



Insolvency Act 1986

1986 CHAPTER 45

PART III

RECEIVERSHIP

CHAPTER I

RECEIVERS AND MANAGERS (ENGLAND AND WALES)

Modifications etc. (not altering text)

- C1** Pt. III Chapter 1 (ss. 28-49) applied (with modifications) (1.12.1997) by 1986 c. 53, **Sch. 15A** (as inserted by 1997 c. 32, s. 39(2), **Sch. 6 para. 1(2)(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(i)**)

Preliminary and general provisions

28 Extent of this Chapter.

This Chapter does not apply to receivers appointed under Chapter II of this Part (Scotland).

29 Definitions.

- (1) It is hereby declared that, except where the context otherwise requires—
- (a) any reference in the Companies Act or this Act to a receiver or manager of the property of a company, or to a receiver of it, includes a receiver or manager, or (as the case may be) a receiver of part only of that property and a receiver only of the income arising from the property or from part of it; and
 - (b) any reference in the Companies Act or this Act to the appointment of a receiver or manager under powers contained in an instrument includes an appointment

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made under powers which, by virtue of any enactment, are implied in and have effect as if contained in an instrument.

- (2) In this Chapter “administrative receiver” means—
- (a) a receiver or manager of the whole (or substantially the whole) of a company’s property appointed by or on behalf of the holders of any debentures of the company secured by a charge which, as created, was a floating charge, or by such a charge and one or more other securities; or
 - (b) a person who would be such a receiver or manager but for the appointment of some other person as the receiver of part of the company’s property.

30 Disqualification of body corporate from acting as receiver.

A body corporate is not qualified for appointment as receiver of the property of a company, and any body corporate which acts as such a receiver is liable to a fine.

31 Disqualification of undischarged bankrupt.

If a person being an undischarged bankrupt acts as receiver or manager of the property of a company on behalf of debenture holders, he is liable to imprisonment or a fine, or both.

This does not apply to a receiver or a manager acting under an appointment made by the court.

32 Power for court to appoint official receiver.

Where application is made to the court to appoint a receiver on behalf of the debenture holders or other creditors of a company which is being wound up by the court, the official receiver may be appointed.

Receivers and managers appointed out of court

33 Time from which appointment is effective.

- (1) The appointment of a person as a receiver or manager of a company’s property under powers contained in an instrument—
 - (a) is of no effect unless it is accepted by that person before the end of the business day next following that on which the instrument of appointment is received by him or on his behalf, and
 - (b) subject to this, is deemed to be made at the time at which the instrument of appointment is so received.
- (2) This section applies to the appointment of two or more persons as joint receivers or managers of a company’s property under powers contained in an instrument, subject to such modifications as may be prescribed by the rules.

34 Liability for invalid appointment.

Where the appointment of a person as the receiver or manager of a company’s property under powers contained in an instrument is discovered to be invalid (whether by virtue of the invalidity of the instrument or otherwise), the court may order the person

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by whom or on whose behalf the appointment was made to indemnify the person appointed against any liability which arises solely by reason of the invalidity of the appointment.

35 Application to court for directions.

- (1) A receiver or manager of the property of a company appointed under powers contained in an instrument, or the persons by whom or on whose behalf a receiver or manager has been so appointed, may apply to the court for directions in relation to any particular matter arising in connection with the performance of the functions of the receiver or manager.
- (2) On such an application, the court may give such directions, or may make such order declaring the rights of persons before the court or otherwise, as it thinks just.

Modifications etc. (not altering text)

C2 S. 35 amended (1.12.2001) by 2000 c. 8, s. 363(2); S.I. 2001/3538, art. 2(1)

36 Court's power to fix remuneration.

- (1) The court may, on an application made by the liquidator of a company, by order fix the amount to be paid by way of remuneration to a person who, under powers contained in an instrument, has been appointed receiver or manager of the company's property.
- (2) The court's power under subsection (1), where no previous order has been made with respect thereto under the subsection—
 - (a) extends to fixing the remuneration for any period before the making of the order or the application for it,
 - (b) is exercisable notwithstanding that the receiver or manager has died or ceased to act before the making of the order or the application, and
 - (c) where the receiver or manager has been paid or has retained for his remuneration for any period before the making of the order any amount in excess of that so fixed for that period, extends to requiring him or his personal representatives to account for the excess or such part of it as may be specified in the order.

But the power conferred by paragraph (c) shall not be exercised as respects any period before the making of the application for the order under this section, unless in the court's opinion there are special circumstances making it proper for the power to be exercised.

- (3) The court may from time to time on an application made either by the liquidator or by the receiver or manager, vary or amend an order made under subsection (1).

37 Liability for contracts, etc.

- (1) A receiver or manager appointed under powers contained in an instrument (other than an administrative receiver) is, to the same extent as if he had been appointed by order of the court—
 - (a) personally liable on any contract entered into by him in the performance of his functions (except in so far as the contract otherwise provides) and on any

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contract of employment adopted by him in the performance of those functions,
and

(b) entitled in respect of that liability to indemnity out of the assets.

(2) For the purposes of subsection (1)(a), the receiver or manager is not to be taken to have adopted a contract of employment by reason of anything done or omitted to be done with 14 days after his appointment.

(3) Subsection (1) does not limit any right to indemnity which the receiver or manager would have apart from it, nor limit his liability on contracts entered into without authority, nor confer any right to indemnity in respect of that liability.

(4) Where at any time the receiver or manager so appointed vacates office—

(a) his remuneration and any expenses properly incurred by him, and

(b) any indemnity to which he is entitled out of the assets of the company,

shall be charged on and paid out of any property of the company which is in his custody or under his control at that time in priority to any charge or other security held by the person by or on whose behalf he was appointed.

38 Receivership accounts to be delivered to registrar.

(1) Except in the case of an administrative receiver, every receiver or manager of a company's property who has been appointed under powers contained in an instrument shall deliver to the registrar of companies for registration the requisite accounts of his receipts and payments.

(2) The accounts shall be delivered within one month (or such longer period as the registrar may allow) after the expiration of 12 months from the date of his appointment and of every subsequent period of 6 months, and also within one month after he ceases to act as receiver or manager.

(3) The requisite accounts shall be an abstract in the prescribed form showing—

(a) receipts and payments during the relevant period of 12 or 6 months, or

(b) where the receiver or manager ceases to act, receipts and payments during the period from the end of the period of 12 or 6 months to which the last preceding abstract related (or, if no preceding abstract has been delivered under this section, from the date of his appointment) up to the date of his so ceasing, and the aggregate amount of receipts and payments during all preceding periods since his appointment.

(4) In this section “prescribed” means prescribed by regulations made by statutory instrument by the Secretary of State.

(5) A receiver or manager who makes default in complying with this section is liable to a fine and, for continued contravention, to a daily default fine.

Provisions applicable to every receivership

39 Notification that receiver or manager appointed.

(1) When a receiver or manager of the property of a company has been appointed, every invoice, order for goods or business letter issued by or on behalf of the company or the receiver or manager or the liquidator of the company, being a document on or in which

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the company's name appears, shall contain a statement that a receiver or manager has been appointed.

- (2) If default is made in complying with this section, the company and any of the following persons, who knowingly and wilfully authorises or permits the default, namely, any officer of the company, any liquidator of the company and any receiver or manager, is liable to a fine.

40 Payment of debts out of assets subject to floating charge.

- (1) The following applies in the case of a company, where a receiver is appointed on behalf of the holders of any debentures of the company secured by a charge which, as created, was a floating charge.
- (2) If the company is not at the time in course of being wound up, its preferential debts (within the meaning given to that expression by section 386 in Part XII) shall be paid out of the assets coming to the hands of the receiver in priority to any claims for principal or interest in respect of the debentures.
- (3) Payments made under this section shall be recouped, as far as may be, out of the assets of the company available for payment of general creditors.

Modifications etc. (not altering text)

- C3** S. 40 excluded (6.3.2008) by [The Regulated Covered Bonds Regulations 2008 \(S.I. 2008/346\)](#), reg. 46, [Sch. para. 2\(1\)](#)
- C4** S. 40 applied (11.12.1999) by [The Financial Market and Insolvency \(Settlement Finality\) Regulations 1999 \(S.I. 1999/2979\)](#), reg. 14(5)(a)(iii) (as substituted (1.10.2009) by [The Financial Markets and Insolvency \(Settlement Finality\) \(Amendment\) Regulations 2009 \(S.I. 2009/1972\)](#), [reg. 4\(d\)\(iii\)](#))
- C5** S. 40 excluded by [S.I. 2003/3226](#), reg. 10(2A) (as inserted (6.4.2011) by [The Financial Markets and Insolvency \(Settlement Finality and Financial Collateral Arrangements\) \(Amendment\) Regulations 2010 \(S.I. 2010/2993\)](#), [reg. 4\(8\)\(a\)](#))

41 Enforcement of duty to make returns.

- (1) If a receiver or manager of a company's property—
 - (a) having made default in filing, delivering or making any return, account or other document, or in giving any notice, which a receiver or manager is by law required to file, deliver, make or give, fails to make good the default within 14 days after the service on him of a notice requiring him to do so, or
 - (b) having been appointed under powers contained in an instrument, has, after being required at any time by the liquidator of the company to do so, failed to render proper accounts of his receipts and payments and to vouch them and pay over to the liquidator the amount properly payable to him,

the court may, on an application made for the purpose, make an order directing the receiver or manager (as the case may be) to make good the default within such time as may be specified in the order.

- (2) In the case of the default mentioned in subsection (1)(a), application to the court may be made by any member or creditor of the company or by the registrar of companies; and in the case of the default mentioned in subsection (1)(b), the application shall be made by the liquidator.

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In either case the court's order may provide that all costs of and incidental to the application shall be borne by the receiver or manager, as the case may be.

- (3) Nothing in this section prejudices the operation of any enactment imposing penalties on receivers in respect of any such default as is mentioned in subsection (1).

Modifications etc. (not altering text)

C6 S. 41(1)(a) amended (1.12.2001) by 2000 c. 8, s. 363(3); S.I. 2001/3538, art. 2(1)

Administrative receivers: general

42 General powers.

- (1) The powers conferred on the administrative receiver of a company by the debentures by virtue of which he was appointed are deemed to include (except in so far as they are inconsistent with any of the provisions of those debentures) the powers specified in Schedule 1 to this Act.
- (2) In the application of Schedule 1 to the administrative receiver of a company—
- (a) the words “he” and “him” refer to the administrative receiver, and
 - (b) references to the property of the company are to the property of which he is or, but for the appointment of some other person as the receiver of part of the company's property, would be the receiver or manager.
- (3) A person dealing with the administrative receiver in good faith and for value is not concerned to inquire whether the receiver is acting within his powers.

43 Power to dispose of charged property, etc.

- (1) Where, on an application by the administrative receiver, the court is satisfied that the disposal (with or without other assets) of any relevant property which is subject to a security would be likely to promote a more advantageous realisation of the company's assets than would otherwise be effected, the court may by order authorise the administrative receiver to dispose of the property as if it were not subject to the security.
- (2) Subsection (1) does not apply in the case of any security held by the person by or on whose behalf the administrative receiver was appointed, or of any security to which a security so held has priority.
- (3) It shall be a condition of an order under this section that—
- (a) the net proceeds of the disposal, and
 - (b) where those proceeds are less than such amount as may be determined by the court to be the net amount which would be realised on a sale of the property in the open market by a willing vendor, such sums as may be required to make good the deficiency,

shall be applied towards discharging the sums secured by the security.

- (4) Where a condition imposed in pursuance of subsection (3) relates to two or more securities, that condition shall require the net proceeds of the disposal and, where

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paragraph (b) of that subsection applies, the sums mentioned in that paragraph to be applied towards discharging the sums secured by those securities in the order of their priorities.

- (5) An office copy of an order under this section shall, within 14 days of the making of the order, be sent by the administrative receiver to the registrar of companies.
- (6) If the administrative receiver without reasonable excuse fails to comply with subsection (5), he is liable to a fine and, for continued contravention, to a daily default fine.
- (7) In this section “relevant property”, in relation to the administrative receiver, means the property of which he is or, but for the appointment of some other person as the receiver of part of the company’s property, would be the receiver or manager.

Modifications etc. (not altering text)

- C7 S. 43 excluded (6.3.2008) by [The Regulated Covered Bonds Regulations 2008 \(S.I. 2008/346\)](#), reg. 46, [Sch. para. 2\(1\)](#)
- C8 S. 43 excluded (25.4.1991) by [Companies Act 1989 \(c. 40\)](#), ss. 154, 155, 175(3)(a); S.I. 1991/878, art. 2, [Sch. .](#)
- S. 43 excluded (15.8.1995) by [S.I. 1995/2049](#), reg. 21(4)(a)

44 Agency and liability for contracts.

- (1) The administrative receiver of a company—
 - (a) is deemed to be the company’s agent, unless and until the company goes into liquidation;
 - (b) is personally liable on any contract entered into by him in the carrying out of his functions (except in so far as the contract otherwise provides) and on any contract of employment adopted by him in the carrying out of those functions; and
 - (c) is entitled in respect of that liability to an indemnity out of the assets of the company.
- (2) For the purposes of subsection (1)(b) the administrative receiver is not to be taken to have adopted a contract of employment by reason of anything done or omitted to be done within 14 days after his appointment.
- (3) This section does not limit any right to indemnity which the administrative receiver would have apart from it, nor limit his liability on contracts entered into or adopted without authority, nor confer any right to indemnity in respect of that liability.

45 Vacation of office.

- (1) An administrative receiver of a company may at any time be removed from office by order of the court (but not otherwise) and may resign his office by giving notice of his resignation in the prescribed manner to such persons as may be prescribed.
- (2) An administrative receiver shall vacate office if he ceases to be qualified to act as an insolvency practitioner in relation to the company.
- (3) Where at any time an administrative receiver vacates office—

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- (a) his remuneration and any expenses properly incurred by him, and
- (b) any indemnity to which he is entitled out of the assets of the company,

shall be charged on and paid out of any property of the company which is in his custody or under his control at that time in priority to any security held by the person by or on whose behalf he was appointed.

- (4) Where an administrative receiver vacates office otherwise than by death, he shall, within 14 days after his vacation of office, send a notice to that effect to the registrar of companies.
- (5) If an administrative receiver without reasonable excuse fails to comply with subsection (4), he is liable to a fine [^{F1}and, for continued contravention, to a daily default fine].

Textual Amendments

F1 Words repealed (*prosp.*) by [Companies Act 1989 \(c. 40, SIF 27\)](#), ss. 107, 212, 213(2), 215(2), Sch. 16 para. 3(3), [Sch. 24](#)

Administrative receivers: ascertainment and investigation of company's affairs

46 Information to be given by administrative receiver.

- (1) Where an administrative receiver is appointed, he shall—
 - (a) forthwith send to the company and publish in the prescribed manner a notice of his appointment, and
 - (b) within 28 days after his appointment, unless the court otherwise directs, send such a notice to all the creditors of the company (so far as he is aware of their addresses).
- (2) This section and the next do not apply in relation to the appointment of an administrative receiver to act—
 - (a) with an existing administrative receiver, or
 - (b) in place of an administrative receiver dying or ceasing to act,

except that, where they apply to an administrative receiver who dies or ceases to act before they have been fully complied with, the references in this section and the next to the administrative receiver include (subject to the next subsection) his successor and any continuing administrative receiver.

- (3) If the company is being wound up, this section and the next apply notwithstanding that the administrative receiver and the liquidator are the same person, but with any necessary modifications arising from that fact.
- (4) If the administrative receiver without reasonable excuse fails to comply with this section, he is liable to a fine and, for continued contravention, to a daily default fine.

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47 Statement of affairs to be submitted.

- (1) Where an administrative receiver is appointed, he shall forthwith require some or all of the persons mentioned below to make out and submit to him a statement in the prescribed form as to the affairs of the company.
- (2) A statement submitted under this section shall be verified by affidavit by the persons required to submit it and shall show—
 - (a) particulars of the company’s assets, debts and liabilities;
 - (b) the names and addresses of its creditors;
 - (c) the securities held by them respectively;
 - (d) the dates when the securities were respectively given; and
 - (e) such further or other information as may be prescribed.
- (3) The persons referred to in subsection (1) are—
 - (a) those who are or have been officers of the company;
 - (b) those who have taken part in the company’s formation at any time within one year before the date of the appointment of the administrative receiver;
 - (c) those who are in the company’s employment, or have been in its employment within that year, and are in the administrative receiver’s opinion capable of giving the information required;
 - (d) those who are or have been within that year officers of or in the employment of a company which is, or within that year was, an officer of the company.

In this subsection “employment” includes employment under a contract for services.
- (4) Where any persons are required under this section to submit a statement of affairs to the administrative receiver, they shall do so (subject to the next subsection) before the end of the period of 21 days beginning with the day after that on which the prescribed notice of the requirement is given to them by the administrative receiver.
- (5) The administrative receiver, if he thinks fit, may—
 - (a) at any time release a person from an obligation imposed on him under subsection (1) or (2), or
 - (b) either when giving notice under subsection (4) or subsequently, extend the period so mentioned;

and where the administrative receiver has refused to exercise a power conferred by this subsection, the court, if it thinks fit, may exercise it.
- (6) If a person without reasonable excuse fails to comply with any obligation imposed under this section, he is liable to a fine and, for continued contravention, to a daily default fine.

48 Report by administrative receiver.

- (1) Where an administrative receiver is appointed, he shall, within 3 months (or such longer period as the court may allow) after his appointment, send to the registrar of companies, to any trustees for secured creditors of the company and (so far as he is aware of their addresses) to all such creditors a report as to the following matters, namely—
 - (a) the events leading up to his appointment, so far as he is aware of them;

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- (b) the disposal or proposed disposal by him of any property of the company and the carrying on or proposed carrying on by him of any business of the company;
 - (c) the amounts of principal and interest payable to the debenture holders by whom or on whose behalf he was appointed and the amounts payable to preferential creditors; and
 - (d) the amount (if any) likely to be available for the payment of other creditors.
- (2) The administrative receiver shall also, within 3 months (or such longer period as the court may allow) after his appointment, either—
- (a) send a copy of the report (so far as he is aware of their addresses) to all unsecured creditors of the company; or
 - (b) publish in the prescribed manner a notice stating an address to which unsecured creditors of the company should write for copies of the report to be sent to them free of charge,
- and (in either case), unless the court otherwise directs, lay a copy of the report before a meeting of the company’s unsecured creditors summoned for the purpose on not less than 14 days’ notice.
- (3) The court shall not give a direction under subsection (2) unless—
- (a) the report states the intention of the administrative receiver to apply for the direction, and
 - (b) a copy of the report is sent to the persons mentioned in paragraph (a) of that subsection, or a notice is published as mentioned in paragraph (b) of that subsection, not less than 14 days before the hearing of the application.
- (4) Where the company has gone or goes into liquidation, the administrative receiver—
- (a) shall, within 7 days after his compliance with subsection (1) or, if later, the nomination or appointment of the liquidator, send a copy of the report to the liquidator, and
 - (b) where he does so within the time limited for compliance with subsection (2), is not required to comply with that subsection.
- (5) A report under this section shall include a summary of the statement of affairs made out and submitted to the administrative receiver under section 47 and of his comments (if any) upon it.
- (6) Nothing in this section is to be taken as requiring any such report to include any information the disclosure of which would seriously prejudice the carrying out by the administrative receiver of his functions.
- (7) Section 46(2) applies for the purposes of this section also.
- (8) If the administrative receiver without reasonable excuse fails to comply with this section, he is liable to a fine and, for continued contravention, to a daily default fine.

Modifications etc. (not altering text)

C9 S. 48(1) amended (1.12.2001) by 2000 c. 8, s. 363(4); S.I. 2001/3538, art. 2(1)

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49 Committee of creditors.

- (1) Where a meeting of creditors is summoned under section 48, the meeting may, if it thinks fit, establish a committee (“the creditors’ committee”) to exercise the functions conferred on it by or under this Act.
- (2) If such a committee is established, the committee may, on giving not less than 7 days’ notice, require the administrative receiver to attend before it at any reasonable time and furnish it with such information relating to the carrying out by him of his functions as it may reasonably require.

Modifications etc. (not altering text)

C10 S. 49 amended (1.12.2001) by 2000 c. 8, s. 363(5)(b); S.I. 2001/3538, art. 2(1)

Status:

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