

## **CREDITORS' MEETINGS AND APPOINTMENT OF LIQUIDATOR**

A company must give at least 10 days notice of a creditors meeting by way of advertisement in two daily newspapers, and by way of post to each creditor of the company. With the notice you will receive two proxy forms, a General Proxy and a Special Proxy.

The General Proxy is used to appoint an individual to appear on behalf of the creditor. The form must be signed under the Company common seal or Duly Authorised Officer. This is the proxy form normally used by limited liability companies, or partnerships, to appoint people to represent them at a Meeting of Creditors. A sole trader is not required to complete a proxy and may attend the meeting personally.

A Special Proxy is used by a Creditor to exercise a vote on a specific Resolution. (This form is rarely used at a Meeting of Creditors.)

Proxies must be completed and filed within the specified time period and sent to the registered address of the company before 4:00 p.m. on the day prior to the Meeting of Creditors.

The Creditors Meeting takes place at the time and place specified in the advertising notice. The meeting is chaired by a director of the company, usually the Managing Director. The Chairman is generally assisted by a legal advisor.

Each attending creditor will be given a copy of the Director's Estimated Statement of Affairs which lists the assets of the company, stating a book value and an estimated to realise value; and a list of creditors, broken down into preferential and unsecured creditors.

A short statement is usually read out by the Chairman of the meeting regarding the cause of failure of the Company.

The creditors are then given the opportunity to ask relevant questions. It is important to note that in strict legal terms, only the duly appointed proxy holders are entitled to ask questions on behalf of companies.

The members of the company will have already appointed a Liquidator and propose that the creditors accept this nomination also. However, the creditors are free to propose the appointment of an alternative Liquidator. Each attending creditor or proxy holder votes for their preferred proposed Liquidator. The proposed Liquidator with the highest value of votes is appointed.

Creditors of the company are entitled to join a Committee of Inspection. This is a voluntary role and the members of this Committee will be required to meet with the Liquidator during the course of the liquidation to receive updates and to approve certain courses of action proposed by the Liquidator.