## What Does a Liquidator Do?

A liquidator, also known as an administrator, gets appointed to take over the company. They'll collect the assets, pay any debts, and distribute the remaining surplus among members based on their rights. This happens when the business is dissolved in compliance with the formalities stated in the company's ordinance. Part of the role of a liquidator is to look into any company affairs in case they need to recover the assets of a business that have been sold or misplaced at a price that's less than market value.

## Reasons Why a Company Would Liquidate

The main reason a company decides to liquidate their assets is because of insolvency. This means a company gets to a point where it can't make necessary payments on time. Liquidation converts all business assets to cash, and payments can then be made with this. You might be forced to go through liquidation if the company isn't solvent anymore. If it stays solvent, it can be controlled by the company's directors. When it's [insolvent](https://www.upcounsel.com/insolvent-company), a liquidator is put in charge of the business.

They'll then be responsible for the details of winding up the company or the liquidation. If a company is considered insolvent, all assets that remain are sold off so the remaining creditors can be paid. Any amount that's left over after the required payments have been made will be distributed among the shareholders.

## **Is your company going into liquidation? Here is what you need to know**

If your company is heading towards liquidation, it is likely that you will have some questions as to exactly what happens during this process. The first thing you should know is that there are in fact two ways a company can go into liquidation – voluntarily, through a procedure known as [a Creditors’ Voluntary Liquidation (CVL)](https://www.realbusinessrescue.co.uk/business-liquidation-and-bankruptcy/creditors-voluntary-liquidation-cvl), or involuntarily, [through a compulsory liquidation](https://www.realbusinessrescue.co.uk/business-liquidation-and-bankruptcy/compulsory-liquidation) where a creditor will petition for your company to be wound up by the courts. During the liquidation process the assets of the insolvent business are sold and the proceeds realised are used to repay as many creditors as possible.

While the exact steps taken will vary depending on the [type of liquidation](https://www.realbusinessrescue.co.uk/business-liquidation-and-bankruptcy/real-business-rescues-liquidation-guide), both processes will be overseen by an insolvency practitioner, or official receiver, and will involve the sale of all of the business’s property, assets, and holdings, followed by the complete dissolution and closure of the company. In other words, whether the liquidation is voluntary or compulsory, the end result will be the same; creditors are paid as much as possible and the company ceases to exist.

### What Happens During a Compulsory Liquidation?

The compulsory liquidation of your company would occur should an individual or company, typically a disgruntled creditor, lodge a [winding up petition (WUP)](https://www.realbusinessrescue.co.uk/winding-up-petitions) with the court. The motivation behind this act would be to recover the outstanding debt your company owes them. This is because as part of the liquidation process, all the company’s assets will be sold and this money distributed amongst outstanding creditors. Therefore if your creditors have reason to believe your company has valuable assets, petitioning for its liquidation may seem like their best chance of recovering the money they are owed.

Although the petitioner is often a creditor, this is not always the case. Shareholders or any other interested party can present a WUP to the court as long as they have a legitimate reason for doing so. The directors of the insolvent company can also legally lodge a petition to have the company wound up, but this is usually handled through a voluntary liquidation instead. If your company fits more than one of the following criteria then it could be at risk of being forced into compulsory liquidation:

* Total debts and liabilities exceed the value of all assets
* Unable to pay debts as and when they become due
* In arrears with HMRC
* Number of company members has fallen below the statutory minimum prescribed
* Has failed to re-register as a public or private company appropriately
* Has not commenced trading within the statutorily established time (typically one year) of incorporation

After the compulsory liquidation is underway the process of selling the company’s assets begins, while all litigation involving the company usually ceases. In other words, any legal actions taken by creditors are considered void once the liquidation has begun as the company is in the process of being closed down and will soon cease to exist as a legal entity.

### What happens during a voluntary liquidation?

The process of voluntary liquidation is generally less stressful as the procedure can be planned in advance to minimise disruption. As the company directors have access to the assistance and guidance of an insolvency practitioner who will manage the entire process there is often very little for the director to do once proceedings have been initiated. As long as the necessary reasoning can be demonstrated to show voluntary liquidation will provide the best outcome for the company’s creditors, then approaching a liquidator to place the company into is surprisingly straightforward.   
  
After discussing your situation with [an insolvency practitioner](https://www.realbusinessrescue.co.uk/articles/business-insolvency/what-is-an-insolvency-practitioner) you may find that there are more suitable solutions than liquidation available which may either allow the company to continue trading, or to maximise the return to creditors. This could involve negotiating with creditors and entering into [a Company Voluntary Arrangement (CVA)](https://www.realbusinessrescue.co.uk/company-voluntary-arrangement-cva) to reduce monthly outgoings, or placing the company [into pre-pack administration](https://www.realbusinessrescue.co.uk/pre-pack-administration) should the directors wish to purchase assets of the business and start up again.

## Three Kinds of Liquidation

It may seem like a liquidation is fairly straightforward, but there are three types of circumstances where a company gets [sent into liquidation](https://www.upcounsel.com/total-liquidation). For each type, a certain process must be followed. The first type is compulsory by the court. If a company is established and registered under an ordinance, it might get wound up by the court. This is also known as compulsory winding up. The following are other reasons this might happen:

* If a company passes a special resolution
* If the company can't fully pay its debts and the director applies to the court to ask that the liquidation process is started
* If a company does any illegal business
* If accounts aren't maintained
* If a statutory report isn't submitted to the registrar
* If the company can't start after a year of being incorporated

Sometimes, a business owner might decide to [end the company](https://smallbusiness.chron.com/accounting-entries-closing-company-24905.html) for certain reasons. The company might still be able to make its payments by the deadline due to voluntary liquidation. It's up to the business partners or owners to wind up. This happens when the company's director recognizes that the business won't be able to pay off its debts and can start the liquidation process after they hold a vote among the shareholders. If more than 75 percent of the shareholders decide to liquidate, the process may begin.

The main point of a voluntary winding is the creditors and the company will settle their problems without taking it to court. However, they may apply for directions to the court and order if it's necessary. This can also happen when a certain period of time for the company expires or if the business passes a resolution voluntarily. Sometimes the company's Articles of Incorporation will state that when a specific event occurs, the business must close.

The third reason for [liquidation](https://www.accountingtools.com/articles/2017/5/9/liquidation) can be when there is winding up that happens under a court's supervision. If a company passes an extraordinary or special resolution for the winding up or liquidation, the court passes an order on the creditors' or contributors' applications for closing a business under a court's supervision.

* **Rates of Shipments**

## How to calculate shipping costs

Shipping costs vary depending on a variety of factors, from package measurements, shipment type, weight, location, and more. Once these variables are calculated, a carrier will put a price on your shipment.

Here are six variables that can affect the cost of shipping for your online store.

### 1. Package dimensions

All major carriers use a pricing technique called [dimensional weight](https://www.shipbob.com/blog/dimensional-weight-explained/) (also called DIM weight) to calculate shipping rates. Dimensional weight takes into account the size of a package to determine the shipping cost.

DIM weight is calculated by multiplying the length, width, and height of the package, then dividing by a standard DIM divisor. Shipping carriers like USPS, FedEx, and UPS calculate shipping charges based on whichever is greater: the actual weight of the package or its DIM weight. Whichever is higher becomes the billable weight for which your business will be charged.

### 2. Package weight

The package weight is how heavy the package is — no DIM divisor or calculation necessary. As mentioned above, if this number is higher than the DIM weight, it’ll be used to calculate shipping costs. The heavier and larger the package, the more expensive it will be to ship.

### 3. Shipping destination

Carriers use [shipping zones](https://www.shipbob.com/blog/shipping-zones/) to calculate shipping rates. Shipping zones measure the distance between a package’s point of origin and its destination. In the US, these can range from Zone 1 to Zone 8.

Shipping zones are calculated based on where your package is shipped from. This means that two different points of origin shipping to the same destination may be shipping to completely different zones.

As a rule of thumb, the higher the shipping zone, the more expensive a package will be to ship.

### 4. Value of contents shipped

If you’re shipping very high-value products, you may want to have your shipments insured. Shipping insurance offers reimbursement to senders whose parcels are lost, stolen, and/or damaged in transit. While useful, this service can add significantly to your shipping cost.

### 5. Delivery times

Thanks to Amazon Prime, customers expect fast shipping everywhere they shop online. However, if you’re shipping from only one location, fast shipping gets more expensive as zones get higher. For example, 2-day shipping to a customer in Zone 1 can be done through ground shipping; [2-day shipping](https://www.shipbob.com/blog/guide-offering-affordable-2-day-shipping/) to Zone 8 will require more expensive expedited air shipping.

### 6. Unexpected problems

No matter how airtight your shipping strategy is, unexpected issues may come up from time to time. These can range from delays in shipping to lost or damaged items. While you can never predict exactly what will happen, make sure to leave some wiggle room in your shipping budget in case of emergency.