

Business Rescue Options



Examinership

Why use it?

A very effective option for companies struggling with excessive debt but have a solid underlying business.

Examinership gives companies the breathing space to find fresh investment and negotiate a compromise with creditors.

- Company continues trading
- Directors stay in control during examinership
- Immediate protection from creditors
- Debts are restructured
- Leases can be re-negotiated & disclaimed (e.g. brick & mortar retailers)

Who uses it?

Any corporate entity (already insolvent or likely to become insolvent) with a reasonable prospect of survival.

How it works

- The company applies to court for protection from creditors and the appointment of an Examiner
- The company sends out the Scheme to creditors
- Meeting of creditors
- Creditors vote (only a simple majority of one class of creditors is required)
- Court approves scheme
- Debts are restructured
- Company returns to normal



Salvaging a business from Liquidation or Receivership

Where restructuring options are not viable, possibly due to insufficient investment funds, Liquidation or Receivership can be used as a very effective tool to rescue the trading business of an insolvent company. In addition, the Directors of the insolvent entity are not precluded from acquiring the business and assets of the liquidated entity or company in Receivership, once appropriate procedures are followed.

Early action by Directors is the primary controllable factor in a successful turnaround



Part 9 Scheme of Arrangement

Why use it?

A similar process to Examinership that can be used by a company to reach a binding settlement with its creditors.

It has the advantage of lower costs than Examinership, but has a higher bar for creditor approval.

- Company continues trading
- Directors stay in control
- Immediate protection from creditors (on request, excluding secured creditors)
- Debts are restructured

Who uses it?

- Investment Holding Companies
- Trading Companies (ideally with small numbers of voting creditors)

How it works

- The company draws up scheme of arrangement
- The company sends scheme proposals to creditors
- Meeting of creditors
- Creditors vote (50% in number & 75% in value required for each class of creditor)
- Court approves scheme
- Debts are restructured
- Company returns to normal

Contact

If you have any questions regarding this communication please do not hesitate to contact us.



David Van Dessel

Partner
Financial Advisory |
Restructuring Services
dvandessel@deloitte.ie
+353 1 417 8805



Ken Fennell

Partner
Financial Advisory |
Restructuring Services
kfennell@deloitte.ie
+353 1 417 8803