



Administration or liquidation?

I need advice but I am not sure whether to ask for liquidation or administration... help!

Don't panic!

When you take advice from 360 we will take the data you provide, assess the company's position and provide advice on the options available.

Taking advice as soon as warning signs appear widens the range of options available and potentially improves the outcome. All too soon we see viable businesses that have been run down to a point where salvage is all but impossible and the directors are equally as worn out – not a good combination that often spirals ever downward.

We cannot stress enough the benefits of taking advice at an early stage. Unlike some firms, we do not treat every director that walks through our doors as a new piece of business for us; we will give you straightforward and honest advice, which can include strategy on “*righting the ship*” and moving forward in a way that avoids a formal insolvency process.

Administration

In short, administration is a process that protects a company with a moratorium against any legal action being commenced or continued, giving the administrator opportunity to find a solution for creditors, which can include restructure, refinance or a sale of business and assets. Pre-packaged sales in administration are relatively common and a good way of preserving value. They are not suitable for all companies however and you should contact us for more information.

Liquidation

Insolvent liquidation is known as a ‘creditors’ voluntary liquidation’ (CVL) and is used when administration is not appropriate, or suits the circumstances better. It is usually considered an ‘end of life’ procedure, though businesses and assets can be sold out of liquidation in the same way as in administration.

CVA

A company voluntary arrangement is a form of settlement agreement with all creditors, which (typically) involves a company making payment to a fund over a period of time which if fulfilled, is distributed in full and final settlement to creditors. CVA allows a company to continue trading. It is not without implications, but many business owners find these to be more manageable than a formal insolvency.

Contact us for more information and to discuss specific circumstances.