



## **Worksheet 077 – Insolvency, Bankruptcy and Winding Up**

On BLL today we discuss **Phase 13: Insolvency, Winding Up and Bankruptcy** in greater detail.

We are going to focus on this phase throughout April of 2018.

Terms like insolvency and bankruptcy have a well earned negative connotation but it doesn't necessarily have to be that way.

Winding up a business can be a positive thing.

At some point you're going to exit your business and you need to have a plan in place before that happens.



## Winding up voluntarily vs. involuntarily

To end a business you need to deregister it with ASIC so long as the company is still solvent.

All the shareholders have to agree to this process and a special resolution has to be approved by the company directors and shareholders.

A notice than has to be listed in the local newspaper. A liquidator will be appointed to wind up all the companies outstanding debts.

The liquidator will then deregister the company.

An involuntary wind up occurs when the companies creditors make a statutory demand for payment.

If payment can't be made a court will appoint a liquidator who will then sell off any assets to pay the debt.



**If you're preparing to wind up your company have you paid all outstanding debts? Do you owe money to any creditors or employees? If so who?**



## Voluntary bankruptcy vs. involuntary

Bankruptcy is similar to insolvency but this time it's personal.

You no longer have the ability to meet all your debt obligations and have to seek protection from your creditors by declaring bankruptcy.

This is not something you do at a moments notice.

You have to get good advice from an accountant and a lawyer.

There are a number of ways that bankruptcy can occur.

The first is what's called a voluntary bankruptcy.

After filling out the proper paperwork a bankruptcy trustee will be appointed.

Involuntary bankruptcy occurs after you've failed to respond to a bankruptcy notice within 21 days. A creditor then files a petition with the Federal Court to have a trustee appointed.



**Weigh the pros and cons of declaring bankruptcy yourself as opposed to waiting for an involuntary deceleration?**

# BusinessLegal : Lifecycle

## Learn more by ordering the book

Whether you want to have a large company or a small lifestyle business, you must pay attention to the legal aspects right from the start.

The Business Legal Lifecycle is a handbook for you to use in your business on a regular basis.

The key areas that Jeremy Streten covers in the Business Legal Lifecycle are:

**How to successfully set up your business**

**Why and when you need to pay attention to the legal aspects of your business**

**Who you should consult with along your business journey**



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