



myerson

# Myerson **Business**

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**Company Administrations**

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# Welcome

We understand the complexities of modern life and the importance of taking care of your business interests. So it's a deep source of satisfaction that so many businesses choose Myerson as their trusted adviser to advise on company insolvency issues.

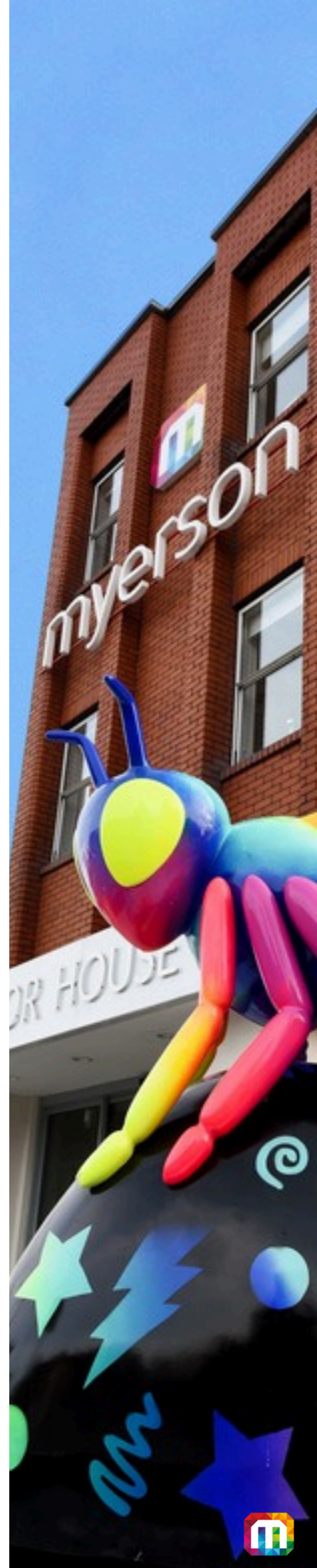
## Why Myerson?

Our Insolvency and Restructuring Solicitors advise all types of businesses who find themselves in financially difficult situations. We work closely with reputable insolvency practitioners to ensure the best possible outcome can be obtained.

Myerson's Insolvency and Restructuring Team combines an exceptional knowledge of the market with a high level of technical expertise to advise insolvency practitioners (usually as insolvency office-holders), creditors, lenders, businesses and companies, directors, individuals and a range of other relevant stakeholders on all key aspects of pre and post-insolvency scenarios.

We adopt a collaborative approach to ensure a seamless integration of relevant practice areas such as Corporate, Real Estate, Litigation and Employment. This helps us to achieve the best solution for our clients in a timely manner and without unnecessary expense.

We are proud to be ranked as '**Top Tier**' in the prestigious international directory **The Legal 500**, and commended by The Times '**Best Law Firms 2019**'. Therefore you can be reassured you will receive a high quality and truly bespoke service.



# Company Administration

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## Introduction

When a company begins to struggle financially, directors and stakeholders often face enormous pressure and uncertainty. Among the range of options available, administration stands out as a structured, moratorium-protected process that can provide vital breathing space. Whether the aim is to rescue the company's business, sell its assets or manage a fair exit, administration may offer a path forward that balances the needs of creditors, employees and the company itself. This guide provides an in-depth look at every stage of the process, from appointment to conclusion.

## What is Company Administration?

Company administration is a formal insolvency procedure designed to offer protection and breathing space to companies experiencing financial distress. When a business is struggling to pay its debts and is under threat from creditors, administration serves as a temporary legal shield, providing an opportunity for restructuring or controlled asset realisation.

The goal is to achieve a better outcome for creditors than immediate liquidation.

Once in administration, the company is managed by a licensed insolvency practitioner, known as the administrator, who assumes control of the company's business and its assets.

The administrator's duty is to act in the best interests of all creditors and to pursue one of three statutory objectives: rescuing the company as a going concern, achieving a better result for creditors than liquidation would provide, or realising property to make a distribution to one or more secured or preferential creditors.



# When Should a Company Consider Administration?

A company should consider administration when it is insolvent or nearing insolvency and is facing mounting pressure from creditors, including threats of legal action or winding-up petitions. Administration is particularly relevant when:

- There is a reasonable prospect of saving the business or part of it.
- A sale of the business could generate more value than liquidation.
- There is a need to pause creditor enforcement while a rescue plan is explored.

The process can be initiated voluntarily by company directors or company shareholders or by secured creditors through the courts or an out-of-court route.

In either case, the company benefits from a statutory moratorium which temporarily halts all legal proceedings and enforcement actions.



# The Administration Process Explained

## **1.Entering administration.**

There are two ways a company can enter administration. The first is by court order upon a formal application being made to the court (the court route).

The second is by the filing of documents at court (the out of court route) by the company, its directors or the holder of a qualifying floating charge over the company's assets. When a company enters administration, it becomes subject to a statutory moratorium that prevents creditors from enforcing their claims against the company.

In certain circumstances, a company gains the benefit of an interim moratorium before it goes into administration where either a notice of intention to appoint administrators is filed with the court or an application to appoint administrators is made.

## **2.Announcement of administrator's appointment.**

As soon as reasonably practicable after appointment, the administrator (who must be a licensed insolvency practitioner) must send notice of the appointment to the company and to every creditor of the company of which the administrator is aware and must publish notice of the appointment in the London Gazette and in any other publication or manner that the administrator thinks appropriate.

The administrator must also file notice of their appointment at Companies House.

## **3. Information about any pre-pack sale.**

In some cases, the administrator will achieve the best value for the business and assets of a company by way of a pre-pack sale. A pre-pack sale is a transaction negotiated before the company's administration that then completes upon, or shortly after, the administrator's appointment.

Any pre-pack sale must be promptly reported by the administrator to the creditors.



#### **4. Statement of company's affairs.**

Once an administrator has been appointed, a statement of the company's affairs must be produced. The contents of this statement are governed by IR 2016. There are a number of people who can be asked to produce the statement of affairs and these are set out in Schedule B1 to IA 1986.

#### **5. Administrator's proposals.**

This is a key initial task for the administrator to carry out. The administrator has to prepare a statement (known as the administrator's proposals) on how they propose conducting the administration. The proposals must be filed at Companies House and be sent to every creditor and all shareholders of the company.

#### **6. Approval of the administrator's proposals.**

Except in very limited circumstances, the administrator's proposals must be approved by the creditors of the company within 10 weeks of the commencement of the administration. Creditors have the right to propose modifications to the administrator's proposals.

#### **7. Progress reports.**

Every 6 months, the administrator must send progress reports to the creditors and file them at Companies House, detailing the progress the administrator has made towards implementing the proposals and achieving the objectives of the administration. The contents of the progress reports are governed by IR 2016.

#### **8. Ending the administration.**

Unless extended by creditor consent or court order, an administrator's appointment automatically ceases to have effect 12 months from the day that the company entered administration. However, at any time during the administration of a company, the administrator can apply to court for an order ending the administration.

The grounds on which an administrator can do this are set out in Schedule B1 to IA 1986. On the conclusion of an administration, the company may be returned to the control of its directors, it may go into liquidation or it may be dissolved.





# Powers and Duties of the Administrator

The role of the administrator is to achieve one of the statutory purposes of administration, namely:

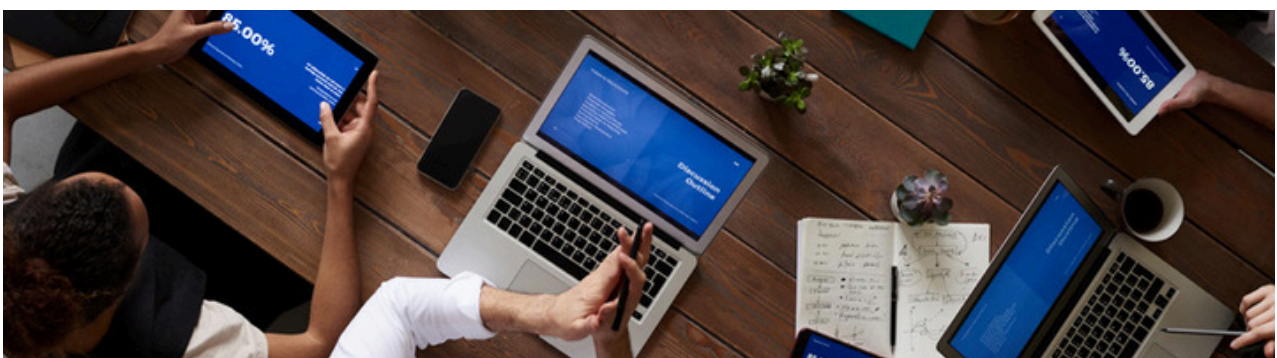
- The rescue of the company as a going concern (which is rarely achieved);
- A better result for the company's creditors, as a whole, than would be likely if the company were wound up (without first being in administration); or
- The realisation of the company's property to make a distribution to one or more secured or preferential creditors.

The administrator will look to see which of the statutory purposes is achievable and will set out the objectives of and strategy for the administration in a set of proposals which are then circulated to creditors within 8 weeks of the start of the administration for them to vote upon.

An administrator's powers are very broad. An administrator may do anything necessary or expedient to manage the affairs, business and property of the company.

In addition, the administrator has a series of specific powers set out in IA 1986 which include the power to:

- Take control and possession of the company's property and assets;
- Sell or otherwise dispose of the company's property and assets;
- Bring or defend legal proceedings on behalf of the company;
- Make any payments necessary to allow the carrying out of the administrator's functions;
- Carry on the company's business;
- Take or surrender a lease of any property on behalf of the company; and
- Make any arrangement or compromise on behalf of the company.



# Administrator's Fees and Expenses

An administrator and their staff are entitled to be paid for the work that they carry out.

The basis of an administrator's remuneration can be calculated in one or more of the following ways: on the basis of the time properly spent by them (the time cost basis), as a percentage of the value of the company's assets realised (the asset value basis) and as a fixed fee.

Disbursements are payable, which cover the fees and expenses charged to the administrator by third parties (e.g. solicitors and valuers) who are retained or employed during the course of the administration.

Disbursements also cover the expenses of members of any creditors' committee established.

Expenses are payable, which cover both expenses of the administration (liabilities incurred by the administrator on behalf of the company, such as rent, and also the remuneration, disbursements and expenses of the relevant administrator) and expenses of the administrator (expenses properly incurred by the administrator in performing their functions).

The administrator's allowable remuneration, disbursements and expenses include certain fees, charges and expenses incurred by them before the company entered administration (pre-appointment costs).

The administrator's remuneration, disbursements and expenses rank below the rights of any creditors whose claim is secured by a mortgage or fixed charge but above the claims of preferential creditors, claims secured by a floating charge and claims of unsecured creditors.

An administrator can pay remuneration, disbursements and expenses at regular intervals during the course of the administration, or as they fall due during the administration.

In the first instance, it is the creditors' committee that fixes the basis of the administrator's remuneration. If the creditors' committee fails to do so or there is no creditors' committee, then the creditors must be asked to fix the administrator's remuneration.





Where the committee or the creditors have both failed to fix the remuneration, the administrator must apply to the court. If, later, an administrator considers that the rate or amount of remuneration fixed is insufficient or inappropriate, the administrator can request from creditors or the court an increase of the amount or to change the basis.

Creditors have the right to challenge an administrator's remuneration, disbursements and expenses by applying to the court.

## What Happens After Administration?

The administrator of a company must aim to achieve one of the following objectives:

- The rescue of the company as a going concern;
  - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up; or
  - The realisation of some or all of the company's property to make a distribution to one or more secured or preferential creditors.
- Taking this into account, possible outcomes when a company is placed into administration are:
- The company is restructured and continues trading, either under its existing management or with new ownership;
  - The company enters into a Company Voluntary Arrangement (CVA) which allows it to restructure its debts and agree a repayment plan with creditors;
  - The company's business and/or its assets are sold to another company, potentially preserving jobs and business operations;
  - If the company's debts are manageable and a restructuring is successful then the company can be returned to the control of its directors; or
  - If rescue is not possible, the company may be wound up/liquidated and its assets sold to repay creditors.

Each outcome carries different implications for directors, employees, and creditors. A well-executed administration can preserve jobs, improve returns to creditors and allow parts of the company's business to survive in some form.



# Why Choose Myerson?

- We are ranked in the [Legal 500](#) and [Chambers and Partners](#) for our legal expertise.
- You will receive city-quality advice at regional prices.
- Price transparency – we provide our clients with a cost estimate at the outset of any engagement with ongoing cost updates throughout the matter.
- Our Partner-led service ensures that you receive the very best legal advice and commercially focussed support.
- Our insolvency and restructuring team has in depth experience across a diverse variety of sectors, focused on achieving your objectives and meeting your deadlines.
- We are a full-service law firm operating from a single-site office, which means our teams communicate effectively and efficiently and our insolvency and restructuring lawyers can draw on support when required from other specialist lawyers such as those in our [corporate](#), [property](#) and [dispute resolution](#) teams.
- Our insolvency and restructuring solicitors use the latest technology to ensure that we are working as efficiently as possible and that geographical distance does not prevent us from providing you with excellent client service.
- Our fast response times enable us to deal with time-sensitive enforcement scenarios.
- We have excellent working relationships with many national, regional and local independent insolvency practitioners who can be called upon to provide their advice and input as and when required.
- Check out the [Myerson Promise](#) for more information on the benefits of working with us.



# Testimonials

*"The team are fantastically knowledgeable. They keep themselves abreast of legal developments. They are out there in the field and have diverse contacts, which results in diverse and interesting instructions. They are also down to earth and very easy going – a pleasure to work with."*

Legal 500, 2025

*"Richard Wolff is a pleasure to work with. He really knows his field and it is enjoyable to work on a high level with him when discussing instructions. He is engaging and knowledgeable."*

Legal 500, 2025

*"Vicky Biggs is diligent and very hard working, with good legal knowledge."*

Legal 500, 2025

*"Jack Ramsden is smart and thorough. He has a wisdom well beyond his qualification date."*

Legal 500, 2025



# You're in safe hands!

If you would like further information about how we can help you with **Company Administrations**, or if you have any questions, please don't hesitate to contact a member of our **Insolvency and Restructuring Team** today.

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