

Company liquidation

The Insolvency and Trustee Service's role in liquidations

The Official Assignee only deals with liquidations where it has been appointed liquidator by the court or, in certain circumstances, by itself.

The meaning of 'liquidation'

Liquidation is a process where the assets of a company that cannot pay its debts, are distributed by a liquidator or the Official Assignee.

What is company liquidation?

A company is placed into liquidation when it is unable to pay its debts. This is done voluntarily or by a court order.

A liquidator is appointed to investigate the company's financial affairs, establish the reason why the company failed, investigate possible offences, and identify and sell any assets to help repay creditors. Officers of the company must assist the liquidator by providing information and answering questions.

[Accountants and solicitors](#) can help provide information about options for insolvent companies.

The liquidation process

All liquidations will vary as they are dependent on a number of things. For example, the company's financial affairs, the reasons why the company failed, possible offences, the amount or value of the company assets and more.

Step one | The company is unable to repay its debt to its creditors

Step two | The decision is made by either the company itself or its creditors that it is going to be placed into liquidation. This can be done by one of the following:

- **A court order**
This application is made through the court by a creditor, the company director/s, the company shareholder/s, an administrator or the Registrar of Companies.
- **A resolution for voluntary liquidation**
This is passed by the company shareholders or as a Board (as outlined within the company's constitution).
- **A creditor's resolution**
This is passed by the creditors at a watershed meeting.

Step 3 | A liquidator is nominated and appointed

Step 4 | The appointed liquidator notifies the Companies Office

Step 5 | The liquidation is advertised to the public on the Insolvency and Trustee Service website [here](#).

Step 6 | Creditors hold a meeting to confirm the company liquidator.

Step 7 | The administration of the liquidation starts. This may include the following things;

- the company being closed
- the assets of the company being identified
- identifying all creditors
- receiving claims from creditors and payments being made to creditors (dividends).

Step 8 | Ongoing reports are sent to creditors

Step 9 | Completion of administration

The final report is sent to creditors and the [New Zealand Companies Office](#) is notified of the liquidation completion. This leads to the company being removed from the companies register.