



What is a Creditors Voluntary Liquidation?

In a nutshell

You need to stop trading and close the business because it is losing money. There are not enough assets to pay off all of the creditors so you legally need to put the company into liquidation.

We help by dealing with all of your creditors including employees who can claim their unpaid salary and redundancy from a government compensation fund.

What actually happens?

We meet with you and discuss the options and make sure that a creditor's voluntary liquidation is the right route for you.

If it is we prepare all of the statutory paperwork needed to put the company into liquidation. We will meet with you and go through all of the paperwork. If you have trading premises we usually help you secure them and close them down. We also meet with all of the employees and make them redundant.

Employees can claim the following from a government fund capped at £450 per week (from April 2013):-

- arrears of pay
- unpaid holiday
- redundancy
- pay in lieu of notice

These claims usually take at least four weeks for the government to process.

We notify all of the company's creditors of a creditors meeting to be held giving them 14 days' notice. We also notify the shareholders of the proposed liquidation as we need 75% of the shareholders to agree to the liquidation as well.

In that period we usually ask auctioneers to clear the business premises of any plant, equipment, vehicles and stock ready for a sale by auction (after the creditors meeting).

We then hold the creditors meeting (and a shareholders meeting first) which we attend. It is normal for one or all of the directors to attend as well. All company creditors are allowed to come to that meeting and ask reasonable questions.

At that meeting resolutions are passed typically covering:

- do creditors approve the company going into liquidation?
- who will be liquidator?
- agreeing the liquidators' fees.
- forming a creditors committee if one is deemed necessary.

What it is used for

When the company has come to the end of its useful life or can no longer trade because it owes more than it owns. It can be a very difficult decision to put a company into liquidation but also a huge relief.

Contact Us

For further information regarding creditors voluntary liquidation please contact David Kirk on **01392 474303**, alternatively email david@kirks.co.uk for more information.

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