

CASE STUDY

CREDITORS VOLUNTARY LIQUIDATION (“CVL”)

MANUFACTURER

BACKGROUND

This blind manufacturing company had sought to continue trading through its financial difficulties by seeking to enter into a Creditors Voluntary Arrangement. This was rejected by creditors and subsequently the Company was placed into Creditors Voluntary Liquidation. Several matters of concern had been raised regarding the Company’s affairs and dissipation of assets.

ACTION TAKEN

Upon appointment the following steps were instigated: -

- A detailed review of the Company's financial position and movement/dissipation of assets.
- Identification of a shadow director and his role in the management of the Company.
- Identification and investigation into Antecedent Transactions.
- Review of transactions between associated Company's
- Negotiation with the Company's Bank regarding legal charge registered and application of recent case law *re: Spectrum Plus Limited*.
- Litigation to recover funds.
- Sale of the Companies trading names.

CURRENT POSITION

Evidence of a shadow directorship has been established together with a number of Antecedent Transactions. Litigation is currently in process to recover a substantial amount of funds for creditors. Reporting has resulted in the Department of Trade and Industry taking action against individuals.

Early distributions have been made to the Bank in respect of their legal charge and the payment of preferential creditors in full. Due the investigations carried out and subsequent litigation, it is anticipated that further recoveries will be made to enable payment in full to the Bank and a distribution to unsecured creditors.

UK Recovery Helpline

If you need assistance Freephone: -

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