

THE OFFICIAL RECEIVER
PRACTICE CIRCULAR NO. 1 OF 2001
LIQUIDATOR'S SECURITY IN THE WINDING UP OF A
COMPANY BY THE COURT

1 INTRODUCTION

S264(a) of the Companies Act (Cap 50) provides that where a private liquidator is appointed upon winding up of a company by the court, he shall not be capable of acting as liquidator until he has given security to the satisfaction of the Official Receiver. The quantum of the security is presently determined by the audited accounts of the wound up company as furnished to the Official Receiver.

Following discussions with the Insolvency Practices Committee of the Institute of Certified Public Accountants of Singapore (ICPAS) and in order to expedite the realisation of a wound-up company's assets by private liquidators, the Official Receiver has revised the procedures for the provision of security by a private liquidator.

2 PROVISION OF SECURITY TO THE OFFICIAL RECEIVER

Private liquidators may, from 1st February 2001, provide the necessary security as required under S264(a) of the Companies Act (Cap 50) in one of the following ways:-

Banker's Guarantee

A liquidator may furnish a banker's guarantee in the sum of \$1,000 immediately upon his appointment as liquidator. Upon receipt of the \$1,000 security, the Official Receiver will issue a certificate (Form 21) as set out in the First Schedule to the Companies (Winding Up) Rules, to indicate that the liquidator has given security to the Official Receiver's satisfaction. Upon receipt of the latest audited accounts and/or statement of affairs of the wound-up company, the Official Receiver may, if he considers it necessary either increase or diminish the amount of \$1,000 security which has been furnished as provided under Rule 47(c) of the Companies (Winding Up) Rules.

Continuing Banker's Guarantee

A private liquidator may at any time furnish a continuing banker's guarantee for a lump sum of \$100,000 to \$500,000 to the Official Receiver. Upon being informed that a private liquidator who has furnished a continuing banker's guarantee has been appointed as a liquidator upon the winding up of a company, the Official Receiver will issue the Form 21 Certificate. An appropriate amount of security, based on the latest audited accounts and/or

statement of affairs of the wound-up company, will then be deducted from the lump sum. Upon the sum provided in the continuing banker's guarantee being fully utilised due to subsequent appointments, the Official Receiver will then request for an additional banker's guarantee to be furnished.

Insurance Bond

Private liquidators may also furnish an insurance bond with the Official Receiver named as the insured party for an insured sum ranging from \$100,000 to \$500,000, taking into account the liquidator's appointments.

The Official Receiver will issue Form 21 when he is informed of the appointment of the liquidator.

3 EFFECTIVE DATE

This Practice Circular shall take effect on 1st February 2001.

4 CONTACT PERSON FOR QUERIES

For queries regarding this Practice Circular, please contact Ms Tan Ling Ping of Corporate Insolvency Division at telephone number 63251498 or by e-mail at tan_ling_ping@ipto.gov.sg.

**DR S CHANDRA MOHAN
OFFICIAL RECEIVER
SINGAPORE**

(This Practice Circular is also available on the Insolvency & Public Trustee's Office website at <http://www.ipto.gov.sg/>)