



PRE-PACK SALES

Presented by:

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PRE-PACK SALES



- ◆ Lack of transparency
- ◆ Suspicion of collusion with the management and IP

Statement of Insolvency Practice No 16 (SIP 16)

Reminds IPs:

- ◆ Of their duty to those who may be affected by a pre-pack sale
- ◆ That even though they can sell without creditor approval the sale may be challenged by creditors at a later date
- ◆ That incurring credit prior to Administration may still give rise to liability for fraudulent/wrongful trading

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SIP 16 Requirements

IP must provide:

- ◆ A detailed explanation and justification to the creditors (when first notifying them of his appointment) of why the pre-pack was undertaken
- ◆ Any marketing initiatives or valuations obtained
- ◆ Whether there were any alternative courses of action available (other than a pre-pack sale)
- ◆ Why it was not possible to trade the business and sell it as a going concern during Administration

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