



## What is Pre-pack Administration?

A Pre-pack has been formally defined as an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator, and the Administrator effects the sale immediately on, or shortly after, his appointment.

In short it means that if a Company is struggling financially, a deal can be agreed between an Administrator and a purchaser, which is concluded as soon as the Administrator is appointed.

### Advantages of a Pre-Pack

- Continuity of the business.
- More jobs are preserved.
- Greater return for creditors.
- The value of the business is retained.
- Avoids the costs and disruption of the Administrator trading on the business.
- Customers continue to be serviced.
- The core business is protected from historic creditor action.

### Who can buy a business via a Pre-pack?

Anyone can buy a business from an Administrator in a Pre-pack. It does not matter if they are connected to the old Company. Directors regularly purchase the business and assets of the old Company from Administrators.

### Will the business be marketed?

Whilst it is good practice to market the business for sale, there are circumstances where doing so would be detrimental to the value of the business. If the Administrator did not market the business he would have to justify why he had not done so.

### What is the time scale?

A Pre-pack can be negotiated and completed in a very short period of time. It is common for a Pre-pack to be concluded within a two week period whilst the Company is under the protection of a Notice of Intention to Appoint Administrators.

**If you have any queries about Pre-packs, Administrations or any other form of insolvency, please do not hesitate to contact one of our Insolvency Practitioners for a free, confidential, no obligation chat on 020 7495 2348**