

## Members' Voluntary Liquidation (MVL)

An MVL is a procedure whereby directors wish to wind up the affairs of the company and the company is in a position to pay off creditors in full together with statutory interest.

### Objectives of an MVL

- When the directors believe there is no further purpose in continuing with a company, the procedure allows for all assets to be realised, creditors paid and remaining surpluses to be distributed to shareholders
- For groups of companies, this procedure may also be used for company reorganisation and reconstruction purposes, and limit future risks that may arise under a simple strike-off

### Who can appoint a liquidator under an MVL?

An MVL is normally instigated by the company directors who, having taken the decision, will invite the members (shareholders) to pass certain resolutions. Shareholders will be invited to vote on a special resolution to voluntarily wind-up the company and a resolution appointing an insolvency practitioner to be the liquidator of the company. On passing these resolutions, the Directors' power ceases and gets transferred to the liquidator.

### Procedure for MVL

- Prior to the shareholder resolutions, a majority of directors of the company must produce and sign a statutory declaration that they have made a full inquiry into the company's affairs and formed the opinion that the company will be able to pay its debts in full within 12 months
- The declaration, which must incorporate a statement of affairs for the company at the latest practicable date, is made in front of a solicitor or commissioner of oaths
- The declaration must be made not more than five weeks before the liquidation and notification must be filed with the Registrar of Companies within 15 days of the commencement of the liquidation

- The resolutions, once adopted, must be advertised within 14 days and filed within 15 days of its adoption at the Registrar of Companies;

### The liquidator's role following appointment

- Responsible for realising the company's assets
- Notify, quantify and agree creditors' claims
- Make distributions to creditors in respect of their claims and interest
- Return any surplus asset value to the shareholders;
- When the liquidation is completed, the liquidator circulates a final account of the liquidation to shareholders
- Shareholders can either unanimously accept the content of the final account or otherwise the liquidator must wait a period of 8 week before registering the final account with the Registrar of Companies
- The company will be dissolved 3 months after the final account is filed
- In the event that the liquidator forms the opinion that the company will not be able to pay all its debts, he must call a meeting of creditors to take place within 28 days of him forming such opinion. At the day of the creditors' meeting, the liquidation becomes a Creditors' Voluntary Liquidation

### Contact Opus Restructuring & Insolvency

If you would like to speak to one of our Partners about the support we can deliver, please call us at our nearest office or email us at [info@opusllp.com](mailto:info@opusllp.com). Alternatively, read more about our people and services at [www.opusllp.com](http://www.opusllp.com)

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