

# Members Voluntary Liquidation (MVL)

A Members Voluntary Liquidation (MVL) is a voluntary procedure to wind up the affairs of a solvent company. It is often used to close or wind up a company because the director(s) wish to retire, re-organise or restructure the business, or because the company is simply no longer required.

In some cases a simple strike-off is appropriate, but seeking the professional advice of an Insolvency Practitioner such as Lynn Gibson at Gibson Hewitt is essential in order to determine the best option to suit you. MVL provides certainty – and can potentially provide a significant tax advantage if the company has adequate funds to distribute to shareholders prior to dissolution. The MVL process is as follows:

## 1. Seek the advice of an Insolvency Practitioner

If you believe your business has excess assets over liabilities, your business may be suitable for a Member's Voluntary Liquidation ("MVL"). Discussing your business' specific circumstances with an Insolvency Practitioner will allow an assessment to be made and professional advice to be given.

## 2. MVL process

- Your Insolvency Practitioner will help you to prepare a declaration of solvency which must be sworn by the majority of directors.
- The company must be in a position to pay all of its creditors plus statutory interest and the costs of winding up within 12 months.
- Directors call and hold a board meeting and resolve to call a General meeting of the company. All documentation is provided by Gibson Hewitt.
- Members/shareholders will consider resolutions, one of which will be to voluntarily wind up the company and then to appoint the liquidator.

## 3. Liquidator appointed

Once appointed, the Liquidator will:

- Take control and realise any company assets.
- Pay any creditors in full.
- Deal with any final tax returns and outstanding payments.
- Distribute remaining funds/assets to shareholders in accordance with shareholdings either in specie or in cash.
- Advertise the liquidation in the London Gazette.

## 4. Dissolution

- On completion, the Liquidator will issue a final report.
- The final report is sent to all shareholders and will be filed at Companies House.
- Within three months of filing the company is dissolved.