RPBS - Liquidation Guide for Directors

Introduction

This guide provides essential information for directors of companies facing financial difficulties and considering liquidation. It aims to explain the liquidation process and your responsibilities.

What is Liquidation?

Liquidation is a legal process where a company's operations are wound up, its assets sold off to repay debts, and the company formally dissolved. This can occur through either voluntary action by directors or compulsory action via the courts.

Types of Liquidation

- Voluntary Liquidation: Initiated by shareholders or directors.
- Compulsory Liquidation: Ordered by a court on application from a creditor.

Key Responsibilities of Directors

Once insolvency is suspected, directors must:

- Cease trading to prevent further debt accumulation.
- Preserve company records and financial documents.
- Act in the best interest of creditors.
- Cooperate fully with the liquidator.

Warning Signs of Insolvency

- Inability to pay debts when due.
- Serious cash flow issues.
- Creditors initiating legal actions.
- Dishonoured cheques and delayed staff payments.

Consequences of Misconduct

If directors continue to trade recklessly while insolvent or fail to cooperate during liquidation, they may face:

- Personal liability for company debts.

- Disqualification from serving as a director.
- Legal or criminal sanctions.

How RPBS Can Help

RPBS (Rescue Point Business Solutions) offers support to directors in:

- Assessing liquidation options.
- Ensuring legal compliance.
- Liaising with creditors and stakeholders.
- Managing director obligations during liquidation.

Contact RPBS

For professional and confidential advice on liquidation:

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