

Liquidation

TT Profession

15 December 2023



inspire Trust

Liquidation under Insolvency, Restructuring and Dissolution Act 2018 (IRD)

Liquidation is a process to close a company when:

- The business objective of the company accomplished
- Exit of shareholder's investment
- Closure of company due to streamlining of group structure

Common mode of liquidations

Members' voluntary winding up

- Constitution expires or events happens of which the constitution provides
- Special resolution of members

Creditors' voluntary winding up

- In case of insolvency, the company cause a creditors' meeting

Striking off

- Company ceased trading
- Company was dormant since incorporation

Members' voluntary winding up

Members' voluntary winding up

| Time period | Steps | IRD Act |
|----------------------------|--|---------|
| Commencement date Day 1 | <ol style="list-style-type: none"> 1) Majority of directors of the company to make a written Declaration of Solvency during the meeting of directors. 2) File the declaration of Solvency with the Registrar. | |
| | <ol style="list-style-type: none"> 3) Notice of Extraordinary General Meeting (EGM) to be convened for the purpose of passing a Special Resolution to wind up the company to be sent to the members. | |
| | <ol style="list-style-type: none"> 4) An Ordinary Resolution appointing the liquidators (and approving their remuneration) to be sent to the members too. | |

Members' voluntary winding up

| | | |
|---|---|--|
| <p>Within 5 weeks from commencement date Within day 35</p> | <p>5) EGM must be held within 5 weeks from the Directors' Meeting executing the solvency declaration (valid for 5 weeks). Appointment of <u>approved</u> liquidator to be the provisional liquidator between the issuing of Declaration of Solvency and the holding of EGM.</p> | |
|---|---|--|

Members' voluntary winding up

| | | |
|---|---|--|
| <p>Within 14 days of appointment of provisional liquidator Within day 14</p> | <p>6) Notice of appointment of the provisional liquidator and a copy of the statutory declaration must be advertised within 14 days of the appointment of provisional liquidator in at least 4 local daily newspapers, one each published in the English, Malay, Chinese and Tamil Languages respectively.</p> <p>A Special Resolution passed at the EGM, on approving the winding up by a majority of not less than 75% of the votes of the members entitled to vote needs to be passed.</p> | |
| | <p>7) A second Special Resolution has to be passed, empowering the liquidator(s) to divide all or any of the properties and assets of the company among the members. At the EGM of liquidating the company</p> | |

Members' voluntary winding up

| | | |
|--|---|--|
| <p>Within 7 days for ACRA filing of resolution</p> <p>Within 10 days for publication of Resolution</p> | <p>8) The Special Resolution is to be filed with ACRA within 7 days after its passing, and within 10 days, notice of that Resolution has to be published in one or more newspapers in Singapore. Advertise the special resolution that liquidating the company and distributing the assets.</p> | |
|--|---|--|

Members' voluntary winding up

Within 7 days for ACRA filing of resolution

Within 10 days for publication of Resolution

- 9) The company must ensure that **all documents issued by or on behalf of the company containing the company's name** are amended to **include the words "in liquidation"**. All company books and records to be handed over to the liquidator.

After the passing of the special resolution at the EGM, the member's voluntary liquidation of the company is deemed to have commenced.

The **liquidator** proceeds to **prepare and file the relevant notice and advertisement including the settlement of creditors' claims**. He attends to the **company's income tax clearance, filing of the company's accounts and as well as determining how much is to be returned to the company's shareholders following payment of all the company's liabilities and debts**.

File with IRAS the receipts and payments for tax clearance.

The liquidator must **draw up an account** showing **how the winding up has been conducted and how the property of the company has been disposed of**.

Members' voluntary winding up

| | | |
|---|--|--|
| One month notice | 10) The liquidator must call a final general meeting of the company for the purpose of presenting and explaining the account to the attendees. Advertising for the notice of final general meeting on the date of notice in at least English newspaper | |
| Quorum | 2 members for the meeting | |
| Within 7 days after final general meeting | 11) The liquidator must, within 7 days after the final general meeting, lodge with the ACRA and the Official Receiver, a return stating that the meeting has been held and attaching a copy of the account. | |

Members' voluntary winding up

| | | |
|-------------------------------|--|--|
| Expiration of 3 months | 12) On the expiration of 3 months after the lodging of the form with the Registrar, the company will be dissolved. | |
|-------------------------------|--|--|

Creditors' voluntary winding up

Creditors' voluntary winding up

| | | |
|--|--|--|
| Passed within 5 weeks of Members' voluntary winding up | 1) If the company is wound up in pursuance of a resolution for voluntary winding up passed within a period of 5 weeks after the making of the declaration, but its debts are not paid or provided for in full within the period stated in the declaration, it shall be presumed until the contrary is shown that the director did not have reasonable grounds for his opinion. | |
| | 2) If the liquidator is at any time of the opinion that the company will not be able to pay or provide for the payment of its debts in full within the period stated in the declaration made under section 293, he shall immediately summon a meeting of the creditors and lay before the meeting a statement of the assets and liabilities of the company and the notice summoning the meeting shall draw the attention of the creditors to the right conferred upon them by subsection | |

Creditors' voluntary winding up

| | | |
|------------------|---|--|
| | 3) The creditors may, at the meeting summoned under subsection (1), appoint some other person to be the liquidator for the purpose of winding up the affairs and distributing the assets of the company instead of the liquidator appointed by the company. | |
| Filing with ACRA | 4) Within 7 days after a meeting has been held pursuant to subsection (1), the liquidator or if some other person has been appointed by the creditors to be the liquidator, the person so appointed shall lodge with the Registrar and with the Official Receiver a notice in the prescribed form | |

Creditors' voluntary winding up

| | | |
|----------------------|--|--|
| Meeting of creditors | 5) The company shall cause a meeting of the creditors of the company to be summoned for the day, or the day next following the day, on which there is to be held the meeting at which the resolution for voluntary winding up is to be proposed, and shall cause the notices of the meeting of creditors to be sent by post to the creditors simultaneously with the sending of the notices of the meeting of the company. | |
|----------------------|--|--|

Creditors' voluntary winding up

| | | |
|---|--|--|
| <p>7 days notice by post for creditors' meeting</p> | <p>6) The company shall convene the meeting at a time and place convenient to the majority in value of the creditors and shall —</p> <ul style="list-style-type: none">a. give to the creditors at least 7 clear days' notice by post of the meeting; andb. send to each creditor with the notice, a statement showing the names of all creditors and the amounts of their claims. <p>The company shall cause notice of the meeting of the creditors to be advertised at least 7 days before the date of the meeting in a newspaper circulating in Singapore.</p> | |
|---|--|--|

Creditors' voluntary winding up

| | | |
|--|---|--|
| State of affairs and list of creditors and amount claims | 7) The directors of the company shall — a) cause a full statement of the company's affairs showing in respect of assets the method and manner in which the valuation of the assets was arrived at, together with a list of the creditors and the estimated amount of their claims to be laid before the meeting of creditors; and b) appoint one of their number to attend the meeting. | |
| | 8) The creditors may appoint one of their number or the director appointed under subsection (4)(b) to preside at the meeting. | |
| Quorum | 2 members and 2 creditors | |

Creditors' voluntary winding up

| | | |
|--|--|--|
| | 9) The chairman shall at the meeting determine whether the meeting has been held at a time and place convenient to the majority in value of the creditors and his decision shall be final. | |
| | 10) If the meeting of the company is adjourned and the resolution for winding up is passed at an adjourned meeting, any resolution passed at the meeting of the creditors shall have effect as if it had been passed immediately after the passing of the resolution for winding up. | |

The rest of the process is the same as members' voluntary winding up.

Striking off

Striking off

| | | |
|--|--|--|
| Application made by the directors on behalf of the company | The Registrar may, on the application by a company, strike the company's name off the register on such grounds and subject to such conditions as may be prescribed. | |
| Strike off from the register | The Registrar may not strike a company's name off the register under this section until after the expiration of 60 days after the publication by the Registrar in the <i>Gazette</i> of a notice | |

Striking off

| | | |
|------------------------------------|--|--|
| <p>Conditions for striking off</p> | <ul style="list-style-type: none">• has not commenced business since incorporation or has ceased trading• has no assets and liabilities (current/future)• have obtained the written consent of the majority of the shareholders• has no outstanding tax liabilities with IRAS• has no outstanding employers' CPF contributions owing to the Central Provident Fund Board• has no outstanding debts owed to any other government agency• no outstanding charges in the charge register• is not involved in any court proceedings (within or outside Singapore) | |
|------------------------------------|--|--|

Striking off

| | | |
|----------------------------|--|--|
| Objections to striking off | any person may deliver, not later than the date specified in the notice, an objection to the striking off of the name of the company from the register on the ground that there is reasonable cause why the name of the company should not be so struck off, including that the company does not satisfy any of the prescribed grounds for striking off referred to. | |
| | Upon receipt of a notice of objection, the Registrar - give the applicant or applicants for striking the name of the company off the register notice of the objection, and - in deciding whether to allow the objection | |
| Other | A director of at least 3 defunct companies which had their names <u>struck off the register</u> within a 5-year period is automatically <u>disqualified</u> as director of a company. | |

Licensed Insolvency Practitioner

means

- a) holder of a licence granted under section 51 of IRD Act

Licensed Insolvency Practitioner - Liquidator

Duties of liquidator

- a) Exercise any powers given by the Act, such as settling list of contributories, making calls, summon general meetings of the company
- b) Pay the debts of the company
- c) If winding up more than a year, summon annual general meeting of the company or creditors, not more than 3 months.
- d) Lay before the meeting an account of his acts and dealings
- e) Final meeting, lay before it the account and giving any explanations thereof.
- f) Place advertisement in newspapers in Singapore
- g) Lodge with Registrar (ACRA) and the Official Receiver (through ACRA) return of the meeting

Licensed Insolvency Practitioner - Liquidator

Powers of liquidator (certain powers are extracted as bellows:)

- a) Carry on the business as necessary for the benefit of winding up
- b) Pay creditors
- c) Make any compromise or arrangement with creditors
- d) Compromise any calls and liabilities to calls, debts and liabilities
- e) Appoint a solicitor to assist him in his duties
- f) Do all such other things as are necessary for winding up the affairs of the company and distributing its assets.

The exercise by the liquidator of the powers conferred by this section shall be subject to the control of the Court, and any creditor or contributory may apply to the Court with respect to any exercise or proposed exercise of any of those powers.

Our team

Thomas Tsang

Partner

Licensed Insolvency Practitioner (Singapore), Public Accountant (Singapore), FCA (Singapore), FCCA, CPA (HK), FCA (ICAEW), MBA (UK), MAAT (UK)

Thomas has over 20 years of experiences in audit and assurance of listed and private companies in Singapore, Hong Kong, China and Japan. He had appointed liquidators for members' voluntarily winding up.

Having started his career as auditor with an international accounting firm in Hong Kong from 1990, Thomas has accumulated extensive audit and advisory experiences from international and mid-tier accounting firms. Singapore has been his career base since 1999. He was the audit partner in charge of more than 10 companies listed in Singapore Stock Exchange with operation in the Asia Pacific region during the period from year 2004 to 2015. His clientele were varied and from industries related to teleco service, software development, construction, fruit juice concentrate, logistics, renewable energy, oil and gas, chemical fibres, precision components, animal feeds, forestry, foods, charity and financial services in Singapore, Hong Kong, China and ASEAN.



inspire Trust

TT Profession

(Public Accounting Firm registration no.: T19PF0001K)

- One of our professions is liquidation.
- We are professional in the provisions of tailor-made and client focused services.
- We provide services to business in cost effective and efficient manner.

CONTACT

Thomas Tsang

Email: thomas@ttprofession.com

Mobile: (65) 9612 7046

www.ttprofession.com

ADDRESS

701 Geylang Road

#04-04 Teambuild Centre

Singapore 389687