

Business restructuring

Legal and economic restructuring

The growth of an enterprise is influenced by a number of factors, such as the attractiveness of goods and services on offer, the resources owned, and the ability to adapt to the shifting economic environment. Skillful adaptation to changing market trends and use of the available economic, organizational and legal solutions, i.e. an effective restructuring, may be the measure of business development.

With good restructuring a business can be released from burdens accumulated over the years, its effectiveness can be increased, results improved, financial liquidity and stability secured.

The next pages present the key models of legal and economic restructuring (including those resulting from Shield 4.0) which the entrepreneurs should particularly bear in mind when they plan changes in their organisations.




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How to carry out a business restructuring?

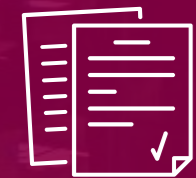
PARTNERSHIPS AND CAPITAL COMPANIES

	Shield 4.0	Restructuring	Bankruptcy	Liquidation
PREMISES	<p>Shield 4.0 introduces a (temporary) simplified restructuring procedure (SRP):</p> <ul style="list-style-type: none"> • complementary to the traditional procedure, • based on proceedings for approval of a composition, • available until 30 June 2021. 	<ul style="list-style-type: none"> • Insolvency (see opposite) or • insolvency risk 	<p>Insolvency:</p> <ul style="list-style-type: none"> • at least two creditors not paid on time, • unpaid debt for 3 months or • the sum total of liabilities is higher than the value of the entrepreneur's assets over the period of 2 years. 	<ul style="list-style-type: none"> • Occurrence of the causes indicated in the deed of incorporation, • a decision of shareholders or stockholders, • bankruptcy or other causes specified in the law.
CONSEQUENCES	<ul style="list-style-type: none"> • Opening of the SRP upon an announcement made by the entrepreneur who concluded an agreement with the restructuring advisor (composition supervisor), • the announcement must also precede the forwarding to composition supervisor the arrangement proposals, lists of claims and disputed claims, • 4 months from the announcement - time for conclusion of composition and submission of a petition to the court, • protection against enforcement proceedings, solvency safeguard proceedings and termination of crucial contracts, • retained right to manage the enterprise, limited to ordinary management, • a possibility to include the safeguarded creditor in the composition without their consent (they form a separate category of interests), • for SME a limit on the remuneration of the composition supervisor. 	<ul style="list-style-type: none"> • the business activity can be continued, • a possibility to enter into an agreement with creditors and agreeing the debt repayment, • repair of the financial condition of the enterprise, • avoidance of bankruptcy. 	<ul style="list-style-type: none"> • The operation of the business is taken over by a receiver, • repayment of all debts or liquidation, • expiration of some contracts, • termination of operations if creditors are not repaid. 	<ul style="list-style-type: none"> • The requirement to notify the National Court Register about opening of the procedure, • taking over the business by liquidators to terminate its deals and liquidate assets, • requirement to prepare balance sheets during the proceedings and to collect debts and repay liabilities, • de-registering from the Social Insurance Institution, VAT and the National Court Register, • termination of employment contracts, • termination of operations.

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PARTNERSHIPS AND CAPITAL COMPANIES		
PREMISES	<ul style="list-style-type: none"> • poor economic performance, • a risk of financial liquidity loss or of bankruptcy, • unstable organisational structure, • deteriorating competitiveness of the goods or services on offer, • increasing number of creditors and sum total of debts. 	<ul style="list-style-type: none"> • deterioration of the financial condition • an increase of the fixed costs of capital group maintenance, • excessive assets in the capital group, • problems with external financing, • cash flow problems within the group,
CONSEQUENCES	<ul style="list-style-type: none"> • legal and economic transformation of organisational units, • cancellation of redundant structure and retraining of the staff, • reorganising the way of using the resources owned, • improved operability and verification of operation of the organisational units, • enhancement of competitiveness, • renegotiation of conditions and postponement of payment of liabilities. 	<ul style="list-style-type: none"> • simplification of the group structure and its assets, • improved effectiveness and financial results, • an increase of the market value, • dynamization of growth, • prevention of financial crisis and image deterioration, • improved effectiveness of asset management.

Our support



We offer:

- a bankruptcy risk analysis and preparation of a restructuring scenario,
- preparation of the procedure, including assessment of a restructuring plan, negotiations of contracts with creditors (including standstill),
- legal services in conducting restructuring procedures both in the field of business law, with the support of certified restructuring advisor, and the tax law,
- assistance in respect of agreements concerning distressed assets, such as sale of an organised part of the enterprise, and the related due diligence services,
- designing joint ventures and risk optimisation according to the selected key.



What can you gain?

- knowledge of possible restructuring scenarios and selection of the model adequate for your business,
- you will find out what it entails and how much it costs,
- you will see the potential gains for you and your business,
- implementing the relevant scenario, you will effectively reduce debt by deferring repayment of liabilities and spreading them into instalments, as well as reducing the sum total of debts or their conversion to shares.

Contact us!



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