



## **My CompanyRescue Programmes™**

### **Dissolution – A CompanyRescue Step by Step Guide™**

### **The Expert's Complete Guide to Dissolving your Dormant Company**

**"Taster version3"**

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## **Introduction to the Programme**

### **Welcome to the My CompanyRescue Dissolution – A Step by Step Guide Programme**

### **The Expert's Complete Guide to Dissolving your Dormant Company!**

### **This programme includes all you need to know to get a dormant and compliant company dissolved by Companies House**

As in all things in life there is no absolute guarantee that Companies House or the company's creditors/ shareholders will agree to strike the company off the register, but this programme will help you prepare a quality application process, that stands a very high chance of being agreed if your company complies with the Rules of Dissolution under s652 Companies Act 1985.

We have set out the programme to be as user-friendly as possible, but please remember whenever you have questions you can email them to us for a quick answer. We will answer all questions during our office hours of 8.30 to 6pm, 5 days a week. This email support service is FREE.

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CompanyRescue Ltd January 2008.

**So let's get on with the programme!**

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## **Section 1: How Did You Get To Here?**

Well, as we all know, there are any thousands of things that can go wrong in a business but always remember this. Small to medium sized business generates economic activity, employment and value added for the local and national economies.

If you started the business or are the sole director, you will know that it is a lonely profession, being an entrepreneur!

If you are a director of a larger or more established concern, then you will know just how critical the business is or was to its employees, its suppliers and its customers.

So chin up, the fact that the company has not worked or delivered is not the end of the world.

Alternatively, it may be that a particular market related event has led to its failure or that the idea actually never got off the ground and the company has not traded.

The fact that you have purchased this programme demonstrates that you are determined to tidy up the loose ends that a dormant company generates and get on with the rest of your life.

We help many thousands of people every year, they run different and diverse businesses. Most are fantastically hard working, many are innovative and creative, others are great with numbers or processes, still more are great leaders. BUT all of the people we work with and help share ONE COMMON TRAIT: The Emotional Roller Coaster of insolvency

***"Running a business that's approaching insolvency or that's actually insolvent or now dormant is an emotional roller coaster; there are good days and bad, great successes and depressing failures.***

***Remember, although you have fought many battles before on your own, now you have the UK's leading CompanyRescue firm on your side and we know what you're going through"!***

*Keith Steven CompanyRescue 2008*

Many people tell us that they don't believe the creditors will accept a proposal to dissolve the company but, done properly over time, this should not be a problem if the company and its directors have acted correctly and properly.

Many thousands of companies are dissolved every year and it's often just a process of tidying up the Companies House Register of non trading companies and also ensuring that trading companies DO comply, report and directors do act properly.

So let's start with a well used insolvency & turnaround phrase, "You are where you are". There is no time for blame or recrimination its all about one thing now.....

### **FOCUS ON REMOVING THE COMPANY FROM THE REGISTER**

CONTENT REMOVED

### **Section 3: Compliance with Dissolution Rules.**

A key element of dissolution is absolute honesty; failure to comply with the rules will lead to a rejection of the dissolution application and may then lead to compulsory liquidation by a creditor, fines from Companies House, possibly a criminal record and or fines of up to £5,000 for YOU and further "aggro" for you as the company's officers.

So be honest with yourself, your creditors and your shareholders, check that the rules (see below) are complied with and then there is no reason why the company cannot be dissolved.

Why not print the list off and tick when you are satisfied that your company can comply?

### **Dissolution Rules - Outline**

1. Those who may apply to dissolve a company:
  - 1.1. Sole director, if there is only one.
  - 1.2. Both directors, if there are two.
  - 1.3. Majority of directors if there are three or more.
  - 1.4. The Registrar (see page 27 below).
2. Conditions for commencing the dissolution process:

- 2.1. The company must not have traded or otherwise carried on business for 3 months or more.
- 2.2. This must be a genuine cessation of trade!
  - 2.2.1. The company may not have disposed of any property or assets that it held for trade; this may include land and buildings, plant and equipment, stock, debtors and other assets).
  - 2.2.2. But if the company sold bricks for example, it can dispose of the brick delivery truck in the three month period.
  - 2.2.3. Please note that paying off debts owed to creditors does not necessarily constitute trading, but all creditors should be paid pro rata.
- 2.3. The company must have no assets or property or cash at bank.
- 2.4. The company cannot have changed its name in this period. This is illegal.
- 2.5. The company should not be subject to any legal actions such as County Court Judgments (CCJ), Statutory Demands, Winding Up Petitions or Administration Petitions.
  - 2.5.1. Please note it is theoretically still possible to dissolve a company with CCJ's. But in practice and in our experience most plaintiffs (the issuer of the judgment / legal action) will block dissolution as an attempt to avoid the debt.
- 2.6. The creditors and members (shareholders) must be circulated requesting their permission for the company to be dissolved under this process. **So you must have a list of all creditors such as:**
  - 2.6.1. Landlords past and present.
  - 2.6.2. Employees, past and present.
  - 2.6.3. Banks. HP or leasing companies.

- 2.6.4. Trade creditors.
- 2.6.5. HMRC for PAYE, NIC, Corporation tax and Capital Gains tax.
- 2.6.6. HMRC for VAT or Excise Duty.
- 2.6.7. All shareholders.
- 2.6.8. All directors and the company secretary.
- 2.6.9. Contingent creditors – people who may have a possible legal action against the company. For example ex-employees with possible employment tribunal actions, personal guarantors for company liabilities and so forth.
- 2.6.10. Managers or trustees of pensions of trust funds.
- 2.6.11. Any director who has not signed the dissolution application form.
- 2.6.12. Creditors and shareholders are given three months to consider the request to dissolve the company and can reject such request in that time.
- 2.6.13. You must send the notice to ALL creditors and ALL members (shareholders) within seven days of issuing the notice.
- 2.6.14. Failure to copy to all parties is a criminal offence!

2.7. **Insolvency procedures:** Dissolution cannot be used if any formal insolvency procedure is in place or proceedings have been commenced. Procedures such as a voluntary liquidation, company voluntary arrangement or compulsory liquidation under the Insolvency Act 1986, or scheme of arrangement under s425 of the Companies Act 1985.

- 2.7.1. Check: are you sure NO insolvency proceedings have been commenced against the company?

2.7.2. NB, post liquidation or some administrations, most companies are dissolved but this is a different and more complicated process)!

**Like what you have seen so far?**

**To dissolve your company you now need to buy the full programme. You can do this online privately.**

**Visit our online shop by clicking here**

<http://www.companyrescue.co.uk/shop/purchasing.aspx>

**Or you can call us on 0800 9700 539 and we will take your card details and email the programme, resolutions, timetables, letters etc.**