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| **t** | **General** |  |  |  |
|  | The directors must be informed of the necessity to verify and deliver a copy of the Statement of Affairs (**SoA**) prior to the creditors’ decision on the nomination of a liquidator – this must be delivered to creditors not later than on the business day immediately before the ***decision date*** (whether by ***deemed consent*** or a ***virtual meeting***)  Any delay in the preparation of the SoA will delay the commencement of the CVL – this is covered off in the engagement letter |  | R6.14(7) |  |
|  | The SoA must be made up to a date NOT more than ***14 days*** before the resolution to wind-up is passed by the members  If a Centrebind liquidation is anticipated, the resolution to wind-up will have been passed by the members ahead of the creditors’ ***decision date*** – note in these circumstances, it is necessary to ensure that the SoA is sent to creditors within ***8 days*** of the date of the winding-up resolution being passed by members (if the ***decision date*** is not sooner than this)  **If the resolution to wind-up is delayed (because a physical meeting is requested and the members decide to postpone their decision) such that the SoA date is then outside the 14-day period, it will be necessary for the SoA to be re-dated and verified. The re-dated version will need to be filed with the Registrar but the Rules do not require this to be re-sent to creditors**  The content of the SoA can be found in R6.4 and the SoA must be deliveredto the Registrar within ***5 business days*** after completion of the ***deemed consent*** procedure or ***virtual meeting*** of creditors to appoint the liquidator  If a moratorium under Part A1 of the Act is, or has been, in force for the Company at any time in the period of 12 weeks ending with the day on which the resolution to wind-up is passed, then the SoA must identify which of the debts owed by the Company are:   * Moratorium debts, and * Priority pre-moratorium debts   within the meaning of section 174A of the Act  *Note that references to ‘preferential debts’ in R6.4(1)(c) and (d) has effect from 1/10/21 as to include the above debts* |  | R6.3(2)(b) & (c)  s99(1)  R6.4  R6.3(5)  Insolvency (E&W)(No2) (Amendment) Rules 2021 |  |
|  | Assess the reliability of the Company’s records and consider whether third party assistance eg, the Company’s auditors, is needed in the preparation of the SoA. If so, issue a letter of instruction and confirm the fee arrangement  Ensure the preparer is aware of the need to produce separate schedules of any employee and consumer claims – see 17 below for further information | CVL108 - L |  |  |
|  | Prepare the draft SoA or monitor completion by the third party  Ensure that the SoA reflects HMRC’s revised status as a ***secondary preferential creditor*** with effect from 1/12/20 when preparing financial information. Remember that it applies (without limit in terms of the age or quantum of the debt) to the following forms of taxation:   * VAT * A relevant deduction, including:   + Student Loans   + PAYE Income Tax   + Employee National Insurance contributions   + Construction Industry Scheme deductions   Secondary preferential status means that claims falling within this category rank ***after*** employee claims (ordinary preferential debts)  A notice requiring a “relevant person” to produce a Statement of Concurrence to the effect that they agree (or otherwise) with the SoA can be issued  The time limit for delivering the Statement of Concurrence to the Liquidator is ***5 business days***from the date of receipt of the SoA (unless a different deadline is agreed)  The Statement of Concurrence can be qualified to the extent that he/she does not agree with the SoA or considers it to be erroneous or misleading | CVL201 - F | lnsolvency Act 1986 (HMRC Debts: Priority on lnsolvency) Regulations 2020  R6.5 |  |
|  | **Assets** |  |  |  |
|  | Consider whether formal valuations will be necessary in order to prepare the SoA – if so liaise with agents as soon as possible |  |  |  |
|  | List all freehold & leasehold property. Obtain an estimate of value. Ascertain whether any charges exist in favour of lenders |  |  |  |
|  | Obtain details of all landlords. Check the rent position and whether any action has been taken in respect of arrears |  |  |  |
|  | Obtain details of the following items and an estimate of their value:   * All motor vehicles * Office furniture and equipment * Plant and machinery   List assets subject to finance, HP or lease agreements | CVL202 - F |  |  |
|  | Obtain a list of Stock & WIP and note:   * Slow moving and obsolete stock * Third party stock held * Company stock with third parties * Potential claims for reservation of title * Perishable stock |  |  |  |
|  | Obtain a full list of all book debts, including names and addresses and copy invoices and ascertain if any of the book debts are subject to factoring/invoice discounting agreements – if so, take copies of agreements and determine the outstanding balance due  Obtain an estimate of the realisable values |  |  |  |
|  | Obtain details and list other assets including:   * bank credit balances * bank and other deposits & investments * intellectual property, licences, trademarks, patents, etc - confirm company ownership * hauliers’ licences * insurance claims * tax and VAT refunds * pension fund surplus * cash balances held on site or in company bank accounts * assets subject to walking possession agreements entered into which may be recovered where the recovery action has not been completed |  |  |  |
|  | Confirm adequate insurance cover exists up to the appointment of a liquidator or arrange alternative cover. Note that open cover may be needed in situations where the members pass the resolution to wind-up the company ahead of the creditors’ ***decision date*** |  |  |  |
|  | Check existing security arrangements and whether any additional steps are required to secure the company’s assets |  |  |  |
|  | Liabilities |  |  |  |
|  | Obtain details of all debenture holders and any other secured creditors other than by debenture |  |  |  |
|  | If a moratorium has been in force for the Company at any time within the period of 12 weeks ending on the day it is proposed that the winding-up resolution will be passed, consider debts owed by the Company which are moratorium debts and priority pre-moratorium debts within the meaning given by section 174A of the Act – see point 2 above – these must be identified in the SoA |  | R6.4  Insolvency (E&W)(No2) (Amendment) Rules 2021 |  |
|  | List all finance, HP and lease agreements and obtain settlement figures and balances outstanding. Consider consolidation clauses | CVL202 – F |  |  |
|  | Obtain details of preferential claims including:   * Wages and Salaries * Holiday pay * Pension contributions * Subrogated claims for wages |  |  |  |
|  | Obtain a full list of unsecured claims including:   * Trade and expense creditors * Utility companies * Landlords * Finance, HP and leasing liabilities * H M Revenue and Customs * Employee and former employee claims**\*** * Consumer creditors for deposits and payments in advance**\*** * Sub-contractors * Maintenance agreements * Guarantees * Legal costs re actions commenced or defended   **\*Separate schedules of these two categories of creditors must be prepared, the total number of such creditors and the total of the debts due to each of these categories should then be reflected in the main body of the SoA**  **The schedules *should* be included in the SoA sent out to creditors but NOT with the copy of the SoA lodged at Companies House** |  | R6.4(3) & (4)(b)    R6.3(6) |  |
|  | Obtain details of any judgment creditors, distraint notices or executions. Obtain details of Sheriff, Sheriff’s Officer and Bailiffs and copy any possession notices received |  |  |  |
|  | List guarantees granted by the company or personal guarantees granted by directors. Where given in support of bank or other lending, check the movement on the account and consider the possibility of a preference |  | s240 & s241 |  |
|  | Accurate creditor information will be required to be able to determine whether the threshold for objecting to the ***deemed consent*** procedure has been reached (10% in value of those creditors entitled to vote) OR whether the threshold for creditors (the “10/10/10 rule”) to request a ***physical meeting*** has been met |  | s246ZE  s246ZF |  |
| **Manager review of checklist** | | | | |
| Name: | | | | |
| Signature: | | | | |
| Date: | | | | |
| Comments: | | | | |