Liquidation Services

Liquidation is a formal process used to formally wind down the affairs of a company and realise any remaining assets for the benefit of creditors

Following appointment, a liquidator takes control of the company, realises assets, investigates the company's affairs and distributes any available funds to creditors. When the process is complete, the company is deregistered.

For insolvent companies, liquidation is initiated voluntarily through a Creditors' Voluntary Liquidation (CVL) or involuntarily wound up through a Court Liquidation (CL). For solvent companies, a Members' Voluntary Liquidation (MVL) provides a formal mechanism to wind up the company and return any surplus to members after creditors are paid in full.

When to Consider Liquidation

Liquidation should be considered when a company can no longer pay its debts as and when they fall due, when creditor pressure has escalated, or in cases where enforcement action such as a statutory demand or director penalty notice has been received. It can also be appropriate for a solvent company that is no longer trading, no longer required within a broader group structure, or has otherwise reached the end of its useful life. Early advice is critical as it helps directors understand their obligations, manage stakeholder communications and determine whether liquidation or an alternative restructuring pathway is the more appropriate course.

Types of Liquidation



Creditors' Voluntary Liquidation (CVL)

A CVL is the most common form of insolvent liquidation. It begins when shareholders and directors resolve to wind up an insolvent company and appoint a liquidator, or when creditors vote for liquidation following a voluntary administration or a terminated DOCA. From appointment, the liquidator takes control of the company, realises assets, investigates the company's affairs, pursues any potential recovery actions, and distributes available funds after the costs of liquidation. A dividend where available is made first to priority creditors, including employees, and then to unsecured creditors. Directors' powers cease on appointment and they must assist the liquidator by providing books, records and any information about the company's affairs required by the liquidator.



Court Liquidation (CL)

A CL arises when the Court makes an order to wind up a company and appoint a liquidator, usually on the application of a creditor, referred to as the petitioning creditor. One common basis for a winding up application is failure to comply with a statutory demand within 21 days, which can give rise to a presumption of insolvency. Within three months of non-compliance, the creditor may apply to the Court for a winding up order. Once appointed, the liquidator performs substantially the same core functions as in any other liquidation, including taking control of the company, investigating its affairs and distributing any available funds to creditors.



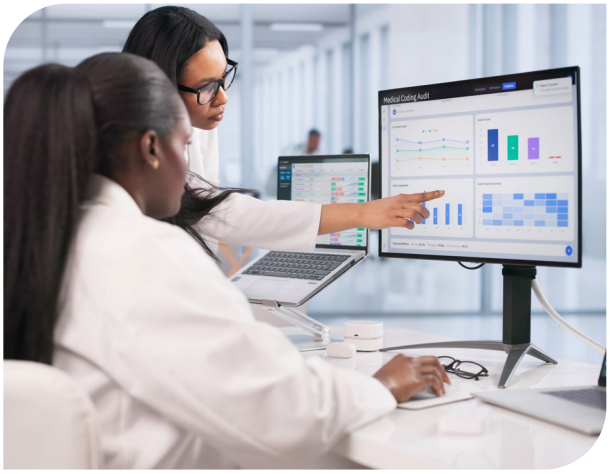
Members' Voluntary Liquidation (MVL)

A MVL is a solvent winding up. Directors must make a declaration of solvency, meaning they believe the company can pay all existing debts in full within 12 months of the commencement of the winding up. Members then pass a special resolution to wind up the company and appoint a liquidator. This pathway is commonly used to close dormant entities, simplify group structures or distribute surplus assets in an orderly and transparent fashion once liabilities have been satisfied.

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Liquidation Completion

A liquidation is completed when the liquidator has realised the company's assets, concluded their investigations, dealt with creditor claims and made any available distributions. The company is then deregistered. In a Members' Voluntary Liquidation, creditors are paid in full and any surplus is distributed
to members. In an insolvent liquidation, unsecured creditors will only receive a dividend if sufficient funds remain after costs, secured claims and priority claims have been addressed.



How We Support You

Teneo Australia supports directors, shareholders, advisors and creditors through both solvent and insolvent liquidation appointments with clear, commercial and practical advice. We adopt a tailored approach to each matter, whether the objective is to close a solvent entity efficiently, manage an insolvent wind down or act as liquidator in creditor driven court proceedings.

We work closely with directors and their advisors to manage appointment steps, statutory obligations, stakeholder communications, asset realisations, investigations and final distributions. Where liquidation may not be the most suitable pathway, we can also help assess alternative restructuring and turnaround options so stakeholders can make decisions with confidence.



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