Insolvency

Business & Management

The tests for insolvency, and the procedures that follow.

General principles; procedures and names vary by jurisdiction.

Procedure	Purpose
Administration	Rescue the company or get a better result than winding up
Company voluntary arrangement	Binding deal with creditors
Receivership	Realise a secured creditor's asset
Liquidation	Wind up and distribute
Bankruptcy	Individuals, not companies

Educational reference. Continuing to trade when there is no reasonable prospect of avoiding insolvency can create personal liability for