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Graham Pre-Pack Report Broadly Welcomed by the Insolvency Practitioners Association

Teresa Graham CBE published her report on pre-pack administrations last week and presented her findings at the IPA's road-show in Manchester on Thursday.

Teresa said that she hoped the profession and business would respond positively and look for ways to implement her six recommendations contained within the report, and which the government has accepted.

The response from the audience at the IPA's road-show was mixed. Some insolvency practitioners raised concerns about the cost burden on directors wishing to purchase the assets of an insolvent company, having regard to new safeguards requiring viability reviews and independent scrutiny of transactions which involve connected parties. Others applauded Teresa's report for getting to the heart of the issue and tackling the problems surrounding 'phoenix' companies. Teresa Graham responded to questions about the scope of the proposals by making it clear that she intended her recommendations to apply to all sales to connected parties by administrators, whether through a pre-pack or other sale.

The IPA supports the Insolvency Service's decision to withdraw from direct regulation in this area, and IPA President Mark Fry of Begbies Traynor commented: "The Insolvency Service has commended our approach to regulating pre-packs and we concur with the view reached by Teresa Graham and the Service that the IPA is the body best placed to regulate its licensed practitioners in this work. The Graham report is founded on new research and whilst some in business and the profession will question the effectiveness of the recommendations we broadly support measures intended to instil greater confidence in a process that is recognised as a valuable tool in saving business and contributing to growth."

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About the Insolvency Practitioners Association

The IPA is the only one of the recognised professional bodies specialising solely in insolvency. Its principal aim is to promote and maintain standards of performance and professional conduct amongst those engaged in insolvency practice. It has some 2,000 individual and firm members and students and is the second largest, in terms of the number of licensed IPs, of the professional bodies recognised for the purposes of authorising IPs under the Insolvency Act 1986. The IPA currently licenses in excess of 500 IPs in the UK.