



CREDITORS VOLUNTARY WINDING UP

This brief guide has been prepared by Phillips & Co. It is in no way intended to be an exhaustive guide, nor will it answer all your questions. In the event that you feel you do require further advice, we urge you to make an appointment to come in and discuss your particular case with us.

A Company can enter a **Creditors Voluntary Winding Up** when it becomes insolvent, *if cannot pay its debts as and when they fall due*. The company Directors should agree that they need professional insolvency advice. Initially the company accountant or solicitor may refer them to a **Licensed Insolvency Practitioner**. Alternatively they can contact an Insolvency Practitioner directly.

The Insolvency Practitioner is an accountant or solicitor who is licensed to act in matters of insolvency under the Insolvency Act 1986.

The Directors will meet with the Insolvency Practitioner and after discussing the company's position, decide if Liquidation is the correct cause of action. If the directors decide to proceed, the Insolvency Practitioner will assist in drawing up formal notices convening the necessary meetings. A **Meeting of Members** (shareholders) and a **Meeting of Creditors** are required to appoint a Liquidator.

All known creditors must be sent a notice of the meeting and are provided with formal proxies for voting. The Insolvency Practitioner will start to gather financial information and prepare the **Statement of Affairs**. It details the assets and liabilities of the company and gives an indication of the deficiency that will be suffered by the creditors.

A **Directors Meeting** is held and the Statement of Affairs is approved. The document is signed as a Statement of Truth.

The director's meeting is followed by the formal **Meeting of Members**. A **Resolution** is passed to place the company into Creditors Voluntary Liquidation and the Liquidator is appointed. The Insolvency Practitioner who has helped convene the meetings is normally appointed as Liquidator.

At the **Creditors Meeting**, creditors are given copies of the Statement of Affairs, and they are able to question the Director. The creditors (either in person or by proxy), will vote on the appointment of the Liquidator.

A **Liquidation Committee** of either 3 or 5 creditors may be appointed at the Creditors Meeting. It is their duty to assist the Liquidator and sanction his/her activities.

Control of the Company and its assets passes to the Liquidator immediately upon appointment and it is the duty of the Liquidator to realize the assets for the benefit of the creditors. Within six months of the date of Liquidation the Liquidator has a statutory duty to report to the Insolvency Service on the conduct of Director(s).

Banks, lending institutions and individuals may have a registered Debenture for monies advanced to the company. This gives them security over some or all of the company assets and an advantage over the creditors.

The Liquidator will validate the debenture before discharging the debenture holder's debt.

Helen Phillips:

FCA, FCCA, FABRP



Following a varied scholastic career Helen Phillips entered into Articles with a small firm of Chartered Accountants near Liverpool Station in the City of London. She qualified in 1969, having passed all her exams at the first attempt.

Following admission to the Institute in 1970 she accepted a job as a Internal Auditor and enjoyed a year of travelling round Canada. She then settled in Montreal for a further three years as a Financial Controller for a large Car Dealership.

After a further period of travel, this time in a transit van, in the USA and Mexico, Helen returned home to the UK having missed decimalization and the three day working week.

She became Chief Accountant of a market research company that was a Unilever subsidiary and stayed there for the next seven or eight years until pressure of small children forced her to give it up.

In 1981, Helen started her own practise in Buckinghamshire and has expanded the accountancy company which she sold a few years ago. She retains a Directorship and Registered Auditor Status.

In her spare time Helen is a keen animal lover and has shown dogs and horses. She has been at the board of The British Horse Society. She was the Founder President of her local Rotary Club, and now is governor of two local schools.

Helen's own area of expertise is in Insolvency, which she practises with a small dedicated team;

Eleanor Thorn has been with the company for over 20 years starting as a office junior. She has worked her way up to her current position as office manager and can assist with queries relating to assets, dividends, creditors claims and employee claims.

Sue Howse joined in 2002. She is the office secretary, administrator and co-ordinator of archive retrieval. She can assist with general enquiries from creditors and employees.



For more information please contact us on:

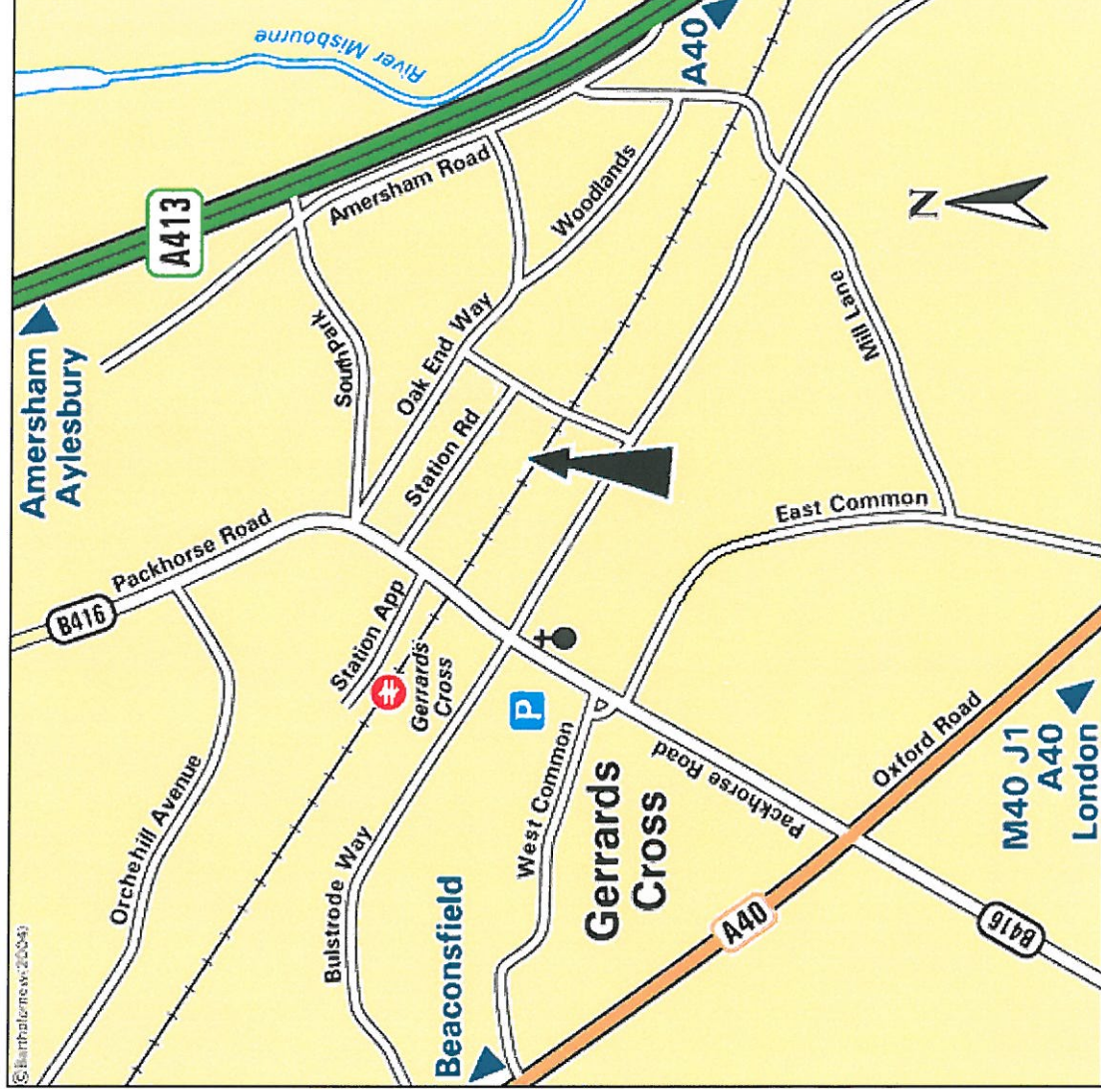
Phillips & Co
21 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

Telephone: (01753) 883315

Fax: (01753) 886324

Email: insol@phillipsinsolvency.co.uk

Web: www.phillipsinsolvency.co.uk



Made especially for you by:
Johanne White at
Phillips & Co