

## MG Rover reaches the end of the road

The collapse of Britain's last mass car manufacturer on 8 April has caused 5,000 job losses at MG Rover's Longbridge plant in England's West Midlands, with an estimated 12,000 to 20,000 further jobs to go at suppliers.

The insolvency is politically charged since there is a General Election in the UK on 5 May and many of these job losses fall in marginal constituencies.

The administrators from PricewaterhouseCoopers (PwC) have launched the biggest pan-European restructuring under the European Insolvency Regulation since it was introduced three years ago.

PwC turned down business related to MG Rover for 18 months leading up to the administration in order to stay un-conflicted.

MG Rover went into administration on 8 April. The UK's new pensions regulator was launched three days earlier. Fears of a UK£400 million pensions deficit and how it would be paid for played a part in the decision by the only bidders for the company, the Shanghai Automotive Industry Corp. (SAIC) to pull out, precipitating MG Rover's collapse.

The car company's demise is in sharp contrast to a historically flat market for UK insolvencies, with many insolvency practitioners getting by on meagre work. Firms are however gearing up for an increase in insolvencies at the end of the year, led by the fragile retail sector.



### PwC turned down work to win MG Rover

**PwC deliberately turned down business related to MG Rover for the last 18 months in order to avoid any conflict problems which would have barred the firm from taking the administration.**

Nothing was going to stop the firm getting this plum case, by far the biggest formal

insolvency to hit the UK for the last couple of years.

The strategic decision by PwC to turn related business away was an expensive one, and taken at the highest level.

Conflicts of interest have become a minefield for the Big Four audit firms. In these post Sarbanes-Oxley times, even a tiny bit of tax advice for a lowly subsidiary in a far off land can bar a firm from getting an insolvency case which it is ideally suited to.

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