



INSOLVENCY & ACCOUNTING NEWS

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PRE PACKAGED ADMINISTRATIONS EXPLAINED

Most of you will have heard the term “Prepack” or “Pre Packaged Administration” given the recent rise in use of this Insolvency process by Insolvency Practitioners for companies that are Insolvent. However, many of you may not know the full extent of the benefits of this process as often only the draw backs are reported on (due to some concerns of the process by creditors as a result of its outcome often being a connected party sale). Therefore, this article seeks to better inform company owners and their advisors of these benefits so that full advice is given and a balanced opinion can be formed.

Should you wish to compare this Insolvency process to the other Insolvency processes available please visit our website www.bridgenewland.com.

THE KEY BENEFITS...

1. Prepacks enable a sale to be completed quickly which usually means that, as opposed to asset sales being completed on a forced sale basis, a sale of the full business and assets can be completed on a going concern basis, meaning **greater realisations** and continuity for all concerned.
2. Prepacks often enable creditors to receive a **better return** than in other Insolvency processes.
3. Case law currently states that all staff of the insolvent Company automatically transfer to the purchaser upon completion of the sale therefore a Prepack is a way of ensuring staff have **continuation of employment**.
4. There is **less disruption to trade** as the outstanding work in progress and contracts are regularly included in the Pre Packaged Administration sale meaning that once completed, the purchaser continues these works, removing the inherent problems that any downtime would cause.
5. To ensure that all Prepacks are fully transparent, there are strict reporting rules applied to Insolvency

Practitioners who undertake a Prepack, therefore if this type of Insolvency process was not in the **best interests of the creditors**, it could not be proposed.

6. All company Administration processes are court driven processes therefore, both a Prepack, or a regular Administration Order provides **greater protection** to the Insolvent Company from legal actions being either continued or commenced than many other Insolvency processes.

7. An Insolvency process for a Private Limited Company enables the Company Directors and/or Company Owners to instruct an Insolvency Practitioner to legally close down the Insolvent business, and often **write off historical Company debt** in the process.

DEFER THE PAYMENTS...

Bridge Newland Limited is aware that often intended purchasers of the Insolvent Businesses (via a Pre Packaged Administration) are often not in a position to pay all sale proceeds upon completion. Therefore, I am pleased to confirm that we provide deferred terms to a number of our clients (providing personal guarantees and/or Company Debentures are provided).

CONTACT US...

Bridge Newland Limited are based in Rugby, Warwickshire in the Midlands, however we work for clients nationwide therefore should you believe that a Prepack is the right option for your business (or your client's business) call us for free to arrange a no obligation initial meeting on **0800 612 6197** or click this [CONTACT US](#) link.



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