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A Guide to Administration

A formal insolvency procedure that may protect a company while an appointed administrator pursues an appropriate statutory objective.

Talk it through with a licensed insolvency practitioner

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What administration is

Administration is a formal insolvency procedure in which a licensed insolvency practitioner is appointed as administrator and takes control of the company. The administrator assesses the company, its business, assets, liabilities, and creditor position before pursuing an available statutory objective.

The procedure may create protected breathing space while options are assessed. It is not suitable for every company, and the outcome depends on the evidence and circumstances of the particular case.

What administration may achieve

Where appropriate, Administration may support one or more of these outcomes:

- rescuing the company as a going concern;
- achieving a better result for creditors than would be likely through an immediate winding up;
- allowing a viable business or its assets to be sold;
- realising property so that secured or preferential creditors may receive a distribution.

None of these outcomes is guaranteed. An administrator must act within the legal purpose of the appointment and in response to the evidence available.

Potential benefits

Directors most often ask about Administration because it may:

- impose a statutory moratorium that restricts creditor action while a strategy for the company is settled;
- create an opportunity for the directors or a third party to offer to buy the business as a going concern;
- provide time in which a recovery or restructuring proposal can be prepared and put to those affected.

Whether any of these is available depends on the company's circumstances, the terms of the appointment, and the administrator's statutory duties. None of them follows automatically from an appointment.

Considering administration

Suitability depends on the company's financial position, viability, creditor action, funding, assets, employees, and the realistic alternatives. Other restructuring or insolvency procedures may be more appropriate.

Directors should avoid delaying when a company cannot meet its obligations. Early advice allows the available options and duties to be considered against current records rather than assumptions.

What to do next

Before seeking advice, gather the clearest current information available:

- recent management accounts and cash-flow forecasts;
- details of assets, liabilities, security, and creditor action;
- payroll, tax, property, finance, and key contract information;
- the immediate decisions, deadlines, and funding pressures facing the company.

This guide provides general information only. It is not legal or financial advice, and it does not determine whether Administration is available or suitable for a particular company.

Discuss the company's circumstances

Whether Administration is suitable depends on the company's position and the available alternatives. Seek professional advice promptly. Call or email and we will go through the position and the options with you.

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