
STATUTORY INSTRUMENTS

2020 No. 211

INSOLVENCY

The Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020

<i>Made</i>	- - - -	<i>3rd March 2020</i>
<i>Laid before Parliament</i>		<i>5th March 2020</i>
<i>Coming into force</i>	- -	<i>6th April 2020</i>

The Secretary of State, in exercise of the powers conferred by section 176A of the Insolvency Act 1986⁽¹⁾, makes the following Order.

Citation and commencement

1.—(1) This Order may be cited as the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020 and comes into force on 6th April 2020.

The Insolvency Act 1986 (Prescribed Part) Order 2003 amendment and transitional provision

2.—(1) The Insolvency Act 1986 (Prescribed Part) Order 2003⁽²⁾ is amended as follows.

(2) In article 3(2) for “£600,000” substitute “£800,000”.

(3) The substitution made by paragraph (2) does not apply where the company’s net property is available to be distributed to the holder of a relevant floating charge.

(4) A relevant floating charge is one —

- (a) created before the date this Order comes into force, and
- (b) in respect of which no floating charge over any of the company’s assets created on or after that date ranks equally or in priority.

⁽¹⁾ 1986 c. 45. Section 176A was inserted into the Act by section 252 of the Enterprise Act 2002 (c. 40).

⁽²⁾ S.I. 2003/2097.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

3rd March 2020

Callanan
Parliamentary Under Secretary of State
Minister for Climate Change and Corporate
Responsibility
Department for Business Energy & Industrial
Strategy

EXPLANATORY NOTE

(This note is not part of the Order)

The Insolvency Act 1986 (Prescribed Part) Order 2003/2097 sets out the method of calculation of the prescribed part and is subject to a limit. The prescribed part is the part of the property of a company that a liquidator, administrator or receiver must reserve for unsecured creditors, under section 176A of the Insolvency Act 1986, and which would otherwise be available to satisfy claims secured by a floating charge.

This Order increases the limit on the value of the prescribed part from £600,000 to £800,000.

The increased limit does not apply where the company's net property is available to be distributed to the holder of a first ranking floating charge created before this Order comes into force.

A full impact assessment has not been published for this instrument as it has minimal impact on the private, voluntary or public sector.

An Explanatory Memorandum has been prepared and is available alongside this Order at www.legislation.gov.uk. Hard copies of the Explanatory Memorandum are available from the Insolvency Service, Floor 16, 1 Westfield Avenue, London E20 1JN.