

JOINT INSOLVENCY COMMITTEE

SIP 16 CONSULTATION QUESTIONNAIRE

Name of individual making the response Hamish Anderson on behalf of the CLLS
Insolvency Law Committee

Organisation City of London Law Society

1 Do you believe that the revised version of SIP 16 identifies all appropriate principles? Yes

Comments

2 If no, what additions do you believe should be made to the SIP? Please provide details below.

Not applicable.

3 Do you believe that the revised version of SIP 16 identifies the key compliance standards? No

Comments

4 If no, what additions do you believe should be made to the SIP? Please provide details below.

We question whether paragraph 6 serves as a sufficient warning to all parties to the potential liability of insolvency practitioners, lenders and other advising parties for wrongful or fraudulent trading. The former wording was more explicit on this point.

5 In the context of providing creditors with a detailed explanation and justification of why a pre-packaged sale was undertaken, are there any additions you would wish to make to the list of matters to be disclosed in the appendix to the SIP? Please provide details below.

It would be useful to expand on the requirement to provide the valuation methodology specifically to cover the following matters set out in Dear IP 42:

(i) Whether the valuations were made on a going concern or a break up basis, and whether any assets were valued in-situ or ex-situ; and

(ii) When there is a significant difference between the valuations and realisations practitioners should provide an explanation why that is the case.

6 Are there any deletions you would wish to make to the list of matters to be disclosed in the appendix to the SIP? Please provide details below.

No

7 Are there any other amendments you would wish to suggest to the SIP? Please provide details below.

The Appendix requires provision of the valuation methodology adopted by the administrator or his valuers/advisors. The confirmation of independence of the valuers/advisors could be widened to refer to independence of the company, its directors, or any purchaser or other interested party and it is suggested that the administrator should be permitted to rely on a statement of independence from the valuer/advisors.

It may be useful to contact you to discuss your comments so please give your:

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Please email your completed comments, to the secretary of the Joint Insolvency Committee (jic_sip_consultation@icaew.com) or send them by post to:

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