



Turnaround & Restructuring Newsletter

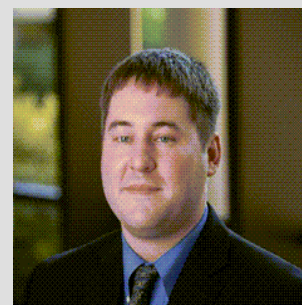
Nov/Dec 2023



Views from our leaders

Matt Fleming, Senior Manager

With the uncertainty of the current US economy due to inflation, interest rates and waning demand, among other things, credit markets and liquidity remain tight resulting in more companies exploring restructuring options. It is widely believed that during the next year, there will be a significant increase in the number of businesses that will seek to reorganize under Chapter 11 of the US Bankruptcy Code (Chapter 11).



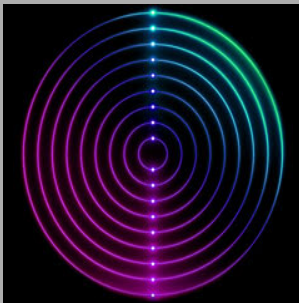
As businesses evaluate and implement a restructuring under Chapter 11, the related accounting impacts have, in many cases, been an afterthought. This adds undue stress on the management teams and, at times, complicates the process of obtaining accurate financial information. Having the accounting team involved at the start can help reduce the risk of potential undesirable accounting outcomes that will live for years after the Chapter 11 process has been completed.

Accounting for the Chapter 11 process requires a deep understanding of the legal process, understanding the various cutoffs required during the Chapter 11

proceeding, and recording complex transactions under accounting guidance most people have never seen and may never see again in their careers. Recording the emergence from bankruptcy is one of the more complex and demanding accounting challenges an organization may face. It places significant demands on the management team to contend with the equivalent of a year-end close upon emergence, address restructuring of legal entities, account for the impacts of a complex plan of reorganization, adopt the requirements of FASB Accounting Codification 852 "Reorganizations" (ASC 852), and establish the opening balance sheet of the successor organization, which typically includes a remeasurement of all an entity's assets and liabilities should Fresh Start accounting apply.

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Our latest eminence



Accounting for Change

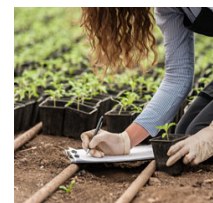
Explore how Deloitte helped one of its clients emerge from bankruptcy.

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Recent engagements

Vegetation management company

Deloitte Cash & Working Capital Services advised a multi-generational family-owned business, on identifying strategic working capital, cash, and treasury management efficiencies. The company specializes in tree pruning and vegetation management for utilities and government agencies.



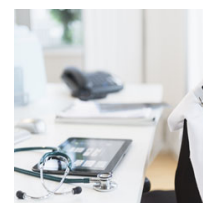
Plant-based frozen food company

Deloitte & Touche LLP's audit team engaged Deloitte Turnaround & Restructuring (T&R) specialists support for the client's 2022 annual audit, to conduct review of financial projections and develop performance sensitivities to understand the various liquidity impacts and the company's ability to operate as a going concern.



Health care claims software company

Deloitte Cash & Working Capital Services assisted in identifying and advising on implementing Order-to-Cash and Procure-to-Pay improvements to a health care technology company. The company provides rules-based claims payment solutions for payers and TPAs, and is backed by a leading global alternative asset manager and private equity group.



Upcoming Dbriefs & Webcast



Less carbon, more value: New finance-led model for sustainable future

November 16, Thursday | 2:00 PM ET

Participants will distinguish the ways companies can drive greater value by treating carbon reduction as a business strategy.

[Register](#) to learn more.

Additional insights

Curious how capital efficiency can be embedded within your ERP upgrade? [Read our latest insights](#) to find out.

About Deloitte T&R

Deloitte T&R is a leading provider of financial and operational restructuring services, turnaround and performance management, and bankruptcy administrative services to underperforming companies and their advisers, lenders, investors, courts, and other stakeholders. We specialize in helping both large multinational organizations and midmarket companies overcome challenges, from enhancing the performance of healthy companies to complex bankruptcy reorganizations.

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