

## **SECTION N – TERMINATION OF ADMINISTRATION**

- (a) The following insolvency procedures may be terminated in the ways set out below:

### ***Liquidation***

- q Liquidation can be brought to an end by dissolution of the company under section 272 of the Companies Act 1965 where the affairs of the corporate debtor have been fully wound up. Dissolution takes place, automatically, 3 months after the lodging of a prescribed return by the liquidator. The High Court has the power under section 272(6) to defer the date of dissolution, and it also has the power under section 307 to declare the dissolution void. The liquidator or any creditor or contributory can also apply to stay the winding up under section 243.

### ***Receivership***

- q Private receiverships come to an end when the assets of the corporate debtor have been realised and applied towards satisfaction of the debenture holder's debt. The receivership is "lifted" by the filing of prescribed forms at the Registrar of Companies.

### ***Special Administration***

- q There appears to be no express provision for termination of special administration. Even where a proposal has been rejected by the secured creditors or abandoned in its implementation, the Corporation may direct the special administrator to submit a new proposal. It also has the power to lift the moratorium under section 41. It may be safe to assume that once the moratorium under section 41 expires and is not renewed or is lifted as aforesaid, then to all intents and purposes, the special administration is at an end.

### ***Scheme of Arrangement***

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- In the case of liquidation, for dissolution, that the affairs of the company have been fully wound up. For a stay, one ground would be that the stay is in the public interest as there is a prospect that the company can be re-constructed and there are arrangements to pay creditors.
- In the case of a receivership, the settlement of the debt due to the debenture holder.
- In the case of special administration, the rejection or abandonment of a proposal.
- In the case of a scheme of arrangement, the irretrievable failure or successful implementation, as the case may be, of the scheme.

(d) The consequences of termination of each type of insolvency procedure may be described as follows:

- In the case of liquidation, upon dissolution, the corporate debtor ceases to exist. In the case of a stay, although the company is not dissolved, the control would remain with the liquidator and the directors' powers would not ipso facto revive.
- In the case of receivership, the directors' powers are reinstated and control of the corporate debtor reverts to them.
- In the case of a special administration, control of the "affected person" reverts to the directors of the corporate debtor cum "affected person".

*In the case of a scheme of arrangement, control would revert to the members and the directors who still hold office when the scheme terminates.*