

CLOSEDAY LTD

TERMS OF BUSINESS

Effective from: April 15, 2026

1. Introduction and Definitions

1.1 About These Terms

These Terms of Business ("Terms") govern the relationship between Closeday Ltd ("Closeday", "we", "us", "our") and the company engaging our services ("the Company", "you", "your"). These Terms are available for inspection on our website (closeday.com/legal/terms-of-business).

These Terms should be read together with your Letter of Engagement, which sets out the specific services, fees, and scope for your case. By accepting a Letter of Engagement, you confirm that you have read and agree to these Terms. Your acceptance of a Letter of Engagement constitutes a conditional engagement. No formal engagement exists until we confirm that our regulatory compliance and ethics checks are complete. If checks are unsatisfactory, we will notify you and the engagement will not proceed. In the event of any conflict between these Terms and your Letter of Engagement, the Letter of Engagement takes precedence.

Any information or guidance provided by Closeday, its staff, or Insolvency Practitioners is for the purposes of the engagement only and may not be relied upon by any third party or for any other purpose.

1.2 Key Definitions

"Additional Costs" means non-routine, case-specific costs incurred where the particular circumstances of the liquidation require work beyond our Standard Scope, typically involving specialist third parties. Examples are set out in Section 3.8.

"Appointment" means the date on which Closeday's nominated Insolvency Practitioner is formally appointed as liquidator of the Company.

"CDD" means Customer Due Diligence, including identity verification and anti-money laundering (AML) checks.

"CVL" means Creditors' Voluntary Liquidation. (See Appendix A for a process description).

"Custom Quote" means a bespoke quotation issued by Closeday for cases falling outside our Standard Scope.

"Directors" means the directors of the Company at the time of engagement.

"Fee" means the amount Closeday will charge you for our Services, inclusive of all routine statutory and administrative costs.

"Insolvency Practitioner" or "IP" means the licensed insolvency practitioner allocated by Closeday to act as liquidator, selected from our panel of IPs listed on our website.

"Letter of Engagement" or "LoE" means the document specific to your case setting out services, fees, and scope.

"MVL" means Members' Voluntary Liquidation. (See Appendix A for a process description).

"Standard Scope" means cases meeting our eligibility criteria as set out in Section 3.1.

2. Our Services

2.1 What We Provide

Closeday provides insolvency services to companies registered in England and Wales, including MVL, CVL, and guidance for voluntary strike-off. The specific services for your case are detailed in your Letter of Engagement.

Where Closeday or the nominated Insolvency Practitioner assists with the preparation of a Declaration of Solvency and/or Statement of Affairs, such assistance is limited to administrative support and guidance based on information provided by the Directors. The Directors remain solely responsible for the completeness, accuracy, and truth of those documents and for the statements made within them. Our assistance does not constitute confirmation or endorsement of the Company's solvency, nor does it transfer any director responsibility to Closeday or the Insolvency Practitioner.

2.2 Regulatory Framework

Insolvency services are regulated by the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (as amended), and Statements of Insolvency Practice ("SIPs"). The Insolvency Practitioner appointed to your case is licensed by a recognised professional body (the "Recognised Licensing Bodies") and is bound by the rules, regulations, ethical codes, guidance and professional standards of that body (the "Licensing Bodies' Rules"), as well as all applicable law.

Where relevant, fees will be disclosed in accordance with SIP 9 and applicable insolvency regulations. We may be required to act, or decline to act, in order to comply with applicable law and the Licensing Bodies' Rules, notwithstanding any contrary instruction.

2.3 Insolvency Practitioner Allocation

In cases requiring it, such as an MVL or CVL, your case will be handled by an Insolvency Practitioner from our panel. The current list of our IPs is available on our website. We will allocate a named IP to your case once CDD is satisfactorily completed.

2.4 Our Changing Roles

Before Appointment, we work for you, helping the board understand options and prepare. After Appointment, we work for the Company, and must act in the best interest of creditors (if any), realising assets, paying creditors, and complying with our statutory duties. This transition is standard and required by law.

Upon Appointment, the liquidator is appointed as the Company's authorised officeholder and assumes control of the Company's affairs and assets. The authority of the Directors to act on behalf of the Company ceases immediately upon Appointment, except as required by statute. Directors continue to owe statutory duties to the Company and must cooperate with the liquidator.

In a CVL, the liquidator is required to investigate and report (see section 5.5).

In an MVL, the liquidator is required to act in the best interest of the members (shareholders) as a whole. If during the liquidation, the opinion is formed that the Company is unable to pay its debts in full, including interest, within the time period set out in the Declaration of Solvency we will have to take steps to convert the MVL into a creditors' voluntary liquidation. This will mean, among other matters, that our Insolvency Practitioners will owe their prime duty to the creditors as a whole, and the aforementioned investigations will be required (see section 5 below).

The liquidator acts as agent of the Company, without personal liability in the proper exercise of their functions. Where joint liquidators are appointed, they may act jointly and severally.

3. Scope and Eligibility

3.1 Standard Scope

Our standard fixed-fee services are designed for cases meeting all of the following criteria:

- The Company is registered in England and Wales
- The Company has 20 or fewer employees
- The Company's total assets are valued at £5 million or less
- The Company operates in a single jurisdiction
- The Company is a single entity (not part of a group requiring coordinated insolvency)
- The Company's assets are straightforward to realise (see Section 3.3)
- All Directors will cooperate fully with the liquidation process
- All shareholders support the winding up of the Company
- The information provided to us is accurate and complete, without undue delay
- No winding-up petition has been issued against the Company and no formal recovery or enforcement proceedings have commenced

3.2 Cases Outside Standard Scope

Prior to Appointment, if your case does not meet the Standard Scope criteria, we will notify you and may offer a Custom Quote. The Custom Quote process involves a more detailed assessment of your circumstances, typically via a call, after which we will issue a revised Letter of Engagement with bespoke pricing.

You are not obliged to accept a Custom Quote, and we are not obliged to proceed with cases outside our Standard Scope. If you do not accept a Custom Quote, or if we determine we cannot assist, the engagement will terminate with immediate effect.

If we discover that your case falls outside Standard Scope at any point during our engagement (after CDD has been completed), the pre-appointment fee and any Additional Costs incurred up to that point remain payable in accordance with Section 6.6.

3.3 Complex or Unusual Assets

Certain assets may require specialist handling, additional time, or carry unusual risk that takes them outside our Standard Scope. These include, without limitation:

- Assets requiring significant ongoing attention, maintenance, holding costs, or active management
- Assets with uncertain or disputed title
- Assets subject to complex security arrangements or multiple charges
- Assets in foreign jurisdictions
- Assets of unusual nature where valuation is inherently difficult or requires specific licensing arrangements to legally hold
- Any other assets we reasonably consider complex, unusual, or outside our standard expertise

If we identify such assets during our engagement, we reserve the right to convert your case to a Custom Quote. You may accept the Custom Quote and continue, or decline and terminate the engagement subject to Section 3.2.

3.4 Fixed Charges

Realising assets subject to fixed charges requires the express consent of the fixed charge holder. Our percentage fee for asset realisations does not apply to fixed charge realisations. If a fixed chargeholder wishes to waive their rights and/or engage Closeday to assist with realisation, this will be the subject of a separate agreement directly with that chargeholder. In

this instance, they should contact hello@closeday.com directly. You agree to provide a complete list of any assets subject to any form of security agreement or encumbrance in advance of appointment.

3.5 Early Distributions and Indemnities

Where the Company wishes to proceed with early or interim distributions in a Members' Voluntary Liquidation before in the IP's view that some matters have not yet been fully resolved, the Directors and shareholders acknowledge and agree that they will be required to provide indemnities to the Insolvency Practitioner. Such indemnities are intended to cover any unforeseen liabilities, claims, costs, or expenses which may arise after distributions have been made. The form of indemnity required will be provided by the Insolvency Practitioner and must be executed before any early distribution is made.

3.6 Strike-off Guidance Only

Where Closeday provides strike-off guidance, all acts, omissions, decisions, and statutory filings are the sole responsibility of the Directors. Closeday does not prepare, submit, or file documents, does not act as agent, and provides guidance only—not legal or tax advice. The strike-off is conducted by the Directors themselves; our product helps them do it. Directors should obtain independent legal advice. By signing a Letter of Engagement for strike-off services, you acknowledge and accept that Closeday has no liability for any strike-off outcome, and no Insolvency Practitioner is appointed or takes responsibility.

3.7 Services Included

Pre-Appointment Services (all cases):

- Initial assessment of the Company's affairs
- Guidance on process including estimated timelines and key dates
- Preparation of relevant board and shareholder resolutions and other relevant documentation
- Coordination of shareholder and (where applicable) creditor meetings

Pre-Appointment Services (MVL only):

- Assistance with preparation of the Declaration of Solvency (see Section 5.6)

Pre-Appointment Services (CVL only):

- Assistance with preparation of the Statement of Affairs (see Section 5.4)

Post-Appointment Services (liquidator):

- Collection and realisation of the Company's assets, if any
- Should sufficient funds exist, settlement of the Company's liabilities in accordance with the statutory order of priority, followed by distribution of any surplus funds to shareholders
- Statutory reporting to creditors and Companies House
- Final dissolution of the Company

Post-Appointment Services (CVL only):

- Investigation of the Company's affairs as required by statute, including the preparation and submission of a statutory report on the conduct of the Directors to the Insolvency Service under the Company Directors Disqualification Act 1986 (see Section 5.5)

3.8 Services Not Included

The following services are not included in our standard fees and may require Additional Costs or separate engagement:

- Bringing company accounts up to date where they are materially behind
- Preparation of full statutory accounts for tax purposes (we are not licensed accountants)
- Tax advisory services or advice
- Valuations of assets

- Pre-appointment marketing of assets for sale (excluding any post-appointment sale process)
 - Legal advice
 - Director personal advice (including advice on personal guarantees or director disqualification). For the avoidance of doubt, neither Closeday nor the nominated IPs can provide directors with personal advice. Directors are encouraged to seek independent third-party advice.
 - Any specialist advice outside the ordinary course of a liquidation
- You authorise Closeday to incur Additional Costs on your behalf as part of the ordinary pre-appointment process for work that is non-specialist, reasonable in scope, proportionate in cost, and below a materiality threshold. For any work that is specialist, substantial in scope, or above a materiality threshold, we will obtain your specific approval before any Additional Costs are incurred.
- Any third-party advisers engaged remain responsible for their own advice, and Closeday is entitled to rely on such advice without independent verification. These Additional Costs will form part of the indemnity in Section 6.6.

4. Right to Decline and AML Discretion

4.1 Customer Due Diligence and Identity Verification

We are required under the Proceeds of Crime Act 2002 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 to maintain identification and verification procedures for all clients.

As part of this process, we are required to obtain sufficient information to identify:

- All Directors
 - Any individual who directly or indirectly controls 25% or more of the Company's voting rights or shares
 - Any other person who exercises control over the management of the Company
- This may include certified copies of identity documents and proof of address, or electronic verification.

We will not be able to undertake substantive work or appoint an Insolvency Practitioner unless and until all required CDD has been satisfactorily completed. Where deemed appropriate by the IP or Closeday, you may be subject to enhanced due diligence, which may include (but is not limited to) verification of the source of wealth and source of funds.

4.2 General Right to Decline

We reserve the right to decline to provide services at our absolute discretion, including but not limited to where:

- The case falls outside our Standard Scope and we do not offer a Custom Quote
- The case falls outside our Standard Scope and a Custom Quote is not accepted
- CDD checks cannot be satisfactorily completed
- The Company, its Directors, or beneficial owners are subject to sanctions
- We identify adverse media concerning the Company, Directors, or beneficial owners
- Directors or beneficial owners have criminal convictions
- We cannot satisfactorily identify the ultimate beneficial owners of the Company
- Directors are uncooperative or withhold material information
- We identify a conflict of interest
- The Company has bearer shares
- Any other reason we consider appropriate in our professional judgment or regulator's code of ethics

Closeday and the appointed Insolvency Practitioner may act for other clients with adverse interests, subject to applicable law and professional rules, and are not required to disclose confidential information or restrict their wider professional activities.

4.3 AML and Risk-Based Decisions

Closeday maintains robust client acceptance procedures in accordance with the Money Laundering Regulations 2017. We have full discretion to decline any case based on the outcome of our AML risk assessment, and we are not obliged to provide reasons for such decisions.

4.4 Politically Exposed Persons

If our screening identifies any Director or beneficial owner as a Politically Exposed Person (PEP), we reserve the right to decline the case or apply enhanced due diligence at our discretion. If you believe a PEP identification is in error, the onus is on you to provide satisfactory evidence to the contrary. Even where a PEP identification is discharged, we retain the right to decline the case.

4.5 Unusual Circumstances

We reserve the right to decline cases or require a Custom Quote where we identify circumstances that, in our reasonable opinion, are unusual, present elevated risk, or fall outside our standard operational model. This includes, without limitation, companies used primarily as vehicles for holding personal assets, complex nominee arrangements, or any other circumstances we consider unusual.

5. Your Obligations

5.1 Duty of Full Disclosure

Directors are required to provide full, accurate, and complete information about the Company's affairs. This includes financial records, creditor details, asset information, and any matters that may be relevant to the liquidation.

Directors are required to provide full and accurate information in respect of the Company's employees, including details of all current employees, details of former employees with potential claims, and information relating to unpaid wages, holiday pay, pension contributions, or other employment liabilities. The cessation of the Company's business may give rise to claims under employment legislation, and timely disclosure is required to ensure statutory compliance.

Directors must disclose any known health and safety breaches, investigations, or enforcement action affecting the Company within the previous three years and provide access to any relevant accident records or safety documentation upon request.

You expressly acknowledge that any vulnerable persons will be immediately disclosed in advance of engagement. Directors may be personally liable for losses arising from material omissions or misrepresentations.

5.2 Continuing Obligation

If, at any time before Appointment, you become aware that information previously provided is inaccurate or incomplete, you must notify us immediately.

5.3 Director Cooperation

Directors must cooperate fully with Closeday and the appointed IP throughout the engagement, including:

- Providing full, accurate, and complete information
- Making available all books, records, and documents
- Attending meetings as reasonably required
- Notifying us immediately of any material changes
- Disclosing details of any personal guarantees given by Directors or security granted by the Company
- Assisting with the unwinding of Directors' Loan Accounts or other matters regardless of jurisdiction (see Section 7.4)

Failure to cooperate may result in us declining to continue with the engagement.

5.4 CVL: Statement of Affairs

As part of the CVL process, the Directors nominated for that purpose are required to prepare a Statement of Affairs on behalf of the Company. The Statement of Affairs is a statutory document setting out the Company's assets, liabilities, and creditor details, and must be verified by a statement of truth.

We will assist in preparing the Statement of Affairs based on information provided by the Directors; however, responsibility for the accuracy and completeness of its contents rests with the Directors who verify it. Any false statement or material omission may give rise to personal liability or criminal sanction.

The Statement of Affairs must be provided within the statutory timescales and delivered to creditors in advance of their decision on the appointment of the liquidator. Failure to comply with these requirements constitutes an offence under insolvency legislation.

The Statement of Affairs will include the names, addresses, and amounts owed to individual creditors. This disclosure is required by law and does not constitute a breach of data protection legislation. Directors nominated to convene the creditor decision procedure may also be required to provide explanatory information and respond to creditor queries arising from the Statement of Affairs (see Appendix A).

5.5 CVL: Director Conduct Prior to Appointment

From the date you accept the Letter of Engagement until Appointment, your statutory duties under sections 170–177 of the Companies Act 2006 continue in full. In addition, to protect the position for creditors, Directors must:

- Not make payments to creditors that would prefer one over another
- Not obtain any further goods or services on credit
- Not incur any new liabilities
- Not use Company credit cards, charge cards, or fuel cards
- Not accept delivery of goods or services previously ordered but no longer required
- Not dispose of assets except in the ordinary course of business or with our guidance
- Not allow creditors to repossess or remove any assets, including under retention of title claims, without our guidance
- Not supply goods or services to any party who is also a creditor unless they pay in advance
- Not dispatch goods using any carrier, courier, or haulier to whom the Company owes money
- Maintain insurance on all Company assets
- Not speak to the press or media without consulting us first
- Disclose any personal guarantees you have given for Company debts, and any guarantees the Company has given to others

- Do not pay monies into an overdrawn bank account
- If you are uncertain whether a proposed action is appropriate, contact us before proceeding.

5.6 MVL: Declaration of Solvency

For a Members' Voluntary Liquidation to proceed, the Directors nominated for that purpose (being all Directors where there are one or two, or a majority where there are three or more) must make a statutory Declaration of Solvency on behalf of the Company.

The Declaration of Solvency is a formal statement that, having made full inquiry into the Company's affairs, the Directors are of the opinion that the Company will be able to pay its debts in full, together with statutory interest, within 12 months of the commencement of the liquidation.

We will assist in preparing the Declaration of Solvency based on information provided by the Directors; however, it remains the Directors' statement and responsibility. Making a Declaration of Solvency without reasonable grounds is a criminal offence.

If it becomes apparent that the Company is unable to pay all of its debts in full, including interest, within the required 12-month period, the liquidation must be converted to a Creditors' Voluntary Liquidation. Directors should therefore only make the Declaration of Solvency where the Company's liabilities are known, agreed, and capable of being settled within that period (see Appendix A). It should be noted that where assets exist, suitable insurances should be maintained.

5.7 Important Warnings

False or Misleading Statements

Directors are reminded that the Declaration of Solvency is a statutory statement made on oath. If a Declaration of Solvency is made without reasonable grounds, or contains information that is false or misleading in a material respect, the Directors who made it may commit a criminal offence and may be exposed to personal liability.

Recent case law has confirmed that where a company in Members' Voluntary Liquidation is unable to pay all of its debts in full, including statutory interest (8%), within 12 months of commencement, the liquidation must be converted to a Creditors' Voluntary Liquidation. In those circumstances, it may be presumed that the Declaration of Solvency was not made on reasonable grounds. Directors should therefore only make a Declaration of Solvency where the Company's liabilities are known, agreed, and capable of being settled in full within the statutory timeframe.

CVL: CDDA Reporting

The liquidator is required under the Company Directors Disqualification Act 1986 to submit a report to the Insolvency Service on the conduct of all directors. This report is mandatory and is made regardless of whether any wrongdoing is suspected. Conduct that falls below the required standard may result in disqualification proceedings. This is a statutory obligation and the liquidator has no discretion to omit this report. The information contained in the online report could result in the Secretary of State taking action to disqualify one or more of the director(s), or shadow directors, from managing a company for a period of between 2 and 15 years.

CVL: Phoenix Company Restrictions

Sections 216 and 217 of the Insolvency Act 1986 restrict the re-use of company names following insolvent liquidation. For 5 years after the liquidation, without court permission or following the prescribed exceptions procedure, Directors may not be involved in a company that uses the same or a similar name to the liquidated company, or a name suggesting an association with it.

Breach of these provisions is a criminal offence and may result in personal liability for the new company's debts. If you are considering forming or becoming involved in a new company, we recommend you take legal advice.

MVL: HMRC Statutory Interest

HMRC may claim statutory interest at 8% per annum on pre-liquidation taxes from the date of the winding-up resolution. While Closeday waives statutory interest on our fees, HMRC does not. You should factor this into your solvency assessment for all unpaid taxes, irrespective of whether the relevant filings are yet to be made.

MVL: Tax Affairs

The liquidator will require confirmation that the Company's tax affairs have been brought up to date to the date of liquidation, including preparation of final accounts and submission of all outstanding returns. Where such accounts have not been prepared, they may be prepared by the liquidator or external advisors at additional cost, or the Company's accountants may be instructed.

Closeday and the Insolvency Practitioner do not provide tax advice, and Directors and shareholders should take independent tax advice where appropriate.

Strike-off Key Warnings to Directors

Any aggrieved person (including creditors or HMRC) may apply to restore the Company to the register, including where contingent liabilities exist.

The Crown may pursue Directors personally for unlawful capital distributions following strike off.

A strike-off application cannot be made if the Company is subject to a formal insolvency process or a statutory scheme or arrangement.

In an MVL, a creditor who fails to prove may lose their claim; following strike off, a dissolved Company can still be restored to pursue claims.

Providing false or misleading information to Companies House may result in criminal prosecution and personal liability.

In specie distributions are not permitted on strike off.

6. Fees and Payment

6.1 Payment Structure

Our fees are structured as follows:

- A pre-appointment fee applies, charged following successful completion of CDD and ethical checks. The amount of the pre-appointment fee is set out in the Letter of Engagement.
- The remainder of our fees (if any) is payable on terms set out in the Letter of Engagement or a subsequent written confirmation. The payer, timing, and method of payment may vary by case type and circumstances. Post-appointment fees remain subject to statutory approval by members (MVL) or creditors (CVL).

Fees, once charged, are non-refundable save at Closeday's sole discretion. This does not affect your statutory rights or any rights in respect of post-appointment fees subject to creditor or member approval.

6.2 Card Authorisation and Charging

At sign-up, we may place a temporary hold (for example, £100) on your payment card to verify the payment method. This reserves, but does not charge your card. If we decline to proceed following CDD (whether due to unsatisfactory checks or for any other reason at our discretion), the hold is released and no charge is made.

6.3 Statutory Interest Waiver

Closeday waives any entitlement to claim 8% statutory interest on our fees under the Late Payment of Commercial Debts (Interest) Act 1998. This waiver applies only to Closeday's

fees; all other creditors (including HMRC) may claim statutory interest on their debts, where applicable.

6.4 Fee Approval

For MVLS:

Post-appointment fees require resolution of the board and members (shareholders) prior to the commencement of the liquidation. If members do not approve the fees as stated, we may seek approval for a reduced fee or, in exceptional circumstances, seek court approval.

For CVLS:

Post-appointment fees require approval by creditors. We will seek approval via the relevant decision procedure in accordance with the relevant legislation. If creditors object, we will make an application to court.

SIP 9 requires that fees are approved within 18 months of appointment. If approval has not been obtained by that time, we will notify creditors/members of the position and may apply to the court if necessary.

If material issues have not been disclosed, or material investigations are required as a result of misconduct, or the complexity of a case materially exceeds what was anticipated, we may return to creditors or members to seek approval for an increased fee. We will explain the reasons before doing so.

6.5 Asset Realisation Fee

Following Appointment, if Closeday handles asset realisations on your behalf, an additional fee (the "Asset Realisation Fee") applies as follows:

- Rate: usually no higher than 10% of gross realisations, as specified in your Letter of Engagement
- The rate will be proportionate to the complexity and value of the assets and the work required to realise the assets
- In any case, the amount will not exceed £100,000 (excluding VAT), unless circumstances warrant a different cap, which will be discussed with you ahead of time

The Asset Realisation Fee does not apply to assets subject to fixed charges, which are typically realised by or on behalf of the fixed chargeholder. If a fixed chargeholder wishes Closeday to assist with realisation, this will be subject to a separate agreement.

6.6 Director Indemnity

If the engagement terminates before Appointment for any reason (other than Closeday declining to proceed), Directors indemnify Closeday for any Additional Costs reasonably incurred during the pre-appointment phase. This indemnity does not apply to the pre-appointment fee or to post-appointment fees.

For the avoidance of doubt, if a Closeday IP is nominated to be appointed as liquidator, and subsequently creditors and/or members do not approve post-appointment fees, Directors are not personally liable for those fees, unless material omissions have been made.

By agreeing to these Terms, you represent that you are authorised to instruct us on behalf of the Company. We may rely on such instructions without verification, and any Additional Costs incurred as a result of a lack of authority remain payable.

6.7 Fees and SIP 9 Disclosure

Information regarding our approach to charging fees, recovery of expenses, and compliance with Statement of Insolvency Practice 9 is set out in our Fee Policy. That policy forms part of the basis on which fees are charged in connection with this engagement.

7. Asset Realisation and Directors' Loan Accounts

7.1 Options for Asset Realisation

For companies with material assets, you have options:

- Sell assets yourself prior to Appointment in good faith and for appropriate value (see Section 7.2), or
- We can connect you to a valuer and/or agent to support this process, or
- Have a Closeday IP deal with those asset realisations on the Company's behalf post-appointment (percentage fee applies as set out in the Letter of Engagement)

7.2 Self-Selling Requirements

If you sell assets yourself, you must:

- Sell at appropriate market value with supporting valuation evidence
- Disclose any sales to connected parties (including family members, other companies you control, or business associates)
- Provide documentation supporting the sale price and evidencing the sale (including supporting board communications approving the sale)

Our role is not to advise the purchaser.

7.3 Undervalue Transactions and Preferences

If assets are sold at undervalue, gifted, or put a creditor in a better position, the liquidator may be required to pursue recovery claims against the recipients. By engaging our services, you acknowledge this possibility. Please refer to sections 238 and 239 of the Insolvency Act 1986.

7.4 Directors' Loan Accounts

If Directors owe money to the Company (a "Directors' Loan Account" or "DLA"), this is an asset of the Company that the liquidator must collect for the benefit of creditors. We will work with you to agree a reasonable repayment arrangement, but if repayment is not made, the liquidator is obliged to pursue recovery through appropriate means.

If the case is an MVL, these can be dealt with by way of in-specie distribution; however, you may wish to seek independent tax advice on this, and this may incur Additional Costs in the liquidation for specialist insolvency tax advice, which is payable as an expense of the estate.

7.5 Client Monies and Banking Arrangements

Where Closeday holds monies on behalf of the Company prior to Appointment, such funds will be held in a designated client account operated in accordance with the rules of the Insolvency Practitioner's licensing body.

Any monies held are held on trust and are segregated from Closeday's own funds.

If the Insolvency Practitioner is not appointed, any client monies held will be returned to the Company or transferred to the subsequently appointed officeholder, without deduction, unless by allowable by virtue of law for any properly incurred Fees and Additional Costs in accordance with the Letter of Engagement and these Terms. You agree to give us permissions to obtain information from the Company's banking providers.

8. Process Changes

8.1 MVL to CVL: Pre-Appointment

If it becomes apparent before Appointment that the Company is insolvent and a CVL rather than MVL is appropriate, we will notify you. The engagement will continue as a CVL at the applicable CVL pricing, and we will issue a revised Letter of Engagement.

8.2 MVL to CVL: Post-Appointment

If insolvency becomes apparent after Appointment in an MVL, regulatory requirements mean we may not be able to continue as liquidator. We will explain the implications and assist with transitioning to an appropriate Insolvency Practitioner. By accepting these Terms, you acknowledge and accept this possibility.

In such circumstances, any fees and Additional Costs properly incurred by the Insolvency Practitioner up to the date they cease to act shall remain payable from the Company's estate as expenses of the liquidation and shall rank in priority to the remuneration of any subsequently appointed replacement liquidator, subject always to the requisite approval of creditors in accordance with insolvency legislation and applicable professional standards.

8.3 Scope Changes

If, during our engagement, we discover that the Company's circumstances differ materially from what was disclosed (including but not limited to assets, liabilities, employees, or complexity), we may convert the engagement to a Custom Quote. You may accept the Custom Quote and continue, or decline and terminate the engagement subject to Sections 3.2 and 6.6.

9. Data Protection

Closeday processes personal data in accordance with applicable data protection legislation. Further information on how we collect, use, and retain personal data, including details of data subject rights, is set out in our Privacy Notice and our Data Processing Agreement, available online.

9.1 Data Controller and Processor Roles

From the moment you accept a Letter of Engagement, the Company is the data controller for all personal data provided to Closeday in connection with the engagement, including employee records, creditor details, and other information. Closeday acts as a data processor on behalf of the Company during the pre-appointment phase, processing data in accordance with our Data Processing Agreement. Following Appointment, Closeday (acting through the appointed IP) becomes the data controller, as the IP takes over the affairs of the Company.

9.2 Data Processing

We process personal data in accordance with our Privacy Notice and Data Processing Agreement, both available on our website. By accepting a Letter of Engagement, you consent to our sharing personal data with third-party verification providers for the purpose of completing CDD.

By accepting a Letter of Engagement, you confirm that you have authority to provide Directors', employees', and beneficial owners' personal data to us, and that those individuals have been informed of our processing.

We may retain and destroy data in accordance with applicable law and our data retention policies.

10. Confidentiality

We will keep your information confidential except where: (a) disclosure is required by law or regulatory obligation; (b) disclosure is necessary to provide the services; or (c) you consent to disclosure.

11. Limitation of Liability

11.1 Cap

Our total liability to you in contract, tort, or otherwise arising out of or in connection with these Terms and any Letter of Engagement is limited to the lesser of: (a) £2,000,000; and (b) the proportion of loss fairly attributable to our acts or omissions. You agree that you will not bring any claim for loss or damage arising from the Services against any of our directors, officers, employees, representatives or agents personally. This does not limit or exclude our responsibility for anything done or not done by those individuals in the course of providing the Services. You agree to compensate us for any losses, costs, claims or expenses we incur while providing the Services, except where those losses arise from matters for which we remain legally responsible and cannot limit or exclude our liability.

11.2 Third Party Services

Where we engage third parties to provide services in connection with your case (whether pre-appointment or post-appointment), our liability cap in Section 11.1 includes any claims arising from the acts or omissions of those third parties acting on our behalf.

11.3 Exclusions

We are not liable for any indirect, consequential, or special losses, including loss of profit, loss of business, or loss of opportunity, whether or not foreseeable.

11.4 Reasonable Care

Nothing in these Terms excludes or limits our liability for fraud, death or personal injury caused by our negligence, or any other liability that cannot be excluded by law.

12. Intellectual Property

All documents, templates, and materials created by Closeday remain our intellectual property. You are granted a non-exclusive licence to use materials prepared specifically for your case for the purpose of the liquidation. You may not reproduce, distribute, or use our materials for any other purpose without our written consent.

13. Third Party Rights

These Terms are not intended to confer any benefit on, or be enforceable by, any person other than the parties to them. The Contracts (Rights of Third Parties) Act 1999 does not apply.

14. Force Majeure

We are not liable for any delay or failure to perform our obligations if such delay or failure results from circumstances beyond our reasonable control, including acts of God, war, terrorism, pandemic, government action, or failure of telecommunications or internet services.

15. Complaints and Disputes

15.1 Complaints Procedure

We have a formal complaints procedure. Please contact us at insolvency-complaints@closeday.com. We will aim to resolve any concerns promptly. See our Complaints Policy at closeday.com/legal/complaints for more information.

15.2 Disputes and Mediation

Before commencing legal proceedings in relation to any dispute arising out of these Terms, both parties agree to first attempt resolution through mediation. The mediator shall be agreed by the parties or, failing agreement, appointed by an independent mediation provider.

16. Amendment

We may update these Terms from time to time. Updated Terms take effect immediately upon publication on our website. We will notify current customers of substantial changes.

If you do not agree to updated Terms, your sole remedy is to terminate the engagement by giving notice to hello@closeday.com within 28 days of notification. Upon such termination, you will incur no further fees from the date of termination, but remain liable for any Fees and Additional Costs incurred up to that date.

For customers whose liquidation is already in progress, material amendments will not apply without express consent, save where required by law or regulation.

We maintain a single set of Terms at any time. We do not operate multiple versions for different customers.

17. Assignment

Closeday may transfer or novate these Terms and any Letter of Engagement to any successor entity or acquirer as part of a reorganisation, restructuring, sale of business, or change of control, provided that the successor is appropriately authorised to provide the services. Your continued engagement constitutes consent to such transfer.

18. Governing Law and Jurisdiction

These Terms are governed by the laws of England and Wales. The courts of England and Wales have exclusive jurisdiction over any dispute arising out of or in connection with these Terms.

19. Contact

Closeday Ltd | Company number: 16740724 | Registered Office: Suite Ra01 195-197 Wood Street London, E17 3NU, United Kingdom, | hello@closeday.com | www.closeday.com

Appendix A: Process Descriptions

Members' Voluntary Liquidation (MVL) – Process Overview

An MVL follows a statutory procedure set out in insolvency legislation. Here's how it works:

1. Board Meeting

The Directors must hold a quorate board meeting to approve the resolutions that will be circulated to shareholders. This meeting also determines which Directors will sign the Declaration of Solvency.

2. Declaration of Solvency

The nominated Directors (all of them if one or two, or a majority if three or more) must formally swear that the company can pay all its debts in full, including statutory interest, within 12 months of the liquidation commencing.

Important: If the company is subsequently determined to be insolvent, the Directors who signed this declaration may face potential fines and/or imprisonment, as it's presumed the declaration wasn't made on reasonable grounds.

3. Notices to Shareholders

Shareholders receive formal notices setting out the resolutions to be voted on, which typically include:

- Winding up the company voluntarily (requires 75%+ approval)
- Appointing the liquidator(s) (requires 50%+ approval)
- Setting the liquidator's remuneration (requires 50%+ approval)
- Any additional resolutions needed, such as powers to distribute assets in specie (requires 75%+ approval)

4. Passing Resolutions

Shareholders vote in accordance with the notice instructions. Special resolutions need 75% or more of voting rights; ordinary resolutions need more than 50%.

5. Post-Appointment Formalities

The liquidator must file and advertise various statutory notices in various places including the Gazette, with the Registrar of Companies and all creditors.

6. Realising and Distributing Assets

The liquidator realises in the company's assets and distributes them according to statutory priority: creditors first (plus statutory interest from the liquidation date), then shareholders. It's standard practice to obtain indemnities from shareholders before making distributions.

7. Finalising Tax Affairs

Before the liquidation can close, all tax matters must be resolved. This requires final accounts up to the liquidation date. If these haven't been prepared beforehand, the company's accountants will prepare them, with costs charged as a liquidation expense. Note on HMRC interest: HMRC charges 8% statutory interest on any pre-liquidation taxes outstanding at the winding-up date. Directors should ensure tax affairs are up to date before the liquidation begins.

Creditors' Voluntary Liquidation (CVL) – Process Overview

A CVL follows the procedure set out in the Insolvency Act 1986. Here's what happens at each stage:

1. Director Meeting

The Directors hold a quorate meeting to:

- Approve notices convening the members' meeting
- Seek nomination from creditors by convening a decision procedure
- Confirm which Directors will verify the Statement of Affairs
- Approve pre-appointment fees

2. Issuing Notices

Notices must be sent within statutory timescales to both members and creditors, convening a meeting of members to wind up the company and appointing a liquidator, and a decision procedure for creditors to appoint a liquidator and authorise pre-liquidation fees.

3. Statement of Affairs

The nominated Directors prepare a Statement of Affairs setting out the company's financial position. Key points:

- Advisors can assist with the preparation, but Directors are ultimately responsible for its accuracy
- Must be delivered to creditors no later than one business day before they make their decision
- Failure to meet this deadline is a criminal offence under insolvency legislation
- Will include creditor names, addresses, and amounts owed (permitted under s.99-100 Insolvency Act 1986)

Directors must also provide explanatory information to support the Statement of Affairs, setting out the background of the company and the reasons for the insolvency.

4. Members' Meeting

A general meeting of the company where members pass resolutions to place the company into CVL and appoint the liquidator(s).

5. Creditors' Decision

After the members' meeting, creditors have the opportunity to nominate different liquidator(s) to replace those appointed by members, appoint a Liquidation Committee to assist the liquidator, and approve any outstanding pre-liquidation fees (if no Committee is appointed). Creditors may make their decision via deemed consent, virtual meeting, or physical meeting.

6. Post-Appointment Notices

Once appointed, the liquidator must issue notices to the Registrar of Companies, HMRC, and members and creditors.

7. Fee Approval

The liquidator seeks approval for their fees from either the Liquidation Committee (if appointed) or the creditors (via a decision procedure).

8. Directors' Conduct Report

Within three months of appointment, the liquidator must submit a confidential report to the Secretary of State on the conduct of anyone who has been a director or shadow director in the past three years. This report may lead to disqualification proceedings, with potential bans of 2 to 15 years from managing a company.

Note: While advisors assist with preparation and administration throughout, ultimate responsibility for accuracy and compliance rests with the Directors.