

South African Institute of Professional Accountants

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Business rescue accreditation green light for SAIPA members

The Companies and Intellectual Property Commission (CIPC) has accredited the South African Institute of Professional Accountants (SAIPA) to regulate its members that are eligible to be business rescue practitioners in line with Companies Act. SAIPA is one of the first two professional organisations so to be accredited by the CIPC, as part of a broader plan to regulate the business rescue sector.

Business rescue was introduced by the new Companies Act (71 of 2008) in order to reduce the number of companies filing for bankruptcy. In terms of the Act, a company that is experiencing financial distress may apply to the CIPC to be put into business rescue. If its request is granted, a business rescue practitioner is appointed to draw up a plan to put the business back on its feet, get the buy-in of creditors and other stakeholders, and then implement the plan. While the business rescue is in progress, creditors cannot sue the company for repayment.

“Until now, there were no formal requirements to be a business rescue practitioner. The CIPC is working to introduce them and so regulate what is becoming an important professional sector,” says Faith Ngwenya, Technical and Standards Executive at SAIPA. “We are obviously delighted to be in the vanguard of this move to professionalise the sector.”

Ngwenya explains that only SAIPA members in good standing can be licensed as Business Rescue Practitioners as from the beginning of 2017. In addition, candidates will need to have a qualification in business rescue, business restructuring, or insolvency and liquidations from any recognised institution of higher learning.

Aspirant business rescue practitioners will also need to be able to demonstrate that they have a minimum of 12 months’ experience in business rescue and/ or insolvency and liquidations, or alternatively 24 months’ experience in business restructuring and turnaround strategies. As SAIPA members, the new cadre of business rescue practitioners will also be expected to accumulate continuous professional development hours specific to business rescue in addition to the mandatory hours required for normal membership.

“Professional accountants are well placed to play a key role in taking the business rescue profession forward,” Ms Ngwenya concludes. “They have the financial and business skills—and acumen—that successful business rescue requires.”

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