



# **AM I REALLY READY TO PUT MY COMPANY INTO LIQUIDATION?**



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In this Guide you will find elements that you need to consider before putting your Company into Liquidation. Please note that this guide only scratches the surface as I wanted to give you a list of considerations that every Director should consider before putting their Company into Liquidation.

### **HERE IS WHERE YOUR THINKING MAY BE...**

You may think that you are ready to put your Company into Liquidation.

You may think that a Liquidation is your only answer.

You may be feeling scared and not sure who is on your side to help you through your Company's overwhelming debt position.

Ultimately you may be feeling fearful of the unknown and what a Liquidation looks like?

All those feelings are completely natural, all the Directors we have met and talked to over the past 18 years, have felt the same as you do now.

***Be rest assured that help is here for you.***

But we need to work through these issues NOW so that you have more options and time to deal with them proactively.

*Putting your head in the sand will only make things worse in the long run.*

# THE WRONG WAY TO PUT YOUR COMPANY INTO LIQUIDATION

A Liquidation should not be a knee jerk reaction to those nasty letters of demand that you may have received from a supplier or the ATO that is seeking payment from your Company. The knee jerk reaction often leads to steps being missed and to a loss of assets that Directors may not be ready to provide to a Liquidator.

A Liquidation of a Company should be a planned move to end a Company's life where there is an overwhelming debt position.

## THE ROLE OF THE LIQUIDATOR

It is important to define the role of a Liquidator and who a Liquidator truly represents. You may have met with a Liquidator upon the advice of your accountant, trusted advisor, or best friend long lost uncle, that does not matter. The Liquidator may be friendly and helpful to a point. You would have talked about everything that your Company did and why it is in its current financial position.



But did you ask this important question?

*How will the impending Liquidation of my Company affect me personally and my personal assets?*

Whether you have personal assets is not significant at this point. The Liquidator is not able to provide you with an answer to that question because **A LIQUIDATOR DOES NOT REPRESENT THE DIRECTOR OF THE COMPANY.**

Let's get this straight from the beginning: **A LIQUIDATOR HAS A FIDUCIARY DUTY TO THE CREDITORS OF THE COMPANY!!!** That means that the Liquidator can not provide personal advice to a Director and remain as the Liquidator of their Company as it would be a conflict of interest.

That may have come as a shock to a lot of people because they have paid the Liquidator money to deal with the debt issue of the Company. The Liquidator will deal with the Company's debt issue but without concern or thought for the consequences to the Company's Director(s).

## **DIFFERENCE BETWEEN A COMPANY AND A BUSINESS**

You will notice that I have said Company so far and not business. This is a purposeful move as there is a distinction. A business sits inside a Company. The business is the day-to-day trading of the service or the good(s) whereas the Company is a vehicle that the business trades from. *For example, if you have ABC Pty Ltd trading as XYZ childcare, the XYZ childcare is the business whereas the Company is ABC Pty Ltd.* They are different from each other and can be removed from each other.





# THINGS THAT YOU MUST HAVE CONSIDERED....

Ok let's get to the things that you need to have considered BEFORE putting your Company into Liquidation....

## 1. REASON

What is the reason that you are putting the Company into Liquidation? Look beyond the obvious here – I know you are saying “Nathan its because there are so many debts, I do not think there is any other option” and I get that.

But are you answering yes to any of these statements:

- I have had enough of doing the business.
- I am sick of chasing people for payment of my invoices.
- There is no longer a market for my goods or services.
- My good or service is now obsolete by new technology.
- I hate my business partner / other directors of the Company.
- Stick a fork in me - I'm done.

Because often the debt position is a by product of the above. If you have answered yes to any or all the above statements, then Liquidation may be the right option for your Company.

But if you are saying No to the above statements, you may want to reach out now and have a chat about what the future looks like and what changes you want to make to deal with the debts – book a complimentary meeting with me at <https://bit.ly/businessdebtfreedom>

## 2. BUSINESS

As discussed previously there is a distinction between a Company and its business (refer page 5, if you missed it).

You may have a great business idea, but it has not translated to the market.

You may have put all your eggs into one debtor, and they have refused to pay you or they have put their own Company into Liquidation.

Something beyond your control may have happened to you – dry up of customers, divorce, debtors, death of a loved one, which has caused you to take your eye off the business for a while and the debts have now piled up without the cashflow coming in. These things happen but now it is time to kick off focusing on sales.

So objectively can you answer yes to the following questions:

Are the bones of this business good?

- This means:
  - Have you got a market that you can sell your goods or services to?
  - Have you got existing customers that still want your goods or services?
  - Have you got a customer base to market to?
  - Have you got referral partners that can consistently refer you work?

Are you ready to learn from the mistakes of the past?

If I show you how to structure your business properly and introduce you to people to help you on your business journey, would you be open to the advice?

If you have answered yes to any of these questions, YOU may be a prime candidate for our restructuring program. This is where I hold your hand all the way through rebuilding your business WITH you (not for you).

### 3. ASSETS

The number one issue I see is Directors have left assets in their Company that they are still using. The number 1 asset left in Company's in Liquidation is a financed motor vehicle. 90% of the time it is the motor vehicle that your significant other is currently driving – this is a 1-way ticket to spending some valuable sleep time on the couch.

However, there may be other assets that you want to keep:

- Plant and Equipment,
- Tools,
- Client lists,
- Websites,
- Mobile Phone Numbers, and
- Intellectual Property

One way is to negotiate a purchase price with the Liquidator during the Liquidation.

If you want an easier way to retain these assets without having to negotiate with a Liquidator, then reach out to me via <https://bit.ly/businessdebtfreedom>





Of course, there is a tone more that I couldn't possible fit into this pdf, so if you are wanting to keep up to date with the latest then make sure to

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