



Department of
**Enterprise, Trade
and Investment**

www.detini.gov.uk

Insolvency Service

Annual Report and Account for year ended 31 March 2015

February 2016

**The Insolvency Service
Annual Report and Account
for the year ended 31 March 2015**

The Accounting Officer authorised these
financial statements for issue
on 4th January 2016

Laid before the Northern Ireland Assembly in accordance with Articles 372 and 358(4)
of the Insolvency (Northern Ireland) Order 1989 by the
Department of Enterprise, Trade and Investment

on 12th February 2016

DETI
DEPARTMENT OF ENTERPRISE,
TRADE AND INVESTMENT

An Equal Opportunities Organisation

February 2016

Insolvency Service
Department of Enterprise,
Trade and Investment
Fermanagh House
Ormeau Avenue
Belfast BT2 8NJ

E: insolvency@detini.gov.uk
T: (028) 9025 1441
F: (028) 9054 8555
Textphone: (028) 9052 9304
www.insolvencyservice.detini.gov.uk

This document is also available in an accessible format if required i.e. Braille, large print, audio cassette or in a minority ethnic language

Report by the Department Of Enterprise, Trade And Investment on matters within The Insolvency (Northern Ireland) Order 1989

The Department of Enterprise, Trade and Investment is required to prepare an annual general report under Article 372 of the Insolvency (Northern Ireland) Order 1989 on matters within the Insolvency Order. The Department is also required to prepare an account in such form and manner as the Department of Finance and Personnel may direct, of sums credited and debited to the Insolvency Account during the year. The present report and account cover the year ended 31 March 2015



J Kerr

Head of Business Regulation Division

Department of Enterprise, Trade and Investment
Netherleigh
Massey Avenue
BELFAST
BT4 2JP

2 February 2016

Conte

	1 The Insolvency Service Page 15	
	2 The Official Receiver Page 18	
Foreword by Director of Insolvency Page 8	3 Enforcement Page 23	6 Legislation Page 30
Key Facts and Figures Page 10	4 Companies Investigation Page 25	7 Meeting the Needs of Our Users Page 34
Management Structure Page 13	5 Insolvency Practitioners Page 26	8 Performance Summary for 2014-15 Page 37
Abbreviations used in Report Page 14		

nts

APPENDICES

**Appendix I
Legislation**
Page 38

**Appendix II
Number, Estimated
liabilities, Estimated
to realise/realised
assets of Companies
Wound Up and Failures
in Principal Trades and
Occupations during
Year ended
31 March 2015**
Page 39

**Appendix III
Official Receiver's
Investigation Work**
Page 41

**The Insolvency
Account for
Year ended
31 March 2015**
Page 43

Foreword by the Director of Insolvency



1. It gives me great pleasure to present this report, my second as Director, on the work of the Insolvency Service, including that of the Official Receiver, for the year ended 31 March 2015.

2. This report has been prepared primarily for the information of the Assembly but will also be of interest to users of the Insolvency Service, its staff and the wider public.
3. The number of new personal and corporate insolvency cases received from the High Court by the Insolvency Service during the year continued at historically high levels, with an increase of 2% in new cases received on the previous year. In total, 1,592 new cases were received by the Insolvency Service which is the highest number ever recorded in a single year, compared with 1,561 in 2013/14.
4. In the same period, 530 individuals took advantage of the Debt Relief Scheme which came into operation during 2011/12. This represented a decrease of 14% on the previous year. Debt Relief Orders are not made through the court system, but are administered by the Official Receiver. They are a form of bankruptcy designed for individuals who have lower levels of debt, are unable to meet the cost of petitioning for their own bankruptcy and who meet certain eligibility criteria.
5. The increase in court-based insolvency cases was a disappointment as there had been a marginal decrease in the previous year. This is especially so, as other parts of the United Kingdom have seen significant reductions in insolvencies over the last few years.
6. Within the bankruptcy statistics was the continuing high number of consumer bankruptcies resulting from credit card debt and personal loans taken out. This category represented 55% of total bankruptcies received during the year with the balance representing individuals who were involved in trading.
7. This high level of personal indebtedness which remains in the Northern Ireland economy, along with the fragile local economic position and ongoing problems within the property market, are leading to persistently high levels of personal and corporate insolvency.
8. The continued high level of insolvency activity obviously places continuing strain on resources generally and, in particular, on my colleagues throughout the Insolvency Service who continue to deal with unprecedented workloads. Training and Development of staff is a key priority and the Insolvency Service initiated a major review of the provision of training and qualifications during the year. The findings and recommendations of this review will help guide the strategic training approach of the organisation in future years.

9. I would, therefore, like to thank all the staff within the Insolvency Service for their continued endeavour, dedication and support throughout the year and the high quality and professional service they continue to provide to all our customers and other stakeholders.

10. The Insolvency Service is a member of the International Association of Insolvency Regulators (IAIR) which meets each year. Details of the 2014 meeting are set out in section 5. In addition to the full international meeting, the insolvency regulators operating within the British Isles meet each year to discuss matters of mutual interest and share information and good practice. It was my pleasure, this year, to host the event for the first time and welcomed representatives from Scotland, England and Wales, Republic of Ireland, Jersey and Guernsey to Belfast for a two day conference.

11. The key facts and figures relating to the work of the Insolvency Service during the year are set out in the next section with a more detailed analysis set out in the main body of the report.



Richard Monds
Director of Insolvency
Insolvency Service
Fermanagh House
Ormeau Avenue
Belfast BT2 8NJ

Key Facts and Figures

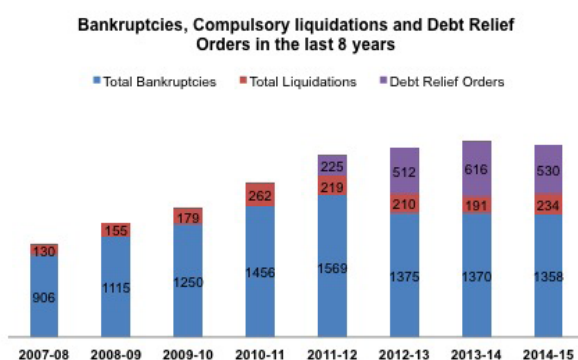
1. This section summarises the key areas of work of the Insolvency Service for the period 1 April 2014 to 31 March 2015.

RESOURCES

2. In 2014/15 the Insolvency Service employed 112 staff made up of 59 specialist grades, mainly examiner staff within the Official Receiver's office, and 53 administrative grades.

NUMBER OF INSOLVENCIES

3. The number of compulsory winding up orders, bankruptcy orders and debt relief orders made in each of the last 8 years is shown below.



4. The total number of bankruptcy and winding-up orders made during the year was 1,592 which represents an increase of approximately 22.5% in winding up orders and a decrease of approximately 0.9% in bankruptcy orders over the previous year.

CASE ADMINISTRATION

5. The table below shows that, at 31 March 2015, the Official Receiver was dealing with a total of 4,163 cases in respect of compulsory liquidations, bankruptcies and estates of deceased insolvents. These cases were all at various stages of administration and investigation. This represents an increase of 17% on the previous year.

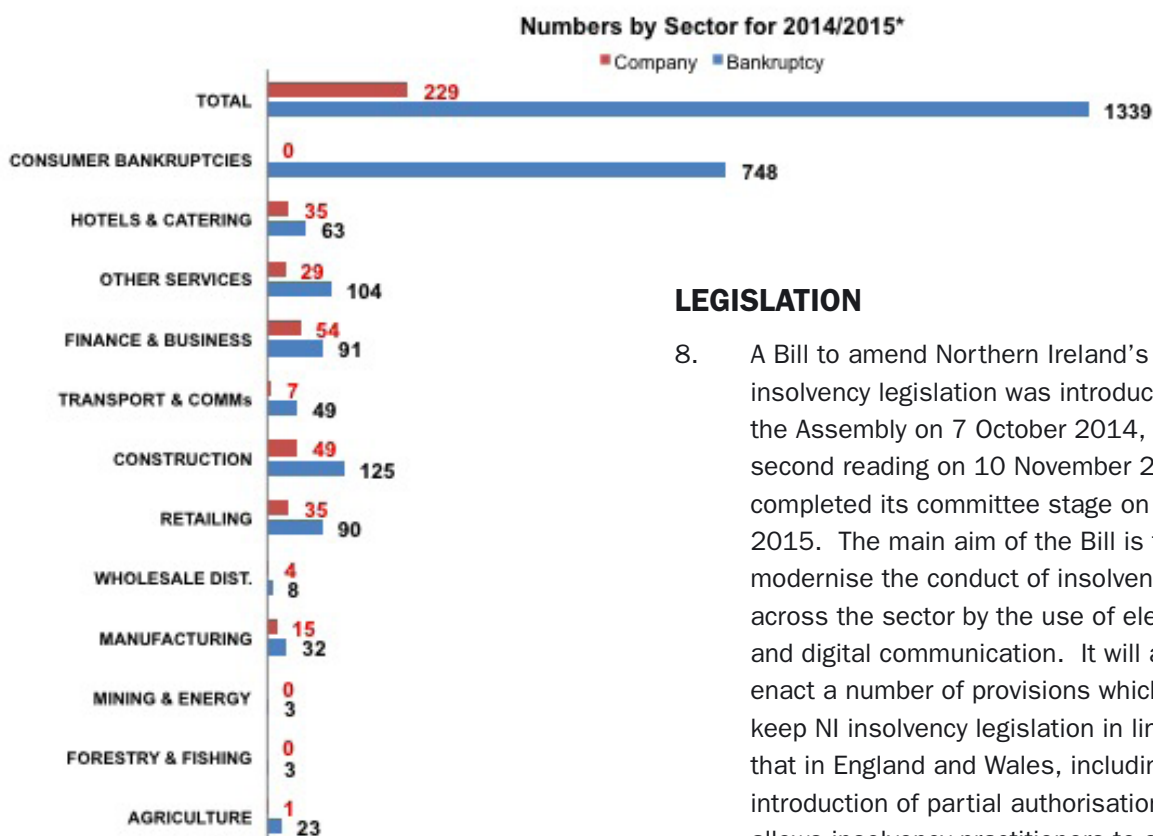
	2014/15
Total Open cases at the beginning of the year	3,542
New bankruptcy cases	1,358
New company cases	234
Closed cases which were re-opened	183
Less	
Insolvency Practitioners appointed trustee	117
Insolvency Practitioners appointed liquidator	22
Cases completed	1,015
Total open cases at year end	4,163

BUSINESS SECTOR ANALYSIS

6. An analysis of the orders made during the year, classified according to their business sector, is set out below. The complete table is set out at Appendix II of this report.

- Companies; the greatest number of failures occurred in the Finance and Business Services sector, i.e. 54 cases followed by the Construction sector, i.e. 49 cases.
- Bankruptcies; the greatest number of failures occurred in the Consumer Bankruptcy sector, i.e. 748 cases followed by the Construction sector, i.e. 125 cases.

7. As a result of the work of the Insolvency Service, £9.3m of assets were identified for realisation and return to creditors. Full details of the work of the Official Receiver are set out in section 2 of this report.



*Does not include annulments or recessions.

LEGISLATION

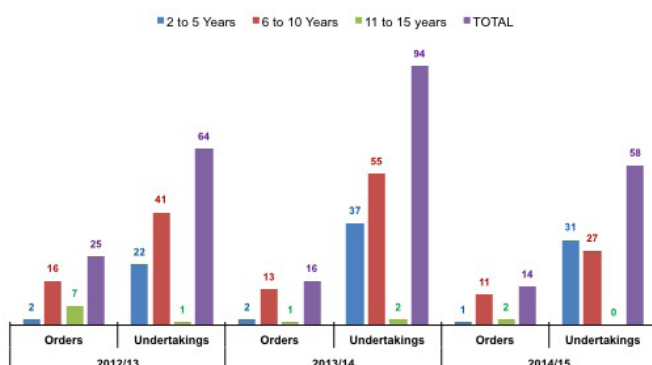
8. A Bill to amend Northern Ireland's primary insolvency legislation was introduced in the Assembly on 7 October 2014, had its second reading on 10 November 2014 and completed its committee stage on 3 March 2015. The main aim of the Bill is to help modernise the conduct of insolvency work across the sector by the use of electronic and digital communication. It will also enact a number of provisions which will keep NI insolvency legislation in line with that in England and Wales, including; the introduction of partial authorisation, which allows insolvency practitioners to specialise in either personal or corporate insolvency; abolition of the authorisation of insolvency practitioners by competent authorities, ie this Department; and strengthening of the regulatory oversight of the Department.

9. Work also continued on a series of secondary legislation including, Modernisation Rules, linked to the Bill, Postal Administration Rules, Advertising Rules and Pre – Administration/Block Transfer Rules. Full details are provided at section 6.

DIRECTORS DISQUALIFICATION

10. During the year, the Insolvency Service's Directors Disqualification Unit made 14 disqualification orders and accepted 58 disqualification undertakings. The periods of the disqualifications are set out below compared to previous years. More details are provided at section 3.

Number of disqualification cases before the Court and the number of orders made / undertakings given in the last 3 years



COMPANY INSPECTIONS

11. Up until 30 September 2009, the NI Insolvency Service was responsible for the investigation of companies by inspectors. From 1 October 2009, this responsibility was taken over by the Department for Business, Innovation and Skills. One legacy case, in respect of an investigation of the NI Events Company, which had continued to be supervised by DETI, was concluded during the year.

AUTHORISATION OF INSOLVENCY PRACTITIONERS

12. Under the Insolvency (Northern Ireland) Order 1989, the Department is a competent authority and has the power to authorise insolvency practitioners. Whilst these powers will be removed through the enactment of the new Insolvency Bill, the Department was, at the start of the year, responsible for authorising two insolvency practitioners. However, during the year, and following a lengthy independent investigation into a number of complaints received, the Department withdrew one insolvency practitioner's authorisation when that person was found not to be a fit and proper person to practise as an Insolvency Practitioner. The Department was, therefore, responsible for authorising a sole insolvency practitioner at the year end.

Abbreviations used in Report

ACCA	Association of Chartered Certified Accountants
DDU	Directors Disqualification Unit
Department	Department of Enterprise, Trade and Investment
ETI	Enterprise, Trade and Investment
High Court	Northern Ireland High Court
IAIR	International Association of Insolvency Regulators
ATI	Accounting Technicians in Ireland
ICSA	Institute of Chartered Secretaries and Administrators
IPU	Insolvency Practitioner Unit
Minister	Up until 14 October 2002 the Minister for Enterprise, Trade and Investment in the Northern Ireland Assembly. From 15 October 2002 until 7 May 2007 the Northern Ireland Office Minister with responsibility for Enterprise, Trade and Investment. From 8 May 2007 the Minister for Enterprise, Trade and Investment in the Northern Ireland Assembly.
PDP	Personal Training and Development Plan
DPP	Director of Public Prosecutions for Northern Ireland
R3	Association of Business Recovery Professionals
RPB	Recognised Professional Body
Service	Insolvency Service
SIP	Statement of Insolvency Practice
SPI	Society of Practitioners of Insolvency
STIIP	Success Through Investors in People
UNCITRAL	United Nations Commission on International Trade Law

1

OUR PURPOSE

- 1.1 In all modern developed economies, businesses will be constantly striving for continued growth and improved returns on their investments. Often, this will involve taking a measure of risk with the ultimate possibility that the business will fail and, as a result, suffer financial difficulty and distress.
- 1.2 On an individual level, there will also be those who, either through overstressing themselves or as a result of some external event, find themselves in a difficult financial position where they will require formal debt relief.
- 1.3 The Insolvency Service (the Service) provides a range of services to those who suffer financial distress or failure and, by doing so, help to promote and maintain the integrity and working of the market place.
- 1.4 In practice, this is done by:
 - providing a means for dealing with financial failure through the sensitive and impartial administration and investigation of the affairs of bankrupts and companies in compulsory liquidation;
 - realising and returning funds to creditors, as quickly as possible;
 - tackling fraud, misconduct and wrongdoing which might otherwise undermine confidence in the working of the market by ensuring that abuses of the system are dealt with as effectively as possible; and
- administering an efficient and effective debt relief system for those individuals with low level debts through the making of Debt Relief Orders.
- 1.5 The principal functions and objectives of the Service are, therefore:
 - to preserve and protect the assets and carry out the initial stage in the administration of all bankruptcies and compulsory liquidations;
 - to investigate the conduct of bankrupts and directors of insolvent companies, with a view to prosecution, if appropriate;
 - to deal with the disqualification of directors in all corporate failures;
 - to act as trustee and liquidator in compulsory insolvencies where no private sector insolvency practitioner is appointed;
 - to authorise and regulate insolvency practitioners;
 - to formulate policy and provide advice to the Department and the Minister;
 - to operate the Insolvency Account; and
 - to prepare insolvency legislation.

OUR RELATIONSHIP WITH OUR USERS

1.6 The Service essentially comprises six inter-linked functions, the largest of which is Official Receiver Operations. They are:

- **Official Receiver Operations** – On the making of a Court Order the Official Receiver, and his staff, deal with the administration and investigation of all compulsory individual and corporate insolvencies and the making of Debt Relief Orders;
- **Enforcement** - dealing with reports of possible criminality and of unfit conduct (arising out of bankruptcies, compulsory liquidations, voluntary liquidations, administrative receiverships and administrations);
- **Insolvency Practitioner Regulation** - dealing with the regulatory framework for recognised professional bodies and insolvency practitioners and monitoring those insolvency practitioners authorised by the Department of Enterprise, Trade and Investment (the Department);
- **Banking** - providing a banking service to users of the Insolvency Account;
- **Legislation** – responsibility for drafting insolvency legislation and overseeing its passage through the NI Assembly; and
- **Advice and Support** - providing advice to the Department and Ministers on insolvency issues.

1.7 The executive functions each work with, and so affect, one or more of the Service's users. Principally these are:

- **Bankrupts and directors of failed companies** - who are required to provide information for the Official Receiver's enquiries into the causes of failure and financial affairs of the individuals or companies;
- **Creditors (and contributories in failed companies)** - who receive a report on the insolvency, are called upon to assist the Official Receiver in his enquiries and have the opportunity to appoint a private sector insolvency practitioner in appropriate cases;
- **Banks, solicitors, accountants and other parties** - who have dealings with the bankrupt or failed company and are also called upon to assist or look to the Service to resolve issues arising out of the failure;
- **Insolvency Practitioners** - who may be appointed by the creditors as trustee or liquidator and may take over the administration of an insolvency from the Official Receiver; and
- **The High Court** - where insolvency petitions are presented, orders made and enforcement proceedings instituted.

1.8 There is a wide range of other users of the Service, specifically agencies which deal with prosecution and regulation, as well as other branches and agencies within the Department and other government departments and European Union institutions.

1.9 The public has a general interest in the efficiency and effectiveness of the Service in providing protection for, for example, consumers from the activities of unfit directors.

LEGISLATION

1.10 The main pieces of legislation that underpin the work of the Insolvency Service are the Insolvency (Northern Ireland) Order 1989 and the Company Directors Disqualification (Northern Ireland) Order 2002. The statutory instruments listed in Appendix I to this report provide a more complete legal framework for the administration of insolvencies in Northern Ireland.

RESOURCES

Resources		
	2014-15	2012-13
Running Costs	£3.577M	£3.324M
Staff in post at 31 March comprising:		
Specialist grades	112	105
Administrative grades	59	54
	53	51

CENTRAL ACCOUNTING UNIT AND THE INSOLVENCY ACCOUNT

- 1.11 The Central Accounting Unit has responsibility for insolvency estate banking within the Service.
- 1.12 Trustees and liquidators, including the Official Receiver for Northern Ireland, must pay all funds from the realisation of the assets of bankrupts or companies wound up by the High Court into the Insolvency Account which is maintained by the Department.
- 1.13 Details of receipts and payments into that account are set out in the Insolvency Account (see Pages 43-64). The funds held

at 31 March 2015 in the Account amounted to £17,755,875.

- 1.14 Any monies standing to credit of bankruptcy and liquidation estate accounts are entitled to interest received in respect of those accounts. The remaining interest earned on funds in the Insolvency Account is paid to the Department.

EQUAL OPPORTUNITIES

- 1.15 The Service is committed to the Department's equal opportunities policy. The Department undertakes yearly surveys on the Service's commitment to the above policy.

HEALTH AND SAFETY

- 1.16 The Service continued to comply with the Department's Health and Safety policy. A risk assessment of Fermanagh House was carried out in August 2014 and appropriate remedial measures undertaken. The Service's physical security booklet was revised and issued to all members of staff during December 2014. The Physical Security document will be revised in the incoming year as required.

INFORMATION TECHNOLOGY

- 1.17 The Insolvency Service has commenced a project to replace its IT system which manages casework and finance, facilitates the work of Insolvency Practitioners and provides online facilities for members of the public to pay bankruptcy fees. It is planned that the new system will be operational from November 2016.

2

STATUS AND RESPONSIBILITY

2.1 The Official Receiver is a civil servant and an officer of the High Court with responsibility for administering and investigating bankruptcies and companies wound up by the High Court. Since 30 June 2011 he is also responsible for the approval of Debt Relief Orders.

ADMINISTRATION

2.2 There are several types of insolvency which operate within Northern Ireland. Compulsory liquidations, bankruptcies and debt relief orders are supervised by the Official Receiver operating within the Insolvency Service. Other insolvency events are supervised by private sector insolvency practitioners which include, company administrations and voluntary liquidations, company voluntary arrangements and individual voluntary arrangements.

2.3 The Official Receiver becomes receiver and manager on the making of a bankruptcy order or first liquidator on the making of a winding up order and is responsible for the protection of the insolvent's assets.

2.4 In cases where there are assets or recoveries of any material value, the Official Receiver seeks the appointment of a private

sector insolvency practitioner either by calling a creditors' meeting or by applying to the Department for an appointment from a rota.

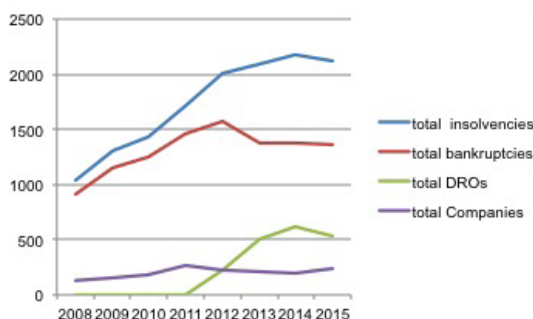
2.5 Where an insolvency practitioner is not appointed, the Official Receiver remains as trustee/liquidator to undertake any realisations and distribution to creditors and complete the administration of the estate.

2.6 The number of cases administered by the Insolvency Service during 2014/15 continued at historically high levels with a marginal increase in new cases received; the total number of new bankruptcy and liquidation cases was 1,592 as against 1,561 in 2013/14. There was, however, a reduction of 14% in debt relief orders with 530 being made against 616 in the previous year.

2.7 In 2014/15 the greatest number of bankruptcies continued to occur in the consumer bankruptcy sector (748). Consumer bankruptcies are defined to include persons who are in employment, those with no occupation or who are unemployed, individuals whose occupation is unknown, and directors and promoters of companies whose bankruptcy has arisen through personal indebtedness.

2.8 The next largest groups of bankruptcies were in the Construction (125) and Other Services (104) sectors. The latter comprises recreational services, medical services, educational services, repair of consumer goods, laundry, hairdressing and beauty parlours, scrap metal dealers and other services.

Insolvency Cases Received by Insolvency Service 2008/09 – 2014/15



2.9 In regard to companies the largest groups of winding up orders were in the Finance and Business Services sector (54) and the Construction sector (49). The former comprises of accounts and legal services, real estates, computer services, management services, and other business services.

2.10 During the year, 530 individuals took advantage of the Debt Relief Scheme which came into operation during 2011/12. Debt Relief Orders are made by the Official Receiver. The Debt Relief Scheme is a form of bankruptcy designed for individuals who are unable to meet the cost of petitioning for their own bankruptcy and who meet certain eligibility criteria in order to obtain an order from the Official Receiver.

2.11 Worthy of note also was the 1,444 individuals who took advantage of the Individual Voluntary Arrangement Scheme. This is an insolvency process whereby indebted individuals reach a voluntary agreement with their creditors to pay back so much in the pound in settlement of their debts.

2.12 All told, some 3,332 individuals took advantage of an insolvency process during 2014/15.

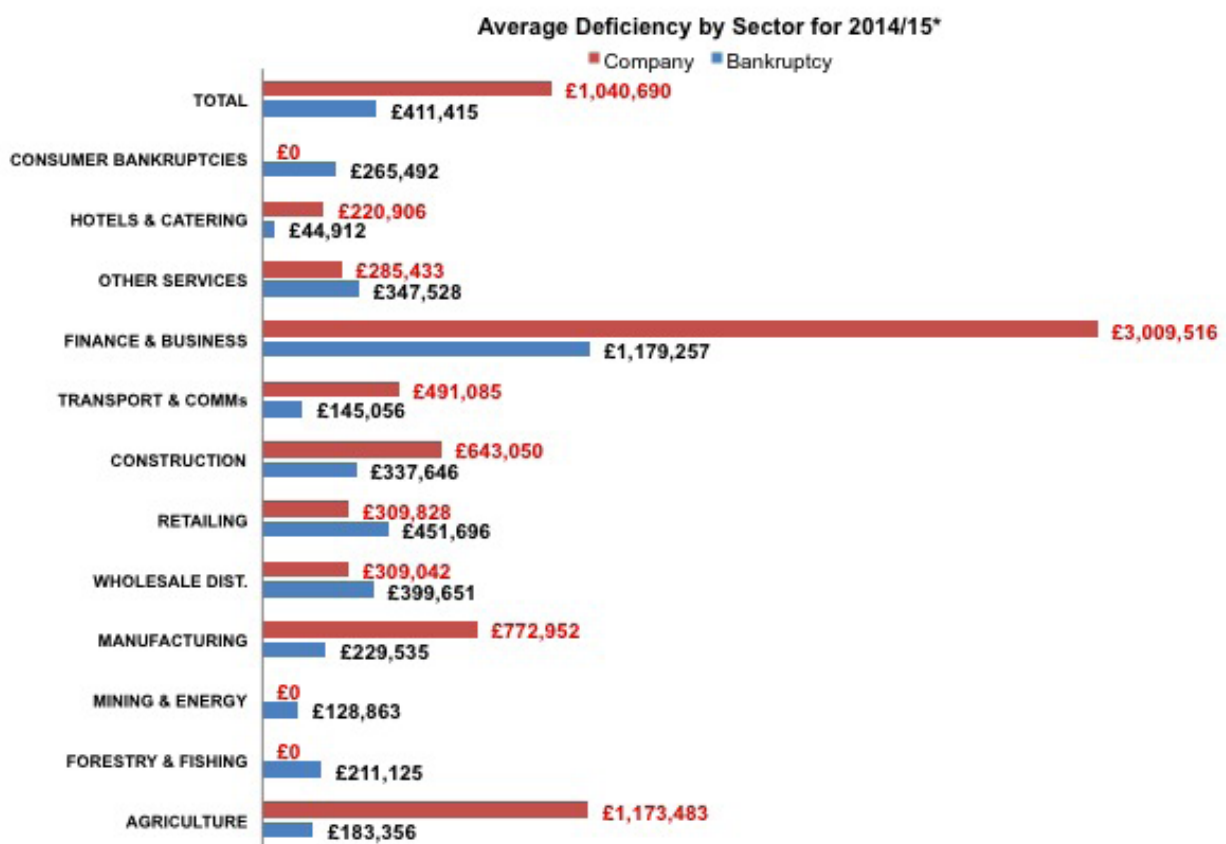
2.13 The continuing high levels of insolvency in Northern Ireland are in stark contrast to the situation in England and Wales which has seen significant reductions over the last few years. For example, the GB Insolvency Service has seen the number of bankruptcy cases fall by two thirds since 2009/10 and is continuing to fall. Expectations in GB are that this downward trend will continue and it is hoped that the situation in Northern Ireland will follow this trend in the near future.

Average Deficiency of Assets and Liabilities

2.14 An analysis of the average deficiency values of assets and liabilities during the year, classified according to business sector is given in the bar chart below and table see Appendix II.

- **Companies;** the total estimated liabilities of companies which went into compulsory liquidation in the year amounted to £241.526m, and the total estimated assets were £3.208m, leaving an overall deficiency of some £238.318m. This represents an average deficiency of approximately £1.041m per case.

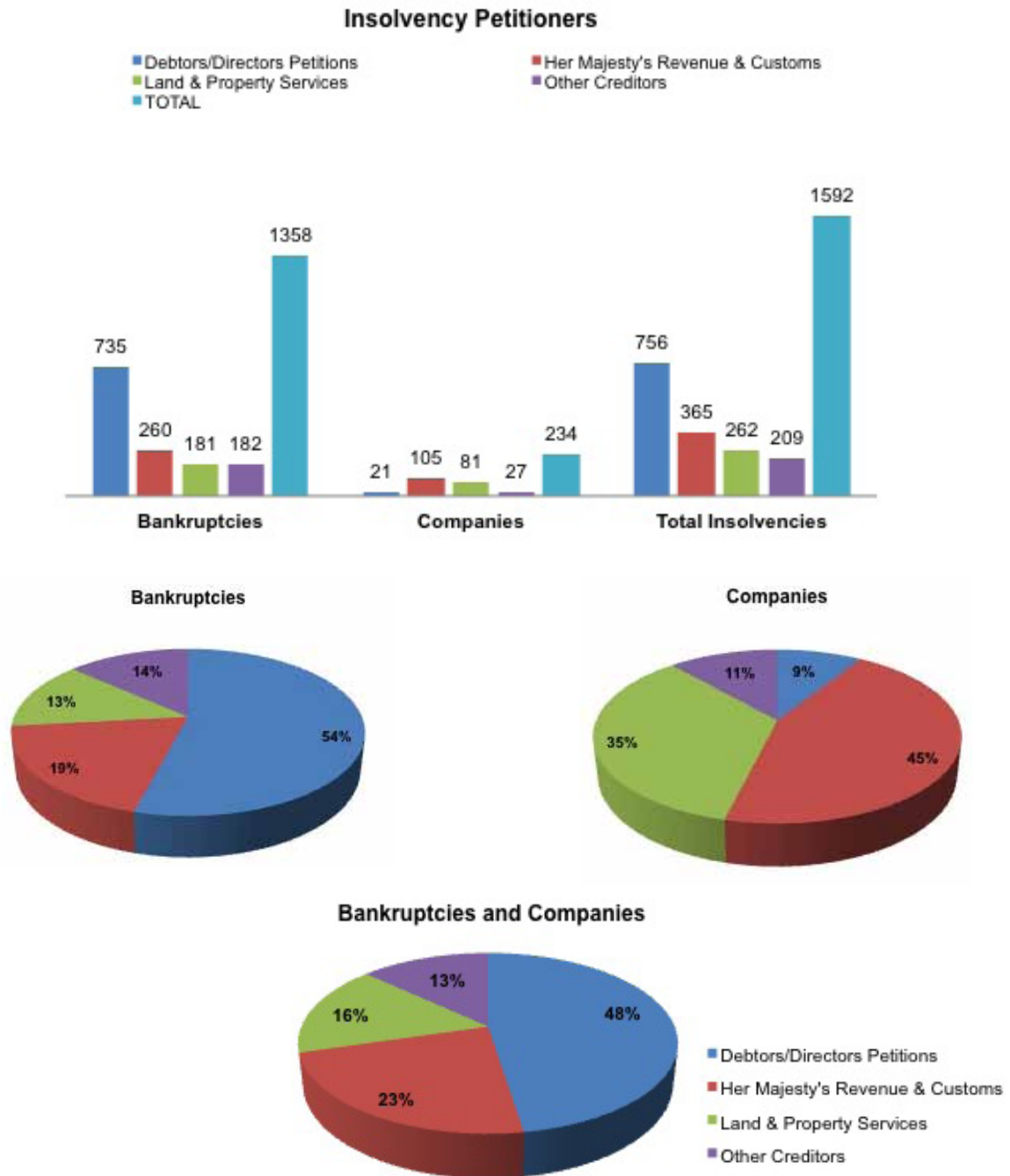
- **Bankruptcies**; the total estimated liabilities of cases in which bankruptcy orders were made in the year amounted to £556.922m and the total estimated assets were £6.038m, leaving an overall deficiency of some £550.884m. This represents an average deficiency of approximately £411,415 per case.



- Does not include annulments or recessions.

INSOLVENCY PETITIONERS

2.15 An analysis of bankruptcy and winding up orders made during the year ended 31 March 2015 classified according to the origin of the insolvency petition is shown below.



INVESTIGATION

- 2.16 Under Article 112 and Article 262 of the Insolvency (Northern Ireland) Order 1989, the Official Receiver has a duty to investigate the affairs of bankrupts and companies in compulsory liquidation and the conduct of bankrupts and directors.
- 2.17 Under legislation, powers to require information and documentation are wide ranging, including the power to make applications to suspend automatic discharge from bankruptcy and to hold public examinations in the High Court to secure compliance and information.
- 2.18 When the investigation brings to light the possibility that criminal offences may have been committed, the Official Receiver is required to report the matter to the Insolvency Service's Prosecution Unit.
- 2.19 Under the Company Directors Disqualification (Northern Ireland) Order 2002, the Official Receiver is required to report any unfit conduct by the directors of a company to the Insolvency Service's Directors Disqualification Unit (DDU). If, following an investigation, no unfit conduct is evident then a return of no unfit conduct must be submitted to the DDU.
- 2.20 Appendix III shows that during the year the Official Receiver's investigation led to the reporting of no cases to the Insolvency

Service's Prosecution Unit for the consideration of possible criminal offences, and the making of 238 conduct returns on company directors to the DDU of which 223 represented a report of unfit conduct. The Official Receiver also applied to the High Court for:

- the suspension of automatic discharge in 50 bankruptcies; and
- the public examinations of 28 bankrupts and 85 company directors.

DEBT RELIEF ORDERS

- 2.21 The Debt Relief scheme came into operation on 30 June 2011. The scheme is to help individuals who cannot pay their debts and who cannot afford the cost of petitioning for bankruptcy. The scheme enables such individuals to apply to the Official Receiver for an Order similar to a Bankruptcy Order made by the Court. There is only one fee payable on application and it is £90, which is considerably cheaper than the £525 deposit, plus the Court fee, to petition for bankruptcy. There are eligibility criteria, including a £15,000 ceiling on the total amount of debt, a £300 cap on the total value of assets and an upper limit of £50 surplus income in the month. In the year to 31 March 2015 530 Debt Relief Orders were made.

3

PROSECUTION

- 3.1 The Official Receiver submits reports to the Insolvency Service's Prosecution Unit regarding possible criminal offences.
- 3.2 Each report is considered and if it shows admissible, substantial and reliable evidence of the alleged offence(s), it is referred to the Police Service of Northern Ireland (PSNI) (formerly to the Director of Public Prosecution (DPP)).
- 3.3 The table below shows the number of reports submitted by the Official Receiver and others to the Insolvency Service's Prosecution Unit regarding possible criminal offences and the number of reports and investigation files referred to the PSNI/DPP in each of the last three financial years.

	2014/15	2013/14	2012/13
Reports submitted by Official Receiver to Insolvency Service's Prosecution Unit	1	1	1
Reports submitted by others to the Insolvency Service's Prosecution Unit	1	0	0
Reports referred by the Insolvency Service's Prosecution Unit to the PSNI/DPP	0	1	0
Investigation files submitted to the PSNI/DPP	0	0	4

DISQUALIFICATION

General

- 3.4 When a company goes into creditors' voluntary liquidation, is wound up by the High Court, has an administrative receiver appointed or is the subject of an administration order, the office-holder is required to report to the Department any unfit conduct by the directors (including any shadow or de-facto directors) of the company.
- 3.5 The Insolvency Service's Directors Disqualification Unit (DDU) considers each report submitted by Insolvency Practitioners and the Official Receiver and recommends whether it is in the public interest to apply to the High Court for the disqualification of a particular director. The reports and associated correspondence are confidential but are subject to discovery by the respondent(s) in disqualification proceedings. The proceedings must be filed in Court within 2 years of the date of the insolvency.
- 3.6 Where the Court finds that there is unfit conduct, it must (under Article 9 of the Company Directors Disqualification (Northern Ireland) Order 2002) make a disqualification order for a period of between 2 and 15 years.
- 3.7 The Company Directors Disqualification (Northern Ireland) Order 2002, which came into effect on 5 September 2003, allows directors, with agreement of the Department, to avoid the need for a court hearing by offering an acceptable disqualification undertaking. This has exactly the same legal effect as a disqualification order made by the court, and will usually include a schedule identifying the directors' unfit conduct. The consequences of breaching a disqualification undertaking are the same as those for breaching a disqualification order.

- 3.8 The first disqualification order was made by the High Court on 17 November 1994 and since then a total of 768 directors have been disqualified on the Department's application or have entered into an undertaking.
- 3.9 This includes all disqualification orders made by Criminal Courts after conviction. During the period 1 April 2014 to 31 March 2015 there were no orders made in the Criminal Courts.

REGISTER OF DISQUALIFICATION ORDERS AND UNDERTAKINGS

- 3.10 The Department is required to maintain a Register of Disqualification Orders. This includes details of both disqualification orders made by Northern Ireland courts and disqualification undertakings accepted by the Department, which are currently in force and is available at the offices of the Insolvency Service, Fermanagh House, Ormeau Avenue, Belfast, BT2 8NJ. The register is also available on the Companies House website at <http://www.companieshouse.gov.uk>.

REGISTER OF INDIVIDUAL VOLUNTARY ARRANGEMENTS

- 3.11 The Department is required to maintain a register of individual voluntary arrangements which is open to public inspection.
- 3.12 During the year ended 31 March 2015, 1,444 voluntary arrangements were reported to the Department for registration which represented a 4% increase on the corresponding figure for the previous year of 1,383. The Department is also required:
- to keep a register of Debt Relief Orders, Debt Relief Restrictions Orders and Debt Relief Restrictions Undertakings; and
 - to keep registers of Bankruptcy Restrictions Orders, interim Bankruptcy Restrictions Orders and Bankruptcy restrictions Undertakings.

4

- 4.1 From 1 October 2009, with the replacement of the Companies (Northern Ireland) Order 1986 with the Companies Act 2006, which covers the whole of the United Kingdom, the investigation of the affairs of companies by inspectors was transferred to the Department of Business, Innovation and Skills.
- 4.2 However, all cases, where company inspectors were appointed prior to 1 October 2009, continued to be the responsibility of the Department of Enterprise, Trade and Investment. The final report of the sole remaining legacy case has been completed and no other company inspections are being overseen by the Department.
- 4.3 All requests for the appointment of Company Inspectors should be made on the basis of a written request setting out the nature of the complaints and be sent to the following address.

Intelligence Operations Reception,
Investigations and Enforcement Services,
3rd Floor, Cannon House,
18 Priory Queensway,
Birmingham
B4 6BX

intelligence.live@insolvency.gsi.gov.uk

5

MONITORING AND OVERSIGHT

Monitoring Visits

- 5.1 As well as monitoring those insolvency practitioners which it licenses directly, the Insolvency Service has responsibility for monitoring the standards set by Recognised Professional Bodies (RPB's). This includes checking the standards set by RPB's in their monitoring of their own licencees.
- 5.2 During the year the RPB's continued their programme of routine monitoring visits to their authorised practitioners. The Service's Insolvency Practitioner Unit (IPU) undertook three monitoring inspection visits to RPBs and two follow up monitoring inspection visits to RPBs.

Desktop Monitoring Process

- 5.3 The Insolvency Service continues to operate a desktop monitoring process. The table below lists the indicators and gives the number of cases in each category where IPU has informed an RPB of an IP's default under the desktop monitoring system or has dealt with a default itself in relation to a Departmental licensee during 2014/15.

Indicators	Triggers	No of cases referred to RPB / Investigated by the Department
Failure to report details of individual voluntary arrangements to the Department pursuant to Rule 5.27 of the Insolvency Rules (NI) 1991	2 failures to report	11
Failure to comply with provisions regarding the advertisement of meetings, appointments and dividend payments	2 failures to advertise properly	0
Failure to submit returns to the Department pursuant to The Insolvent Companies (Reports on Conduct of Directors) Rules (NI) 2003	1 failure to submit returns on time	2
Failure to pay funds into the Insolvency Account pursuant to Regulations 5 and 20 of the Insolvency Regulations (NI) 1996	Automatic referral	0
Complaints from third parties	Automatic referral	8
	Investigated by the Department	3
Non-response to correspondence	Failure to reply to 3 letters	0
Inaccurate fees calculations	Submission of 3 inaccurate fees calculations	0
TOTAL		24

Meeting of Monitoring Officers

5.4 IPU staff attend quarterly meetings of monitoring officers chaired by a member of the Insolvency Service (GB). These meetings are attended by monitoring officers employed by:

- each of the RPB's (Chartered Accountants Ireland, Institute of Chartered Accountants in England and Wales, Institute of Chartered Accountants in Scotland, Association of Chartered Certified Accountants, Law Society of England and Wales, Law Society of Scotland, Law Society of Northern Ireland and the Insolvency Practitioners Association),

- the Insolvency Service (GB), and
- the Insolvency Service Northern Ireland.

5.5 The meetings are convened to allow discussion of matters noted during the course of monitoring visits carried out by any of these officers, to ensure consistency of standards in the approach to the monitoring/regulation of insolvency practitioners and to promote "best practice" issues in case administration by practitioners. The meetings also provide a forum for making representations to other bodies such as the Joint Insolvency Committee.

JOINT INSOLVENCY COMMITTEE

- 5.6 The Joint Insolvency Committee (JIC) is made up of representatives of all Recognised Professional Bodies (RPBs) and the Insolvency Service (GB). It is a forum for the discussion of insolvency issues, promoting consistency across the profession and, in discussion with the Insolvency Service, for standard setting. It develops, improves and maintains insolvency standards from a regulatory, ethical and best practice perspective.
- 5.7 The Director of Insolvency and Head of the Insolvency Practitioner Unit, on behalf of the Insolvency Service, and a representative from the Law Society of Northern Ireland are invited members of this Committee having full participatory powers and voting rights.
- 5.8 It is incumbent on the Director of Insolvency and Head of the Insolvency Practitioner Unit, the Law Society of Northern Ireland and the Northern Ireland RPBs represented on the committee to ensure that these standards are complied with by all NI practitioners.
- 5.9 During the year, 5 meetings of the Committee were held.

GUIDANCE ON BEST PRACTICE

Statements of Insolvency Practice (SIPs)

- 5.10 These provide practitioners with guidance on required practice and are directed to ensuring a high and consistent standard is maintained by all practitioners.
- 5.11 A total of fifteen SIPs have now been adopted and issued to licencees. The matters dealt with by these SIPs are as follows:
- SIP 1 – An Introduction to Statements of Insolvency Practice;
 - SIP 2 – A Liquidator’s investigation into the affairs of an Insolvent Company;
 - SIP 3 – Voluntary Arrangements;
 - SIP 4 – Disqualification of Directors;
 - SIP 7 – Preparation of Insolvency Office Holders’ Receipts and Payments Accounts;
 - SIP 8 – Summoning and holding of meetings of creditors convened pursuant to Article 84 of the Insolvency (Northern Ireland) Order 1989;
 - SIP 9 – Remuneration of Insolvency Office Holders;
 - SIP 10 – Proxy Forms;
 - SIP 11 – The Handling of Funds in formal Insolvency Appointments;
 - SIP 12 – Records of Meetings in Formal Insolvency Proceedings;
 - SIP 13 – Acquisition of Assets of Insolvent Companies by Directors;
 - SIP 14 – A Receivers responsibility to Preferential Creditors;
 - SIP 15 – Reporting and Providing information on their functions to committees in formal Insolvencies;
 - SIP 16 – Pre-packaged Sales in Administrations; and
 - SIP 17 – An Administrator’s Receiver’s responsibility for the Company records.

INTERNATIONAL ASSOCIATION OF INSOLVENCY REGULATORS (IAIR)

5.12 The Insolvency Service is a member of IAIR which is an international body that offers the opportunity to explore and benefit from other Regulators' approaches to insolvency policy, legislation, operations and management. Within the reported year the IAIR held its Annual General Meeting and Conference in September 2014 in Washington.

5.13 Current membership/Associated membership comprises Australia (the Insolvency and Trustee Service and the Australian Securities Commission), British Virgin Islands, Canada, Columbia, Czech Republic, Finland, Hong Kong SAR, India, Ireland, Jersey, Malaysia, Mauritius, New Zealand, Peru, Romania, Russian Federation, Serbia, Singapore, South Africa, Thailand, the UK (The NI Insolvency Service, together with the Insolvency Service of England and Wales and the Accountant in Bankruptcy, Scotland).

5.14 Full details of the work of IAIR can be found at its website: www.insolvencyreg.org/

APPOINTMENTS REQUIRING INSOLVENCY PRACTITIONER AUTHORISATION

5.15 Under the Insolvency (Northern Ireland) Order 1989, only authorised persons may act as insolvency practitioners. Authorisation may be granted either by a professional body recognised by the Department or by the Department itself. The bodies currently recognised, together with the numbers of their members who take cases in Northern Ireland are:

	2014/15	2013/14
Law Society of Northern Ireland	6	6
Insolvency Practitioners Association	556	547
Association of Chartered Certified Accountants	151	161
Institute of Chartered Accountants in England and Wales	724	704
Chartered Accountants Ireland	46	46
Institute of Chartered Accountants in Scotland	89	95
Law Society of England and Wales	124	123
The Department of Enterprise, Trade and Investment	1**	2
*Secretary of State for Business, Innovation and Skills England & Wales	43	53
Total	1,740	1,737

*Insolvency Practitioners authorised by the Secretary of State for BIS became eligible to take cases in Northern Ireland on the 28th December 2009 on the coming into operation of the Provision of Services (Insolvency Practitioners) Regulations (Northern Ireland) 2009.

6

THE LEGISLATION UNIT

6.1 The Service's Legislation Unit is responsible for:

- making legislation needed to update the Insolvency (Northern Ireland) Order 1989 and the Company Directors Disqualification (Northern Ireland) Order 2002 and related subordinate legislation;
- carrying out Equality Screening and Regulatory Impact Assessments on proposed legislation and considering the Human Rights implications;
- producing Consultation Documents for proposed changes to insolvency legislation and considering any replies received;
- carrying out procedures required for the production of primary legislation, including preparing policy memoranda, drafting instructions to Counsel and preparing explanatory memoranda;
- preparing Executive papers to seek approval to carry out consultation, have draft Bills prepared and introduce Bills in the Assembly;
- addressing need for Legislative Consent Motions for insolvency related matters to

be dealt with in Westminster legislation;

- preparing draft subordinate legislation and carrying out Departmental procedures to make it;
- advising other Departments on the insolvency implications of their legislation;
- considering the insolvency aspects of other legislation including European Union and other international matters; monitoring developments in EC legislation on insolvency and taking the necessary action to ensure that it is implemented in Northern Ireland; and
- preparing information about legislation for insolvency practitioners.

INSOLVENCY LEGISLATION

Primary Legislation

Proposed Insolvency Amendment Act

6.2 A Bill to amend Northern Ireland's primary insolvency legislation was introduced in the Assembly on 7 October 2014 and had its second reading on 10 November 2014.

6.3 The key areas of the Bill as introduced are:

- To modernise the administration of insolvency cases by authorising the use of electronic and digital communication and transfer of information;
- Remove the requirement for liquidators and trustees to obtain sanction from creditors or the Department before reaching compromises over debts due;
- Remove the requirement for liquidators to hold annual meetings to receive reports on progress in members and creditors voluntary liquidations;
- Repeal the Deeds of Arrangement provisions;
- Remove the requirement for routine filing of papers in court in the case of individual voluntary arrangements not involving an interim order;
- Repeal early discharge from bankruptcy;
- Place a statutory duty on the Department to consult the Lord Chief Justice in relation to Disqualification from Office provisions;
- Enable insolvency practitioners to be partially authorised to take either personal or corporate insolvency cases as an alternative to being authorised to do both;
- Abolish authorisation of insolvency practitioners by competent authorities;
- Do away with authorisation limited to acting as nominee or supervisor in voluntary arrangements;

- Remove insolvency practitioners' rights to bring retrospective claims against banks in respect of money paid through accounts belonging to undischarged bankrupts which is subsequently claimed as after acquired property; and
- Ensure that the Department has the right to make orders permitting all credit unions, irrespective of the legislation under which they were registered, to enter a company arrangement or administration.

6.4 An amendment was introduced following the second stage debate on the Bill to improve regulation and oversight. The amendments are based on sections 137 to 146 of, and Schedule 11 to, the GB Small Business, Enterprise and Employment Act 2015. These amendments will have the effect of requiring the recognised professional bodies, which are responsible for licensing and regulating insolvency practitioners, to discharge these functions in accordance with regulatory objectives aimed at ensuring that insolvency practitioners provide a high quality service at a fair and reasonable cost, act transparently and with integrity, and treat those affected by their actions fairly.

6.5 The Bill completed its Committee stage on 3 March 2015 and is expected to complete its passage through the NI Assembly and receive Royal Assent by December 2015.

6.6 During the year the Insolvency Service also liaised with its counterpart in GB to have provision to amend the Company Directors Disqualification (Northern Ireland) Order 2002 included in the Small Business,

Enterprise and Employment Act 2015 made at Westminster.

The amendments will:

- Allow for the disqualification from acting as directors of individuals convicted abroad of certain offences relating to companies;
- Allow persons who have influenced the conduct of a director who has been disqualified to themselves be disqualified;
- Require reports on the conduct of directors of companies subject to insolvency proceedings to be submitted to the Department within three months instead of six;
- Extend the time allowed for the Department to bring proceedings to have a director disqualified from two years to three years from the date of insolvency;
- Create a simplified schedule of matters to be taken into account in deciding if a director is unfit; and
- Make it possible for disqualified directors to be required to pay compensation under a Court Order or undertaking to the Department where their conduct has caused loss to creditors.

6.7 As Northern Ireland primary legislation was being amended by a Westminster Bill a Legislative Consent Motion was passed by the Northern Ireland Assembly agreeing to this.

Subordinate Legislation

Modernisation Rules

6.8 A draft of these Rules has been prepared which replicate elements of the Insolvency

(Amendment) Rules 2010 and are linked to the proposed Bill, being required to come into operation at the same time. The Rules currently include provision for electronic communication, remote meetings and the option to publish documents on websites.

Pre-Administration Expenses/Block Transfer Rules

6.9 These draft Rules replicate for Northern Ireland equivalents to some of the amendments made by the Insolvency (Amendment) Rules 2010 (S.I. 2010/686). Work has begun on drafting equivalents to those Rules in SI 2010/686 which have not been replicated in either the Block Transfer or the Modernisation Rules described above.

6.10 The main themes include provision for an administrator to be able to recover expenses incurred before the formal start of the administration and block transfer of cases where an insolvency practitioner has died etc.

6.11 The Department of Justice has responsibility for making these Rules. The Rules were approved by the Insolvency Rules Committee in November 2014, agreed by the ETI Committee in December 2014 and agreed by Justice Committee in January 2015. They were scheduled to be considered at the Executive meeting of 30 April 2015. The Rules are likely to be made by early June and come into operation in early September 2015.

Advertising Rules

6.12 Work has begun on draft Rules which would make advertising of insolvency events in newspapers discretionary. Advertising in the Belfast Gazette would remain mandatory. Consultation on the policy is planned for 2015/16.

Postal Administration Rules

6.13 Work on drafting these rules has begun. The Postal Services Act 2011 contains provision for a special administration regime (a postal administration) to ensure that the objective of the administrator is to secure the continued provision of the universal postal service, should a universal service provider be at risk of entering insolvency proceedings. At present Royal Mail is the only designated universal service provider. The purpose of these Rules is to provide the procedure to underpin the special administration regime in line with the procedures in the Insolvency Rules (Northern Ireland) 1991, except where the circumstances of a postal administration dictate a different approach.

Amendment of Disqualification Provisions

- 6.14 Provision exists in various pieces of primary and subordinate legislation barring individuals from occupying certain positions or offices if they become bankrupt. Many of these provisions were amended by the Insolvency (Disqualification from Office: General) Order 2008 (S.R. 2008 No. 94) to take account of the introduction of bankruptcy restrictions orders or bankruptcy restrictions undertakings.
- 6.15 However, due to the limited nature of the power under which it was made a further order was needed to extend provisions of this type to other relevant positions and offices. This was achieved through the making of a further Order on 12th March 2015, using powers under Article 30 of the Insolvency (Northern Ireland) Order 2005.
- 6.16 Work is now underway to further extend these disqualification provisions to take

account of debt relief orders and debt relief restrictions orders.

OTHER LEGISLATION

Bank and Building Societies (Depositor Preference and Priorities) Order 2014

6.17 The Insolvency Service assisted HM Treasury in making a Statutory Instrument to ensure the UK complied with the EU Bank Recovery and Resolution Directive (2014/50/EU), which makes deposits covered by the Financial Services Guarantee Scheme a preferential debt in the event of a bank or other financial institution becoming insolvent. The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014 No. 3486) which applies across the UK, came into force on 1 January 2015.

Third Parties (Rights Against Insurers) Act 2010

- 6.18 This Act was made on a UK wide basis to replace the GB Third Parties (Rights against Insurers) Act 2010 and the Northern Ireland Third Parties (Rights against Insurers) Act (Northern Ireland) 1930.
- 6.19 Like its predecessor Acts, the 2010 Act will safeguard the rights of injured parties, by providing that should whoever caused their injury become insolvent, the proceeds of any insurance claim will be ring-fenced for the benefit of the injured party and will not count as an asset in the insolvency to be available for the general bodies of creditors.
- 6.20 In addition the 2010 Act assists injured parties by making it possible for them to claim directly against insurance companies without having to first prove liability on the part of whoever caused their injury.

7

WHO ARE OUR USERS?

7.1 The Service's principal users are:

- individuals that have been declared bankrupt or that have applied for debt relief;
- directors of companies in liquidation who are required to provide information to the Official Receiver about their own or their company's financial affairs;
- creditors who receive reports on the insolvency; and
- insolvency practitioners who may be appointed, by creditors or the Department, as trustee or liquidator, to take over the administration of an insolvency from the Official Receiver.

7.2 Other users include Ministers, the Department of Enterprise, Trade and Investment and other government departments, the High Court and advice organisations. The Service seeks to ensure that:

- information about processes and procedures is as comprehensive as possible,

- plain language is used in both written and oral communication,
- flexibility is offered where possible (e.g. appointment times); and
- it responds efficiently and effectively to matters raised by users.

USER SURVEYS

Service First Compliance Surveys

7.3 The Service carries out quarterly postal, appointment and telephone surveys. The results of these surveys are as follows:

Target	% Achieved
All correspondence to be answered within 11 working days of receipt. If this is not possible, acknowledgement to be sent within 5 working days of receipt.	100%
All callers to office to be seen within 9 minutes of any appointment time which has been made for them.	100%
All telephone calls to be answered within 9 seconds.	100%

PUBLISHED STANDARD

7.4 The Service's "Published Standard" gives details of the standards of service which can be expected by its users. It also gives details of the Service's complaints procedure. It is available in leaflet form. The Charter is published on our website at <https://www.detini.gov.uk/publications/insolvency-service-published-standard>. Large print versions can be made available to anyone requiring them.

INSOLVENCY SERVICE CHARTER

7.5 The Service's "Charter" sets out for users what the Insolvency Service does and what they can expect from it together with our complaints procedure. The Charter is published on our website at <https://www.detini.gov.uk/publications/insolvency-service-charter-0>. Large print versions can also be made available to anyone requiring them.

GUIDES TO INSOLVENCY

7.6 The Insolvency Service is engaged in producing a series of guidance leaflets. The leaflets are produced with a view to addressing some of the concerns and removing/reducing some of the negative perceptions surrounding bankruptcy and company liquidation. They address for example the main questions that a bankrupt or debtor will wish to have answered about the administration of a bankruptcy case and can be accessed via our website at www.insolvencyservice.detini.gov.uk.

7.7 The leaflets currently on our website are:-

- Debt Relief Orders – Information for Creditors
- Debt Relief Orders – Information for Debtors
- In Debt – Dealing with your creditors
- Insolvency Registers
- What will Happen to my Motor Vehicle
- Alternatives to Bankruptcy Guidance
- Insolvency Guidance Paper – Dealing with Complaints
- Process involved in making yourself bankrupt
- A guide to bankruptcy
- A guide for directors
- Guide for creditors
- Bankruptcy and your home
- What will happen to my bank account?
- What will happen when I am interviewed by the Official Receiver?
- Can my bankruptcy be cancelled?
- When will my bankruptcy end?
- What will happen to my pension?
- How to make someone bankrupt
- Fast-track Voluntary Arrangements (FTVAs)
- Bankruptcy Restrictions Orders (BROs)
- How to wind-up your own company
- How to wind-up a company that owes you money
- How to wind-up a partnership
- How to make a complaint against an insolvency practitioner

PUBLICATIONS

7.8 The following guidance notes are available for our customers:

- Completion of Statement of Affairs Debtors Bankruptcy Petition
- Completion of Statement of Affairs Compulsory Winding Up
- Completion of Statement of Affairs Creditors Bankruptcy Petition
- Insolvency Service Charter
- Outline of the Insolvency (NI) Order 1989 & Part 2 of the Companies (NI) Order 1989
- Company Director's Disqualification (NI) Order 2002 and Disqualified Directors
- Outline of the Insolvency (NI) Order 2002
- Guidance to Insolvency Practitioners
- Good Enforcement Guidance

Insolvency Service Performance Summary for 2014/15



Key Target/Indicator	Target	2014/15 Achieved	2013/14 Achieved	Notes
To report to creditors on assets and liabilities within 12 weeks of the Order being made	100%	100%	100%	
To convene creditors' meetings within 12 weeks of the Order when it is considered appropriate that a meeting should be held	100%	100%	100%	
To complete the finalisation of 90% of Official Receiver bankruptcy cases within nine months of receipt	90%	45%	16%	¹
To complete the finalisation of 90% of Official Receiver company cases within twelve months of receipt	90%	46%	2%	¹
To submit all disqualification cases to the Departmental Solicitor for prospective proceedings within 2 years of relevant date	100%	100%	100%	
To submit all disqualification returns/reports to the Disqualification Unit within 6 months of the Order	100%	66%	71%	
To submit prosecution reports to the Prosecution Unit within 11 months of the Order in all cases where there is evidence of criminality	100%	N/A	100%	²
To refer all identified prosecution cases to the PPS within six months of receipt of a completed report	100%	N/A	100%	²

¹ Whilst targets performance showed significant improvement on the previous year, the stated target was not met due to the continuing high volume of new cases and individual caseloads. The Insolvency Service has continued to review its structure and operations and use staff and IT resources as efficiently as possible to ensure an effective service is provided to all its clients. In addition, a number of vacancies arose through the year which created additional pressures for existing staff. Work continued with departmental Human Resources on vacancy management throughout the year to ensure vacancies were filled as quickly as possible.

² No cases identified as suitable for referral to PPS in the year 2014-2015

PRIMARY LEGISLATION

Primary Legislation in existence at 31 March 2015:-

- The Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19))*
- The Insolvency (Northern Ireland) Order 2002 (S.I. 2002/3152 (N.I. 6))
- The Insolvency (Northern Ireland) Order 2005 (S.I. 2005/1455 (N.I. 10))
- The Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/3150 (N.I. 4))
- The Company Directors Disqualification (Amendment) (Northern Ireland) Order 2005 (S.I. 2005/1454 (N.I. 9))
- The Debt Relief Act (Northern Ireland) 2010 (Chapter 16)

*This Order was amended during 1994 by two U.K. wide Acts

- The Insolvency Act 1994 (c.7)
- The Insolvency (No. 2) Act 1994 (c.12)

NUMBER, ESTIMATED LIABILITIES, ESIMATED TO REALISE/REALISED ASSETS OF COMPANIES WOUND UP AND FAILURES IN PRINCIPAL TRADES AND OCCUPATIONS DURING YEAR ENDED 31 MARCH 2015

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No.	Liabilities £	Assets £	No	Liabilities £	Assets £
AGRICULTURE:	*23	5,624,452	1,407,267	1	1,177,772	4,289
FORESTRY & FISHING:	3	658,376	25,000	0	0	0
MINING & ENERGY INDUSTRIES:	3	400,690	14,100	0	0	0
MANUFACTURING INDUSTRIES:						
Manufacture of food, drink & tobacco	4	398,877	4,000	0	0	0
Manufacture of chemicals	0	0	0	0	0	0
Metal Manufacture	1	1,389	0	1	132,627	4,800
Engineering & allied industries	12	5,827,732	157,929	5	7,344,705	622,170
Textiles & clothing manufacture	0	0	0	0	0	0
Manufacture of timber & furniture	8	815,192	0	3	349,856	1,020
Paper, printing & publishing	5	435,124	21,300	1	237,994	0
Other manufacture	*2	50,028	0	5	4,157,492	411
WHOLESALE DISTRIBUTION:						
Wholesale of food & drink	1	0	0	2	284,108	0
Wholesale of textiles & clothing	0	0	0	0	0	0
Motor vehicle wholesalers	2	989,065	750	0	0	0
Other wholesale	5	2,273,268	64,378	2	982,059	30,000
RETAILING:						
Retail of food, drink & tobacco	*26	8,177,947	213,872	8	2,147,119	16,289
Retail of textiles & clothing	5	4,673,308	1,250	5	2,032,378	3,912
Retail of books, papers, etc	2	443,934	8,000	1	257,262	0
Motor vehicles & petrol sales	9	3,039,859	0	*1	15,805	0
Retail of furniture	8	17,613,474	24,000	0	0	0
Retail of electrical goods	0	0	0	0	0	0
Other retail	40	7,049,929	98,699	20	6,459,330	47,717
CONSTRUCTION:						
General construction and demolition	*50	16,372,178	132,131	34	29,181,572	30,757
Home improvements	13	2,629,666	14,101	5	1,056,843	0
Decorating & small works	18	4,858,964	1,600	4	585,837	4,249
Building repairs	19	15,293,830	1,035	3	627,621	0
Electrical & plumbing	*25	3,347,814	147,830	3	749,296	656,695

Appendix II (continued)

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No.	Liabilities £	Assets £	No	Liabilities £	Assets £
TRANSPORT & COMMUNICATIONS:						
Road transport	43	6,710,106	204,105	6	3,381,998	105,443
Air transport	0	0	0	0	0	0
Shipping	1	78,297	0	0	0	0
Travel agents	1	15,609	0	0	0	0
Other transport & communications	4	510,083	2,241	1	161,039	0
FINANCE & BUSINESS SERVICES						
Insurance	3	54,604	0	0	0	0
Accounts & legal services	10	6,689,915	104,628	2	197,828	72,200
Real estate	*40	93,034,640	1,198,834	*30	157,156,208	454,188
Computer services	4	309,195	0	1	1,018,773	0
Management services	9	2,928,888	4,000	2	605,831	0
Other business services	25	5,696,057	93,426	*19	4,743,850	682,246
OTHER SERVICES						
Recreational Services	*6	3,646,184	0	6	1,845,012	1,023
Medical Services	23	4,875,966	73,102	2	533,812	35
Educational Services	5	1,212,464	8,000	1	10,183	1,606
Repair of consumer goods	1	4,437	0	0	0	0
Laundry	*2	108,436	45,477	0	0	0
Hairdressing & beauty parlours	12	1,676,850	21,002	3	571,672	6,050
Scrap metal dealers	0	0	0	0	0	0
Other services	*55	25,039,133	272,949	*17	5,699,200	373,617
HOTELS & CATERING						
Residential accommodation	4	13,499,894	8,000	2	757,494	0
Licensed premises	*20	4,194,193	266,640	17	4,737,322	11,705
Restaurants	23	3,927,280	99,514	13	2,214,075	70,695
Other catering	16	7,056,641	8,967	3	112,419	7,200
EMPLOYEES						
No occupation or unemployed	*291	69,216,155	620,050	0	0	0
Directors & promoters of companies	16	28,246,627	19,323	0	0	0
Occupation unknown	*29	5,678,669	195,395	0	0	0
Employees	*412	171,537,056	455,449	0	0	0
TOTAL	1,339	556,922,475	6,038,344	229	241,526,392	3,208,317

* Does not include Orders rescinded or annulled

OFFICIAL RECEIVER'S INVESTIGATION WORK

	2014/15	2013/14
Prosecution - Reports of Possible Offences		
Main Offence per Report:-		
• Credit Offences	0	0
• Removal of property	0	0
• Acting as a director whilst disqualified by bankruptcy	0	1
Total Prosecution Reports	0	1
Disqualification		
• Reports of Unfit Conduct	223	201
• Returns of no unfit conduct	15	3
• Interim returns*	0	0
Total Conduct Returns/Reports on Company Directors * These became either returns/reports	238	204
Applications to suspend bankrupt's automatic discharge	50	35
Applications for public examination		
• Bankruptcies	28	6
• Liquidations	85	24
Total applications for public examination	113	30

Department of Enterprise,
Trade and Investment

The Insolvency Account for the year ended 31 March 2015

together with the Report of the Comptroller and Auditor General thereon
prepared under Article 358 (3) of the Insolvency (Northern Ireland) Order
1989 by the Department of Enterprise, Trade and Investment

February 2016

FOREWORD

STATUTORY BACKGROUND

1. The Bankruptcy Amendment (Northern Ireland) Order 1980(a) (“the 1980 Order”) and the relevant winding up provisions contained in the Companies (Northern Ireland) Order 1986(b) (“the 1986 Order”) were repealed and replaced by the Insolvency (Northern Ireland) Order 1989(c) (“the 1989 Order”) and subordinate legislation made thereunder including the Insolvency Regulations (Northern Ireland) 1991(d) (“the 1991 Regulations”) all of which came into operation on 1 October 1991 and the Insolvency Regulations (Northern Ireland) 1996(e) which came into operation on 31 January 1997 and replaced and repealed the 1991 Regulations. Under the 1989 Order the Department of Enterprise, Trade and Investment (“the Department”) is charged with administrative duties in relation to the insolvency of individuals, partnerships and companies being wound up by the High Court.

The Insolvency Account is kept pursuant to Article 358(1) of the 1989 Order. Trustees in bankruptcy and liquidators of companies wound up by the High Court must pay the money received by them as trustees or liquidators into the Insolvency Account kept at a bank agreed by the Department and the Department of Finance and Personnel.

REVIEW OF ACTIVITIES

2. The total number of Court orders for the winding up of companies during the year ended 31 March 2015 was 234. This represented an increase of approximately 23% when compared with the previous year.
3. The total number of bankruptcy orders and insolvency administration orders made by the Court during the year ended 31 March 2015 was 1,358. This represented a decrease of approximately 0.9% when compared with the previous year.
4. The total number of debt relief orders made during the year ended 31 March 2015 was 530. This represented a decrease of approximately 14% when compared with the previous year.

(a) S.I. 1980/561 (N.I. 4)

(b) S.I. 1986/1032 (N.I. 6)

(c) S.I. 1989/2405 (N.I. 19) (Amended by S.I. 2002/3152 (N.I. 6) and by S.I. 2005/1455 (N.I.10) and by (C.16)

(d) S.R. 1991 No. 388

(e) S.R. 1996 No. 574 (Amended by S.R. 2006 No 23 and by S.R. 2006 No 461 and by S.R. 2009 No 202)

**STATEMENT OF THE RESPONSIBILITIES
OF THE DEPARTMENT OF ENTERPRISE,
TRADE AND INVESTMENT AND THE
ACCOUNTING OFFICER**

Under Article 358(3) of the 1989 Order the Department is required to prepare an account for each financial year in a form and on a basis approved by the Department of Finance and Personnel. The account is prepared on a cash basis and must properly present the receipts and payments of the Insolvency Account in the financial year and the balances at the year end.

The Department is required to send the account to the Comptroller and Auditor General for Northern Ireland, who is required to examine and certify it under Article 358(4) of the 1989 Order.

The Permanent Secretary of the Department of Enterprise, Trade and Investment is the Accounting Officer for the Insolvency Account. His relevant role and duties as an Accounting Officer, including his responsibility for ensuring the regularity and proper recording of financial transactions and for keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in Managing Public Money Northern Ireland.



ANDREW McCORMICK

Accounting Officer

Department of Enterprise, Trade and Investment

4th January 2016

Introduction

1. This Governance Statement reflects the Insolvency Service's governance, risk management and internal control arrangements as they have operated during the 2014-15 financial year. It also provides details of future actions planned by the Insolvency Service to mitigate risks and to address any internal control weaknesses that have been identified.
2. The Insolvency Service is a Branch within the Department of Enterprise, Trade and Investment's (DETI's) Business Regulation Division. DETI's Governance Statement is published in its Resource Accounts and reflects the overall governance, risk management and internal control environment in which the Insolvency Service operates. This Governance Statement is based on and supplements the DETI Governance Statement by providing information specific to the operation of the Insolvency Service.

The DETI Governance Framework

3. Corporate Governance refers to the way in which organisations are directed and controlled. DETI's governance framework, which ensures the effectiveness of the direction and control of the Department, is set out in the following paragraphs.

Individual Responsibilities

The DETI Minister

4. The DETI Minister leads the Department and is responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of the Department.

The Accounting Officer

5. The Permanent Secretary is the principal Accounting Officer for the Department and may be called to account in the Northern Ireland Assembly for the stewardship of the resources under the Department's control. As Accounting Officer, the Permanent Secretary is personally responsible for ensuring that the Department, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity.

Organisation and Structures

6. The five key organisational structures which support the delivery of corporate governance in the Department are the:
 - Departmental Board;
 - Departmental Audit Committee;
 - Casework Committee;
 - Fortnightly Senior Management Team meetings; and
 - Quarterly Oversight and Liaison meetings.

The Departmental Board

7. The Departmental Board manages the Department within the strategic framework set by the Minister. It supports the Permanent Secretary by providing collective leadership and taking ownership of the Department's performance. The Board operates within the guidelines set out in the April 2013 DFP publication "Corporate Governance in Central Government Departments: Code of Good Practice NI 2013".
8. The Board is chaired by the Permanent Secretary of the Department. The Deputy Secretaries for Policy Group and Management Services Group are members, as are the Heads of Division with responsibility for Human Resources and Finance. There are also two Independent Board Members (IBMs), David Beck and Claire Hughes. David Beck was an IBM for the whole of 2014-15, with Claire Hughes being appointed with effect from 1 January 2015.
9. The Board operates as a collegiate forum under the leadership of the Permanent Secretary to manage the running of the Department. It is not involved in policy making, as policy is determined by the Minister. The Board does, however, discuss policy in the context of setting and directing the strategic planning that ensures delivery of Ministerial policy decisions and the operational management of the implementation of those decisions.

The Board operates in an advisory and consultative capacity, offering guidance when sought. Day-to-day operational matters are the responsibility of the Deputy Secretaries and Heads of Division.

10. The objective of the Board is to provide collective leadership in the Department and to:
 - take forward the Department's agreed strategic aims and objectives;
 - ensure sound financial management is in place and oversee the strategic allocation and monitoring of finance and human resources to achieve strategic objectives;
 - set the Department's standards and values;
 - maintain a transparent system of prudent and effective controls (including internal controls);
 - assess and manage risk; and
 - lead and oversee organisational development, encouraging innovation and, where appropriate, enterprise to enhance the Department's capacity to discharge its functions efficiently and effectively.
11. In order to achieve these objectives, a formal schedule of matters for consideration by the Board is maintained.

Corporate and Business Planning

12. Within the policy and resources framework set by the Minister and the Executive, the

Departmental Board sets the strategic and annual direction of the Department through the corporate and business planning process. A Corporate Plan, which aligns with the Executive's Programme for Government and Budget, is normally prepared every three years. More detailed Business Plans are prepared on an annual basis. The detailed stages of the corporate and business planning processes are built into the Departmental Board work programme.

Secretariat

13. The Board is supported by a secretariat, located within Central Management Branch, which is responsible for maintenance of a register of interests. An agenda and papers are circulated one week in advance of each meeting and a record of meetings is circulated to Board members and posted on the Department's web site after the following board meeting. Central Management Branch also provides new members with an induction pack and programme.

Board Performance and Effectiveness

14. During the 2014-15 year, the Departmental Board met a total of 10 times. Details of the attendance of board members during the year was as follows:

Board Member	Number of Meetings Attended	Out of a Possible
David Sterling (until 1 July 2014)	2	3
Andrew McCormick (from 1 July 2014)	5	7
David Beck	10	10
Claire Hughes (from 1 January 2015)	3	3
David Thomson (until 30 June 2014)	2	2
Chris Stewart (from 1 August 2014)	7	7
Eugene Rooney	10	10
Trevor Cooper	9	10
Wendy Johnston	9	10

15. During the 2014-15 year, issues considered by the Board included:
- the draft DETI Corporate/Business Plan for 2015-16 and draft Operating Plan for non departmental public bodies;
 - the Department's annual Budget submission and issues arising therefrom;
 - management accounting information relating to the actual use of financial resources as well as periodic in-year

forecasts of the expected outturn against financial budgets of resource and capital expenditure and of income;

- human resource issues, including staff engagement, managing attendance and the voluntary exit scheme;
- human resource management systems and processes (insofar as those are not prescribed at NICS level);
- legislative priorities (subject to ministerial determination);
- progress in relation to business plan outputs and outcomes (performance targets);
- six monthly Assurance Statements;
- the identification and management of risk incorporating a programme of presentations by risk owners;
- feedback from Departmental Audit Committee meetings;
- feedback from Oversight and Liaison meetings;
- information security;
- Freedom of Information;
- overview of assurance work undertaken by Internal Audit Service;
- the Governance Statement 2013-14;
- Direct Award Contracts;
- Publication of DETI's gifts and hospitality register; and
- Business Continuity Planning.

16. At its meeting in June 2014, the Departmental Board noted a report produced following a review of its effectiveness in 2013-14. The Board is content with its performance and the role it plays in the effective governance of the Department including monitoring progress of the actions set out in Corporate and Operating Plans. The Board agreed, at its November 2014 meeting, to undertake a self assessment of its effectiveness using a questionnaire based on Cabinet Office guidance produced for departments in Great Britain, once a new IBM had been appointed and had been in post for a number of months. The self assessment will take place in the first half of 2015-16.

The Departmental Audit Committee

17. The Departmental Board is supported in its role by the Departmental Audit Committee. The Committee is chaired by David Beck, IBM who attended the four meetings held in 2014-15. The other members of the Committee are Bill McGinnis and Anthony Harbinson, both of whom are independent of the executive structure of the Department. Bill McGinnis attended all of the four meetings held in 2014-15, while Anthony Harbinson attended three of the four meetings. Claire Hughes was appointed to the Departmental Audit Committee on 1 January 2015. No meetings of the Departmental Audit Committee were held in the period from the date of Claire Hughes appointment to 31 March 2015.

18. The role of the Departmental Audit Committee is to support the Departmental Board and the Accounting Officer by advising on:
- The strategic processes for risk, control and governance and the Governance Statement;
 - The accounting policies, the accounts and the annual report of the organisation, including the processes for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - The planned activity and results of both internal and external audit;
 - Adequacy of management response to issues identified by audit activity, including external audit's Report to those Charged with Governance;
 - Assurances relating to the corporate governance requirements for the organisation; and
 - Anti fraud policies, whistle blowing processes and arrangements for special investigations.
19. Each NDPB and cross border body provides the Departmental Audit Committee with a paper in advance of each meeting setting out corporate governance and accountability issues in their organisations.
20. The Departmental Audit Committee also periodically reviews its own effectiveness and reports the results of that review to the Board.

Departmental Audit Committee Reports

21. Following each meeting of the Departmental Audit Committee, the Departmental Board is provided with the draft minutes of the meeting supplemented by a verbal report and a written synopsis from the Departmental Audit Committee Chairman.
22. The Chairman of the Departmental Audit Committee also provides an annual report to the Departmental Board which summarises the Committee's work for the year. The 2014-15 report included:
- Details of meetings and provision of minutes and reports to the Departmental Board;
 - Details of membership and attendance;
 - Proposals for the timing of the next formal review of the effectiveness of the Committee;
 - A summary of work undertaken during the 2014-15 year;
 - The Committee's view on the quality of assurances it considered during the year;
 - The Committee's views on risk management;
 - The Committee's opinion on the quality of internal and external audit arrangements;
 - The Committee's views on the issues which merit inclusion in the Governance Statement; and
 - The Committee's overall conclusion.

23. The Committee was content with the quality of assurances it received, the management of risk and the quality of internal and external audit.

Other Organisational Structures

24. Other organisational structures that contribute to sound corporate governance in the Department are the Casework Committee, the Senior Management Team Meeting and the Quarterly Oversight and Liaison Meetings with Arms Length Bodies. None of these is a sub-committee of the Departmental Board.

Casework Committee

25. The DETI Casework Committee meets as required to consider and approve DETI projects involving expenditure above £500,000. All members of the Departmental Board and DETI Senior Management Team are eligible to participate on the Casework Committee. However, the Head of a Division from which an expenditure proposal emanates is debarred from sitting on the Casework Committee which considers the proposed expenditure.
26. The Casework Committee is chaired by an officer of at least Deputy Secretary level and requires a minimum of three members to be quorate.
27. Casework Committees are also in place to consider significant expenditure proposals emanating from Invest NI and Tourism NI and the Departmental Board receives regular

updates on the progress of Casework across the Department.

Senior Management Team Meeting

28. The Senior Management Team meets regularly to discuss ongoing operational issues, including forthcoming Executive and Assembly business. It is chaired by the Permanent Secretary and membership comprises the Deputy Secretaries responsible for Policy Group and Management Services Group, Heads of Divisions and Grade 6 Heads of Business Units. The Head of Central Management Branch, the Principal Information Officer and the Minister's Private Secretary are also in attendance.

Risk Management

29. The Department's approach is to assign risks to those best placed to manage them, whilst maintaining clear accountability. The Department manages risk at Corporate and Divisional levels.
30. Corporate Risks are managed collectively by the Departmental Board. The Corporate Risk Register is reviewed by the Departmental Board at each meeting, along with significant Corporate Risks emanating from NDPBs. On a quarterly basis, the Departmental Board receives a report detailing Divisional Risks which are assessed as having a high or medium impact and a high likelihood of occurrence. The Departmental Board considers the degree of risk it is prepared to accept for the Department's Corporate Risks

(its risk appetite). Action is taken to mitigate Corporate Risks.

31. There is a statutory deadline within which the Insolvency Service is required to take forward cases involving the potential disqualification of company directors. During the 2013-14 year a new Corporate Risk was identified in relation to the risk of failure to file proceedings in relevant cases within the required time limits where there is evidence for potential disqualification. During 2014-15, the Departmental Board and the Departmental Audit Committee continued to monitor progress on the implementation of mitigating actions with presentations on the action taken and planned to manage the risk being made to the Departmental Board by the Head of the Insolvency Service. As a result of actions taken to mitigate the risk, the assessment of its impact and likelihood was reduced in May 2015.
32. Divisional Risks relating to the Insolvency Service are reflected in the risk register maintained for Business Regulation Division. In addition to the Corporate Risk referred to above, Insolvency Service risks being managed at 31 March 2015 related to:
 - operational and policy delivery;
 - insolvency legislation; and
 - financial management.

Six Monthly Assurance Statements

33. Each Deputy Secretary and NDPB Chief Executive is required to provide six

monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. These six monthly statements confirm the efficacy of the systems of internal control in their areas of responsibility and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues. No significant internal control issues were identified for the Insolvency Service.

Data Security

34. The Department has compiled the annual Security Risk Management Overview (SRMO). This is an exercise which reports to the Head of the NICS and includes a single return for DETI and all its NDPBs. The report contains an independent assurance statement from the Head of Internal Audit and is endorsed by the Permanent Secretary as Accounting Officer. No issues have emerged.
35. The DETI Information Security Policy compendium is updated and disseminated during the year. One new policy was added in April 2014 relating to the new Government Classification Scheme. Prior to the addition of the policy each member of staff was provided with an e learning package covering the new scheme. The Department also carried out its annual Information Security Survey, expanded this year to include a request for information from business areas concerning the use of any third party suppliers and a further request for details regarding any data sharing agreements in place in the Department. This exercise

provides a further assurance to the Accounting Officer that information is being securely handled and effectively managed across all business areas. Information Security continues to be a regular item at Departmental Board meetings and Heads of Branches are required to review information security compliance in their six monthly internal assurance statement checklists.

Business Continuity Management (BCM)

36. The Department has in place a Business Continuity Management process whereby each Branch and Departmental building has its own dedicated and managed Business Continuity Plan (BCP). Plans are updated, reviewed and tested on a regular basis and co-ordinated by a cross-divisional Plan Holder Committee. The Insolvency Service has its own dedicated and managed BCP.

Internal Audit

37. The Department has an Internal Audit Service which operates to HM Treasury's Public Sector Internal Audit Standards. Internal Audit Service constructs its annual audit plan on the basis of the Internal Audit Strategy covering the period 2011-12 to 2014-15 and also takes into account the objectives and risks faced by DETI including emerging risks.
38. Internal Audit Service completed a review of a lodgement discrepancy within the Insolvency Service and was satisfied that an audit trail is available to support the receipt, lodgement and subsequent reconciliation in

relation to the specific lodgement where the discrepancy occurred and that management control checks had been carried out as required. Internal Audit has made a number of recommendations to improve the overall system of internal control over the receipt, custody and lodgement of monies received within the Insolvency Service.

Compliance with the Corporate Governance Code

39. The Departmental Board has carried out an assessment of its compliance with the April 2013 publication "Corporate Governance in Central Government Departments: Code of Good Practice NI 2013". The Department Board is content that it is compliant with both the spirit and the principles of the Code and has agreed that the framework within which it operates should be reviewed during the 2015-16 year.

Quality of Data Used by the Departmental Board

40. The Departmental Board uses information based on a number of data sources. In relation to performance targets, the Board draws assurance from the fact that a number of the data sources used are also utilised for the publication of Official Statistics or National Statistics. Data relating to financial information and absenteeism is derived from NICS wide systems such as Account NI and HR Connect. The Departmental Board takes assurance on the quality of this data from the internal controls in place in the Department and the scrutiny of the Account NI and HR Connect systems by DFP's

Internal Audit Service and the supply of information on absenteeism to departments by the Northern Ireland Statistics and Research Agency (NISRA).

Ministerial Directions

41. No Ministerial Directions were issued during the 2014-15 financial year.

Conclusion

42. DETI's Insolvency Service has a rigorous system of corporate governance on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.
43. Having considered the accountability framework within the Department in general, and the Insolvency Service in particular, and in conjunction with assurances given to me by the Departmental Audit Committee, I am content that a sound system of internal governance has been in operation during the period 2014-15.



ANDREW MCCORMICK

4th January 2016

The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Insolvency Service for the year ended 31 March 2015 under the Insolvency (Northern Ireland) Order 1989. These comprise the Receipts and Payments Account, Statement of Balances and the related notes.

Respective responsibilities of Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the Department for Enterprise Trade and Investment (the Department) and the Accounting Officer, the Department and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year. My responsibility is to audit and certify the financial statements in accordance with the Insolvency (Northern Ireland) Order 1989. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited financial

statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements properly presents the receipts and payments of the Insolvency Service for the year then ended and the cash balances as held at 31 March 2015; and
- the financial statements have been properly prepared in accordance with the Insolvency (Northern Ireland) Order 1989 and the Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
14 January 2016

Insolvency Account for the year ended 31 March 2015

Statement of Receipts and Payments for year ending 31 March 2015 prepared under Article 358(3) of the Insolvency (Northern Ireland) Order 1989 in respect of Company Liquidations, Bankruptcies and Estates of Deceased Insolvents, including Arrangements under the control of the Court up to 30 September 1991.

RECEIPTS	Notes	2014-15 £	2013-14 £
Sums received in respect of Realisation of Company Assets etc. (Article 503(2) of the 1986 Order and Regulation 5(1) of the 1996 Regulations)	(1)	1,918,213	2,263,141
Sums received in respect of Realisation of Estates of Bankrupts etc. (Article 6(1) of the 1980 Order and Regulation 20(1) of the 1996 Regulations)	(2)	9,294,564	8,695,349
Interest credited to individual Accounts under Articles 611(2) of the 1986 Order, 7(2) of the 1980 Order and Regulations 9 and 24 of the 1996 Regulations	(3)	163,117	18,063
Unclaimed Dividends and Undistributed Balances paid to the Department under Articles 595(1) of the 1986 Order, 6(2) of the 1980 Order and Regulations 18 and 32 of the 1996 Regulations	(4)	105,384	148,004
Sums received to which the Official Receiver does not have clear title	(5)	110,322	126,826
Sums received in respect of Prescribed fees	(6)	179,559	214,519
		11,771,159	11,465,902
PAYMENTS	Notes	2014-15 £	2013-14 £
Sums paid in respect of expenses and distributions under Article 502(3) of the 1986 Order, Regulations 7(2) and 22(1) of the 1996 Regulations and Article 361 (2a) of the 1989 Order Company Liquidations £1,027,670 Bankruptcy etc. £6,587,420	(7)	7,615,090	7,417,898
Fees and Remuneration charged and appropriated in aid of the Department of Enterprise, Trade and Investment	(8)	2,053,855	2,042,904
Unclaimed Dividends and Undistributed Balances surrendered to Consolidated Fund under Articles 595(3) of the 1986 Order, 24(3) of the 1980 Order and 358(5) of the 1989 Order	(9)	67,324	145,947
Unclaimed Dividends ordered to be refunded under Articles 595(2) of the 1986 Order, 24(2) of the 1980 Order and Regulation 33 of the 1996 Regulations	(10)	4,607	2,714
Sums paid to parties with clear title	(11)	80,999	53,140
Sums surrendered to the Crown Solicitor under Article 605(1) of the 1986 Order and Section 1012 (1) of the Companies Act 2006	(12)	0	916
		9,821,875	9,663,519
EXCESS OF RECEIPTS OVER PAYMENTS FOR FINANCIAL YEAR		1,949,284	1,802,383

Insolvency Account for the year ended 31 March 2015

STATEMENT OF BALANCES AT 31 March 2015	Notes	2015 £	2014 £
Balance at beginning of financial year in respect of -			
Liquidations - cash at bank and in hand		3,469,401	2,946,680
Bankruptcy - cash at bank and in hand		12,337,190	11,057,528
		15,806,591	14,004,208
Add: Excess of receipts over payments for financial year		1,949,284	1,802,383
		17,755,875	15,806,591
Balance at end of financial year in respect of -			
Liquidations - cash at bank and in hand		4,099,830	3,469,401
Bankruptcy - cash at bank and in hand	(13)	13,656,045	12,337,190
		17,755,875	15,806,591

The notes on Pages 60 to 64 form part of the account



Andrew McCormick

Accounting Officer

Department of Enterprise, Trade and Investment

4th January 2016

Insolvency Account for the year ended 31 March 2015

NOTES

RECEIPTS

1. REALISATION OF COMPANY ASSETS, ETC.

Sums received during the period (other than fees fixed by Regulations) can be summarised as follows:

	2014-15	2013-14
	£	£
Realisations of assets etc. in Company Liquidations	1,480,173	1,883,351
Deposits paid by Petitioners	438,040	379,790
	<u>1,918,213</u>	<u>2,263,141</u>

2. REALISATION OF ESTATES OF BANKRUPTS, ETC.

Sums received during the period (other than fees fixed by Regulations) can be summarised as follows:

	2014-15	2013-14
	£	£
Realisation of assets, etc. in the Estates of Bankrupts, Arranging Debtors and Deceased Insolvents	8,136,239	7,512,054
Deposits paid by Petitioners	1,158,325	1,183,295
	<u>9,294,564</u>	<u>8,695,349</u>

3. INTEREST CREDITED

The total amount of interest received in respect of funds in the Insolvency Account during the year was £182,039 (previous year £18,063). During the year £163,117 (previous year £18,063) has been credited to the Insolvency Account and has been allocated as follows:

	2014-15	2013-14
	£	£
Amounts credited to Companies in Liquidation	35,103	4,315
Amounts credited to Estates of Bankrupts, Arranging Debtors and Deceased Insolvents	128,014	13,748
	<u>163,117</u>	<u>18,063</u>

Of the balance of interest received on funds in the Insolvency Account during the year £18,363 is due to be surrendered to the Consolidated Fund.

Insolvency Account for the year ended 31 March 2015

4. UNCLAIMED DIVIDENDS ETC.

Sums received during the period can be summarised as follows:

	2014-15	2013-14
	£	£
Unclaimed Dividends etc. in respect of Company Estates	48,539	94,323
Unclaimed Dividends etc. in respect of Bankruptcy Estates	56,845	53,681
	<u>105,384</u>	<u>148,004</u>

5. SUMS RECEIVED WITHOUT CLEAR TITLE

A separate suspense sub-account is kept of such receipts which, when clear title is established, are either placed to the credit of the appropriate insolvent or paid to the party who has title.

6. PRESCRIBED FEES

£179,559 (previous year £214,519) does not represent the total of fees charged by the Official Receiver but consists only of fees taken in cash. This figure represents fees paid on the registration of Individual Voluntary Arrangements (Article 4 of the Insolvency (Fees) Order (Northern Ireland) 2006 (a)), fees paid on the application for the renewal of the authorisation to act as an insolvency practitioner and RPB maintenance payments (The Insolvency Practitioners and Insolvency Account (Fees) Order (Northern Ireland) 2006 (b)) and fees paid on the application for a Debt Relief Order (The Insolvency (Fees) Order (Northern Ireland) 2006 (c)).

- (a) S.R. 2006 No.54 (Amended by S.R. 2009 No 201)
- (b) S.R. 2006 No.53 (Amended by S.R. 2009 No 204, S.R. 2009 No 402 and S.R 2011 No 389)
- (c) S.R. 2006 No 54 (Amended by S.R. 2011 No 14)

Insolvency Account for the year ended 31 March 2015

PAYMENTS

7. EXPENSES AND DISTRIBUTIONS

The authority for the making of payments out of the Insolvency Account in connection with the administration of the estates of bankrupts and the winding up of companies is Regulations 7(2) and 22(1) of the 1996 Regulations and for the Debt Relief Scheme, Article 361 (2a) of the 1989 Order.

Payments made during the period can be summarised as follows:

	2014-15		2013-14	
	Companies £	Bankruptcy £	Companies £	Bankruptcy £
Costs & Expenses	778,181	4,618,702	1,056,754	4,263,473
Dividend Distribution	227,565	1,938,041	306,996	1,500,002
Income Tax & Corporation Tax	21,924	22,615	5,770	277,256
Debt Relief Expenses	0	8,062	0	7,646
	<u>1,027,670</u>	<u>6,587,420</u>	<u>1,369,520</u>	<u>6,048,378</u>

The figure for company and bankruptcy distributions includes undistributed balances totalling £773 and £9,665 respectively.

8. PRESCRIBED FEES

	2014-15	2013-14
	£	£
Companies	334,841	365,377
Bankruptcy	1,591,976	1,507,717
Registration of Voluntary Arrangements	21,030	20,970
Renewal of IP Licences by DETI and RPB maintenance payments	104,160	107,160
Debt Relief Scheme	0	40,000
Other	1,848	1,680
	<u>2,053,855</u>	<u>2,042,904</u>

The total figure for fees charged to estate accounts and taken in cash includes £1,842 Value Added Tax for which the Department is accountable (previous year £6,633).

During the 2014-15 financial year write-off approval was received in relation to the loss of fees totalling £404,822 in 457 bankruptcy and 96 company estates (previous year £441,845 in 570 bankruptcy and 64 company estates). In addition a loss of £94,350 was recognised in relation to 98 bankruptcy and 33 company estates (previous year £47,623 in 68 bankruptcy and 10 company estates) which were finalised during 2014-15. Insolvency Service will pursue write-off action with the Department. These sums are not included in the total figure for fees.

Insolvency Account for the year ended 31 March 2015

9. TRANSFERS TO CONSOLIDATED FUND

Article 358(5) of the 1989 Order provides for unclaimed dividends and unapplied or undistributed balances which have remained unclaimed for a period of two years from the date of lodgement to the Insolvency Account to be transferred to the Consolidated Fund.

	2014-15	2013-14
	£	£
Companies	8,915	103,331
Bankruptcy	58,409	42,616
	67,324	145,947

In addition an amount of £1,597 was transferred from estate accounts to the Consolidated Fund (previous year £2,646).

10. UNCLAIMED DIVIDENDS REFUNDED

Payments made during the year to persons establishing title to unclaimed dividends or unapplied or undistributed balances previously lodged in the Insolvency Account can be summarised as follows:

	2014-15	2013-14
	£	£
Companies	0	829
Bankruptcy	4,607	1,885
	4,607	2,714

11. SUMS PAID TO PARTIES WITH CLEAR TITLE

Payments totalling £80,999 (previous year £54,056) were made to parties who established title to monies held in the Insolvency Account or who, already having title, were traced.

12. SUMS SURRENDERED TO THE CROWN SOLICITOR

Article 605(1) of the 1986 Order states that all property and rights of a dissolved company shall be deemed to be bona vacantia and accordingly belong to the Crown.

Insolvency Account for the year ended 31 March 2015

13. BALANCE AT END OF YEAR

	31 March 2015	31 March 2014
	£	£
Cash at Bank and in hand	17,755,875	15,806,591
Represented by:		
Amounts received from Insolvency Practitioners and the Official Receiver in respect of company unclaimed dividends or unapplied or undistributed balances but not yet transferred to the Consolidated Fund (Article 358(5))	142,862	103,238
Amounts received from Insolvency Practitioners and the Official Receiver in respect of bankruptcy unclaimed dividends, or unapplied or undistributed balances but not yet transferred to the Consolidated Fund (Article 358(5))	103,950	110,121
Net funds held in the Insolvency Account in respect of companies in which a final dividend has not yet been paid	3,956,967	3,366,163
Net funds held in the Insolvency Account in respect of bankruptcy estates in which a final dividend has not yet been paid	13,552,096	12,227,069
	<u>17,775,875</u>	<u>15,806,591</u>



Department of
**Enterprise, Trade
and Investment**

www.detini.gov.uk

**Insolvency
Service**



Department of
**Enterprise, Trade
and Investment**

www.detini.gov.uk

Insolvency Service

February 2016

Insolvency Service
Department of Enterprise,
Trade and Investment
Fermanagh House
Ormeau Avenue
Belfast BT2 8NJ

E: insolvency@detini.gov.uk
T: (028) 9025 1441
F: (028) 9054 8555
Textphone: (028) 9052 9304
www.insolencyservice.detini.gov.uk

978-1-908820-71-6

