

## Company strike off and dissolution: beware the pitfalls



Companies are regularly struck off the register at Companies House with the effect that they are dissolved. But the consequences of dissolution can be very costly if proper thought is not given to the consequences—especially when the company owns valuable assets that should be sold or transferred to somebody else.

Never assume that it will be straightforward to retrieve forgotten assets from a dissolved company.

### Routes to strike off

Strike off can occur in one of two ways:

- either the directors of the company file an application with the Registrar (voluntary strike off), or
- the Registrar takes action to strike off a company that it believes is either not carrying on business or in operation (involuntary or administrative strike off).

The process for administrative strike off begins automatically when a company fails to file its accounts or annual return.

### Dealing with assets held by a dissolved company

When an asset, such as a property, is registered in the name of a dissolved company it cannot be sold, transferred, or otherwise dealt with. This is because the legal owner with the right to deal with the asset no longer exists. The only way to get around this is to make an application to the Registrar of Companies to have the company restored to the Register.



In most cases this is a relatively straightforward, administrative process which can take at least three months to complete. But getting it right is likely to involve legal fees which might otherwise have been avoided. Furthermore, if the time required to restore the company delays a transaction, there may be other consequences (including financial penalties or the collapse of the deal altogether) – not to mention the added stress.

A company will only be restored to the Register for a period long enough to complete the purposes for restoration. It will be permanently struck off once that purpose is completed.

## Circumstances in which a company cannot be restored

A dissolved company can only be restored to the Register within six years of being struck off. After that time it simply cannot be restored. Getting assets out of a company after this time can be extremely difficult, and there is a chance that it may not be possible at all.

## Beware

If you have a defunct company, consider very carefully whether it still holds any assets before having it struck off (or letting it be struck off). If the company owns important or valuable assets, it will always be less costly and risky to deal with these before the company is dissolved.

## How we can help

For further guidance and information on this topic please get in touch with our expert [restructuring and insolvency](#) team.

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