

CR-2023-001063

**IN THE HIGH COURT OF JUSTICE**

**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**

**INSOLVENCY AND COMPANIES LIST (ChD)**

**IN THE MATTER OF MORSES CLUB SCHEME LIMITED**

**AND**

**IN THE MATTER OF THE COMPANIES ACT 2006**

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**CHAIR'S REPORT**

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**INTRODUCTION**

1. Pursuant to an order of the Court dated 29 March 2023 (the "**Convening Order**"), I, Jamie Drummond-Smith, was appointed to act as the chair of a meeting (the "**Scheme Meeting**") of certain creditors of Morses Club Scheme Limited (the "**Company**") to consider and vote upon a scheme of arrangement pursuant to Part 26 of the Companies 2006 (the "**Scheme**").
2. A capitalised term used but not defined in this report has the meaning given to that term in the third witness statement made by Gary Peter Marshall, a director of the Company ("**Mr Marshall**"), in support of the application by the Company that this Court sanction the Scheme ("**Marshall 3**").
3. I was engaged by Morses Club Limited, the shareholder of the Company, to act as an independent chair of the Scheme Meeting (the "**Chair**") pursuant to an agreement dated 18 May 2023 (the "**Engagement Agreement**"). A copy of my Engagement Agreement is exhibited to Marshall 3. Pursuant to the Engagement Agreement, I am engaged as an independent contractor (see clause 2 of that agreement).
4. Pursuant to paragraph 18 of the Convening Order, I am directed to file a report with the Court on the Scheme Meeting and the voting at the Scheme Meeting prior to the hearing of the application for sanction of the Scheme.
5. In accordance therewith, **I DO HEREBY REPORT** to the Court the proceedings and the results of the Scheme Meeting.

## **ACCESS TO THE SCHEME MEETING**

6. I refer to paragraphs 55 to 61 and paragraphs 69 to 70 of Marshall 3 which describe how the Company provided notice of the Scheme Meeting to the Scheme Creditors and how Scheme Creditors were provided with the details of how to access the Scheme Meeting.
7. I am informed by the Company that by the Registration Deadline 177 Scheme Creditors had registered their intention to attend the Scheme Meeting. In the event, 15 Scheme Creditors attended the Scheme Meeting in person or by proxy.
8. I am also informed that, after the Registration Deadline but before the voting at the Scheme Meeting was closed, a further 43 Scheme Creditors submitted a Claim Form appointing me to vote on their behalf at the Scheme Meeting, although none of those creditors expressed a desire to attend, or have a third party proxy attend, the Scheme Meeting (see Marshall 3, paragraph 68). Pursuant to paragraph 14(d) of the Convening Order, I was at liberty, but under no obligation, to accept an otherwise late vote at my discretion, provided that it was received by the Company before I closed the voting at the Scheme Meeting. I confirm that I exercised that discretion to accept all the additional 43 Claims Forms received after the Registration Deadline but prior to the closure of the vote at the Scheme Meeting.
9. I am informed by the Company that:
  - (a) 18 Scheme Creditors indicated that they wished to appoint a proxy other than the Chair to vote at the Scheme Meeting and provided the relevant contact details. Joining instructions for the Scheme Meeting were sent to the contact details provided by those Scheme Creditors; and
  - (b) 3 Scheme Creditors indicated that they wished to appoint a proxy other than the Chair to vote at the Scheme Meeting but did not provide the relevant contact details for that other proxy. Accordingly, it was not possible to issue joining instructions to the proxies for those 3 Scheme Creditors. One of those 3 Scheme Creditors indicated that they wanted the proxy to vote in favour of the Scheme and the other 2 Scheme Creditors indicated that the proxy could vote at their discretion. However, these 3 'votes' are not included in the figures given below.

## **PROCEEDINGS AT THE SCHEME MEETING**

10. Whilst the Scheme Meeting was held virtually for reasons of logistical convenience, I, together with representatives of the Company and Morses Club Limited and representatives of their financial and legal advisers (the "**Advisers**") gathered together in person at the offices of PricewaterhouseCoopers LLP at 1 Embankment Place, London, WC2N 6RH, for the Scheme Meeting. Other representatives of the Company

and the Advisers also joined the meeting virtually, albeit through a separate Zoom facility that was linked to the Lumi Online Platform and through which they could view the Scheme Meeting presentation.

11. Scheme Creditors were granted access to the Lumi Online Platform and teleconference platform from 9.30 a.m. on 18 May 2023 and held in a virtual waiting room until the Scheme Meeting started. In accordance with the Convening Order and the notice of the Scheme Meeting, I started the Scheme Meeting at 10.00 a.m. I am informed that a total of 15 Scheme Creditors joined the Scheme Meeting through the Lumi Online Platform.
12. Once the Scheme Meeting opened, I started the presentation. The presentation was accompanied by PowerPoint slides that were visible to the participants joining through the Lumi Online Platform.
13. I explained to Scheme Creditors that the agenda for the Scheme Meeting would be as follows:
  - (a) housekeeping;
  - (b) the Company presentation;
  - (c) the Company question and answer session;
  - (d) consultation without the Company (if requested);
  - (e) closing remarks; and
  - (f) final voting.
14. In accordance with the agenda, I first informed the Scheme Meeting of certain housekeeping matters. In particular, I explained, amongst other things, the following matters:
  - (a) that Scheme Creditors wishing to vote at the Scheme Meeting could either (i) if attending online, use the voting buttons onscreen; or (ii) if attending by telephone, vote by telephone when contacted by a representative of the Company;
  - (b) that Scheme Creditors wishing to ask a question or make a comment in the Scheme Meeting, could either (i) if attending online, submit this by entering text into the chat field online; or (ii) if attending by telephone, by pressing \* 1 or the "Request to Speak" button and joining the queue to ask their question or make their comment by telephone;

- (c) that the ability to vote would be open throughout the Scheme Meeting via the Lumi Online Platform;
- (d) that the resolution to be put to the vote was as follows:

*"We resolve to approve the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 proposed for Morses Club Scheme Limited, as set out in the Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court (as it shall think fit) which would not directly or indirectly have a materially adverse effect on the interests of Scheme Creditors as a whole under the Scheme",*

the "**Resolution**"; and

- (e) that a vote, once cast, could be changed at any time up to the closure of the vote, where that Scheme Creditor was voting online.

15. I then invited Mr Marshall to give the presentation about the Scheme to the Scheme Creditors. Mr Marshall's presentation explained the following matters:

- (a) the key messages in respect of the Scheme;
- (b) the key companies relevant for the Scheme;
- (c) why the Company was proposing the Scheme;
- (d) what a scheme of arrangement is;
- (e) who would be affected by the Scheme and who would not be affected by the Scheme;
- (f) what the Scheme does if it becomes effective;
- (g) the outcome if the Scheme did not become effective;
- (h) the advantages and disadvantages of the Scheme;
- (i) some other important points about the Scheme; and
- (j) the next steps after the Scheme Meeting.

16. After Mr Marshall finished his presentation he handed back to me and I then invited Scheme Creditors to raise any questions and make any comments they had. I also explained that if any Scheme Creditor wished to consult together with other Scheme Creditors without the presence of the Company and the Advisers, they should let me

know via telephone or in the chat field online so that I could make the necessary arrangements.

17. Questions submitted online were read out. One attendee raised a question by phone. Records from Lumi Global, the provider of the online platform through which the Scheme Meeting was held, indicate that a total of 19 questions or comments were received from 9 Scheme Creditors. As far as I am aware, everybody who wished to speak was given the opportunity to ask their question or make their comment (by following the procedure outlined above). No technical issues were brought to my attention by Lumi Global, the Company or any Scheme Creditor.
18. In summary the questions and comments raised in the Scheme Meeting in general took the following themes:
  - (a) how to vote;
  - (b) how to make a claim in the Scheme, including on behalf of vulnerable persons;
  - (c) the timing for payment; and
  - (d) how mental health issues would be dealt with.
19. Where appropriate, I directed questions to the Company's representatives for a response. I asked Scheme Creditors to confirm whether they were satisfied with the responses given to the questions raised and no dissatisfaction was expressed. In two cases, where issues specific to a Scheme Creditor were raised by that Scheme Creditor, I asked that a Company representative contact the relevant Scheme Creditor personally by phone to assist. I note from Marshall 3 at paragraph 45, that each relevant Scheme Creditor was contacted after the Scheme Meeting.
20. I continued to take questions until there were no outstanding questions in the queue. The question and answer session lasted approximately 15 minutes.
21. No Scheme Creditor requested an opportunity to consult with other Scheme Creditors without the presence of the Company or its Advisers.
22. Following the taking of all questions and comments, I informed the Scheme Creditors that I would be reporting the results of the meeting to the Court and the Company would be asking the Court to approve the Scheme. I explained that the date of that Court hearing was 26 May 2023 and Scheme Creditors were entitled to attend it (subject to the Court's limitations on capacity).
23. I concluded by explaining that voting on the Scheme would remain open for the next 30 minutes for any final votes to be cast by Scheme Creditors. I concluded the Scheme Meeting at approximately 11.00 a.m.

24. A total of 75,544 Scheme Creditors voted at the Scheme Meeting, including 75,533 Scheme Creditors who attended the Scheme Meeting and voted by me as their proxy and 11 Scheme Creditors who attended the Scheme Meeting and voted in person or by a proxy other than the Chair.
25. In terms of the conduct of the Scheme Meeting, I am not aware of any issues (technical or otherwise) experienced during the Scheme Meeting. As such, I believe that all the relevant provisions of the Convening Order relating to the conduct of the Scheme Meeting were suitably complied with.

#### CALCULATION OF THE VOTE

26. Paragraph 15 of the Convening Order confirms that the claim of a Scheme Creditor for voting purposes shall be calculated by the Company in the manner set out in Part 6, paragraphs 6.14 to 6.18 of the Explanatory Statement.
27. I am informed by the Company that the votes were calculated in accordance with the description given in that part of the Explanatory Statement and that the results of such voting may be summarised as follows:

Votes for the Scheme				Votes against the Scheme			
No. of Scheme Creditors voting	% of the total no. of Scheme Creditors voting (%)	Value of Scheme Creditors voting	% of the total net value of Scheme Creditors voting (%)	No. of Scheme Creditors voting	% of the total no. of Scheme Creditors voting (%)	Value of Scheme Creditors voting	% of the total net value of Scheme Creditors voting (%)
73,798	97.7%	£83,839,865 (net)	97.4%	1746	2.3%	£1,850,532 (net)	2.6%

DocuSigned by:  
  
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Jamie Drummond-Smith

23 May 2023