Voluntary Administration

Voluntary Administration (VA) is a formal insolvency process designed to provide a financially distressed company with a period of protection while its future is assessed

A registered liquidator takes control of the company's business, property and affairs to review its financial position and present a pathway forward to creditors. The objective of the process is to maximise the chances of the company, or as much of its business as possible, continuing in existence or, if that is not achievable, to deliver a better return to stakeholders than an immediate winding up.

A VA can provide valuable breathing space for directors and their advisors to stabilise the business, preserve value and assess restructuring options. During the administration, creditors are asked to consider the most appropriate outcome for the company and its stakeholders, which may include a Deed of Company Arrangement, a return of control to directors, or liquidation.

When to Consider Voluntary Administration

A VA is generally considered where a company is insolvent, or is likely to become insolvent, and directors require a formal process to address mounting financial pressure. Common indicators of financial distress can include ongoing trading losses, poor cash flow, unpaid suppliers, outstanding creditor claims and difficulty obtaining further finance. Early advice and action is critical, as it can materially improve the range of options available to directors and other stakeholders.

Voluntary Administration Process



Appointment

An administrator may be appointed by the directors of a company after resolving that the company is insolvent or likely to become insolvent at some point in the future. An appointment may also be made by a secured creditor with security over all or substantially all of the company's property. Following appointment, the administrator assumes control of the company and directors' powers are suspended for the duration of the administration.



Effect of Appointment

The appointment of an administrator creates a statutory moratorium that prevents unsecured creditors from commencing or continuing any recovery action without the consent or leave of the courts. In most circumstances, there are also restrictions against taking enforcement actions against company assets assigned to secured creditors. This protection gives the administrator the time needed to assess the company's position and determine whether a restructuring or sale outcome is achievable. Following appointment an administrator will also decide whether to continue trading the business of the company, considering whether trading will be beneficial to creditors.

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First Creditors' Meeting

The administrator must hold the first meeting of creditors within eight business days from the commencement of the administration. At this meeting, creditors decide whether to replace the administrator and whether to establish a committee of inspection to assist and monitor the administration.



Investigation and Report to Creditors

Following appointment, the administrator works to investigate the company's business, property, affairs and financial circumstances and provide a report to creditors on the available options for the company's future. The administrator must also provide their recommendation on which course of action is in the best interests of creditors. This assessment considers whether the company should enter into a Deed of Company Arrangement (DOCA), be returned to directors, or be wound up.



Second Creditors' Meeting

The second meeting is typically held within 25 business days of appointment, or 30 business days where the appointment occurs around Christmas or Easter, unless with Courts approval the administrator elects to extend the convening period. Creditors will receive the administrator's report and statement before the meeting and vote on the future of the company.

Administration Outcomes



Deed of Company Arrangement

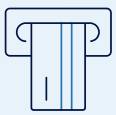
If creditors approve a DOCA, the company must execute the deed within 15 business days of the creditors' meeting unless the Court grants an extension. A DOCA is a binding arrangement between the company and its creditors that governs how the company's affairs and debts will be dealt with. Depending on the proposal, it may provide a pathway for the business to continue operating while delivering an agreed return to creditors.

We work with directors, creditors and advisors to develop a DOCA that is commercial, practical and focused on preserving value. Our strength is in shaping clear, achievable proposals and building stakeholder confidence through early engagement, transparent communication and a strong outcome focused approach.



Return of Control

If creditors resolve that the administration should end, control of the company returns to its directors. While rare, this may occur where the company's position has stabilised or where creditors consider an alternative pathway outside a formal deed arrangement to be the better course.



Liquidation

If creditors resolve that the company be wound up, the company moves immediately into liquidation, with the administrator typically appointed as liquidator. This may be appropriate where a restructuring is not viable or where liquidation is expected to produce the best result for creditors.

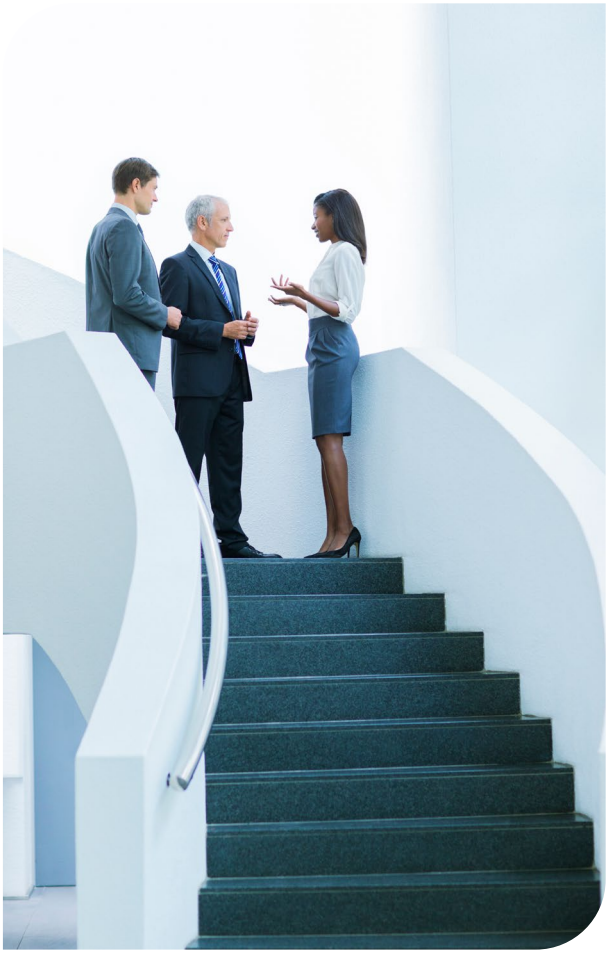
Where liquidation is the right outcome, we move quickly and decisively to protect value, manage stakeholder issues and progress the winding up efficiently. We bring a disciplined, commercial approach to asset realisation, investigations and creditor communications, with a focus on delivering clarity and certainty in a timely manner.

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How We Support You

Teneo supports directors, shareholders and their advisors facing financial distress with clear, commercial and solutions-focused advice. We work quickly to determine whether a VA is the most appropriate pathway or whether an alternative restructuring option may deliver a better outcome. Deploying rapidly to assess business viability, stabilise stakeholder issues, preserve value.

We recognise that every situation is different, tailoring our approach to the individual circumstances of each matter. We coordinate with directors and their advisors to manage the appointment process, trading considerations, creditor communications and the development of any restructuring, recapitalisation or sale proposal. Where a DOCA is viable, we focus on formulating a proposal that is practical, transparent and capable of achieving the best available outcome for all stakeholders.



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