CHAPTER 24.

An Act to provide for the arrangement or the adjustment and settlement of the affairs of persons financially affected by war circumstances; to amend the Courts (Emergency Powers) Acts, 1939 and 1940, and the Possession of Mortgaged Land (Emergency Provisions) Act, 1939; and for purposes connected with the matters aforesaid. [12th June 1941.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

ADJUSTMENT OF LIABILITIES.

Liabilities Adjustment Officers.

Services of liabilities adjustment officers in effecting schemes of arrangement.

1.—(1) Any person who is in serious financial difficulties owing to war circumstances may apply to an officer appointed under this Part of this Act, to be known as a "liabilities adjustment officer," for advice and assistance in enabling him to arrive at an equitable and reasonable scheme of arrangement with his creditors and, in particular, at such a scheme of arrangement as will enable him, if he carries on a business or would, but for war circumstances, carry on a business, to preserve that business or to recover it when circumstances permit; and the liabilities adjustment officer shall give his services accordingly in any case where he considers that they may be of use.

(2) Where any scheme of arrangement is effected through the services of a liabilities adjustment officer, being a scheme to which the debtor and all the creditors who have provable debts

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and to whom notice has been given in accordance with rules made under this Part of this Act assent, the officer shall approve the scheme, and, if he is unable to effect a scheme to which the debtor and all the said creditors assent, he may approve any scheme appearing to him to be equitable and reasonable and to which the debtor and a majority in number and in value of such of the said creditors whose debts have been proved assent, and any scheme so approved shall, subject to the following provisions of this section, be binding on all the said creditors, so far as their provable debts are concerned :

Provided that—

(*a*) where any of the said creditors has a debt which would be entitled to be paid in priority under subsection (1) of section thirty-three of the Bankruptcy Act, 1914, if the debtor were bankrupt, a scheme of arrangement shall not be approved under this section unless that creditor assents thereto or the scheme secures the payment of the debt with the like degree of priority ;

& 5 Geo. 5. 59.

(*b*) a scheme of arrangement, other than a scheme made with the assent of the debtor and all the said creditors, shall not be approved under this section except in a case in which the court would have jurisdiction to make a liabilities adjustment order under this Part of this Act ;

(*c*) a scheme of arrangement approved under this section shall not, except so far as may be expressly provided by the scheme with the assent of the creditor concerned, release the debtor from any debt or liability from which he would not be released by an order of discharge made under this Part of this Act.

(3) A scheme of arrangement approved under this section may provide for the composition of debts, the postponement of payment of debts, the assignment or charging of any property of the debtor in favour of the creditors, and the management or disposal of the debtor's business (if any) or any other part of his property, and may, with the assent of the other parties thereto, vary the terms of any lease, mortgage or contract to which the debtor is a party.

(4) Subject as hereinafter provided, any scheme of arrangement approved under this section shall be deemed to have been duly made and approved in accordance with the provisions thereof :

Provided that any creditor who has not assented to the scheme may appeal to the court against the approval thereof on the ground that it contravenes the provisions of this section or that it is inequitable or unreasonable, and the court may on any such appeal vary or revoke the scheme, without prejudice to the validity of anything done in the meantime.

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(5) Where it appears that any scheme of arrangement approved under this section does not bind any creditor who has a provable debt by reason of the fact that the creditor was not given the prescribed notice, that creditor, or any creditor who is bound by the scheme, or the liabilities adjustment officer, may apply to the court to extend the scheme, with such variations as may be necessary, to the creditor not bound thereby or to revoke the scheme and the court may, if it thinks fit, extend or revoke the scheme accordingly.

(6) Any scheme of arrangement approved under this section may be enforced by the court on the application of any creditor bound thereby, or, in a case where the scheme is being administered by the liabilities adjustment officer, on the application of that officer, and any disobedience of an order of the court made on any such application shall be a contempt of court, and may be punished accordingly.

(7) If the debtor fails to comply with any such scheme of arrangement, or if it appears to the court that the scheme cannot for any sufficient reason proceed without undue delay or without injustice to the creditors or to the debtor, or that the debtor is guilty of any act or omission which would constitute an offence under this Part of this Act or has in any respect failed to act in complete good faith towards his creditors, the court may, if it thinks fit, on the application of the liabilities adjustment officer or of any creditor bound by the scheme or, if the ground is injustice to the debtor, on his application, revoke the scheme, but without prejudice to the validity of anything done in the meantime.

(8) The revocation of a scheme of arrangement by the court under this section shall be without prejudice to the making of a new scheme of arrangement, and the court may give directions to the liabilities adjustment officer with respect to the making of a new scheme.

(9) Where any scheme of arrangement is approved under this section, the liabilities adjustment officer shall signify his approval in writing on the instrument effecting the scheme, and every scheme so approved shall be registered in the prescribed manner.

(10) Nothing in the Deeds of Arrangement Act, 1914, shall apply to a scheme approved under this section. 4 & 5 Geo. 5. c. 47.

Appointment, services, salaries and staff of liabilities adjustment officers.

2.—(1) The Lord Chancellor shall appoint at least one liabilities adjustment officer for every county court district in which it appears to him that the services of such an officer are needed, and shall appoint such subordinate officers and servants as appear to him to be necessary; and the Lord Chancellor may dismiss any liabilities adjustment officer and any such subordinate officer or servant.

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(2) The services of liabilities adjustment officers under this Part of this Act shall be such as may be prescribed, and may include assistance in arranging and providing facilities for meetings of creditors, and presiding at such meetings; and if any scheme of arrangement approved under the last foregoing section provides for the administration thereof by the liabilities adjustment officer, the services of that officer shall be available for the purpose to such extent as may be prescribed.

(3) There shall be paid to liabilities adjustment officers and to any such subordinate officers and servants such salaries or remuneration as the Treasury may determine and the salaries or remuneration and the expenses of any such officers and servants shall be defrayed out of moneys provided by Parliament.

Liabilities Adjustment Proceedings.

Application for adjustment of debtor's affairs.

3.—(1) An application may be made to the court for the adjustment and settlement under this Part of this Act of the affairs of any person, on the ground that, owing to war circumstances,—

(*a*) he is unable to pay his accrued debts or will be unable, after payment of his accrued debts (if any), to meet, as they fall due, any future liabilities in respect of obligations already incurred; or

(*b*) is in such a position that, if he were required to pay his accrued debts and to meet, as they fall due, any such future liabilities as aforesaid, he would have no reasonable prospect of preserving or recovering his business, or would otherwise lose his means of livelihood;

and any such application may be made—

(i) by the debtor;

(ii) by any creditor who is prevented, by reason of the provisions of Regulation four or paragraph (2) of Regulation six of the Defence (Evacuated Areas) Regulations, 1940, from commencing or prosecuting any proceedings or exercising any remedy in respect of a debt which would be a provable debt; or

(iii) in a case where the debtor has been granted and is still enjoying relief under section one of the Courts (Emergency Powers) Act, 1939, by any creditor who has a debt which would be a provable debt.

2 & 3 Geo. 6. c. 67.

(2) Where it appears to the court that a prima facie case has been made out as to the matters specified in paragraph (*a*) or paragraph (*b*) of the last foregoing subsection, the court may

make an order, to be known as a " protection order ", and, while any such order is in force,—

(*a*) any proceedings against the debtor or his property in respect of any provable debt and any proceedings against the debtor for the recovery of possession of land or of goods let under a hire-purchase agreement shall be stayed, and shall not be further prosecuted except with the leave of the court and subject to such restrictions and conditions as it thinks fit, but the court before which any such proceedings were pending may allow costs already incurred by the creditor and any such costs may, for the purposes of proceedings under this Part of this Act, be added to the debt ;

(*b*) no proceedings shall be commenced, and no remedy shall be exercised, against the debtor or his property in respect of any provable debt, and no proceedings for the recovery of possession of land or of goods let under a hire-purchase agreement, being land or goods in the debtor's possession at the date of the order, shall be commenced, and no remedy by way of re-entry upon any such land or taking possession of any such goods shall be exercised, against the debtor, except with the leave of the court and subject to such restrictions and conditions as it thinks fit ;

(*c*) for the purposes of any application for leave to exercise against the debtor or his property any of the rights or remedies for the exercise of which leave is required under section one of the Courts (Emergency Powers) Act, 1939, the court shall be deemed to be the appropriate court within the meaning of that Act, and shall have power to vary any restrictions or conditions upon which leave to exercise any such right or remedy was granted before the making of the protection order.

(3) The court may in a protection order—

(*a*) give such directions as to the management and disposal of the debtor's property (including his business if any) as it thinks fit, and appoint a receiver or a manager, who may be the liabilities adjustment officer, of the whole or any part of the property ;

(*b*) charge the whole or any part of the property of the debtor in favour of the creditors ;

(*c*) direct that the whole or any part of the property of the debtor shall vest in a trustee, who may be the liabilities adjustment officer, upon such trusts for the benefit of the creditors as may be specified ;

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(*d*) require the debtor to pay money into court or deliver to an officer of the court any deeds or other documents or any property capable of manual delivery.

(4) Where a bankruptcy petition has been presented against the debtor and a receiving order has been made and the proceedings under the petition have not been stayed under subsection (5) of section one of the Courts (Emergency Powers) Act, 1939, or under this Part of this Act, the court shall not entertain an application under this section.

(5) Where any application is made under this section in respect of a debtor who has already availed himself of the services of a liabilities adjustment officer, it shall be the duty of that officer to submit a report to the court on the debtor's affairs, and in any case the court may refer the debtor's affairs to the liabilities adjustment officer for his investigation and report thereon, and the report of the liabilities adjustment officer shall contain a complete account of the debtor's affairs and a schedule of his property, debts and liabilities and shall, if the adjustment and settlement of the debtor's affairs under this Part of this Act appears practicable to the officer, contain proposals therefor.

(6) Where, in the case of any debtor, the court is satisfied as to the matters specified in paragraph (*a*) or paragraph (*b*) of subsection (1) of this section, and that the case is one with which it is practicable and proper to deal under this Part of this Act, the court shall, if it has not already done so, make a protection order and shall also make an order, to be known as a "liabilities adjustment order", providing for the adjustment and settlement of the debtor's affairs under this Part of this Act, and in any other case the court shall dismiss the application and, if a protection order has been made, shall revoke the order and give such directions with respect to anything done thereunder as it thinks necessary.

Main provisions of liabilities adjustment order.

4.—(1) Subject to the provisions of this section and to the provisions of this Part of this Act relating to the priority of debts, the court shall provide in a liabilities adjustment order for the payment of the debts proved in the proceedings, either in full or to such extent as the court considers practicable, and in such manner and at such times as may be specified, and for that purpose may provide for the realisation of the debtor's property existing at the date of the order or becoming available at any time before the order of discharge, other than property held by him on trust for any other person, and for the distribution of the proceeds thereof and of any other sums available for distribution, including such sums as the debtor may be required to pay out of his future income.

(2) A liabilities adjustment order shall, subject to any directions given by the court, be administered in such manner as may be

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prescribed, and the rules may require the proceeds of the realisation of the debtor's property and any other sums available for distribution to be paid into court or to the liabilities adjustment officer or to such other person as the court may direct.

(3) Without prejudice to the generality of subsection (1) of this section, the court in settling the terms of a liabilities adjustment order, may provide or allow, to such extent and subject to such conditions as it thinks fit, for all or any of the following matters, that is to say :—

(*a*) for securing the maintenance of the debtor and his family ;

(*b*) for excepting from the property to be realised any premises which are used, or would but for war circumstances be used, as the home of the debtor, any furniture, bedding and clothing of the debtor and his family, and the tools (if any) of the debtor's trade ;

(*c*) in a case where the debtor carries on a business or intends, when circumstances permit, to resume the carrying on of a business suspended owing to war circumstances—

(i) for excepting from the property to be realised the business, any premises used for the business, and such other property as in the opinion of the court is required for the purposes of the business ;

(ii) for securing the repayment of, or the payment of interest on, any sums borrowed by the debtor with the consent of the court for the purposes of the business ; and

(iii) for postponing the payment of the debts or any of them for such period as the court thinks fit ;

so, however, that in exercising the powers aforesaid the court shall have regard to the prospects of the business and the likelihood of ultimate benefit to the creditors as well as to the debtor ;

(*d*) in the case of any property which in the opinion of the court it would be unreasonable to realise immediately owing to its temporary depreciation in value or for any other sufficient cause, for postponing realisation for such period as the court thinks fit.

Disclaimer of property and rescission of contracts.

5.—(1) The court may provide in a liabilities adjustment order for the disclaimer of any such leases, contracts or other property as could, if the debtor were bankrupt, be disclaimed in bankruptcy, and any person injured as the result of any such disclaimer shall be deemed to be a creditor of the debtor to the extent of his injury and may accordingly prove therefor.

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(2) The provisions of section fifty-four of the Bankruptcy Act, 1914, relating to the effect of disclaimer and the vesting of disclaimed property, and the provisions of subsection (2) of section forty-two of the Land Registration Act, 1925 (which provides for the alteration of the register in favour of a person in whom a lease is vested under the said section fifty-four) shall apply, subject to such adaptations, modifications and exceptions as may be prescribed, in relation to property disclaimed under this section.

15 & 16 Geo. 5. c. 21.

(3) The court may, on the application of any person who has entered into a contract with the debtor, which is subsisting at the date of the protection order, by order rescind the contract on such terms as to payment by or to either party of damages for the non-performance of the contract, or otherwise, as the court thinks fit, and any such person may prove for any damages payable to him under the order.

Powers of court with respect to leases and other contracts.

6.—(1) Where at the date of the protection order the debtor is in possession of any premises held on a lease or tenancy, or is holding over any premises, after the determination of a lease or tenancy, by virtue of the Rent and Mortgage Interest Restrictions Acts, 1920 to 1939, or the Courts (Emergency Powers) Acts, 1939 and 1940, and the court proposes to exercise its powers so as to allow the debtor to retain possession of the premises, the court may in the liabilities adjustment order provide that the rent shall, during the period for which the order is in force or any less period, be reduced to such amount as the court thinks fit, which may, in the case of a dwelling-house to which the Rent and Mortgage Interest Restrictions Acts, 1920 to 1939, apply, be less than the rent permitted under those Acts:

Provided that the rent shall not in any case be reduced unless, in the opinion of the court, the lettable value of the premises has fallen as the result of war circumstances, or to an amount less than the lettable value at the date of the liabilities adjustment order.

4 & 5 Geo. 6. c. 12.

(2) For the purpose of determining under subsection (3) of section nine of the War Damage Act, 1941, the value of the debtor's interest in any premises to which the last foregoing subsection applies, any reduction of rent made under that subsection shall be disregarded.

(3) Where at the date of the protection order the debtor is in possession of any goods let under a hire-purchase agreement, and any part of the hire-purchase price remains unpaid, the court may provide in the liabilities adjustment order, if it thinks fit to do so having regard to the value of the goods at the date of the order and the amount already paid by the debtor in respect of the hire-purchase price, for the vesting of the goods in the debtor, either immediately or after the payment of such

PART I. —*cont.*

further sums (not exceeding the balance of the hire-purchase price) as may be specified in the liabilities adjustment order, and the person who let the goods under the agreement shall be entitled to prove for the balance of the hire-purchase price less any sums required to be paid as aforesaid, but shall not have any other remedy against the debtor or the goods:

Provided that the court shall not provide for the vesting of any goods under this subsection before the debtor has paid in respect of the hire-purchase price sums amounting at least to the value of the goods at the date of the liabilities adjustment order.

(4) Where it appears to the court that it would be in the interests of all parties under a contract (other than a lease or a hire purchase agreement), which could be disclaimed under the last foregoing section that the contract should continue in effect in a varied form rather than be disclaimed, the court may in the liabilities adjustment order vary the contract accordingly:

Provided that no contract shall be varied under this subsection so as to be inconsistent with the requirements of any enactment or any rule or regulation made under any enactment.

Mortgagees.

7.—(1) Any mortgagee—

(*a*) may, if he is entitled and permitted by the court to do so, realise his security, and, if the sum realised is less than the amount secured, may prove for the balance;

(*b*) if he does not realise his security, may surrender it and prove for the whole amount secured;

(*c*) if he does not realise or surrender his security, may cause it to be valued and, if the value is less than the amount secured, may prove for the balance.

(2) Where a security is valued and the value is less than the amount secured, the security shall be deemed only to secure a debt of that value, and the instrument creating the mortgage shall have effect accordingly:

Provided that the court may allow the valuation to be amended at any time during which the security is not permitted to be realised, and, if the security is realised, the value thereof shall be deemed to be the net amount realised, and such adjustments as may be necessary with respect to any amounts paid or to be paid by way of dividend in respect of any balance of the debt for which the creditor has proved shall be made in accordance with rules made under this Part of this Act, but any liability for interest in respect of any period prior to the amendment of the valuation, or the realisation, of the security shall not be affected.

(3) If and so long as any mortgagee is not permitted to realise his security and does not surrender his security, the

PART I. —*cont.*

debtor shall, subject to the last foregoing subsection and the following provisions of this subsection, remain personally liable to pay interest and to repay the amount secured by the mortgage in accordance with the instrument creating the mortgage:

Provided that the court may direct in the liabilities adjustment order that—

(*a*) interest in respect of the period for which the order is in force or any less period shall be payable at such reduced rate as may be specified in the order;

(*b*) during the period for which the order is in force or any less period no payments shall be made in respect of the amount secured by the mortgage or payments shall only be made in such manner and at such times as may be specified in the order;

and the instrument creating the mortgage shall have effect subject to the provisions of the order.

(4) The court shall not reduce the rate of interest under the last foregoing subsection, unless the annual amount payable by way of interest at the existing rate exceeds the net annual value of the mortgaged property at the date of the order and any such reduction of the rate of interest shall be limited to the extent of that excess.

(5) Where, in the case of any mortgaged property of the debtor, the amount secured, together with interest thereon, is repayable by instalments, the court may direct that any provision in the instrument creating the mortgage to the effect that, on a default in the payment of any such instalment, the whole amount of that and of any future instalments shall immediately become due and charged on the property, shall not have effect in so far as it relates to so much of those future instalments as consists of interest.

(6) Where the instrument creating any mortgage is varied by or under this section, the court may make such consequential amendments and adjustments of that instrument as it considers necessary.

Provision for securing payment of sums in respect of property or under contracts retained or adopted by the debtor.

8.—(1) Where the court exercises its powers so as to allow the debtor to remain in possession of any property, or postpones the realisation of any property, it shall make provision in the liabilities adjustment order for securing the payment of any sums payable by the debtor in respect of the property after the date of the protection order, subject to any variation of any lease, contract or mortgage affecting the property made by or under this Part of this Act, and in particular for securing—

(*a*) the payment of rent, rates and taxes;

(*b*) the payment of mortgage interest and any sums payable in respect of the amount secured by a mortgage;

(*c*) in a case where the property is an insurance policy, the payment of premiums on the policy.

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(2) Where the court provides for the vesting in the debtor of any goods let under a hire-purchase agreement after the payment of such sums as may be specified in the liabilities adjustment order, the order shall make provision for securing the payment of those sums.

(3) Where the debtor remains bound by a contract entered into before the date of the protection order, the court shall make provision in the liabilities adjustment order for securing the performance by the debtor of his obligations under the contract, subject to any variation of the contract made by the court.

(4) Without prejudice to the power of the court to give directions as to the management and disposal of the debtor's property, where any lease, mortgage or contract is varied by or under any provision of this Part of this Act, the interest of the debtor in the lease or contract or, as the case may be, in the mortgaged property shall not be assignable by him except with the consent of the court and upon such conditions as it may impose.

Priority of debts.

9.—(1) Subject to the provisions of this section, a liabilities adjustment order shall secure that any sums available from time to time for the satisfaction of the proved debts of the debtor shall be expended—

(*a*) first, in the payment of the debts which would have been entitled to be paid in priority under subsection (1) of section thirty-three of the Bankruptcy Act, 1914, if a receiving order had been made against the debtor at the date of the protection order;

(*b*) secondly, after the payment in full of the debts mentioned in the foregoing paragraph, in the payment of the other proved debts.

(2) Subject as hereinafter provided and to any rules made under this Part of this Act, all debts falling within either of the classes specified in the last foregoing subsection shall rank equally between themselves:

Provided that, if the liabilities adjustment order provides for the postponement of the realisation or distribution of a substantial part of the debtor's property, and the court considers that, in the case of any debt or debts falling within paragraph (*b*) of the last foregoing subsection, delay in payment would cause exceptional hardship, the order may provide for the payment of that debt or those debts in priority to other debts falling within the said paragraph (*b*).

(3) Where it appears to the court that a debtor is in a position not only to pay the proved debts in full, but also interest thereon from the date of the protection order, the liabilities adjustment order may provide for the payment of such interest at such rate, not exceeding three per cent. per annum, as may be specified in the order.

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(4) The payment of debts in accordance with this section shall be subject to any provision made by the court in the liabilities adjustment order—

(*a*) for the maintenance of the debtor and his family;

(*b*) for the payment of any sums payable after the date of the protection order, payment of which the court is required to secure under the last foregoing section or is authorised to secure under any other provision of this Part of this Act; or

(*c*) for the payment of the costs of the liabilities adjustment proceedings, including the costs of administering the liabilities adjustment order, so far as those costs are payable by the debtor.

Interim orders, variation and revocation of orders, &c.

10.—(1) The court may provide for the adjustment and settlement of a debtor's affairs by means of a single liabilities adjustment order, or, if that is not practicable, may make an interim order or interim orders providing for any of the matters for which provision may be made by a liabilities adjustment order, and accordingly references in this Part of this Act to a liabilities adjustment order shall include references to any such interim order.

(2) Any liabilities adjustment order or protection order may, on the application of the debtor or of any creditor whose debt has been proved or of the liabilities adjustment officer, be varied by a subsequent order, and, in particular, where a liabilities adjustment order reduces the rent of any premises or the rate of mortgage interest payable in respect of any mortgaged property, an application for the variation of the order may be made on the ground that the lettable value of the premises or, as the case may be, the net annual value of the mortgaged property has altered since the date of the order.

(3) Any creditor whose debt has been proved or the liabilities adjustment officer may apply to the court to revoke a liabilities adjustment order on the ground that—

(*a*) the debtor has failed to comply with the order;

(*b*) the debtor is guilty of any act or omission which would constitute an offence under this Part of this Act, or has carried out any transaction which would be treated as a fraudulent preference in bankruptcy or would be void against the trustee in bankruptcy, or has in any other respect failed to act in complete good faith towards his creditors; or

(*c*) that the case, owing to its complexity or for any other reason, is not a practicable case to be dealt with under this Part of this Act;

and the court, if satisfied as to the ground alleged, may revoke the liabilities adjustment order and the protection order, and

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may direct that any variation of any lease, contract or mortgage made by or under this Part of this Act shall be deemed never to have had effect or to have ceased to have effect at such date prior to the revocation as it may specify and may make such consequential amendments and adjustments of any such lease, contract or mortgage as the court considers necessary and may give such directions with respect to anything done under the order as it thinks necessary.

(4) Where the court has revoked a liabilities adjustment order, it may direct that subsection (5) of section one of the Courts (Emergency Powers) Act, 1939 (which relates to the stay of bankruptcy proceedings) shall not apply to the debtor.

(5) No application for a liabilities adjustment order shall be withdrawn without the leave of the court.

References to liabilities adjustment officers.

11.—(1) The court may at any time refer to the liabilities adjustment officer any question arising in the course of liabilities adjustment proceedings for his investigation and report thereon.

(2) Where any reference is made to the liabilities adjustment officer under this section or under section three of this Act, the debtor shall give to that officer such information, produce to him such documents and attend such meetings, as he may reasonably require, and shall afford to him all possible assistance; and if the debtor wilfully fails to carry out his duties under this subsection, he shall be guilty of a contempt of court in like manner as if he disobeyed an order of the court and may be punished accordingly.

Order of discharge.

12.—(1) Where the debtor has paid, either in full or to such extent as the liabilities adjustment order may specify, the proved debts and any costs of the proceedings payable by him and has otherwise complied with the order, the court shall on his application make an order of discharge, and he shall thereupon, subject to the next following subsection, be released from all debts provable in the proceedings, except those from which a bankrupt would not, by virtue of section twenty-eight of the Bankruptcy Act, 1914, be released by an order of discharge under that Act, and the liabilities adjustment order and the protection order shall cease to have effect.

(2) Where, at the date of an application for an order of discharge, the debtor still retains possession by virtue of the exercise of the powers of the court of any property held on a lease or subject to a mortgage, or is still liable in respect of any loan or other contract the repayment or performance of which is provided for in the liabilities adjustment order, the court may nevertheless make an order of discharge and—

(*a*) may direct that the liabilities adjustment order and the protection order shall continue in force so far as relates to the lease, mortgage or contract;

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(*b*) if the court does not give such a direction or subsequently revokes such a direction, the debtor shall remain liable, notwithstanding the discharge, under the lease, mortgage or contract, and any temporary variation of the terms thereof made by the liabilities adjustment order shall thereafter cease to have effect, and the court shall make such final adjustment of any such lease, mortgage or contract as may be necessary to secure its due operation in the future.

Power to continue adjustment proceedings in relation to estate of deceased debtor.

13.—(1) Where any debtor, in whose case liabilities adjustment proceedings have been commenced, dies before the conclusion of the proceedings, the court may, subject to the provisions of this section, continue the proceedings in relation to the estate of the debtor:

Provided that, if the court is satisfied that any benefit thereby accruing to persons interested in the estate will accrue wholly or mainly to persons other than members of the debtor's family as defined in this section, it shall discontinue the proceedings.

(2) Where the court continues any such proceedings in relation to the estate of any debtor, this Part of this Act and any protection order or liabilities adjustment order already made with respect to that debtor shall have effect as if for the references to the debtor there were substituted, where the context requires, references to his personal representative or to the members of the debtor's family for whose benefit the proceedings are being continued, and as if for the references to the debtor's property there were substituted references to his estate, and with such other adaptations and modifications as may be necessary.

(3) The law relating to the administration of the estates of deceased persons shall, in the case of an estate in relation to which proceedings are continued under this section, have effect subject to the following provisions:—

15 & 16 Geo. 5. c. 23.

(*a*) if the estate is insolvent, subsection (1) of section thirty-four of the Administration of Estates Act, 1925 and Part I of the First Schedule to that Act, so far as they provide for the administration of insolvent estates according to the law of bankruptcy, shall not apply;

(*b*) if the estate is solvent, the court may vary the order in which, by virtue of subsection (3) of section thirty-four of the said Act and Part II of the First Schedule to the said Act or by virtue of the will of the debtor the property of the deceased is to be applied towards the discharge of funeral, testamentary and administration expenses, and of debts and liabilities;

(*c*) the court may give such directions with respect to the exercise of the rights and powers of the personal

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representative (including his powers as trustee for sale of any property comprised in the estate) as may be necessary for the purpose of giving effect to the liabilities adjustment order and, in particular, may postpone the vesting or conveyance, or the distribution, of any part of the estate until the end of the liabilities adjustment proceedings;

(*d*) in a case where under the liabilities adjustment order the debts and liabilities of the estate are not required to be paid in full, the order may direct that any pecuniary legacies payable to persons other than the members of the debtor's family aforesaid, shall only be paid to such extent as may be specified in the order:

Provided that the court shall not exercise its powers under paragraph (*b*) or paragraph (*d*) of this subsection unless it is satisfied that the persons affected thereby will not be in a worse position than they would have been if the liabilities adjustment proceedings had been determined on the death of the debtor.

(4) In any case where the court does not, on the death of a debtor, continue the liabilities adjustment proceedings, or discontinues any such proceedings under the proviso to subsection (1) of this section,—

(*a*) it shall revoke any protection order and liabilities adjustment order made with respect to him and may direct that any variation of any lease, contract or mortgage made by or under this Part of this Act shall be deemed never to have had effect or to have ceased to have effect at such date prior to the revocation as it may specify and may make such consequential amendments and adjustments of any such lease, contract or mortgage as the court thinks necessary, and may give such directions with respect to anything done under the order as it thinks necessary;

(*b*) the estate of the debtor shall thereafter be administered as if this Act had not passed, except that the court shall have jurisdiction in respect of any proceedings for the administration of the estate, whether or not such proceedings would otherwise have been within its jurisdiction.

(5) In this section the expression "member of the debtor's family" means any of the following persons who was, at the date of the debtor's death, wholly or mainly maintained by him, that is to say, the wife or husband of the debtor, or any parent or child of the debtor as defined by section five of the Fatal Accidents Act, 1846, and extended by section two of the Law Reform (Miscellaneous Provisions) Act, 1934.

9 & 10 Vict. c. 93.
24 & 25 Geo. 5. c. 41.

PART I. —*cont.*

Application to Partnerships and Companies.

Provisions as to partnership.

14.—(1) Where the debtor is carrying on business in partnership with others, and no application is made under subsection (5) of this section in respect of the firm, the court may, if it considers that it is in the interest of the debtor and the creditors to do so, allow the debtor to remain a partner in the business, and exclude from the property to be realised under the liabilities adjustment order any of the debtor's property which in the opinion of the court is required for the purposes of the business ; and in that case the liabilities of the firm and any liabilities of the debtor arising out of the contract of partnership shall not be provable debts, and the court shall, in settling the terms of the liabilities adjustment order, have regard to the requirements of the debtor as a member of the firm.

(2) The powers of the court under the last foregoing subsection shall be subject to any term of the contract of partnership providing for the dissolution thereof or the vesting of the debtor's share in the other partners, but nothing done or suffered by the debtor under, or for the purpose of taking advantage of, any provision of this Part of this Act shall be a ground for an application to any court for dissolution of the partnership.

(3) If, in any case to which subsection (1) of this section applies, the court does not exercise its powers under that subsection, and the contract of partnership does not provide for the dissolution of the partnership or the vesting of the debtor's share in the other partners, the court shall provide in the liabilities adjustment order for the dissolution and winding up of the partnership or for the vesting of the debtor's share in the other partners, on such terms as seem just, and may give such directions as it considers necessary or expedient for that purpose.

(4) Whether or not the partnership is dissolved, the court may give to the debtor such directions as it thinks fit as to the exercise of his rights under the contract of partnership, or may appoint any person to exercise those rights on his behalf :

Provided that nothing in this subsection shall authorise any interference with the conduct of the partnership business or be taken as effecting the terms of the contract of partnership.

(5) Where any persons are carrying on business in partnership and—

(*a*) both the firm and all the partners are unable to pay their accrued debts or will be unable, after payment of their accrued debts (if any), to meet, as they fall due, any future liabilities in respect of obligations already incurred, or are in such a position that, if they were required to pay their accrued debts and to meet any

such future liabilities as they fell due, they would have no reasonable prospect of preserving or recovering the business of the firm or, in the case of the partners, would otherwise lose their means of livelihood; and

(*b*) the position of the firm is due to war circumstances;

an application may be made for the adjustment and settlement of the affairs of the firm under this Part of this Act, and any such application shall be taken as an application for the making of a separate liabilities adjustment order in relation to the firm and to each partner therein, and the references in subsection (1) of section three of this Act to the debtor shall be construed as references to the firm or any of the partners, and the references in that subsection and in section ten of this Act to creditors shall be construed as including references to creditors of the firm or of any of the partners.

(6) Where liabilities adjustment proceedings are brought in respect of a firm, the provisions of the Bankruptcy Act, 1914, relating to the manner in which the joint and separate debts and estates of partners are to be dealt with shall apply for the purposes of those proceedings, subject to such adaptations, modifications and exceptions as may be prescribed.

(7) Where the court does not exercise, in relation to a firm, its powers under this Part of this Act for the purpose of enabling the business of the firm to be carried on or resumed, it shall provide in the liabilities adjustment order for the dissolution and winding up of the partnership, and may give such directions as it considers necessary or expedient for that purpose.

(8) If on an application in respect of a firm it appears to the court that a liabilities adjustment order cannot or ought not to be made in relation to any partner, and that it is in the interest of the other partners that an order should be made in respect of the firm, the court may order that the share of that partner in the firm shall vest in the other partners on such terms as seem just, and this section shall have effect accordingly and, if there is only one other partner, the application shall be treated as an application in respect of that other partner in his own name.

(9) A scheme of arrangement with respect to the affairs of a firm may, with the assent of all the partners, be approved under this Part of this Act, but no scheme of arrangement with respect to the affairs of an individual partner in a firm shall, while the firm continues in existence and he remains a partner therein, deal with the liabilities of the firm or any liabilities of the partner arising out of the contract of partnership.

15.—(1) The provisions of this Part of this Act shall apply, subject to the provisions of this section, to private companies within the meaning of the Companies Act, 1929, but shall not apply to any other body corporate.

Provisions as to companies. 19 & 20 Geo. 5. c. 23.

PART I. —*cont.*

(2) An application shall not be made by a company for the adjustment and settlement of the company's affairs under this Part of this Act unless a special resolution within the meaning of the Companies Act, 1929, has been passed by the company resolving that the application be made.

(3) No application for the adjustment and settlement of a company's affairs under this Part of this Act shall be entertained unless the court is satisfied that the principal object of the company is to carry on a business for profit, and that the object of the application is to enable the company to carry on or recover that business; and the court shall, in considering whether it is practicable and proper to deal with the affairs of a company under this Part of this Act, have regard to the constitution and history of the company and the means of the members and officers thereof.

(4) A liabilities adjustment order made in the case of the company may, in addition to any of the other matters mentioned in this Part of this Act, provide for the making of calls upon the contributories of the company.

(5) Rules made under this Part of this Act may make provision as to the manner in which any floating charge on the undertaking or property of a company is to operate in a case where liabilities adjustment proceedings are brought in respect of the affairs of the company, and may make such adaptations and modifications of, and such exceptions from, the provisions of this Part of this Act relating to mortgagees, in their application to the holders of debentures whose rights are secured by a floating charge, as may be necessary.

(6) In relation to a company, this Part of this Act shall have effect as if—

(*a*) the references to bankruptcy or bankruptcy proceedings or a bankruptcy petition were references to the winding up of the company or, as the case may be, a winding-up petition;

(*b*) the references to subsection (1) of section thirty-three of the Bankruptcy Act, 1914, were references to subsections (1), (2) and (3) of section two hundred and sixty-four of the Companies Act, 1929;

(*c*) the reference to section fifty-four of the Bankruptcy Act, 1914, were a reference to section two hundred and sixty-seven of the Companies Act, 1929;

(*d*) the references to a receiving order were references to an order for the compulsory winding up of the company which had not previously commenced to be wound up voluntarily;

(*e*) the references to the debtor in subsection (3) of section ten and subsection (2) of section eleven of this Act included references to the officers of the company, and as if the first reference to a debtor in section nineteen of this Act were construed as a reference to any officer of the company.

(7) The reference in section twelve of this Act to section twenty-eight of the Bankruptcy Act, 1914, shall have effect, in relation to a company, as if the company were an individual.

(8) No scheme of arrangement of a company's affairs shall be approved under this Part of this Act unless the company have assented to the scheme by a special resolution.

Supplementary.

16.—(1) The Lord Chancellor may make general rules for carrying into effect the objects of this Part of this Act: Rules.

Provided that the said rules shall not extend the jurisdiction of the court.

(2) Without prejudice to the generality of the foregoing subsection, the rules—

(*a*) shall provide for the giving of notice of liabilities adjustment proceedings and of meetings held by liabilities adjustment officers, and of proposals for schemes of arrangement under this Part of this Act;

(*b*) shall provide for the proof of debts, both for the purposes of any liabilities adjustment proceedings and for the purposes of any scheme of arrangement under this Part of this Act, and may allow any creditor whose debt is overdue at the date of the protection order or, as the case may be, at the date of the approval of the scheme, to prove for interest up to the said date at the rate agreed or, if no rate has been agreed, at such rate not exceeding three per cent. per annum as may be prescribed;

(*c*) shall prescribe the method of valuing securities, debts and liabilities, and in particular future and contingent liabilities;

(*d*) may prescribe the fees to be paid in respect of the services of liabilities adjustment officers;

(*e*) may apply, subject to such adaptations, modifications and exceptions as may be necessary, any provisions of the Bankruptcy Act, 1914, relating to the proof of debts, mutual credit or set off, execution and attachment, the postponement of husbands' or wives' claims and claims under covenants and contracts made

PART I. —*cont.*

in consideration of marriage, and, in relation to a company, any corresponding provisions of Part V of the Companies Act, 1929, and the provisions of paragraph (*b*) of subsection (4) of section two hundred and sixty-four of that Act, and may also apply, subject as aforesaid, section three of the Partnership Act, 1890.

53 & 54 Vict. c. 39.

(3) Rules made under this section shall as soon as may be after they are made be laid before Parliament, but section one of the Rules Publication Act, 1893, shall not apply to rules so made.

56 & 57 Vict. c. 66.

Provable debts.

17.—(1) Subject to the provisions of this Part of this Act relating to partnership, all debts and liabilities of the debtor which would be provable in bankruptcy if a receiving order had been made at the material date shall be provable debts for the purposes of this Part of this Act, together with any other liabilities included as provable debts by any provision of or rule made under this Part of this Act; and the expression " provable debt " shall be construed accordingly.

(2) For the purposes of the last foregoing subsection, the material date—

(*a*) in relation to any liabilities adjustment proceedings, shall be the date of the protection order;

(*b*) in relation to any scheme of arrangement, or negotiations for such a scheme, shall be such date as may be notified by the liabilities adjustment officer in the prescribed manner.

(3) Nothing in Regulation four of the Defence (Evacuated Areas) Regulations, 1940, shall be taken to prevent any of the sums mentioned in that Regulation being dealt with in a liabilities adjustment order or scheme of arrangement approved under this Part of this Act, and being proved and discharged in liabilities adjustment proceedings or under any such scheme.

Effect of liabilities adjustment proceedings or scheme of arrangement on persons liable jointly or as sureties.

18.—(1) Where a liabilities adjustment order varies under section six or section seven of this Act the terms of any lease or mortgage, the liabilities of any other person under that lease or mortgage, whether as a person jointly bound with the debtor, or as a surety for him, shall be correspondingly varied.

(2) Save as aforesaid, the making of a liabilities adjustment order or the approving of a scheme of arrangement under this Part of this Act shall not affect the liabilities of any person who is a surety or in the nature of a surety for the debtor or is jointly bound with him, nor shall an order of discharge release any such person from those liabilities.

PART I. —*cont.*

Offences.

19. If any debtor—

(*a*) knowingly makes any false statement, or omits to state any material fact, for the purpose of securing the assent of the creditors to a scheme of arrangement under this Part of this Act or the exercise in favour of the debtor of any power of the court or of a liabilities adjustment officer under this Part of this Act; or

(*b*) after the approval of a scheme of arrangement or the making of a protection order under this Part of this Act in relation to the debtor, fraudulently conceals, removes or disposes of any part of the debtor's property;

he shall be liable, on conviction on indictment, to imprisonment for a term not exceeding two years, or, on summary conviction, to imprisonment for a term not exceeding three months.

Provisions as to courts. 24 & 25 Geo. 5. c. 53.

20.—(1) Subject to the provisions of section one hundred and eleven of the County Courts Act, 1934 (which provides for the removal into the High Court of any proceedings commenced in a county court), the jurisdiction of the court under this Part of this Act shall be exercised by a county court:

Provided that, in a case where the debtor is a company, the said jurisdiction shall be exercised by such court or courts as would have jurisdiction to wind up the company.

(2) The court shall have full power to decide all questions whatsoever, whether of law or fact, which may arise in the course of any liabilities adjustment proceedings and which the court may deem it expedient or necessary to decide for the purpose of making or varying the liabilities adjustment order.

(3) Any court before which are pending any proceedings in respect of a debt or liability which would be a debt provable in liabilities adjustment proceedings, may stay the proceedings—

(*a*) on the ground that the debtor or defendant is availing himself of the services of a liabilities adjustment officer with a view to arriving at a scheme of arrangement with his creditors; or

(*b*) for the purpose of enabling the debtor or defendant to avail himself of the services of a liabilities adjustment officer or to make an application to the court for the adjustment and settlement of his affairs under this Part of this Act.

(4) When any proceedings pending in the High Court are stayed by virtue of a protection order, the High Court may direct that the proceedings shall be transferred to the court which made the order.

Savings.

21.—(1) Nothing done or suffered by any person under, or for the purpose of taking advantage of, any provisions of this

PART I. —*cont.*

Part of this Act shall be deemed to be an act of bankruptcy, and nothing so done or suffered shall disqualify any person from any office for which he would be disqualified under any enactment (including an enactment in a local Act) by bankruptcy or by entering into any composition or arrangement with his creditors.

(2) Where any protection order or scheme of arrangement is revoked under this Part of this Act, the period between the making of the protection order or, as the case may be, the approving of the scheme of arrangement, and the revocation of the order or scheme shall, for the purposes of the Bankruptcy Act, 1914, Part V of the Companies Act, 1929, any enactment relating to the limitation of actions and any other enactment whereby any liability of the debtor may be affected by the passage of time, be disregarded.

Exemption from stamp duties.

22. Where a protection order is made, or a scheme of arrangement is approved, under this Part of this Act—

(*a*) every deed, conveyance, assignment or other instrument relating solely to property which was the property of the debtor at the date of the protection order or of the approval of the scheme and which, after the execution of the instrument, is or remains his property or the property of a trustee appointed under the order or for the purposes of the scheme;

(*b*) every power of attorney, proxy paper, writ, order, certificate, affidavit, bond or other instrument required for the purposes of the liabilities adjustment proceedings or the scheme of arrangement;

shall be exempt from stamp duties, except in respect of fees chargeable under this Act.

Application to the Crown.

23. This Part of this Act shall, subject to any exceptions or modifications provided for therein, apply in relation to debts and liabilities due to or incurred towards the Crown, property in which the Crown has an interest, leases, mortgages and contracts entered into with the Crown, proceedings by the Crown, and the exercise of remedies by the Crown, in like manner as in the case of subjects:

Provided that nothing in this section shall be taken as affecting the prosecution of any criminal proceedings.

Extent of Part I.

24.—(1) This Part of this Act shall only apply in a case where, at the date when liabilities adjustment proceedings are commenced, or, as the case may be, the services of a liabilities adjustment officer are sought, the debtor—

(*a*) if an individual, ordinarily resides in England, or carries on business in England, or is a member of a firm which carries on business in England; or

(*b*) if a firm or a company, carries on business in England.

PART I. —*cont.*

For the purposes of this subsection—

(i) where the principal place of business of the debtor (whether an individual, firm or company) is in Scotland or Northern Ireland, the debtor shall not be deemed to be carrying on business in England;

(ii) any debtor who, by reason only of war circumstances, ceased ordinarily to reside in England before the said date, or suspended the carrying on of a business previously carried on in England, shall be deemed still ordinarily to reside, or, as the case may be, to carry on business, in England at the said date.

(2) This Part of this Act shall apply to any property of a debtor, whether situated in England or elsewhere, and to any contracts, debts and liabilities of a debtor, whether made or incurred in England or elsewhere:

Provided that the powers conferred on a court by section six and section seven of this Act to vary the terms of leases, mortgages and other contracts shall only be exercised in relation to property in England and contracts governed by the law of England.

(3) A scheme of arrangement approved under this Part of this Act, and any protection order, liabilities adjustment order and order of discharge made under this Part of this Act, and anything done in pursuance of any such scheme or order, shall be as valid and effective in Scotland, Northern Ireland and the Isle of Man as it is in England; and the power exercisable by any court under section twenty of this Act to stay proceedings shall be exercisable by courts in Scotland, Northern Ireland and the Isle of Man and shall have effect, in relation to Scottish courts, as if for the expression "stay" there were substituted the expression "sist".

(4) Any reference to section one of the Courts (Emergency Powers) Act, 1939, and to subsection (5) of that section shall respectively include a reference to section one of the Courts (Emergency Powers) (Scotland) Act, 1939, and to subsection (4) of that section and any reference to a bankruptcy petition shall include a reference to a petition for sequestration. 2 & 3 Geo. 6. c. 113.

(5) Any reference in this Part of this Act to any Regulation of the Defence (Evacuated Areas) Regulations, 1940, shall include a reference to that Regulation as extended to Northern Ireland.

(6) Subject to the provisions of this section, this Part of this Act shall only extend to England.

Provision as to Northern Ireland.

25. Notwithstanding anything in the Government of Ireland Act, 1920, the Parliament of Northern Ireland shall have power to make laws, in relation to persons ordinarily resident or carrying on business in Northern Ireland, for purposes similar to the purposes of this Part of this Act. 10 & 11 Geo. 5. c. 67.

PART II.

EXTENSION OF CERTAIN ENACTMENTS TO CONTRACTS MADE AFTER COMMENCEMENT OF WAR.

Extension of Courts (Emergency Powers) Acts, 1939 and 1940, to contracts made after the commencement of war.

26.—(1) Where any judgment or order has been given or made by any court, whether before or after the passing of this Act,—

(*a*) for the recovery of a debt which has become due by virtue of a contract made after the commencement of the principal Act; or

(*b*) for the recovery of possession of land in default of payment of rent, or for the recovery of possession of land other than a dwelling-house by a mortgagee thereof by reason of a default in the payment of money, being land held on a lease or tenancy, or subject to a mortgage, entered into after the commencement of the principal Act; or

(*c*) for the delivery of any property other than land by reason of a default under any contract made after the commencement of the principal Act in the payment of money;

then, if the defendant satisfies the appropriate court that he is unable immediately to satisfy the judgment or order, or to pay the rent or money, by reason of circumstances directly or indirectly attributable to any war in which His Majesty may be engaged, being circumstances which arose after the contract, lease, tenancy or mortgage was made or entered into, the appropriate court may direct that the principal Act shall have effect as if the contract, lease, tenancy or mortgage had been made or entered into before the commencement of that Act, and the powers of the court shall thereupon be exercisable as if an application for leave to execute the judgment or order had been made under that Act.

(2) A person shall not be entitled, except with the leave of the appropriate court—

(*a*) to exercise or take any of the remedies or proceedings mentioned in subsection (2) of section one of the principal Act, other than those mentioned in paragraph (*c*) and paragraph (*d*) of the proviso to that subsection, which are available to him in consequence of any default in the payment of a debt or the performance of an obligation, being a debt or obligation arising by virtue of a contract made after the commencement of the principal Act; or

(*b*) to proceed to execution on, or otherwise to the enforcement of, any judgment or order of any court (whether

PART II. —*cont.*

given or made before or after the passing of this Act) for the recovery of possession of a dwelling-house subject to a mortgage entered into after the commencement of the principal Act by the mortgagee thereof by reason of a default in the payment of money;

and if the appropriate court is satisfied that the person liable to pay the debt or money or perform the obligation is unable immediately to do so by reason of such circumstances as aforesaid, it may refuse leave for the exercise or taking of the remedy or proceedings or for the enforcement of the judgment or order, as the case may be, or give leave therefor subject to such restrictions and conditions as it thinks proper, and section three of the Courts (Emergency Powers) Amendment Act, 1940, shall apply in relation to an application for leave under this subsection by the mortgagee of a dwelling-house. 3 & 4 Geo. 6. c. 37.

(3) In this section the expression "the principal Act" means the Courts (Emergency Powers) Act, 1939.

(4) This section shall be construed as one with the Courts (Emergency Powers) Acts, 1939 and 1940, and this section and those Acts may be cited together as the Courts (Emergency Powers) Acts, 1939 to 1941.

Extension of Possession of Mortgaged Land (Emergency Provisions) Act, 1939, to mortgages made after commencement of war. 2 & 3 Geo. 6. c. 108.

27.—(1) The Possession of Mortgaged Land (Emergency Provisions) Act, 1939, shall, subject to the provisions of this section, have effect as if the words in subsection (1) of section one "made before the third day of September nineteen hundred and thirty-nine" were omitted therefrom.

(2) The said Act, as extended by this section, shall not apply where the mortgagee has obtained possession of the land before the passing of this Act, but, save as aforesaid, shall apply in relation to proceedings commenced before the passing of this Act as well as in relation to proceedings commenced thereafter; and where an order or judgment for the recovery or delivery of possession of land by a mortgagee thereof has been made or given before the passing of this Act, and the defendant satisfies the court that at the date of the order or judgment there was a default in the payment of the mortgage money or of any part thereof or of any interest thereon, the order or judgment shall be deemed to have been made or given by reason of that default:

Provided that the court by which any such order or judgment was made or given may, on the application of any party to the proceedings, rescind or vary it in such manner as appears to be just in view of the provisions of this section.

PART III.

INTERPRETATION, TITLE AND OPERATION.

Interpretation.

28.—(1) In this Act unless the context otherwise requires the following expressions have the meanings hereby respectively assigned to them :—

" business " includes trade or profession, and also includes, as the context may require, the goodwill acquired by a person engaged in a trade or profession ;

" the court " means a court exercising jurisdiction under Part I of this Act ;

" the debtor " means, in relation to any scheme of arrangement or liabilities adjustment proceedings, the person to whose affairs the scheme or proceedings relate ;

" hire-purchase agreement " means any agreement defined as a hire-purchase agreement by section twenty-one of the Hire Purchase Act, 1938, and also includes any agreement for the sale of goods under which the price is payable by instalments and the property in the goods remains in the seller, notwithstanding that the buyer is in possession of the goods, until such conditions as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled ; and any reference, in relation to a debtor, to goods let under a hire-purchase agreement shall be construed as meaning any goods delivered to the debtor under a hire-purchase agreement and in his possession, being goods the property in which remains in the seller or letter thereof ;

1 & 2 Geo. 6. c. 53.

" hire-purchase price " means the total sum payable by the hirer or buyer under a hire-purchase agreement in order to complete the purchase of goods to which the agreement relates, exclusive of any sum payable as a penalty or as compensation or damages for a breach of the agreement ;

" lettable value " means, in relation to any premises, the rent at which, in the opinion of the court, the premises might reasonably be expected to let from year to year upon the same terms and conditions (other than the period of the lease or tenancy) as those of the existing lease or tenancy, or, in the case of premises which the tenant is holding over, upon the same terms and conditions as those upon which he is holding over the premises ;

" liabilities adjustment proceedings " means proceedings for the adjustment and settlement of a debtor's affairs under Part I of this Act ;

PART III. —*cont.*

" mortgagee " means a person holding a mortgage, charge or lien on the property of the debtor, or any part thereof, as a security for a provable debt due to him from the debtor, and " mortgage " shall be construed accordingly ;

net annual value," in relation to any mortgaged property, means the net annual profits which, in the opinion of the court, the property could reasonably be expected to produce ;

" prescribed " means prescribed by rules made under Part I of this Act ;

" proceedings " includes the issue of execution ;

" war circumstances " means circumstances directly or indirectly attributable to any war in which His Majesty may be engaged.

(2) Any reference in this Act to any enactment shall be construed as a reference to that enactment as amended by any subsequent enactment including this Act.

Short title and commencement.

29.—(1) This Act may be cited as the Liabilities (War-Time Adjustment) Act, 1941.

(2) Part I of this Act shall come into operation on the first day of July nineteen hundred and forty-one, and shall expire upon the same date as the Courts (Emergency Powers) Act, 1939 :

Provided that Part I of this Act shall remain in force in relation to any liabilities adjustment proceedings commenced, or any scheme of arrangement approved, before the said date.

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