# Module: Bankruptcy, Liquidation, and Reorganization

### Topics

This module includes the following four topics:

 Topic 1: Financial Distress

 Topic 2: Bankruptcy Basics

 Topic 3: Liquidation

 Topic 4: Reorganization

## Topic 1: Financial Distress

This topic examines how to identify the warnings signs and underlying causes of financial distress.

### Readings

Introduction, Section 1.1

**Learning Problems**

Financial Distress at Motorway

Using Altman Z-Scores at Success Industries

**Answer Keys**

Financial Distress at Motorway

Using Altman Z-Scores at Success Industries

## Topic 2: Bankruptcy Basics

This topic provides an overview of the legal framework that governs the bankruptcy process in Canada.

### Readings

Sections 1.2 and 1.5

### Learning Problems

None

## Topic 3: Liquidation

This topic examines how to liquidate a bankrupt company including the priority of claims that are followed when distributing the net proceeds among the creditors.

### Readings

Section 1.3

#### **Learning Problems**

Liquidation of Juno Enterprises

Liquidation of Passchendaele Industries

Liquidation of Molotov Ltd.

**Answer Keys**

Liquidation of Juno Enterprises

Liquidation of Passchendaele Industries

Liquidation of Molotov Ltd.

**Topic 4: Reorganization**

This topic examines how to reorganize a bankrupt business to return it to financial health.

**Readings**

Section 1.4 and 1.6

#### **Learning Problems**

Reorganization of Richard Enterprises

Reorganization of Alexa Industries

**Answer Keys**

Reorganization of Richard Enterprises

Reorganization of Alexa Industries

## Module Summary

In this module, you have had the opportunity to learn about the bankruptcy process in Canada and how companies experiencing financial distress can either liquidate or reorganize their operations.