

Permitted reorganization of the debtor in bankruptcy in the Czech Republic

Monika Randáková, Jiřina Bokšová

Abstract—The research deals with companies in the Czech Republic, which are passing through the procedure of insolvency from 1st January 2008 and which are allowed to follow conservation way to deal with bankruptcy – reorganization. Reorganization was allowed for 33 companies until today. Some of them have already approved their reorganization plan, while others are in the process of its preparation or approval. The research deals with comparison of companies in terms of supervision locality of the insolvency proceedings and in terms of time that elapses from start of insolvency proceedings, through decision of bankruptcy, approval of reorganization to permission of reorganization plan. The research continues with the analysis of approved reorganization plans in the field of individual groups of creditors, which are affected by the plan. The reorganization plan is currently approved in the Czech Republic in 18 companies.

Keywords—Reorganization, Bankruptcy Resolution, Permission of Reorganization, Reorganization Plan, Secured Creditors, Unsecured Creditors

I. INTRODUCTION

Reorganization is a new way of dealing with bankruptcy of enterprises, which is implemented in our legal system. According to US Bankruptcy Law (chapter 11 of USBC) is the main purpose of reorganization creditors' satisfaction from revenues of debtors' continued operations in case there wouldn't be done a cash settlement of company's assets [2, 4]. It usually involves restructuring of liabilities and capital accounts together with revaluation of the company assets. Under the term of reorganization it is understood the gradual satisfaction of creditors' claims while preserving the debtor's business. The approved reorganization plan is an action, following which should lead to restoring of the company [3, 13].

"The advantage of the reorganization is mainly the fact, that involved parties can get more than they would receive in bankruptcy. On the other side the main disadvantage is likely, and experience from abroad confirms so, that the process is very long, complicated, and costly based primarily on resolving conflicts between the interests of creditors and owners." [13] "In the approval negotiations of the reorganization and subsequently in the process of preparation of the reorganization plan should be taken primarily into consideration the going concern basis in the future – after

reorganization plan is fulfilled. Afterwards should be assessed the financial situation in terms of generation of available funds to pay down debts according to the reorganization plan and ultimately should be taken into account the structure of creditors, as the reorganization plan needs to be better than bankruptcy." [13]

II. PROBLEM FORMULATION AND METHODOLOGY

According to M. Špička from the Weibold Legal v.o.s. is the reorganization in the Czech Republic in principle permissible, if the debtor's total turnover for the last accounting period exceeds 100 million CZK, or if the firm employs at least 100 employees in full-time job. It is sufficient, if the company meets just one from the above mentioned two conditions. The Insolvency Act allows the reorganization also to the debtors, who submit the reorganization plan approved at least by half of all secured creditors and half of all unsecured creditors or approved by at least 90 % of the creditors present at the meeting of creditors (always calculated by the amount of their claims). Under these conditions the turnover or the number of employees are not take into account. "Only the practice will show whether setting of the gates into the reorganization according to the Insolvency Act is in principle correct, too hard or too soft." [9]

"Since the target of the reorganization is the maintenance of business activity of the enterprise, it is important to realize that the reorganization itself applies only to the enterprise (entrepreneur) [15]. This is very important especially in case when the reorganization is carried out of a debtor who is a physical entity entrepreneur. In this case, could be applied this kind of solution only to the property in ownership of the entrepreneur, which is used to run a business." [7]

The basis for data collection was the Insolvency Register,

Commercial Register and Collection of documents. [8] In the insolvency register were searched the companies (total number of 33), which were allowed to apply for the reorganization. For selected companies there were further identified the locally relevant Insolvency courts, where the insolvency proceedings take place, further the date of initiation of insolvency proceedings, the date of the decision on the company's bankruptcy, the date of application for permission of the reorganization, the date of approval of the

reorganization and primarily the date of approval of a reorganization plan by the insolvency court. A partial output of this research was a list of companies which have been allowed the reorganization plan. All these reorganization plans have undergone a scrutiny in the part concerning groups of creditors. The output from this stage of the research was the detection, whether all of this reorganization plans include a group of secured creditors and also whether the unsecured creditors are concentrated in one or more creditor groups.

III. PROBLEM SOLUTION

The aim of the research was to determine how many companies in the Czech Republic which have been permitted to reorganize submitted a proposal to allow the reorganization before bankruptcy decision and also how many companies have been permitted to reorganize simultaneously with the bankruptcy decision. The particular goal was also to determine how many companies that have been allowed reorganization had approved reorganization plan to begin the recovery business process. For the statistical research were selected only those companies which have been permitted to resolve the bankruptcy by reorganization. This represents 33 approved reorganizations in the period from 1. 1. 2008, to the end of research 31. 3. 2012. For this article is published only the part which is dealt with statistical research.

Figure 1 show the allowed reorganizations according to the relevant courts. The largest number of allowed reorganizations conducts the Regional Court in Brno in total 11 procedures.

Figure 1. Locally reorganization proceedings under the insolvency courts.

In the following tables 1 and 2 are shown a particular companies which have been permitted to reorganize and have a record from insolvency court about the dates of opening insolvency proceedings, applying for permits to reorganize, bankruptcy decisions and reorganization permit.

For the second area of research was chosen hypothesis: "Twenty percent of the companies submitted a proposal to insolvency court for permission of reorganization before the bankruptcy decision." Statistical research has helped to discover quite surprising and unexpected results. 24 companies from 33 have submitted a proposal to allow the reorganization before bankruptcy decision. It is almost 73 % of them.

On the contrary, insolvency court allowed reorganization only to 5 companies from these 24 at the same time as bankruptcy decision. This is proof that it is an important decision requiring detailed analysis of all possible alternative solutions to revive company and enable the creditors profit more than in bankruptcy solution.

Table 1. Companies, which were approved reorganization (from 2008 to March 2012)

Company	The commencement of insolvency proceedings	Resolution on the decline	The proposal to permit the reorganization
CEREPA, a.s.	22.8.2008	16.10.2008	11.11.2008
KORFIL a.s.	26.11.2008	5.3.2009	26.11.2008
SCHOELLER LITVÍNŮV k.s.	23.12.2008	9.1.2009	23.12.2008
Elitex slévárna, a.s	27.1.2009	6.5.2009	30.4.2009
FEREX-ŽSO spol. s r.o.	16.4.2009	5.8.2009	28.7.2009
KORDSERVICE SK, a.s.	4.5.2009	14.5.2009	11.6.2009
KORDÁRNA, a.s.	4.5.2009	14.5.2009	11.6.2009
SLOVKORD, a.s.	4.5.2009	14.5.2009	11.6.2009
DAGRO Plzeň s.r.o.	24.3.2009	28.4.2009	4.6.2009
Mgr. Miroslav Zitko	18.2.2009	26.3.2009	8.2.2010
Teplická strojírna s.r.o.	26.10.2009	5.3.2010	3.3.2010
Javořice, a.s.	17.2.2010	30.4.2010	23.4.2010
SUGAL spol. s r.o.	10.5.2010	21.9.2010	10.5.2010
FREEZART PLUS a.s.	21.5.2010	14.7.2010	10.6.2010
NERIA a.s.	6.8.2010	11.10.2010	5.10.2010
ČKD Kutná Hora, a.s.	5.10.2010	21.2.2011	17.2.2011
PŘEROVSKÁ DOPRAVNÍ SPOLEČNOST, s.r.o.	7.10.2010	17.12.2010	30.12.2010
OBDEN, s.r.o.	19.11.2010	10.3.2011	3.3.2011
FRANZ EDER Tachov a.s.	7.12.2010	28.12.2010	24.2.2011
Starorolský porcelán Moritz Zdekauer, a.s.	19.1.2011	27.1.2011	19.1.2011

BEDZETI, spol. s r.o.	10.2.2011	1.12.2011	10.2.2011
STROJÍRNÝ DOSPIVA s.r.o.	7.3.2011	30.3.2011	7.3.2011
BESTSPORT, a.s.	31.3.2011	3.5.2011	16.6.2011
Metall Holding Lány a.s.	1.4.2011	9.5.2011	1.4.2011
ECM REAL ESTATE INVESTMENTS A.G.	11.4.2011	24.5.2011	11.4.2011
FRUTANA spol. s r.o.	16.5.2011	25.5.2011	16.5.2011
MSV Metal Studénka, a.s.	23.5.2011	19.7.2011	4.7.2011
MANEX & Co a.s.	26.5.2011	13.6.2011	26.5.2011
Office happy s.r.o.	21.7.2011	20.12.2011	21.7.2011
LOGURAN a.s.	16.8.2011	13.10.2011	16.8.2011
LIGA, s.r.o.	8.9.2011	15.12.2011	22.11.2011
SMART TRADING COMPANY s.r.o.	9.9.2011	19.9.2011	14.9.2011
atx - technická kancelář pro komplexní automatizaci,	5.12.2011	16.1.2012	5.12.2011

Table 2. Companies, which were approved reorganization (from 2008 to March 2012)

Company	Resolution on the decline	Resolution on the authority of the reorganization
CEREPA, a.s.	16.10.2008	5.12.2008
KORFIL a.s.	5.3.2009	31.8.2011
SCHOELLER LITVÍNOV k.s.	9.1.2009	5.5.2009
Elitex slévárna, a.s	6.5.2009	17.7.2009
FEREX-ŽSO spol. s r.o.	5.8.2009	10.9.2009
KORDSERVICE SK, a.s.	14.5.2009	7.8.2009
KORDÁRNA, a.s.	14.5.2009	7.8.2009
SLOVKORD, a.s.	14.5.2009	7.8.2009
DAGRO Plzeň s.r.o.	28.4.2009	19.8.2009
Mgr. Miroslav Zitko	26.3.2009	26.4.2010
Teplická strojírna s.r.o.	5.3.2010	1.6.2010
Javořice, a.s.	30.4.2010	3.6.2010
SUGAL spol. s r.o.	21.9.2010	26.11.2010
FREEZART PLUS a.s.	14.7.2010	21.9.2010
NERIA a.s.	11.10.2010	26.11.2010
ČKD Kutná Hora, a.s.	21.2.2011	23.2.2011
PŘEROVSKÁ DOPRAVNÍ SPOLEČNOST, s.r.o.	17.12.2010	15.2.2011
OBDEN, s.r.o.	10.3.2011	10.3.2011
FRANZ EDER Tachov a.s.	28.12.2010	7.3.2011
Starorolský porcelán Moritz Zdekauer, a.s.	27.1.2011	6.4.2011
BEDZETI, spol. s r.o.	1.12.2011	1.12.2011

STROJÍRNÝ DOSPIVA s.r.o.	30.3.2011	5.4.2011
BESTSPORT, a.s.	3.5.2011	13.7.2011
Metall Holding Lány a.s.	9.5.2011	25.7.2011
ECM REAL ESTATE INVESTMENTS A.G.	24.5.2011	15.3.2012
FRUTANA spol. s r.o.	25.5.2011	25.5.2011
MSV Metal Studénka, a.s.	19.7.2011	7.10.2011
MANEX & Co a.s.	13.6.2011	13.6.2011
Office happy s.r.o.	20.12.2011	20.12.2011
LOGURAN a.s.	13.10.2011	17.1.2012
LIGA, s.r.o.	15.12.2011	19.3.2012
SMART TRADING COMPANY s.r.o.	19.9.2011	18.1.2012
atx - technická kancelář pro komplexní automatizaci, s.r.o.	16.1.2012	24.2.2012

Another area of research was to confirm or disprove the hypothesis: "For 80 % of the companies that allowed the reorganization, the time will not permit the reorganization and approval of the reorganization plan longer than one year. Preparation phase of the reorganization plan including the process of approval is a long process, but in most cases does not last more than one year." "Proposal for the reorganization plan may be submitted simultaneously with the proposal for

authorization of the reorganization or within 120 days after the decision approving the reorganization. This period can be extended by the insolvency court on the debtor's proposal by a maximum of 120 days."

Table 3. Companies, which were allowed reorganization (from 2008 to March 2012)

Company	Resolution on the authorization of the reorganization	Approval of the reorganization plan	The period of permits reorg. the approval of the reorg. plan more than 1 year
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CEREPA, a.s.	5.12.2008	15.10.2009	no
KORFIL a.s.	31.8.2011	-	cannot be determined
SCHOELLER LITVÍNOV k.s.	5.5.2009	4.12.2009	no
Elitex slévárna, a.s	17.7.2009	19.2.2010	no
FEREX-ŽSO spol. s r.o.	10.9.2009	27.4.2010	no
KORDSERVICE SK, a.s.	7.8.2009	11.5.2010	no
KORDÁRNA, a.s.	7.8.2009	21.4.2010	no
SLOVKORD, a.s.	7.8.2009	16.11.2010	yeas
DAGRO Plzeň s.r.o.	19.8.2009	5.5.2010	no
Mgr. Miroslav Zítka	26.4.2010	-	will be yeas
Teplická strojírna s.r.o.	1.6.2010	31.5.2011	no
Javořice, a.s.	3.6.2010	31.10.2011	yeas
SUGAL spol. s r.o.	26.11.2010	-	will be yeas
FREEZART PLUS a.s.	21.9.2010	26.4.2011	no
NERIA a.s.	26.11.2010	16.1.2012	yeas
ČKD Kutná Hora, a.s.	23.2.2011	21.2.2012	no
PŘEROVSKÁ DOPRAVNÍ SPOLEČNOST, s.r.o.	15.2.2011	16.9.2011	no
OBDEN, s.r.o.	10.3.2011	-	will be yeas
FRANZ EDER Tachov a.s.	7.3.2011	-	will be yeas
Starorolský porcelán Moritz Zdekauer, a.s.	6.4.2011	7.12.2011	no
BEDZETI, spol. s r.o.	1.12.2011	16.4.2012	no
STROJÍRNÝ DOSPIVA s.r.o.	5.4.2011	3.6.2011	no
BESTSPORT, a.s.	13.7.2011	28.3.2012 not approved	no
Metall Holding Lány a.s.	25.7.2011	-	cannot be determined
ECM REAL ESTATE INVESTMENTS A.G.	15.3.2012	-	cannot be determined
FRUTANA spol. s r.o.	25.5.2011	-	cannot be determined
MSV Metal Studénka, a.s.	7.10.2011	-	cannot be determined
MANEX & Co a.s.	13.6.2011	7.2.2012	no
Office happy s.r.o.	20.12.2011	-	cannot be determined
LOGURAN a.s.	17.1.2012	-	cannot be determined
LIGA, s.r.o.	19.3.2012	-	cannot be determined
SMART TRADING COMPANY s.r.o.	18.1.2012	-	cannot be determined
atx - technická kancelář pro komplexní automatizac	24.2.2012	-	cannot be determined

According to a statistical research, this hypothesis was fully confirmed. The 33 companies were still allowed reorganization, of which only 18 companies were previously approved reorganization plan. Time from approval to permit the reorganization of the reorganization plan was not longer than one year in 16 companies, which is more than 88 %.

If we admit a variant of the four companies, although not yet approved reorganization plan, but to permit the reorganization of our time has passed more than one year, and we counted these 4 companies among those who have been approved reorganization plan, then this would be the ratio 16 companies from 22 companies, and it is already less than 80 % (it is about 72.7 %). However, since the remaining 11 companies is also approved a reorganization plan and time to permit the reorganization of the present day is far from the data of one year, is this option irrelevant.

Further objects of the investigation were companies, which were approved reorganization plan. The research was based on a detailed examination of particular reorganization plans with a focus on different groups of creditors. The reorganization plan includes only creditors who log into the insolvency proceedings.

Insolvency Law requires that the debtor's creditors were divided into individual groups for the purpose of determining the extent of satisfaction of identified claims and for the purpose of voting of creditors about the adoption of the reorganization plan. The debtor as the author of the reorganization plan should divide the creditors into the specific creditor groups so that the creditors in each group had fundamentally the same legal position and fundamentally identical economic interests. From this principle implies that it

is unacceptable that in the same group were included together for example secured and unsecured creditors.

Determining of each group of creditors is further specified so that it always indicates the criteria for division of creditors. A separate group is especially each secured creditor, then creditors - partners and members of the debtor and not least the creditors whose claims were not affected by reorganization plan. Also the employees of the debtor may create a separate group and that's in case they have a claim against the debtor from employment relationship (debtor does not pay wages to employees).

Secured creditors

Among these creditors belong the debtor's creditors whose claim has been identified during the review meetings as a secured claim. The principle of satisfying each of the secured creditors is identical. Secured creditor has the right to satisfy his claim from the proceeds of liquidation of assets, rights, claims or other assets, by which was secured. Secured creditors have rights in such order as it relates to the date of origin of the legal grounds of securing, which is associated with the securing of the creditor's claim. In accordance with the Insolvency Law is the performance of secured creditors limited by the value of the subject of ensuring - the lien that was determined by expert opinion.

Unsecured creditors

This group includes the debtor's creditors with all other identified claims, including parts of claims of secured creditors that were not satisfied from the subject of ensuring. Furthermore this group includes claims arising from contractual fines, penalties and interest on late payments properly registered and identified in scope of the review meeting.

Partners and members of the debtor

These creditors create a group regardless of the fact whether they hold any claims or not. Partners are creditors due to their ownership interests in the debtor's company, even though they have no claims against the debtor from this title. The amount of the claim is thus always equal to zero.

Creditors with intact claims

These are mainly creditors with claims against the assets or with claims equal to claims against the assets.

We have already mentioned the term of reorganization plan several times. What exactly is it and what is its content?

The reorganization plan constitutes very extensive and detailed document according which the process of reorganization is going to run in the practice. Its main aim is to organize relations between the debtor and its creditors.

The reorganization plan includes:

- a) Division of the creditors into groups with determining of how will be treated with claims in particular groups;
- b) Determination of the way of reorganization;
- c) Identification of measures to implement the reorganization plan, particularly in terms of dealing with the assets;
- d) Information, whether debtor's business or its parts are going to continue in the operation and under what conditions;
- e) Enumeration of the persons who will be involved in financing the reorganization plan or will take over some of the debtor's obligations or will ensure their performance, including the extent to which they are willing to do so;
- f) Information of how the reorganization plan will affect the employment in the debtor's business and the measures that will be implemented in this orientation;
- g) Information about the amount of obligations to creditors after the end of reorganization;
- h) Information of how will be ensure the performance of the claims regarding the incidental dispute and claims linked to suspensive condition.

With the effectiveness of the reorganization plan cancel rights of all creditors against the debtor. As the creditors of the debtor shall be considered only persons listed in the reorganization plan under the conditions laid down in this plan including the extent of their rights. At the same time reorganization plan cancels rights of third parties to property which belongs to the assets and on the other hand these rights arise to persons referred in the reorganization plan under the conditions stated in this plan. Rights of creditors against co-debtors and guarantors remain unaffected by reorganization plan.

Reorganization under Insolvency Law may end up by three different ways:

- a) Satisfaction of the reorganization plan;
- b) The transformation of reorganization in the bankruptcy;
- c) Cancellation of decision on the approval of the reorganization plan, in case of meeting a conditions testifying dishonest act.

The insolvency court takes note the fulfillment of the reorganization plan or its substantial parts by decision by which ends the reorganization.

Table 4. Creditor groups of companies that were approved a reorganization plan (from 2008 to March 2012)

Name of the firm	Secured creditors groups	Creditors with claims	Partners or the debtor	Unsecured creditors/ number of groups	Note
CEREPA, a.s.	Yes/1	No	Yes	Yes /1	
SCHOELLER Litvínov, k.	Yes /2	No	Yes	Yes /2	

				Other creditors, Subordinated creditors, secured creditor	
Elitex slévárna, a.s.	Yes/1	No	Yes	Yes/1	
FEREX – ŽSO spol. s r.o.	Yes/5	No	Yes	Yes/1	
KORDSERVICE SK a.s.	Yes/1	Yes	Yes	Yes/2 Other creditors, Conditional bank cre	
KORDÁRNA, a.s.	Yes/1	No	Yes	Yes /2 Other creditors, Conditional bank cre	
SLOVKORD, a.s.	Yes/1	No	Yes	Yes/2 Other creditors, Conditional bank cre	
DAGRO Plzeň, s.r.o.	Yes/1	No	Yes	Yes /2 Unsatisfied secured c Creditor in bankruptc	fulfilled reorga plan
Teplická strojírna, s.r.o.	Yes/2	Yes	Yes	Yes/1	
Javořice, a.s.	Yes/2	Yes	Yes	Yes/1	
FREEZART PLUS a.s.	Yes/5	Yes	Yes	Yes/2 Other creditors, Clair partners from loans	
NERIA, a.s.	Yes/4	No	Yes	Yes/1	
ČKD Kutná Hora, a.s.	Yes/5	Yes	Yes	Yes/3 Other creditors, Creditors of the lease Creditors from condi	
PŘEROVSKÁ DOPRAVNÍ SPOLEČNOST, s.r.o.	No	Yes	Yes	Yes/2 Other creditors Creditors from loans	
Starorolský porcelán Morit a.s.	Yes/3	No	Yes	Yes/1	
BEDZETI spol. s r.o.	No	No	Yes	Yes/1	
STROJÍRNÝ DOSPIVA s.	Yes/3	Yes	Yes	Yes/1	
MANEX & Co, a.s.	Yes/2	No	Yes	Yes/2 Other creditors, Claims arising from t the debtor	

Source: own analysis

Table 4 contains a list of all the companies which have been granted the reorganization and at the same time they have been approved the reorganization plan. The results of the survey show that 89% of companies have at least one secured creditor.

Among claims intact by the reorganization plan belongs claims against assets and claims placed at the same level, which arise and pass away in the course of insolvency proceedings, because the debtor's business is still in operation (wages, energy, raw material purchases, etc.), and therefore some of the companies do not state them in the reorganization plan.

Insolvency law requires stating a separate group of creditors - partners and members of the debtor, which are expected to benefit from the participation in the company in the amount of zero. Also all reorganization plans in the survey contained this mandatory group.

The last group creates unsecured creditors who are present in all reorganization plans. This group includes a large number of small creditors, who are divided in 50% of companies at least into two groups. This is because the debtor as the creator of the reorganization plan wants to separate a group with the

same material content of claims from all other possible unsecured creditors.

One company has already fulfilled the reorganization plan. The company already runs a regime of the going concern.

Table 5. Secured creditors

Name of the firm	Secured creditors/banks	Secured creditors/others
CEREPA, a.s.	Komerční banka, a.s.	
SCHOELLER Litvínov, k.s.	Raiffeisenbank, a.s. UniCredit Bank Czech Republic, a.s.	
Elitex slévárna, a.s.	UniCredit Bank Czech Republic, a.s.	
FEREX – ŽSO spol. s. r.o.	Komerční banka, a.s. Česká spořitelna, a.s.	Pozemstav Brno, a.s. A – STAHL, s.r.o. FERONA, a.s.
KORDSERVICE SK a.s.	Česká spořitelna, a.s.	
KORDÁRNA, a.s.	Česká spořitelna, a.s.	
SLOVKORD, a.s.	Česká spořitelna, a.s.	
DAGRO Plzeň, s.r.o.	Yes/1	
Teplická strojárna, s.r.o.	UniCredit Bank Czech Republic, a.s.	Finanční úřad Teplice
Javořice, a.s.		TARLING FINANCIAL CONSULTING LIMITED, Great Britain Lesy Česká republika, s.p.
FREEZART PLUS a.s.	ČSOB, a.s. Česká spořitelna, a.s.	ANTIKO, a.s. GEALAN FENSTER SYSTEME GmbH Pavel Kučera

NERIA, a.s.	Komerční banka, a. s.	SG Equipment Finance Czech Republic, s. r. o. Všeobecná zdravotní pojišťovna ČR Jiřina Jeřábková
ČKD Kutná Hora, a.s.		RRC Vodohospodářská společnost Vrchlice – Malec, a. s. Okresní správa sociálního zabezpečení Kutná Hora ARTIFEX, s.r.o. REVITAL FINANCE, s.r.o.
PŘEROVSKÁ DOPRAVNÍ SPOLEČNOST, s.r.o.	No	No
Starorolský porcelán Moritz Zdekauer, a.s.		Bourg Company, s. r. o. Imerys Tableware CR, s.r.o. ČEZ Prodej, s. r. o.
BEDZETI spol. s r.o.	No	No
STROJÍRNY DOSPIVA s.r.o.	Raiffeisenbank, a. s. Česká spořitelna, a.s. Česká spořitelna, a.s.	
MANEX & Co, a.s.	Komerční banka, a. s.	

Because, in the preliminary phase of the research, we came to realization, that a high percentage of creditors are secured, we continued the research by break-down this group of creditors. We uncovered, that out of 18 researched companies, 16 companies have at least one secured creditor. As the result of

research: only 2 companies of those, which are undergoing reorganization in Czech republic, do not have banking house in place of secured creditor. This means, that 88% of companies (14 out of 16), which got approval for their reorganization plan and have secured creditor, are actually

controlled during reorganization process through banking houses such as Komerční banka, a.s.; Česká spořitelna, a.s.; Raiffeisenbank, a.s.; ČSOB, a.s.; UniCredit Bank Czech Republic, a.s. Based on facts stated above is confirmed the fact, that entrepreneurs in Czech republic, similarly to other countries of Continental Europe, are approaching banking sector in order to secure funding for business activities.

IV. CONCLUSION

This modification is effective for five years. The bankruptcy debtor's reorganization is the only way to address redevelopment decline which is now offered by the Czech legal system. Statistical surveys have shown how difficult (also in terms of time) is negotiating the reorganization plan to compile all groups of creditors, whose number within the group may be in the tens.

The period that elapses from the moment of insolvency proceedings until approved reorganization plan can be excessively long for the company. One reason for the introduction of a reorganization of bankrupt businesses is to prevent social and economic problems of the population in the region. "Reorganization" control alone is a long distance run solution that can last several years. [10] As arises from the statistics available, currently was completed only one from the allowed reorganization, which is proof of its time-consuming.

At present most authors deals with insolvency proceedings from a legal perspective [1, 5, 7, 9 and 14]. Accounting perspective is currently greatly neglected by the professional community. Among other authors, who are at least partially accounting or tax view of the reorganization and insolvency proceedings all involved [6, 8, 12].

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