

Winding up and Dissolution of Limited Liability Partnerships (LLPs)

An LLP shall commence winding up on the occurrence of one of the following events:

- The happening of an event specified in the members agreement
- The written agreement of all members of the LLP that it should be wound up or dissolved
- The making of an order by the Court

Winding up by the Court

The following persons may apply to the Court for a winding up order:

- any member or creditor of the LLP,
- the Commerce and Employment Department
- or, in the case of a supervised LLP, the Guernsey Financial Services Commission.

The Court may order the winding up of a LLP if in its opinion:

- It is not reasonably practicable to carry on the LLP's business in conformity with the members agreement
- The LLP cannot satisfy the solvency test
- The LLP is indebted to a creditor in a sum exceeding £750 , the creditor has via Her Majesty's Sergeant served a notice on the LLP demanding payment of the debt, and the LLP does not within a period of 21 days immediately following the date of service pay the debt or give security for it to the creditors satisfaction
- The LLP is being conducted in a manner that is unfairly prejudicial to the interest of the members, or an actual or proposed act or omission of the LLP is or would be so prejudicial (unless the members have entered into an agreement to waive this right).
- The affairs of the LLP are being conducted in such a way as to defraud creditors, or in an unlawful manner
- Persons connected with the formation or management of the LLP have been guilty of fraud, wrongful exercise of lawful authority, breach of fiduciary duty or other misconduct in relation to the LLP
- It is desirable that the LLP should be wound up for the protection of the public or the reputation of the Bailiwick as a financial centre
- It is just and equitable to do so

Upon the making of an order, or at any time after, the Court may, on application of any member or creditor, make such other orders in relation the winding up as it thinks fit, including the appointment of one or more liquidators to wind up the LLP's affairs and distribute its property.

General provisions in relation to the winding up process

Unless a liquidator has been appointed by the Court, the affairs of an LLP shall be wound up by the person or persons specified for that purpose in the members agreement, or by agreement otherwise between the members.

Upon commencement of the winding up of an LLP the members, or a person appointed by the members, or the liquidator **shall notify** the Registrar of the fact using the submission “LLP – Notification of Winding Up”. A notice will then be published on the Guernsey Registry website. *There is nothing preventing a notice **also** being published in La Gazette Officielle should the persons conducting the winding up see fit to do so.*

On appointment of a liquidator all powers of the members cease and anyone that purports to exercise any power of a member at a time when those powers have ceased is guilty of an offence.

From the commencement of the winding up the LLP shall cease to carry on any activities except to the extent necessary for its beneficial winding up.

All expenses properly incurred in the winding up of the LLP, including the liquidator’s remuneration, are payable from the LLP’s property in priority to all other debts. No LLP member may claim as a creditor of the LLP, except in accordance with the provisions relating to the distribution of property.

The liquidator’s fees shall be fixed by the Court.

The persons winding up the LLP’s affairs, in the name of and for and on behalf of the LLP:

- may to the extent necessary for the beneficial winding up of the LLP, prosecute, defend or settle any civil or criminal action
- shall dispose of the LLP’s property and realise its assets, and
- discharge the LLP’s debts, and distribute to the members any remaining property of the LLP.

Upon the winding up of an LLP, the property shall be distributed in the following order-

- Firstly to the creditors other than the members in satisfaction of the LLP’s debts, as if the LLP were a company which is insolvent
- Secondly to the members who are creditors to the extent otherwise permitted by the law in satisfaction of the LLP’s debts other than debts described immediately above.
- Finally, to other members, according to the provisions of the member’s agreement.

As soon as an LLP’s affairs are fully wound up the persons who conducted the winding up shall:

- Prepare an account of the winding up, giving details of the conduct and disposal of the LLP’s property, etc.
- Provide all members with a copy of the said account, and
- **Within 7 days** beginning on the date of completion of the winding up, file with the Registrar notice of completion of the winding up, via the submission of an ‘LLP – Notification of Completion of Winding Up’. A notice will then be published on the Guernsey Registry website. *There is nothing preventing a notice **also** being published in La Gazette Officielle should the persons conducting the winding up see fit to do so.*

Notifications to the Registrar

Upon the commencement of the winding up of an LLP, an 'LLP - Notification of Winding Up' submission should be made to the Registrar. See relevant submission form.

The Registrar will then publish a notice detailing the date the winding up commenced, the winding up event and the name of the person(s) conducting the winding up.

Following the winding up of an LLP and the distribution of the property an 'LLP – Notification of Completion of Winding Up' submission shall be made to the Registrar.

Upon receipt of this submission the Registrar will then update the Register to reflect the dissolution of the LLP by way of winding up, and publish a notice (for a period of 3 months) of the fact that the LLP has been dissolved and removed from the Register.

The purpose of this guidance is to provide information that should be considered with regard to the winding up of an LLP.

It is NOT intended to be definitive legal advice and should not be relied upon as such.

The interpretation of the Limited Liability Partnerships (Guernsey) Law, 2013 is a matter on which the Guernsey Registry cannot advise and LLPs are advised to form their own view on compliance with the legislation.

Independent legal advice is advised where there is any uncertainty.

Communications Manager
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