



There are many options available to help directors with Business Rescue depending on the circumstances and following on from our Insolvency Options [Flowchart](#) we thought we should share some pros and cons of the options in the flowchart.

Reorganisation	Sale of part of the business or assets. Close divisions, make redundancies, manage cashflow	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Maintain existing trading activities</li> <li>• Preserve relationships with employees, suppliers and other stakeholders</li> <li>• Retain control of company</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Must be a foreseeable future for company</li> <li>• Difficult to do correctly</li> <li>• May require renegotiation of existing debt structure</li> <li>• May require refinancing</li> </ul>
Informal arrangements	Negotiate with creditors individually to achieve a settlement of the entire debt, reduce interest payments or extend terms of agreements	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Cheaper to implement</li> <li>• Can reduce pressure if agreement reached</li> <li>• Retain control of company</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Not legally binding</li> <li>• Interest and charges not automatically stopped</li> <li>• Dissenting creditors may take separate legal action</li> <li>• May impact ability to trade with essential suppliers</li> </ul>
Refinance	Borrow money from lenders, invest personal capital, debt for equity swap	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Injection of working capital</li> <li>• Reduce outgoings on more favourable terms</li> <li>• Debt consolidation</li> <li>• Retain control of company</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Can give rise to additional personal security being required</li> <li>• Does not provide whole solution if business model not viable</li> <li>• Difficult to obtain finance if company already in trouble</li> <li>• Personal impact on directors</li> </ul>
Company voluntary arrangement (CVA)	Formal agreement with all creditors to agree settlement of debts, refinance, debt for equity swap	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Binding agreement with creditors</li> <li>• Agreement is completely flexible</li> <li>• All creditor action frozen</li> <li>• Can achieve a debt write off</li> <li>• Retain control of company</li> <li>• No investigation into conduct of directors</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Needs 75% in value of creditors voting to agree</li> <li>• Directors need to be in for the long haul</li> <li>• Could last up to 5 years</li> </ul>

Moratorium	Breathing space for distressed Companies – solvent or insolvent. Appointment of insolvency practitioner to oversee	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Ability to continue trading so as to maximise realisations</li> <li>• Debts are frozen during moratorium period (exceptions apply)</li> <li>• Directors retain control of the company</li> <li>• Only last 20 days initially but can extend up to 12 months</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Must result in the rescue of the company as going concern</li> <li>• “Monitor” must ensure directors do not cause harm to creditors</li> <li>• Landlord debt not included in scheme</li> <li>• Cannot obtain credit of more than £500 without disclosure</li> </ul>
Scheme of Arrangement	Court Sanctioned compromise agreement between Company and other parties	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Flexible agreement</li> <li>• Used for restructurings, takeovers and mergers</li> <li>• More discrete procedure as Companies Act</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Two court applications -convening &amp; sanctioning the scheme</li> <li>• Creditor classes meetings</li> <li>• Costly procedure</li> </ul>
Restructuring Plan	Court Sanctioned compromise agreement where Company has or will experience financial difficulties	
	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Flexible agreement</li> <li>• Used for restructurings, takeovers and mergers</li> <li>• More discrete procedure as Companies Act</li> <li>• Court has discretion to bind dissenting creditors</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Two court applications -convening &amp; sanctioning the plan</li> <li>• Creditor classes meetings</li> <li>• Costly procedure</li> </ul>

One of the easiest, but most overlooked stress solutions for small business owners is asking for help.

During these uncertain times we understand the impact of financial difficulty can be devastating both on your client’s business and their quality of life.

If your business is struggling, please seek help sooner rather than later. It is not always clear which options are the right ones for your business.

The first step is to call us. We offer a [free initial confidential business rescue consultation](#).

If you have any questions about the rescue process, please call our Business Rescue Service now on **0800 118 2948**.

**You don’t know what we can do until you ask.**