Administration of P.C. Harrington Contractors Limited

According to press reports, specialist concrete contractor P.C. Harrington Contractors Limited has gone into administration.

Administration is the procedure by which a company that is, or is likely to become, insolvent can be reorganised or have its assets realised for the benefit of creditors. The primary aim of an administration is to rescue the company so that it can continue to trade as a going concern. If this is not possible, a company may go into administration for two other purposes:

- to achieve a better result for the company’s creditors as a whole than would be likely if the company were put into liquidation; or
- to realise the company’s property to make a distribution to the company’s secured or preferential creditors.

One of the consequences of PC Harrington going into administration is that an automatic moratorium will prevent creditors from bringing or pursuing legal proceedings against the company or its assets. It is possible to ask the Joint Administrators or the court for permission to bring proceedings against the company, however, a creditor with a monetary claim is unlikely to be granted permission.

As a first step, it is important for sub-consultants to check:

- the terms of their appointment with PC Harrington;
- whether it is possible to suspend or terminate their services;
- whether it is possible to suspend or terminate any licence of intellectual property – this can be a useful negotiating tool with the Joint Administrators; and
- whether PC Harrington’s contract with its employer permits the employer to make direct payments to subcontractors in the event of insolvency.
Howard Smith and Jonny Marston, of KPMG’s restructuring practice, have been appointed Joint Administrators of PC Harrington.

If you are a consultant and would like advice on the consequences of PC Harrington’s administration, its impact on a current contract or how to best protect your position, please contact James Hutchinson on +44 (0)20 7469 0408 or at j.hutchinson@beale-law.com.

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