

## SECTION U LIQUIDITY PROBLEMS

Any new lender advancing “new” monies could be protected by a provision in the standstill agreement that it is to be conferred priority over existing lenders. New security may also be provided to secure new monies; however such security is, if not correctly structured and thought out, vulnerable to avoidance provisions in the Companies Act 1965, such as section 294 which applies to floating charges created up to 6 months from commencement of winding up. Section 294 does however provide that if it can be proved that the company was solvent immediately after the creation of the charge.