

What is receivership?

Companies may offer security against assets such as plant and equipment to obtain finance or assist with cash flow. The creditor then has an interest in that security. In the event of default the creditor can appoint a receiver to collect and sell the asset in which they have a security interest. Assets which are not secured remain with the company.

Receivership is an appointment for the purpose of realising assets or managing the business of a company for the benefit of security holders under the terms of a security, or by a Court. Receivership is governed by the Receiverships Act 1993.

Sometimes secured assets are critical to the operation of the company and trading cannot continue without them. Liquidation can soon follow.

[Read more about receivership on the Companies Office website.](#)