

business recovery & insolvency

compulsory liquidation...

A Compulsory Liquidation is when a company is wound up by an order of the court.

A petition is usually presented to the court on the grounds that the company is unable to pay its debts. The petition is heard in court and an order is then made that the company is to be wound up.

The petition can be presented by a creditor, the DTI or the company itself. It is usually a creditor who presents the petition. This is the ultimate action which can be taken in pursuing a bad debt.

In the first instance the Official Receiver, who is an officer of the court, becomes the Liquidator. The Official Receiver has to make a decision whether to appoint a Licensed Insolvency Practitioner to take over the role of Liquidator.

Any disposal of the company's assets after the presentation of the petition is void. The advertising of a petition triggers the company's bank accounts being frozen. Once the liquidation is commenced all legal action is stayed and no new legal action may be commenced.

The Liquidation brings an end to the powers of the directors and the Liquidator takes control of the company and its assets.

All creditors will be contacted and asked to provide evidence of the amount which is due to them.

For further information please contact us on 0845 555 8844 or email us on recovery@dains.com.



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www.dains.com