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STATUTORY INSTRUMENTS

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**2009 No. 1804**

The Limited Liability Partnerships (Application  
of Companies Act 2006) Regulations 2009

PART 13

DISSOLUTION AND RESTORATION TO THE REGISTER

CHAPTER 2

PROPERTY OF DISSOLVED LLP

**Property of dissolved LLP vesting as bona vacantia**

**52.** Sections 1012 to 1014 apply to LLPs, modified so that they read as follows—

**“Property of dissolved LLP to be bona vacantia**

**1012.**—(1) When an LLP is dissolved, all property and rights whatsoever vested in or held on trust for the LLP immediately before its dissolution (including leasehold property, but not including property held by the LLP on trust for another person) are deemed to be *bona vacantia* and—

- (a) accordingly belong to the Crown, or to the Duchy of Lancaster or to the Duke of Cornwall for the time being (as the case may be), and
- (b) vest and may be dealt with in the same manner as other *bona vacantia* accruing to the Crown, to the Duchy of Lancaster or to the Duke of Cornwall.

(2) Subsection (1) has effect subject to the possible restoration of the LLP to the register under Chapter 3 (see section 1034).

**Crown disclaimer of property vesting as bona vacantia**

**1013.**—(1) Where property vests in the Crown under section 1012, the Crown’s title to it under that section may be disclaimed by a notice signed by the Crown representative, that is to say the Treasury Solicitor, or, in relation to property in Scotland, the Queen’s and Lord Treasurer’s Remembrancer.

(2) The right to execute a notice of disclaimer under this section may be waived by or on behalf of the Crown either expressly or by taking possession.

(3) A notice of disclaimer must be executed within three years after—

- (a) the date on which the fact that the property may have vested in the Crown under section 1012 first comes to the notice of the Crown representative, or
- (b) if ownership of the property is not established at that date, the end of the period reasonably necessary for the Crown representative to establish the ownership of the property.

(4) If an application in writing is made to the Crown representative by a person interested in the property requiring him to decide whether he will or will not disclaim, any notice of disclaimer must be executed within twelve months after the making of the application or such further period as may be allowed by the court.

(5) A notice of disclaimer under this section is of no effect if it is shown to have been executed after the end of the period specified by subsection (3) or (4).

(6) A notice of disclaimer under this section must be delivered to the registrar and retained and registered by him.

(7) Copies of it must be published in the Gazette and sent to any persons who have given the Crown representative notice that they claim to be interested in the property.

(8) This section applies to property vested in the Duchy of Lancaster or the Duke of Cornwall under section 1012 as if for references to the Crown and the Crown representative there were respectively substituted references to the Duchy of Lancaster and to the Solicitor to that Duchy, or to the Duke of Cornwall and to the Solicitor to the Duchy of Cornwall, as the case may be.

#### **Effect of Crown disclaimer**

**1014.**—(1) Where notice of disclaimer is executed under section 1013 as respects any property, that property is deemed not to have vested in the Crown under section 1012.

(2) The following sections contain provisions as to the effect of the Crown disclaimer—  
sections 1015 to 1019 apply in relation to property in England and Wales or Northern Ireland;  
sections 1020 to 1022 apply in relation to property in Scotland.”

#### **Effect of Crown disclaimer: England and Wales and Northern Ireland**

**53.** Sections 1015 to 1019 apply to LLPs, modified so that they read as follows—

##### **“General effect of disclaimer**

**1015.**—(1) The Crown’s disclaimer operates so as to terminate, as from the date of the disclaimer, the rights, interests and liabilities of the LLP in or in respect of the property disclaimed.

(2) It does not, except so far as is necessary for the purpose of releasing the LLP from any liability, affect the rights or liabilities of any other person.

##### **Disclaimer of leaseholds**

**1016.**—(1) The disclaimer of any property of a leasehold character does not take effect unless a copy of the disclaimer has been served (so far as the Crown representative is aware of their addresses) on every person claiming under the LLP as underlessee or mortgagee, and either—

- (a) no application under section 1017 (power of court to make vesting order) is made with respect to that property before the end of the period of 14 days beginning with the day on which the last notice under this paragraph was served, or
- (b) where such an application has been made, the court directs that the disclaimer shall take effect.

(2) Where the court gives a direction under subsection (1)(b) it may also, instead of or in addition to any order it makes under section 1017, make such order as it thinks fit with respect to fixtures, tenant's improvements and other matters arising out of the lease.

(3) In this section the "Crown representative" means—

- (a) in relation to property vested in the Duchy of Lancaster, the Solicitor to that Duchy;
- (b) in relation to property vested in the Duke of Cornwall, the Solicitor to the Duchy of Cornwall;
- (c) in relation to property in Scotland, the Queen's and Lord Treasurer's Remembrancer;
- (d) in relation to other property, the Treasury Solicitor.

#### **Power of court to make vesting order**

**1017.**—(1) The court may on application by a person who—

- (a) claims an interest in the disclaimed property, or
- (b) is under a liability in respect of the disclaimed property that is not discharged by the disclaimer,

make an order under this section in respect of the property.

(2) An order under this section is an order for the vesting of the disclaimed property in, or its delivery to—

- (a) a person entitled to it (or a trustee for such a person), or
- (b) a person subject to such a liability as is mentioned in subsection (1)(b) (or a trustee for such a person).

(3) An order under subsection (2)(b) may only be made where it appears to the court that it would be just to do so for the purpose of compensating the person subject to the liability in respect of the disclaimer.

(4) An order under this section may be made on such terms as the court thinks fit.

(5) On a vesting order being made under this section, the property comprised in it vests in the person named in that behalf in the order without conveyance, assignment or transfer.

#### **Protection of persons holding under a lease**

**1018.**—(1) The court must not make an order under section 1017 vesting property of a leasehold nature in a person claiming under the LLP as underlessee or mortgagee except on terms making that person—

- (a) subject to the same liabilities and obligations as those to which the LLP was subject under the lease, or
- (b) if the court thinks fit, subject to the same liabilities and obligations as if the lease had been assigned to him.

(2) Where the order relates to only part of the property comprised in the lease, subsection (1) applies as if the lease had comprised only the property comprised in the vesting order.

(3) A person claiming under the LLP as underlessee or mortgagee who declines to accept a vesting order on such terms is excluded from all interest in the property.

(4) If there is no person claiming under the LLP who is willing to accept an order on such terms, the court has power to vest the LLP's estate and interest in the property in any

person who is liable (whether personally or in a representative character, and whether alone or jointly with the LLP) to perform the lessee's covenants in the lease.

(5) The court may vest that estate and interest in such a person freed and discharged from all estates, incumbrances and interests created by the LLP.

### **Land subject to rentcharge**

**1019.** Where in consequence of the disclaimer land that is subject to a rentcharge vests in any person, neither he nor his successors in title are subject to any personal liability in respect of sums becoming due under the rentcharge, except sums becoming due after he, or some person claiming under or through him, has taken possession or control of the land or has entered into occupation of it.”.

### **Effect of Crown disclaimer: Scotland**

**54.** Sections 1020 to 1022 apply to LLPs, modified so that they read as follows—

#### **“General effect of disclaimer**

**1020.**—(1) The Crown's disclaimer operates to determine, as from the date of the disclaimer, the rights, interests and liabilities of the LLP, and the property of the LLP, in or in respect of the property disclaimed.

(2) It does not (except so far as is necessary for the purpose of releasing the LLP and its property from liability) affect the rights or liabilities of any other person.

#### **Power of court to make vesting order**

**1021.**—(1) The court may—

- (a) on application by a person who either claims an interest in disclaimed property or is under a liability not discharged by this Act in respect of disclaimed property, and
- (b) on hearing such persons as it thinks fit,

make an order for the vesting of the property in or its delivery to any persons entitled to it, or to whom it may seem just that the property should be delivered by way of compensation for such liability, or a trustee for him.

(2) The order may be made on such terms as the court thinks fit.

(3) On a vesting order being made under this section, the property comprised in it vests accordingly in the person named in that behalf in the order, without conveyance or assignation for that purpose.

#### **Protection of persons holding under a lease**

**1022.**—(1) Where the property disclaimed is held under a lease the court must not make a vesting order in favour of a person claiming under the LLP, whether—

- (a) as sub-lessee, or
- (b) as creditor in a duly registered or (as the case may be) recorded heritable security over a lease,

except on the following terms.

(2) The person must by the order be made subject—

- (a) to the same liabilities and obligations as those to which the LLP was subject under the lease in respect of the property, or
- (b) if the court thinks fit, only to the same liabilities and obligations as if the lease had been assigned to him.

In either event (if the case so requires) the liabilities and obligations must be as if the lease had comprised only the property comprised in the vesting order.

(3) A sub-lessee or creditor declining to accept a vesting order on such terms is excluded from all interest in and security over the property.

(4) If there is no person claiming under the LLP who is willing to accept an order on such terms, the court has power to vest the LLP's estate and interest in the property in any person liable (either personally or in a representative character, and either alone or jointly with the LLP) to perform the lessee's obligations under the lease.

(5) The court may vest that estate and interest in such a person freed and discharged from all interests, rights and obligations created by the LLP in the lease or in relation to the lease.

(6) For the purposes of this section a heritable security—

- (a) is duly recorded if it is recorded in the Register of Sasines, and
- (b) is duly registered if registered in accordance with the Land Registration (Scotland) Act 1979 (c. 33).".

### **Supplementary provisions**

55. Section 1023 applies to LLPs, modified so that it reads as follows—

#### **“Liability for rentcharge on LLP's land after dissolution**

**1023.**—(1) This section applies where on the dissolution of an LLP land in England and Wales or Northern Ireland that is subject to a rentcharge vests by operation of law in the Crown or any other person (“the proprietor”).

(2) Neither the proprietor nor his successors in title are subject to any personal liability in respect of sums becoming due under the rentcharge, except sums becoming due after the proprietor, or some person claiming under or through him, has taken possession or control of the land or has entered into occupation of it.”.