21. Corporate rescue

This chapter examines the rationale behind the rescue culture and the two principal rescue mechanisms: administration and the company voluntary arrangement. The UK has sought to adopt a rescue culture, under which the law offers struggling companies access to several rescue mechanisms. The principal rescue mechanism is administration, under which an administrator is appointed to try and fulfil the purpose of administration. An administrator can be appointed by the court; the holder of a qualifying floating charge; or the company or its directors. A moratorium is imposed once a company enters administration, which prevents certain actions from proceedings. Meanwhile, a company voluntary arrangement is a rescue procedure that allows a company to enter into a binding agreement with its creditors. A company voluntary arrangement begins with a proposal being made, and that proposal must then be approved by the company and creditors.