Glossary [1]

Administrator (also known as voluntary administrator)	A person appointed in a voluntary administration to determine whether a company should come under administration according to an approved deed of company arrangement, be wound up, or revert to normal operation. [2]
Charge	A form of security for a debt taken by a creditor over company assets.
Committee of creditors	A small group of creditors, or their representatives, often appointed by the creditors of a company at the first meeting in a voluntary administration. The committee's role is to consult with the voluntary administrator and to receive and consider reports by the voluntary administrator. The committee may be called upon to approve the voluntary administrator's fees. The voluntary administrator must report to the committee when it reasonably requires.
Committee of inspection	A small group of creditors and shareholders, or their representatives, often appointed by the creditors and shareholders of a company in liquidation to assist the liquidator. The committee is often called on to approve the liquidator’s fees and sometimes to approve the compromise of debts or the entry into contracts extending beyond three months by the liquidator.
Compulsory winding up (also known as court liquidation)	A winding up of a company that starts as a result of a court order, made after an application to the court, usually by a creditor of the company.
Controller	A person appointed by a secured creditor to deal with assets subject to a charge. Includes a receiver, and receiver and manager.
Creditor	A person who is owed money.

1 Unless otherwise indicated, definitions are derived from Australian Securities and Investments Commission, *Insolvency: A Glossary of Terms*, December 2008.

2 P. Butt (ed.), *Butterworths Concise Australian Legal Dictionary*, Third Edition, LexisNexis Butterworths, Chatswood, 2004, p. 14.

Creditors' voluntary winding up	A winding up of a company initiated by the company's creditors. A creditors' voluntary winding up may be initiated only if the company in insolvent. [3]
Deed administrator	The external administrator appointed to oversee a deed of company arrangement.
Deed of company arrangement	A binding arrangement between a company and its creditors governing how the company's affairs will be dealt with, which may be agreed to as a result of the company entering voluntary administration. Aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up of the company, or both.
Director	A person appointed as a director of a company who is then responsible for directing and managing the affairs of a company.
External administrator (also known as insolvency practitioner)	A general term for an external person formally appointed to a company or its property. Includes provisional liquidator, liquidator, voluntary administrator, deed administrator, controller, receiver, and receiver and manager.
Fixed charge	A charge taken by a lender over particular assets of a company. The company may not dispose of these assets without the consent of the lender.
Floating charge	A charge taken by a lender over general assets of a company. The company is usually able to use and dispose of these assets (e.g. stock, debtors) in the ordinary course of business without the secured creditor's consent. A floating charge converts to a fixed charge over those assets if certain events listed in the charge document occur. These usually include the appointment of a liquidator or other external administrator.
Insolvent	Unable to pay all debts when they fall due for payment.

3 P. Butt (ed.), *Butterworths Concise Australian Legal Dictionary*, Third Edition, LexisNexis Butterworths, Chatswood, 2004, p. 105.

Liquidation (also known as winding up)	The orderly winding up of a company’s affairs. It involves realising the company’s assets, cessation or sale of its operations, distributing the proceeds of realisation among its creditors and distributing any surplus among its shareholders. The three types of winding up are: compulsory (court-ordered), creditors’ voluntary and members’ voluntary.
Liquidator	A person appointed, in a winding up of a company, to assume control of the company's affairs and to discharge its liabilities in preparation for its dissolution. The liquidator ascertains the liabilities of the company, converts its assets into money, terminates its contracts, disposes of its business, distributes the net assets to creditors and any surplus to the proprietors, and extinguishes the company as a legal entity by formal dissolution. [4]
Member (of a company)	A shareholder.
Members’ voluntary winding up	A form of winding up for solvent companies, initiated by the company.
Priority creditor	An unsecured creditor entitled to be paid ahead of other creditors (e.g. employees).
Provisional liquidator	A liquidator appointed by the court to preserve a company’s assets until a winding up application is decided.
Realise	Convert assets into cash, often by selling them.
Receiver	An external administrator appointed by a secured creditor to realise enough assets subject to a charge to repay a secured debt. Less commonly, a receiver may also be appointed by a court to protect a company’s assets or to carry out specific tasks.
Receiver and manager	A receiver who has, under the terms of their appointment, the power to manage the company’s affairs.

4 P. Butt (ed.), *Butterworths Concise Australian Legal Dictionary*, Third Edition, LexisNexis Butterworths, Chatswood, 2004, p. 265.

Receivership	An insolvency procedure where a receiver, or receiver and manager, is appointed over some or all of the company's assets.
Scheme of arrangement	A reorganisation of a company's capital structure or rescheduling of its debts, following a period of financial difficulties. The purpose is to meet the demands of creditors while avoiding liquidation.[5]
Secured creditor	A creditor who has a security (e.g. charge or mortgage) over some or all of a company's property.
Security	Any right or interest in property that renders the repayment of a debt more secure and certain.[6]
Solvent	Able to pay all of one's debts, as and when they become due and payable.
Unsecured creditor	A creditor who does not hold a security over a company's property.
Voluntary administration	A process begun by the appointment of an administrator to a company that is in financial difficulties (but could possibly be saved), during which the administrator investigates its affairs to recommend to creditors whether it should come under administration according to a deed of company arrangement approved by its creditors, be wound up, or revert to normal operation by its directors.[7]
Winding up order	A court order for the winding up of a company. The first step in a compulsory winding up. Usually made after an application by a creditor.

5 P. Butt (ed.), *Butterworths Concise Australian Legal Dictionary*, Third Edition, LexisNexis Butterworths, Chatswood, 2004, p. 388.

6 P. Butt (ed.), *Butterworths Concise Australian Legal Dictionary*, Third Edition, LexisNexis Butterworths, Chatswood, 2004, p. 391.

7 P. Butt (ed.), *Butterworths Concise Australian Legal Dictionary*, Third Edition, LexisNexis Butterworths, Chatswood, 2004, p. 452.