JOAN RICE

DIRECTOR OF INSOLVENCY

AN OUTLINE OF KEY INSOLVENCY OPTIONS FOR BUSINESSES

COMPANY VOLUNTARY ARRANGEMENT

A Company Voluntary Arrangement (CVA)is similar to a personal IVA (IndividualVoluntary Arrangement), where an insolvency procedure allows a company with debt problems to reach a voluntary agreement with its business creditors regarding repayment of all, or part, of its corporate debts over an agreed period of time.

The directors continue to run the Company during the CVA. But it can only be implemented by an insolvency practitioner who will help the directors to draft a proposal for the creditors.

A meeting of creditors is held to see if the CVA is accepted. As long as 75% (by debt value) of the creditors who vote agree then the CVA is accepted

All the company creditors are then bound to the terms of the proposal whether or not they voted. Creditors are also unable to take further legal action as long as the terms are adhered to.

COMPANY ADMINISTRATION

A Company Administration (ADMIN) is a formal insolvency procedure in which an insolvency practitioner is appointed to act as the administrator of an insolvent company

with the goal of either rescuing the company as a going concern; or , achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in

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administration or realising property to make a distribution to one or or more secured or preferential creditors.

In most cases, the directors will no longer run the Company which will be controlled by the insolvency practitioner who has a duty to act in the best interests of all of the company's creditors.

PRE PACK ADMINISTRATION

A Pre-pack Administration is a formal insolvency procedure in which a financially distressed company arranges to sell all or some of its assets to a pre-determined buyer prior to placing the company into Administration and appointing an administrator to facilitate the sale

CREDITORS VOLUNTARY LIQUIDATION

A Creditors' Voluntary Liquidation (CVL) involves the directors taking action to prevent the compulsory winding-up of their business.

Trading will cease in a CVL. A licensed insolvency practiioner is appointed liquidator by a majority of the creditors at a meeting held for that purpose.

The role of the liquidator is to realise company assets, investigate the conduct of the directors prior to liquidation, agree creditors claims and, if funds permit, to pay creditors a dividend.

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Taking the right advice at the right time is the first step to keeping a business alive and, dependent on the situation, there are insolvency procedures that could still allow your business to trade even if it is burdened with debt

We have a range of informal and formal insolvency & restructuring tools at our disposal.

Let us help you to take the best decisions possible for your business.

Use our experience and expertise to match the most appropriate tool with the current financial profile of your business.

Contact us for a free consultation

028 9044 5100

PRE PACK CREDITORS VOLUNTARY LIQUIDATION

A Pre-pack Creditors Voluntary Liquidation (CVL) involves the directors seeking to prevent the compulsory winding-up of their business by arranging to sell the business assets prior to liquidation at an arms length market value determined by independent valuation agents
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The sale proceeds are handed to the licensed insolvency practitioner who is subsequently appointed as liquidator of the company.

The role of the liquidator is to investigate the conduct of the directors prior to liquidation, realise assets, agree creditors claims and, if funds permit, to pay creditors a dividend.

COMPULSORY LIQUIDATION

A Compulsory liquidation is a Formal court-led procedure - which can be initiated either by a creditor or by the directors, where the business ceases to trade and a liquidator is appointed to realise the company's assets and, if funds permit, to pay creditors a dividend.

It is often viewed as the last resort for a company which has insufficient assets to meet the costs of any of the other insolvency options.