FREE GUIDE FOR COMPANY DIRECTORS

12 questions to ask before you liquidate

Personal guarantees, your director's loan, staff, HMRC, Bounce Back Loans, buying assets back and starting again, answered in plain English by licensed insolvency practitioners.

★★★★★ **Five-star Google reviews**

Licensed insolvency practitioners, authorised by the Insolvency Practitioners Association

LMB Liquidate MyBusiness

INSOLVENCY PRACTITIONERS ASSOCIATION

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Free, confidential advice: 0330 127 1899

Before you start

If you're reading this, your company is probably under pressure and you're worried about what happens next. That's normal. Most directors we speak to have the same handful of questions, and most of the answers are more reassuring than they expect.

This guide sets out the twelve questions we think every director should ask before choosing a liquidator, why each one matters, and a short answer to each. Use it to prepare for a call with us or with anyone else.

It is general information, not advice for your specific situation. For that, speak to a licensed insolvency practitioner. We offer free, confidential advice: call **0330 127 1899** or book a call at liquidatemybusiness.com/book-a-call.

QUESTION 1

Is liquidation actually the right option for my company?

Liquidation is the right answer when a company can't pay its debts and has no realistic way back. It isn't the only option, and a good practitioner will tell you if something else fits better.

If the business is viable but short of cash, a Time to Pay arrangement with HMRC or a company voluntary arrangement (CVA) may let it carry on. If the company has no debts and no assets, a simple strike-off at Companies House is far cheaper.

> **In short:** We start every conversation by checking whether liquidation is right for you. If it isn't, we'll say so, and the advice is free.

QUESTION 2

What will it cost, and who pays?

Our fixed fee for placing an insolvent company into liquidation starts from £1,750 + VAT. It covers all the costs of getting the company into liquidation, including the statutory advertising and notices. That typical fee is for a company registered in England and Wales with up to 10 employees. It is higher for companies registered in Scotland or Northern Ireland, or with more than 10 employees. We confirm your fixed fee in writing before you sign.

Where the company has assets, such as cash in the bank, vehicles or money owed to it, the fee may be paid from them. Where the company has nothing left, the fee is usually paid by the director or a third party. If needed, the fee can be split into a deposit and a second payment before the creditors are asked to approve the liquidation. Be wary of very low quotes that add extras later; ask what is included.

> **In short:** Ask for the fixed fee in writing, what it includes, and who will pay it. You should know before you commit.

QUESTION 3

Will I be personally liable for the company's debts?

Usually not. A limited company's debts belong to the company. The main exceptions are:

• debts you have personally guaranteed;
• an overdrawn director's loan account;
• carrying on trading and taking credit when you knew the company couldn't avoid insolvent liquidation (wrongful trading);
• in specific cases, unpaid National Insurance where HMRC can show fraud or neglect.

Taking advice early and following it is one of the best protections a director has.

In short: Tell us honestly about anything that worries you. Most of these risks are manageable when they're dealt with early.

QUESTION 4

What happens to my personal guarantees?

Liquidation ends the company, but not a personal guarantee. If you guaranteed a bank loan, overdraft, lease, asset finance or a supplier account, that creditor can ask you to pay under the guarantee.

Make a list of every guarantee you have signed. Many lenders will negotiate, particularly where the amount is more than you can afford. You may want separate personal advice on your own position.

In short: We help you identify guarantees at the start, so there are no surprises later.

QUESTION 5

I owe the company money on my director's loan account. What happens?

An overdrawn director's loan account is an asset of the company, and the liquidator has to collect it for the creditors.

It can often be reduced by money the company owes you, and repayment can usually be agreed in instalments or settled for what you can realistically afford. Trying to clear it with paperwork, such as backdated dividends or salary, can make matters worse.

In short: Tell us about it on the first call. We'll explain how it works in practice, what a realistic repayment plan might look like, and when it may not be pursued at all because you genuinely can't repay.

QUESTION 6

What happens to my employees?

Employees are made redundant when the company goes into liquidation. They can claim statutory redundancy pay, notice pay, some unpaid wages and holiday pay from the government's Redundancy Payments Service, subject to statutory limits.

The liquidator provides the information employees need to claim. If 20 or more people will be made redundant, there are extra notification and consultation duties, so tell us early.

If you plan to carry on through a new company, your staff can move across too. Where the new company buys the business before the liquidation, employees usually transfer under TUPE, keeping their terms and length of service. Tell us early so it's handled properly.

> **In short:** Helping your employees with their claims is included in our fixed fee. Not every firm does this, so it's worth asking.

QUESTION 7

Can I claim redundancy as a director?

Possibly. Directors who were employed by the company and paid through payroll may be able to claim from the Redundancy Payments Service, like other employees. The Service will look at your contract, your pay records and how you worked in the business.

Directors paid only through dividends usually can't claim.

> **In short:** We'll tell you on the first call whether you're likely to qualify, and what evidence helps.

QUESTION 8

The company owes HMRC. Does that change anything?

HMRC debts are very common, and they don't stop you liquidating. HMRC is simply another creditor. For some debts (VAT, PAYE income tax and employees' National Insurance) it ranks ahead of ordinary unsecured creditors, but the process is the same, and we deal with HMRC for you.

In the meantime, don't pay yourself or favoured creditors ahead of HMRC, and don't take on new credit. If HMRC has issued a statutory demand or a winding-up petition, call us straight away; it can usually still be dealt with.

> **In short:** From the day you instruct us, HMRC deals with us rather than you. We'll help you through it.

QUESTION 9

What about a Bounce Back Loan?

A Bounce Back Loan doesn't stop you liquidating your company. You can, and many directors do. The loans were made to the company without a personal guarantee, so you aren't personally liable just because the company can't repay.

The liquidator must check how the money was used and whether the company was entitled to the amount borrowed. If it was used for personal purposes, the director may be asked to repay that part.

In short: Talk to us in confidence before the liquidation. It's far better to understand your position first.

QUESTION 10

Can I buy the company's assets back?

Yes. A director can buy assets from the liquidator, such as vehicles, equipment, stock or the business itself, at a fair price based on an independent valuation. The sale is reported to creditors.

We often deal with this before or shortly after the liquidator is appointed, so the business isn't disrupted, and payment terms can be agreed where appropriate.

Anything on finance or lease belongs to the finance company, so it is either settled, transferred with their agreement, or returned.

In short: If you want to keep your van, tools or the business, tell us at the start and we'll explain how it works.

QUESTION 11

Can I start a new company, and use the same name?

Yes, most directors can be a director of another company straight away. There is one important rule: for five years you can't use the same or a similar name to the liquidated company unless an exception applies. There are three:

- the new company buys the business from the liquidator and gives the required notice in time;
- you apply to the court for permission within seven days of the liquidation;
- the other company has already been using the name for at least 12 months before the liquidation, and wasn't dormant.

Breaking this rule can make you personally liable for the new company's debts. Take personal advice on your own situation, and check with us too before using the name.

In short: Planning to carry on trading? Tell us before anything is signed and we'll show you how to do it properly.

QUESTION 12

Will I be investigated or disqualified?

Every liquidator must send a report on the directors' conduct to the Insolvency Service. This happens in every case, and it isn't an accusation. For directors who have acted honestly, it is routine.

The Insolvency Service, not the liquidator, decides whether any further action is needed. It looks at all the circumstances, such as what happened, why, and how you acted once you knew the company was in difficulty. Disqualification is reserved for serious cases where it is in the public interest. Taking advice early and co-operating with the liquidator both count in your favour.

> **In short:** Most directors we help are never contacted by the Insolvency Service again.

The 12 answers at a glance

1	Liquidation isn't the only option. We'll tell you if something else fits better.
2	Our fixed fee starts from £1,750 + VAT, confirmed in writing before you sign.
3	The company's debts usually stay with the company, not with you.
4	Personal guarantees survive liquidation, so list them at the start.
5	An overdrawn director's loan account is usually resolved by agreement.
6	Staff claim from the government, and our help with their claims is included.
7	Directors on the payroll may be able to claim redundancy too.
8	HMRC is just another creditor, and we deal with them for you.
9	A Bounce Back Loan doesn't stop you liquidating your company.
10	You can buy assets back at a fair, independent value.
11	You can start again; check with us before reusing the name.
12	The director's report is routine, not an accusation.

WHY DIRECTORS CHOOSE US

- Speak to the liquidator, not a salesperson
- Fixed fee, confirmed in writing
- Help with staff claims included
- Everything by phone, email or Teams: no meetings

READY TO TALK?

0330 127 1899

Mon–Fri 9am–5pm

Book a free call:
liquidatemybusiness.com/book-a-call

See your fixed fee:
liquidatemybusiness.com/quote

What we'll ask you for

You don't need any of this to have a first conversation, but it helps to have it to hand:

- The company name and number
- Latest accounts or management figures, and recent bank statements
- A list of creditors and roughly what each is owed, including HMRC
- Letters from HMRC, the bank, solicitors or the court
- What the company owns: vehicles, equipment, stock, money owed to it
- Any finance, lease or hire-purchase agreements
- Any personal guarantees you have signed
- Details of employees, if any

How it works with us

1	**Free call**	Speak to one of our licensed insolvency practitioners by phone or Teams. We confirm whether liquidation is right and give you a fixed fee.
2	**Sign online**	One engagement letter, signed electronically. We start straight away, and within days notices tell your creditors and HMRC to deal with us, not you.
3	**Appointment**	We run the shareholder and creditor decisions remotely. The liquidator is formally appointed once they approve it, typically within two to three weeks.
4	**Closure**	We deal with assets, creditors, staff claims and the statutory reports, then the company is dissolved.

What our clients say

★★★★★

“Fantastic company to deal with. Communication and Customer service is outstanding. Questions and queries answered promptly. Kept informed of processes that would be followed regularly. Would highly recommend this company.”

Linzi T. · Google review

★★★★★

“Avner and Jose have been excellent at handling the solvency of our company. They are very quick at their response and are always available to speak. Technically they are very strong at the work and expertise.”

Gaurang M. · Google review

★★★★★

“Great, efficient and friendly service and we would highly recommend them!”

Pesach D. · Google review

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Licensed insolvency practitioners, authorised by the Insolvency Practitioners Association and members of R3, the trade body for insolvency professionals. Thousands of appointments as liquidator between us.

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