

Restriction on payment of pre-petition debts

521. (1) No payment may be made by a company, during the period it is under the protection of the court, by way of satisfaction or discharge of the whole or a part of a liability incurred by the company before the date of the presentation of the petition in relation to it unless—

(a) the report of the independent expert contains a recommendation that the whole or, as the case may be, the part of that liability should be discharged or satisfied, or

(b) the court authorises such payment under subsection (2).

(2) The court may, on application being made to it in that behalf by the examiner or any interested party, authorise the discharge or satisfaction, in whole or in part, by the company concerned of a liability referred to in subsection (1) if it is satisfied that a failure to discharge or satisfy, in whole or in part, that liability would considerably reduce the prospects of the company or the whole or any part of its undertaking surviving as a going concern.