

Case Study – Receivership (Receiver and Manager)

Facts

1. Company defaults on its obligations to a secured creditor

Reason for this type of Appointment

1. The secured creditor is able to take action, without going to court, to appoint an independent party to look after their interests

Outcome

1. Receiver and Manager takes control of the debtor company
2. Assets are sold to the extent necessary to pay the Receiver's costs, employee priority entitlements and the debt owing to the secured creditor (usually all assets of the company need to be sold)
3. Priority employee entitlements paid
4. Surplus funds are returned to the secured creditor
5. Receiver and Manager resigns leaving the company with any unrealised assets and all ordinary (non-priority) unsecured creditors.

Please note that the above is general information only, a meeting with R.E. Murphy & Co staff should be arranged as soon as possible should a client of yours be experiencing any current or possible future financial difficulty. Further information in relation to R.E. Murphy & Co and insolvency in general is available at this firm's web site at www.remurphy.com.au.