 136(3) to (5) thereof shall not apply as regards any class of creditors may be exercised at any directions hearing.

REDUCTION OF CAPITAL AND SCHEMES OF ARRANGEMENT

- 6. (1) The consent of a creditor to such reduction as is mentioned in paragraph 5(4) may be proved in such manner as the Court thinks sufficient.
 - (2) The evidence in support of a petition to confirm a reduction of capital need not show as regards any issue of shares made since 1900 for a consideration other than cash that the statutory requirements as to registration were complied with. It is sufficient to state in the petition the extent to which any issued shares (other than shares issued otherwise than for cash before 1901) are or are deemed to be paid up.
 - (3) The existing practice will remain unaltered in respect of issues of shares otherwise than for cash made before 1901 whilst s.25 of the Companies Act 1867 remained in operation.
7. (1) This paragraph applies to:
- (a) schemes of arrangement under sections 425 to 427A of the Companies Act 1985, whether made with creditors or members,

- (b) schemes for the transfer of the whole or part of the long-term business of an insurance company to which schedule 2C to the Insurance Companies Act 1982 (as amended) applies, and
- (c) reductions of capital, share premium account and capital redemption reserve.

References in this paragraph to “schemes” are to schemes falling within (a) or (b) above, and references in this paragraph to reductions are to reductions falling within (c) above.

- (2) Petitions to sanction schemes of arrangement will be heard by the Companies Court Judge.
- (3) Petitions to confirm reductions will be heard by the Companies Court Registrar unless otherwise ordered. The Registrar will hear petitions to confirm reductions in open court on a Wednesday each week after completion of the list of winding up petitions.

SCHEMES AND REDUCTIONS IN THE LONG VACATION.

- 8. (1) The following requirements must be satisfied for a hearing to be fixed to sanction a scheme and/or confirm a reduction in the Long Vacation:
 - (a) The application is one in which for financial, commercial or economic reasons a hearing before the end of the Long Vacation is desirable. This category will include cases of mergers and takeovers which arise in the summer and are likely to be affected by market fluctuations.
 - (b) The application is one which could not with reasonable diligence have been made and prosecuted in time to be heard before the Long Vacation begins.
- (2) An informal application in chambers, to the Court Manager, accompanied by an advocate's certificate that requirements (a) and (b) are satisfied, must be made as soon as possible so that a suitable timetable may be settled, including a date for hearing.
- (3) In the case of reductions to be heard by the Registrar, certain applications which do not fall within the above categories will be heard provided (i) that there is an urgent need for a hearing or (ii) that there is sufficient time available after the Registrar has disposed of the urgent applications.
- (4) Applications to the Registrar in chambers for orders convening meetings to consider schemes and for directions on reduction applications will continue to be heard during the Long Vacation. Provided notice is given to the court before the Long Vacation begins, a timetable will be fixed which will enable any necessary documents to be settled in chambers and enable the Registrar to hear the application.
- (5) The Vacation Judge will be available to hear petitions to sanction schemes and any petitions to confirm reductions which require to be heard by a judge on one Wednesday in August and two Wednesdays in September on

dates to be arranged and subsequently notified in the Long Vacation Notice which is printed in the Daily Cause List.

- (6) The Vacation Judge may also hear petitions to sanction schemes or confirm reductions on other days if he thinks fit.

CASE MANAGEMENT

9. Every application under the Act shall be allocated to the multi-track and the CPR relating to allocation questionnaires and track allocation will not apply.

SERVICE

10. Service of documents in proceedings in the High Court to which this practice direction applies will be the responsibility of the parties and will not be undertaken by the court. Subject to that CPR Part 6 applies.

FILING OF DOCUMENTS

11. (1) Where an application to which this practice direction relates is proceeding in any Chancery district registry, all affidavits and witness statements made in connection with the application must be filed in that registry.
- (2) Where an application to which this practice direction relates is proceeding in any county court, all affidavits and witness statements made in connection with the application must be filed in the office of that county court.

DRAWING UP OF ORDERS

12. The court will draw and engross all orders with the following exceptions:-
 - (a) orders by the Registrar on the application of the Official Receiver or for which the Treasury Solicitor is responsible under the existing practice,
 - (b) orders by the Registrar in relation to reductions of capital, share premium account or capital redemption reserve fund or in relation to schemes of arrangement.