

# Pre Pack Administration

Pre Pack Administration is where the sale of business is negotiated prior to a company entering administration – and the sale is effected by an Administrator either upon appointment or shortly thereafter.

The process offers several advantages, including a smooth business transition, maintained brand value, uninterrupted supply to clients/customers and an enhanced return to creditors. The reality is that this process can often be the best route for all those concerned.

If you are interested in Pre Pack Administration, please contact Lynn Gibson or another member of our Insolvency Team at Gibson Hewitt, who will work with you through the process, which is follows:

1.

## Seek the advice of an Insolvency Practitioner

First and foremost, if your business is in any sort of financial difficulty, it is imperative to seek professional advice.



2.

## Assess the viability of the business

Obtain a valuation, consider marketing the business for sale and discuss the options available to you with your Insolvency Practitioner.



3.

## Pre Pack Administration vs. alternatives

Why is it not appropriate to trade the business and offer it for sale as a going concern during the administration?

Have major creditors been consulted?

What was the outcome?

## Market your business effectively

The business should be marketed as widely as possible, proportionate to the nature and size of the business. The following must be given consideration:

- The marketing strategy must be clear and justifiable
- It must be adequate and independent.
- It must be considered how the marketing strategy will achieve the best results.

4.

## Connected Party transactions

A sale can be made to a connected party but careful consideration must be given. Full disclosure will be required with regards to:

- Details of the transaction.
- Parties involved.
- Whether the pre-pack pool was consulted, and a copy of their opinion

5.

## Sale agreed

- The sale of the business will be negotiated prior to the appointment of an Administrator.
- The sale will then be effected by an Administrator on or shortly after their appointment.



6.

## Administration appointment and distribution of proceeds

Once the sale of the business is effected, notification of the sale must be provided to creditors within seven days of the transaction. This is along with full disclosure of the transaction and parties involved. Proceeds of the sale will then enable distribution to creditors.

7.