

## Members' voluntary liquidation

A Members' Voluntary Liquidation ('MVL') is the voluntary winding-up by the shareholders of a solvent company. All creditors are, or will be, paid in full.

Grant Thornton has assembled a dedicated MVL team comprising of a manager and five accountants. The team is part of our Recovery and reorganisation department and draws on the expertise of our financial services, audit and company secretarial teams in addition to our tax department to provide a full and knowledgeable service.

### Shareholders may wish to put a company into MVL for a variety of reasons:

- **group re-organisations;** closing down dormant subsidiaries, winding up of companies no longer required after a merger/acquisition.
- **tax planning;** shareholder distributions are subject to Capital Gains Tax rather than income tax rates. Freehold property may be distributed in specie avoiding stamp duty.
- **end of useful life;** where a company has fulfilled and completed its role, for e.g. a development company or a fund.
- **exit strategy;** for shareholders wishing to exit a business and sell assets, for e.g. retirement.
- **shareholders dispute;** splitting of a business and/or assets between shareholders.

It is often taxation issues that drive the MVL planning process, however practical considerations regarding the timing and filing of the various documents with the CRO must also be taken into account.

A directors' meeting must be held where the decision is made to place the company into MVL and an EGM of members is convened.

A Declaration of Solvency is sworn confirming the assets and liabilities of the company and its solvency. This is signed by at least two directors (or a majority) in the presence of a commissioner for oaths or a solicitor. An independent accountant (usually the company's auditor and not the prospective liquidator) must confirm the statement of assets and liabilities is reasonable.

Within 28 days of the swearing of the Declaration of Solvency the EGM must be held to pass the resolution to appoint the liquidator.

In practice, this procedure may happen on the same day in one series of consecutive meetings.

Our MVL team adopts a hands on approach working closely with the various parties involved including solicitors, auditors and directors drafting and filing the various documents and bringing the company to MVL.

Our MVL team will then realise the assets, distribute the assets and ensure all creditors are paid whilst liaising with the Revenue to confirm all Revenue returns are filed and liabilities paid before Revenue clearance can be received. All CRO filings are completed ultimately leading to the dissolution of the company and its removal from the companies' register.

With MVLs there is no reporting requirement to the Office of the Director of Corporate Enforcement.

Where the company is a fund our MVL team will also deal with all matters pertaining to the orderly winding up of the fund, including:

- dealing with fund assets and cash in conjunction with investment managers, administrators and custodians;
- agreeing and discharging outstanding liabilities;
- shareholder distributions and liaising with shareholder services providers;
- liaising with fund auditors to ensure efficient and timely completion of termination audits; and
- dealing with Financial Regulator issues and arranging revocation.

Established MVL processes and a dedicated MVL team enable Grant Thornton to provide an efficient, cost effective liquidation service to our clients.

## Contact

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