

Pre Liquidation Checklist for Directors

A list of the practical issues you must face when closing a company



This checklist assumes that you have already decided that the company is not viable and so needs to be wound-up in some way. There are a number of issues to consider and this list is designed so that:

- You can start thinking about the practical issues you will face; and
- Your Advisers can receive the relevant information and then provide you with the best advice.

Your Advisors will have more questions but this is a good start.

Topic	Question	Your Response
If the company is still trading	How many locations does it trade from?	
	How many staff do you now employ?	
Winding-Up	The usual process for winding-up a business is to address the practical aspects first. In that situation it would be necessary to undertake the following tasks: <ul style="list-style-type: none">• Shut the doors;• Stop buying new stock and supplies;• Terminate the employment of staff;• Notify the landlord;• Notify creditors;• Sell the remaining assets of the company and bank the proceeds to the company bank account	
	Are you able to undertake those tasks yourself or will it be necessary to have assistance (probably a Registered Liquidator)?	
Assets	Do you have an asset listing?	
	Have you attempted to find a buyer for the whole business, or specific assets?	
	Are the assets wholly owned by your company, or is there finance against them?	
Liabilities	Do you have a list of all creditors and the total owed?	
Financial Accounts	When was the last set of financial accounts prepared and for what period?	
	Do the accounts show Director's Drawings or "Director Loans" in the assets section of the Balance Sheet?	

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Tax Issues	Have you been lodging the BASs on time?	
	Does the company's Running Account with the ATO include amounts for PAYG? (Note: you can be personally liable for that debt)	
	Is there any unpaid Superannuation deductions?	
Personal Guarantees	It is usual for a Bank to require a Personal Guarantee from a director for any Bank lending or facilities. How much do you owe the Bank and do they have security over your house?	
	It is usual for a director to sign a Personal Guarantee for any unpaid rent. How long is left to run on the premises lease and how much is outstanding at present?	
	Often trade suppliers will a Personal Guarantee from a director as a required term of trade. Did you sign any such Terms of Trade or any other specific Personal Guarantees?	
Insolvent Trading	Consider when you first thought the company might be insolvent and whether the company incurred any new debts after that time?	
Liquidation	If it turns out you need to appoint a Liquidator, is it likely all directors and shareholders will be in agreement with that approach?	
	Have you been the director of any other companies that have entered liquidation in the last seven years?	

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