

## **Bretts Business Recovery - Company Voluntary Liquidation (CVL)**

**A Creditors Voluntary Liquidation (CVL) is the winding up of an insolvent company.**

1. A CVL is initiated by the Directors and Shareholders, who decide the company is insolvent, and pass a resolution to this effect (and also appoint a liquidator).
2. These directors pass a resolution that meetings of the company's shareholders (known as members) and creditors are convened.
3. This is done to place the company into liquidation, because they decide the company is insolvent, and to appoint a Liquidator.
4. The directors nominate a Licensed Insolvency Practitioner to assist in this process and accept the appointment as Liquidator.
5. At the meeting of members the resolution to wind up the company must be approved by a 75% majority of members voting at the meeting, either in person or represented by proxy.
6. The company ceases to trade and any assets will be realised by the liquidator for the benefit of creditors.

## **Bretts Business Recovery - Company Voluntary Arrangement (CVA)**

### **CASE STUDY - MANUFACTURER**

#### **BACKGROUND:**

A blind manufacturing company wished to continue trading through its financial difficulties by seeking to enter into a Creditors Voluntary Arrangement. This was rejected by creditors and subsequently the Company was placed into Creditors Voluntary Liquidation. Several matters of concern had been raised regarding the Company's affairs and dissipation of assets.

#### **ACTION TAKEN**

After the client hired us, we took the following steps on their behalf –

- A detailed review of the Company's financial position and movement/dissipation of assets.
- Identification of a shadow director and his role in the management of the Company.

- Identification and investigation into Antecedent Transactions.
- Review of transactions between associated Company's
- Negotiation with the Company's Bank regarding legal charge registered and application of recent case law *re: Spectrum Plus Limited*.
- Litigation to recover funds.
- Sale of the Companies trading names.

#### **CURRENT POSITION:**

Evidence of a shadow directorship has been confirmed together with a number of Antecedent Transactions.

Litigation is currently in process to recover a substantial amount of funds for creditors.

Reporting has resulted in the Department of Trade and Industry taking action against individuals.

Early distributions have been made to the Bank in respect of their legal charge and the payment of preferential creditors in full.

Due to the investigations carried out and subsequent litigation, further recoveries will be made to enable payment in full to the Bank and a distribution to unsecured creditors.

### **For More Information, Please Contact BBR Today**

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