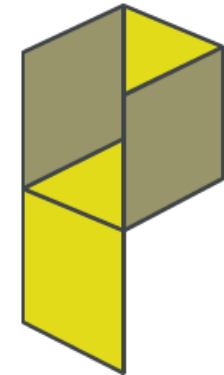


# Demystifying Insolvency

Heath Gair



Palliser  
Insolvency

# Insolvency – when to act?

- Understand your position
- Insolvent?
  - Unable to pay due debts
  - Liabilities greater than Assets
- Safe Harbour
  - Able to pay debts on 31 December 2019
  - Will be able to pay debts as they fall due on 30 September 2021

# Options

- Communicate with creditors
- Arrangements with creditors

# Business Debt Hibernation

- Short term arrangement with creditors
  - One month freeze on creditor action (moratorium)
  - 50% in number and value
  - Six months' extension on moratorium
  - No ability to compromise debts

# Creditor Compromises

- Informal Compromise
  - Contractual arrangement (unanimous)
- Formal Compromise
  - 75% in value and 50% in number
  - Can compromise debts

# Voluntary Administration

- To achieve a better result than liquidation
  - Restructure or compromise and hand back to directors
  - Sale of business
  - Liquidation
- Voting
  - 75% in value and 50% in number
  - Certain creditors may control the outcome e.g. GSA holder, IR, large supplier

# Liquidation

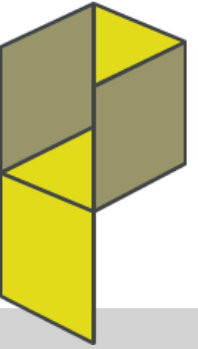
- Varied reasons e.g insolvent wind up, capital distribution, ceased trading
- Appointment of Liquidator
  - Shareholders – resolution
  - Creditor – High Court

# Plan and Execute

- Understand your position
- Take appropriate advice
- Focus on what you can control
- Executing a 7/10 plan is better than waiting for a 10/10 plan!



Questions?



[www.palliserinsolvency.co.nz](http://www.palliserinsolvency.co.nz)

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