

Members' Voluntary Liquidations: Steps to be taken

1. The Directors take a decision to wind up the company at a board meeting which should be minuted. **We will provide the appropriate minute.**



2. The Directors make a Statutory Declaration that they have formed the opinion that the company is in a position to pay its debts in full, together with statutory interest within a maximum period of 12 months from the date of liquidation. This Statutory Declaration must be notarised. It must include a Statement of Assets and Liabilities and be drawn up to the latest date practicable. The declaration must be made within a period of 5 weeks before the winding up commences. **This is a statutory form and we can assist in its completion.**



3. The Shareholders then pass a resolution (**the wording is specific**) at a general meeting of the company to wind up the company and appoint a Liquidator who must be an Insolvency Practitioner. Notice of the meeting must be given to the shareholders in terms of the memo and articles of the company, (**again we will provide the appropriate wording**) although the notice period may be dispensed with if a waiver is sought and granted. The Liquidation then commences on that date. The powers of the Directors will cease on the appointment of a Liquidator unless the company in general meeting or the Liquidator sanctions their continuance. The Company's corporate state and powers continue until the company is dissolved.



4. The Liquidator once appointed takes control of the company, advertises the passing of the resolution and their appointment. They will dispose of its assets, ingather any funds, pay the creditors and then distribute the remaining funds to the shareholder. Distributions can be in cash or "in specie" although assets distributed must be transferred at valuation. The timing of the distribution can be done in the most tax efficient way and it is common for distributions to be split over more than one tax year to take advantage of the yearly allowances.



5. In advance of closure the liquidator will seek and obtain tax clearance from the various sectors within HMRC, such as VAT, PAYE and Corporation Tax.



6. Once all matters are dealt with, the Liquidator will call a final meeting and the company will be dissolved 3 months after a report of this meeting is lodged with Companies House.