

Technical Correction for previous Submission #36

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Technical Correction

In my original submission, I write about Deeds of Company Arrangement which are used when a company is to trade out of insolvency. Rather than giving a word-for-word correction, I offer the following ...

It has come to my attention that a Deed is sometimes used as a liquidation mechanism, like the Deed that applies to the National Express group of companies (M>Tram & M>Train). There are some comments and recommendations in my original submission that can only be applied sensibly to a Deed where a majority of the company continues to trade. The most obvious of these are:

- Payment of 100% of debts
- The observation that creditors' claims are funded by company profits.

However, most of the other comments and recommendations still apply to both types of Deed, such as

- Preservation of subrogation rights and creditor priorities as for a liquidation,
- Recoveries for insolvent trading and the like being available to a Deed Administrator

Readers should refer to the original submission #36.