

Not all companies that go into liquidation are insolvent

Campbell
Crossley & Davis

Sometimes, business owners have made their money and want to retire or close down. Liquidation, triggering a distribution of capital rather than income, coupled with Entrepreneurs' Relief, can often be the most tax efficient way of withdrawing funds from your company. Your own advisors will be able to advise on this.

The process is different from an insolvent liquidation and correspondence and advertising makes it clear that all debts, together with statutory interest, will be paid in full.

We will work with your own advisors, usually your accountants, to put the company into a position where costs are kept to a minimum and the return to shareholders is maximised.

We charge a fixed fee, tailored to your individual circumstances and agreed with you before work starts. As a small practice we offer a personal service designed to maximise the return to shareholders.

HOW WE SIMPLIFY THE PROCESS

In the majority of cases, the process can be done entirely remotely - without the need for face to face meetings - so we can help any business regardless of where you are based.

We have a wide range of experience working with accountants and their clients and will liaise with your accountant to ensure the process runs smoothly for you.

Our small and experienced team offers a fast and efficient service which aims to release shareholders' money to them as quickly as possible.



Campbell Crossley & Davis
BUSINESS RECOVERY



01253 349331



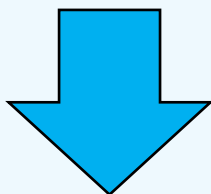
info@crossleyd.co.uk

THE PROCESS OF A MEMBERS' VOLUNTARY LIQUIDATION

Campbell Crossley & Davis will guide you through each stage of the liquidation process.

BEFORE LIQUIDATING THE COMPANY

- Discuss with your advisor the most tax efficient way of drawing the capital from your business.
- Bring all accounting records up to date.
- Ideally, pay off all known liabilities including HMRC (debts paid after liquidation attract statutory interest at 8% from the date of liquidation to payment and HMRC ALWAYS want the interest). Do not forget any contingent liabilities (leases etc).
- Prepare a schedule of assets of the company.
- Prepare a statement of assets and liabilities.
- Complete our engagement letter which also covers the fee.
- Complete a Declaration of Solvency incorporating the statement of assets and liabilities before a solicitor (to be completed by all or a majority of directors if more than two). We will prepare this document on your behalf.



ON LIQUIDATION (THESE EVENTS CAN ALL TAKE PLACE ON THE SAME DAY):

- Hold a directors' meeting to recommend to shareholders that they resolve to wind up the company.
- Issue written resolutions to shareholders to wind up the company and to appoint liquidators.
- Ensure that the written resolutions are dated in accordance with instructions and returned to us.
- A director signs a Certificate of Appointment of Liquidators, a minute confirming the members' resolutions have been passed and an advertising notice confirming the liquidators' appointment (advertised in the London Gazette).
- The shareholders sign an indemnity that if claims come to light after distributions to them are made and we hold insufficient funds they will pay money back into the liquidation to cover the debt up to the extent that they have received distributions.



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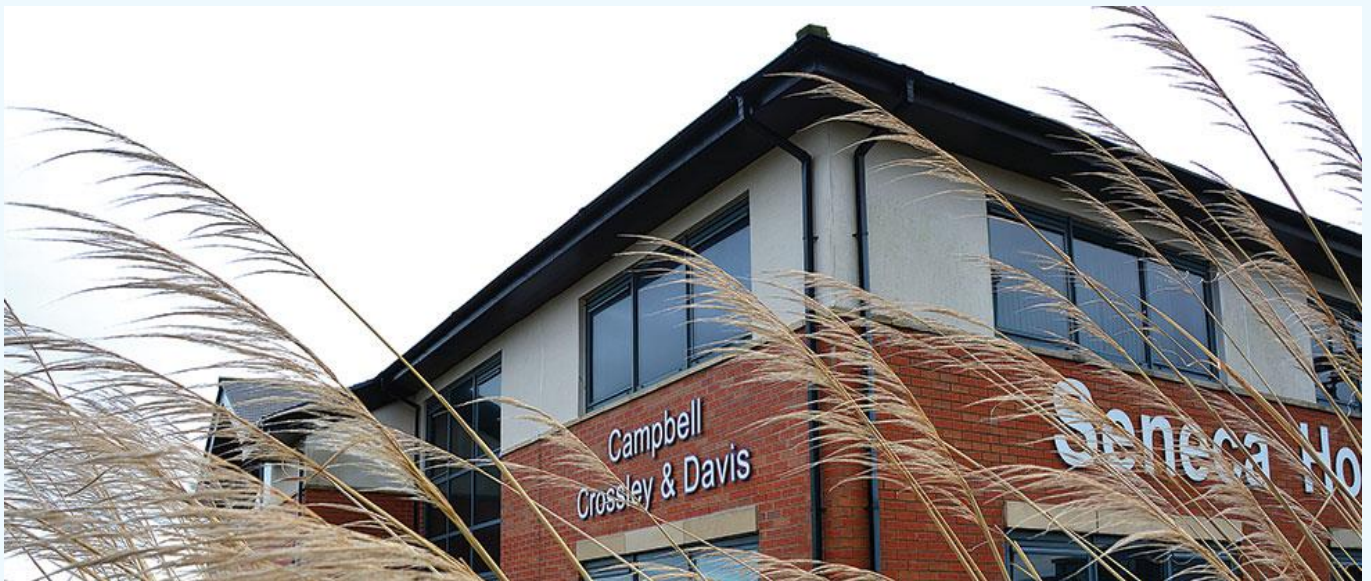
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THE COMPANY IS NOW IN LIQUIDATION.
AS LIQUIDATORS WE WILL UNDERTAKE THE FOLLOWING:

- Advertise the liquidation, our appointment and a notice to creditors to send in claims in the London Gazette.
- Realise the assets where necessary (this will often be cash in the bank account).
- Close the bank account and move money to the Liquidators' new estate account.
- Pay any remaining creditors together with statutory interest if necessary.
- Distribute money to shareholders at the earliest opportunity in accordance with shareholdings.
- If necessary, distribute assets "in specie". An example of this would be an overdrawn loan account which can be distributed to the shareholder who owes the money without it being physically repaid.
- Notify any interested parties, particularly HMRC, of the liquidation.
- You or your accountants will complete any outstanding tax or VAT returns up to the date of liquidation.
- We will approach HMRC for their agreement to close the liquidation.
- Once clearance is given, normally within six to nine months, any final balance will be distributed to shareholders, the liquidation will be closed and the company struck off the register at Companies House.



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OTHER IMPORTANT MATTERS

- The directors/their accountants will be responsible for completing any outstanding tax returns for the pre liquidation period.
- A members' voluntary liquidation is a solvent liquidation. It does not stop directors from being directors of other companies in the future.
- It has no effect on directors' or shareholders' credit ratings.
- Funds held by us as the Liquidators are held in a separate, ring fenced, bank account.
- The shareholders' accountants will determine what personal tax is due as a consequence of distributions and, particularly, whether shareholders are eligible for Entrepreneurs' Relief.

If you feel this process could be of benefit to you, we offer a free initial consultation which can be held over the phone or via video call.



To book yours please contact us today on 01253 349331 or info@crossleyd.co.uk.