



# Insolvency Act 1986

## 1986 CHAPTER 45

### PART VII

#### INTERPRETATION FOR FIRST GROUP OF PARTS

##### Modifications etc. (not altering text)

- C1** Pts. 1–7 (ss. 1–251) applied (with modifications) by S.I. 1989/1276, arts. 2, 3  
Pt. 7 (ss. 247–251) applied (with modifications) (1.2.1993) by Friendly Societies Act 1992 (c. 40), ss. 21(1), 22, 23, **Sch. 10 para. 1(a)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.3** (as amended (13.3.2018) by S.I. 2018/208, regs. 1(3), 3)  
Pt. 7 (ss. 247–251) applied (with modifications) (1.12.1994) by S.I. 1994/2421, **art. 8(4)(5)(c)(8)(9)**  
Pt. 7 (ss. 247–251) applied (with modifications) (1.12.1997) by 1986 c. 53, **Sch. 15A**, para. 1 (as inserted by 1997 c. 32, s. 39(2), **Sch. 6**; S.I. 1997/2668, art. 2, **Sch. Pt. I(i)**); and as amended (13.3.2018) by S.I. 2018/208, regs. 1(3), **2(3)**  
Pt. 7 (ss. 247–251) power to apply or incorporate conferred (6.4.2001) by 2000 c. 12, s. 14; S.I. 2000/3316, **art. 2**
- C2** Pt. 7 (ss. 247–251) extended with modifications by Building Societies Act 1986 (c. 53, SIF 16), ss. 54(3)(a)(5)(a), 90, 126(3), **Sch. 15** (as amended (13.3.2018) by S.I. 2018/208, regs. 1(3), **2(3)**)
- C3** Pt. VII (ss. 247–251) modified by Company Directors Disqualification Act 1986 (c. 46, SIF 27), ss. **21(2)**, 25  
Pt. VII (ss. 247–251) modified (1.2.1993) by Friendly Societies Act 1992 (c. 40), s. 23, **Sch. 10 Pt. I para. 1(a)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch. 3**
- C4** Pt. 7 (except s. 250) applied (1.12.1994) by S.I. 1994/2421, arts. 4(3)(b), **6(2)(3)(c)**  
Pt. 7 (ss. 247–249, 251) applied (1.12.1994) by S.I. 1994/2421, **art. 6(3)(c)**  
Pt. 7 (ss. 247–251) applied (1.12.1994) by S.I. 1994/2421, arts. 8, 10(2)(3)(c), **Sch. 4 Pt. II**
- C5** Pts. 1–4, 6, 7 applied to limited liability partnerships (with modifications) (E.W.S.) (6.4.2001) by S.I. 2001/1090, reg. 5, Schs. 3, 4 (as amended (4.3.2004) by S.I. 2004/355, **art. 10** and (1.10.2005) by S.I. 2005/1989, reg. 3, **Sch. 2** (with reg. 4))
- C6** First Group of Parts (Pts. 1–7) applied (with modifications) (15.12.2006) by The Banks (Former Authorised Institutions) (Insolvency) Order 2006 (S.I. 2006/3107), art. 3, **Sch.** (as amended (1.4.2013) by S.I. 2013/472, art. 1(1), **Sch. 2 para. 117**; and (13.3.2018) by S.I. 2018/208, regs. 1(3), **11**)
- C7** Pt. VII applied in part (with modifications) (2.1.2013) by The Charitable Incorporated Organisations (Insolvency and Dissolution) Regulations 2012 (S.I. 2012/3013), reg. 1, Sch. paras. 1(2)(b), **(3)–(7)**

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**C8** Pt. 7 applied (with modifications) (6.4.2014) by [The Industrial and Provident Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) Order 2014 \(S.I. 2014/229\)](#), arts. 1, 4(b), [Sch. 3](#) (as amended (13.3.2018) by [The Small Business, Enterprise and Employment Act 2015 \(Consequential Amendments, Savings and Transitional Provisions\) Regulations 2018 \(S.I. 2018/208\)](#)), regs. 1(3), **15(4)(a)**

## 247 “Insolvency” and “go into liquidation”.

- (1) In this Group of Parts, except in so far as the context otherwise requires, “insolvency”, in relation to a company, includes the approval of a voluntary arrangement under Part I, [<sup>F1</sup>or the appointment of an administrator or administrative receiver].
- (2) For the purposes of any provision in this Group of Parts, a company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution.
- [<sup>F2</sup>(3) The reference to a resolution for voluntary winding up in subsection (2) includes a reference to a resolution which is deemed to occur by virtue of—
- (a) paragraph 83(6)(b) of Schedule B1, or
  - (b) an order made following conversion of administration or a voluntary arrangement into winding up by virtue of Article 37 of the EC Regulation.]

### Textual Amendments

- F1** Words in s. 247(1) substituted (15.9.2003) by [2002 c. 40, ss. 248\(3\), 279, Sch. 17 para. 33\(2\)](#) (with s. 249(1)-(3)(6)); [S.I. 2003/2093, art. 2\(1\), Sch. 1](#) (subject to arts. 3-8 (as amended by [S.I. 2003/2332, art. 2](#)))
- F2** S. 247(3) substituted (15.9.2003) by [2002 c. 40, ss. 248\(3\), 279, Sch. 17 para. 33\(3\)](#) (with s. 249(1)-(3)(6)); [S.I. 2003/2093, art. 2\(1\), Sch. 1](#) (subject to arts. 3-8 (as amended by [S.I. 2003/2332, art. 2](#)))

### Modifications etc. (not altering text)

- C9** S. 247 applied by [Company Directors Disqualification Act 1986 \(c. 46, SIF 27\)](#), **ss. 22(3), 25**
- C10** S. 247 applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), Pt. 3reg. 1, [Sch. 2 paras. 3, 5 Table](#) (with [reg. 24](#))

## 248 “Secured creditor”, etc.

In this Group of Parts, except in so far as the context otherwise requires—

- (a) “secured creditor”, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and “unsecured creditor” is to be read accordingly; and
- (b) “security” means—
  - (i) in relation to England and Wales, any mortgage, charge, lien or other security, and
  - (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off).

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#### Modifications etc. (not altering text)

- C11** S. 248 applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013](#) (S.I. 2013/1388), Pt. 3reg. 1, Sch. 2 paras. 3, 5 Table (with reg. 24)

#### [<sup>F3</sup>248A “Opted-out creditor”

- (1) For the purposes of this Group of Parts “opted-out creditor”, in relation to an office-holder of a company, means a person who—
- is a creditor of the company, and
  - in accordance with the rules has elected (or is deemed to have elected) to be (and not to cease to be) an opted-out creditor in relation to the office-holder.
- (2) In this section, “office-holder”, in relation to a company, means—
- a liquidator, provisional liquidator, administrator or administrative receiver of the company,
  - a receiver appointed under section 51 in relation to any property of the company, or
  - the supervisor of a voluntary arrangement which has taken effect under Part 1 in relation to the company.]

#### Textual Amendments

- F3** S. 248A inserted (26.5.2015 for specified purposes) by [Small Business, Enterprise and Employment Act 2015](#) (c. 26), **ss. 124(4)**, 164(1); S.I. 2015/1329, reg. 3(d)

#### 249 “Connected” with a company.

For the purposes of any provision in this Group of Parts, a person is connected with a company if—

- he is a director or shadow director of the company or an associate of such a director or shadow director, or
- he is an associate of the company,

and “associate” has the meaning given by section 435 in Part XVIII of this Act.

#### Modifications etc. (not altering text)

- C12** S. 249 applied by [Social Security Pensions Act 1975](#) (c. 60, SIF 113:1), **s. 57C(4)** (as inserted by [Social Security Act 1990](#) (c. 27, SIF 113:1), s. 14, **Sch. 4 Pt. I para. 1**)  
S. 249 applied by [Social Security Pensions Act 1975](#) (c. 60, SIF 113:1), **s. 57A(4)** (as inserted by [Social Security Act 1990](#) (c. 27, SIF 113:1), s. 14, **Sch. 4 Pt. I para. 3**)  
S. 249 applied (7.2.1994) by 1993 c. 48, **ss. 112(4)**, 119(4) (with s. 6(8)); S.I. 1994/86, **art. 2**  
S. 249 applied (6.4.1997) by 1995 c. 26, **s. 123(1)** (with s. 121(5)); S.I. 1997/664, art. 2(3), **Sch. Pt. II** (with transitional adaptations, modifications and savings in arts. 3-14)  
S. 249 applied (with modifications) (6.4.1997) by S.I. 1996/3127, **reg. 3(1)**  
S. 249 applied (1.10.2000) by S.I. 2000/1403, **art. 1(5)**  
S. 249 applied (6.4.2005) by [Pensions Act 2004](#) (c. 35), **ss. 38(10)**, **51(3)(a)**, **53(6)(a)**, 322(1) (with s. 313); S.I. 2005/275, **art. 2(7)**, Sch. Pt. 7 (subject to art. 2(12))

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- C13** S. 249: power to apply (with modifications) conferred (6.4.2005) [Pensions Act 2004 \(c. 35\)](#), **ss. 57**, [322\(1\)](#) (with s. 313); S.I. 2005/275, **art. 2(7)**, [Sch. Pt. 7](#) (subject to [art. 2\(12\)](#))
- C14** S. 249 modified (30.12.2005) by [The Occupational Pension Schemes \(Investment\) Regulations 2005 \(S.I. 2005/3378\)](#), **reg. 10(1)**
- C15** S. 249 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), [art. 17\(1\)](#), **Sch. para. 3(b)**
- C16** S. 249 modified (29.9.2008 at 8.00 a.m.) by [The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), [art. 13](#), **Sch. 1 para. 3(b)**
- C17** S. 249 modified (7.10.2008 at 9.30 a.m.) ) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), [art. 26](#), **Sch. 2 para. 3(b)**
- C18** S. 249 modified (30.3.2009 at 8:00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), [art. 7](#), **Sch. para. 3(b)**
- C19** S. 249 applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), [Pt. 3reg. 1](#), [Sch. 2 paras. 3, 5](#) [Table](#) (with [reg. 24](#))
- C20** S. 249 excluded (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), [arts. 1\(1\), 7\(1\)\(3\)](#), **Sch. para. 2(b)**

## 250 “Member” of a company.

For the purposes of any provision in this Group of Parts, a person who is not a member of a company but to whom shares in the company have been transferred, or transmitted by operation of law, is to be regarded as a member of the company, and references to a member or members are to be read accordingly.

## 251 Expressions used generally.

In this Group of Parts, except in so far as the context otherwise requires—

“administrative receiver” means—

- (a) an administrative receiver as defined by section 29(2) in Chapter I of Part III, or
- (b) a receiver appointed under section 51 in Chapter II of that Part in a case where the whole (or substantially the whole) of the company’s property is attached by the floating charge;

[<sup>F4</sup>“agent” does not include a person's counsel acting as such;]

[<sup>F5</sup>“books and papers” and “books or papers” includes accounts, deeds, writing and documents;]

“business day” means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday in any part of Great Britain;

“chattel leasing agreement” means an agreement for the bailment or, in Scotland, the hiring of goods which is capable of subsisting for more than 3 months;

“contributory” has the meaning given by section 79;

[<sup>F6</sup>“the court”, in relation to a company, means a court having jurisdiction to wind up the company;]

[<sup>F7</sup>“deemed consent procedure” means the deemed consent procedure provided for by section 246ZF;]

“director” includes any person occupying the position of director, by whatever name called;

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[<sup>F8</sup>“document” includes summons, notice, order and other legal process, and registers;]

“floating charge” means a charge which, as created, was a floating charge and includes a floating charge within section 462 of the Companies Act (Scottish floating charges);

[<sup>F9</sup>“the Gazette” means—

- (a) as respects companies registered in England and Wales, the London Gazette;
- (b) as respects companies registered in Scotland, the Edinburgh Gazette;]

<sup>F10</sup>  
.....

[<sup>F11</sup>“officer”, in relation to a body corporate, includes a director, manager or secretary;]

“the official rate”, in relation to interest, means the rate payable under section 189(4);

“prescribed” means prescribed by the rules;

[<sup>F12</sup>“qualifying decision procedure” means prescribed by the rules;]

“receiver”, in the expression “receiver or manager”, does not include a receiver appointed under section 51 in Chapter II of Part III;

“retention of title agreement” means an agreement for the sale of goods to a company, being an agreement—

- (a) which does not constitute a charge on the goods, but
- (b) under which, if the seller is not paid and the company is wound up, the seller will have priority over all other creditors of the company as respects the goods or any property representing the goods;

“the rules” means rules under section 411 in Part XV; and

“shadow director”, in relation to a company, means a person in accordance with whose directions or instructions the directors of the company are accustomed to act [<sup>F13</sup>, but so that a person is not deemed a shadow director by reason only that the directors act—

- (a) on advice given by that person in a professional capacity;
- (b) in accordance with instructions, a direction, guidance or advice given by that person in the exercise of a function conferred by or under an enactment (within the meaning given by section 1293 of the Companies Act 2006);
- (c) in accordance with guidance or advice given by that person in that person's capacity as a Minister of the Crown (within the meaning of the Ministers of the Crown Act 1975)]

<sup>F14</sup>  
.....

#### Textual Amendments

**F4** S. 251: definition inserted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(2)} (with art. 10, Sch. 1 para. 84)

**F5** S. 251: definition inserted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(2)} (with art. 10, Sch. 1 para. 84)

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- F6** S. 251: definition inserted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(2)} (with art. 10, Sch. 1 para. 84)
- F7** Words in s. 251 inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), **ss. 122(4)(a)**, 164(1); S.I. 2015/1329, [reg. 3\(d\)](#); S.I. 2016/1020, [reg. 4\(a\)](#) (with [reg. 5](#)) (as amended by S.I. 2017/363, [reg. 3](#))
- F8** S. 251: definition inserted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(2)} (with art. 10, Sch. 1 para. 84)
- F9** S. 251: definition inserted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(2)} (with art. 10, Sch. 1 para. 84)
- F10** S. 251: definition omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(3)} (with art. 10, Sch. 1 para. 84)
- F11** S. 251: definition inserted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(2)} (with art. 10, Sch. 1 para. 84)
- F12** Words in s. 251 inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), **ss. 122(4)(b)**, 164(1); S.I. 2015/1329, [reg. 3\(d\)](#); S.I. 2016/1020, [reg. 4\(a\)](#) (with [reg. 5](#)) (as amended by S.I. 2017/363, [reg. 3](#))
- F13** Words in s. 251 substituted (26.5.2015) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), **ss. 90(1)**, 164(3)(g)(iii)
- F14** Words in s. 251 omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 77(4)} (with art. 10, Sch. 1 para. 84)

**Modifications etc. (not altering text)**

- C21** S. 251 applied (with modifications) (S.) (6.4.2001) by [S.S.I. 2001/128](#), [reg. 4](#), [Sch. 2](#), **Sch. 3**
- C22** S. 251 applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), Pt. 3 [reg. 1](#), [Sch. 2](#) paras. 3, 5 [Table](#) (with [reg. 24](#))

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