



Department for the
Economy
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Insolvency Service

**Annual Report and
Account for year
ended 31 March 2016**

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

The Insolvency Service Annual Report and Account

for the year ended 31 March 2016

The Accounting Officer authorised these
financial statements for issue
on
26 July 2017

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

An Equal Opportunities Organisation

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 2016.



Christopher Stewart
Deputy Secretary, Infrastructure and Regulation

Department for the Economy (formerly the Department for Enterprise, Trade and Investment)
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Date 22 August 2017

CONTENTS

Annual Report

	Page
Foreword by Director of Insolvency	6
Key Facts and Figures	8
Management Structure	11
Abbreviations Used in Report	12
The Insolvency Service	13
The Official Receiver	16
Enforcement	21
Companies Investigation	23
Insolvency Practitioners	24
Legislation	29
Meeting the Needs of Our Users	34
Performance Summary for 2015-16	37

APPENDICES

Appendix I	Legislation	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 2016	39
Appendix III	Official Receiver's Investigation Work	41

Annual Account

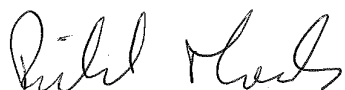
The Insolvency Account for the Year Ended 31 March 2016	42
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FOREWORD BY THE DIRECTOR OF INSOLVENCY



1. It gives me great pleasure to present this report, my third as Director, on the work of the Insolvency Service, including that of the Official Receiver, for the year ended 31 March 2016.
2. This report has been prepared primarily for the information of the Northern Ireland Assembly but will also be of interest to users of the Insolvency Service, its staff and the wider public.
3. The total number of new personal and corporate insolvency cases received from the High Court by the Insolvency Service saw a significant decrease during the year of 26% compared with the previous year. In total, 1,176 new cases were received by the Insolvency Service compared with 1,592 in 2014/15.
4. In the same period, 442 individuals took advantage of the Debt Relief Scheme which came into operation during 2011/12. This represented a decrease of 17% 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 decrease in court-based insolvency cases was a welcome development as Northern Ireland has not seen the reduction in insolvencies which has been the norm in other parts of the United Kingdom 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 62% of total bankruptcies received during the year with the balance representing individuals who were involved in trading.
7. The reduction in the numbers of new cases is welcomed in terms of the impact of indebtedness on individuals and on the wider economy. The reduction is also welcomed on an operational level as the historically high levels of insolvency activity have placed continuing strain on resources generally and, in particular, on my colleagues throughout the Insolvency Service who have dealt with unprecedented workloads.
8. I would 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.
9. During the year, the Insolvency Service entered into a contractual arrangement for the provision of insolvency services which has allowed us to use external agencies to help with the administration of cases and this has further reduced pressures on staff.
10. One further milestone achieved during the year was the completion of the passage of our Insolvency Bill through the NI Assembly. The Insolvency (Amendment) Act (Northern Ireland) 2016 received Royal Assent on 29 January 2016. More details of the provisions it introduced are set out in the main body of this report.

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
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KEY FACTS AND FIGURES

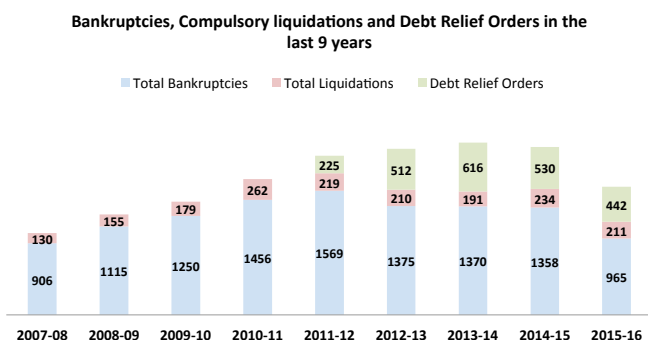
1. This section summarises the key areas of work of the Insolvency Service for the period 1 April 2015 to 31 March 2016.

RESOURCES

2. In 2015/16 the Insolvency Service employed 106 staff made up of 54 specialist grades, mainly examiner staff within the Official Receiver's office, and 52 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 9 years is shown below.



4. The total number of bankruptcy and winding-up orders made during the year was 1,176 which represents a decrease of approximately 10% in winding up orders and a decrease of approximately 29% in bankruptcy orders over the previous year.

CASE ADMINISTRATION

5. The table below shows that, at 31 March 2016, the Official Receiver was dealing with a total of 3,369 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 a decrease of 19% on the previous year.

	2015/16
Total Open cases at the beginning of the year	4,163
New bankruptcy cases	965
New company cases	211
Closed cases which were re-opened	144
Less	
Insolvency Practitioners appointed trustee	132
Insolvency Practitioners appointed liquidator	14
Cases completed	1,548
Cases Outsourced	420
Total open cases at year end	3,369

BUSINESS SECTOR ANALYSIS

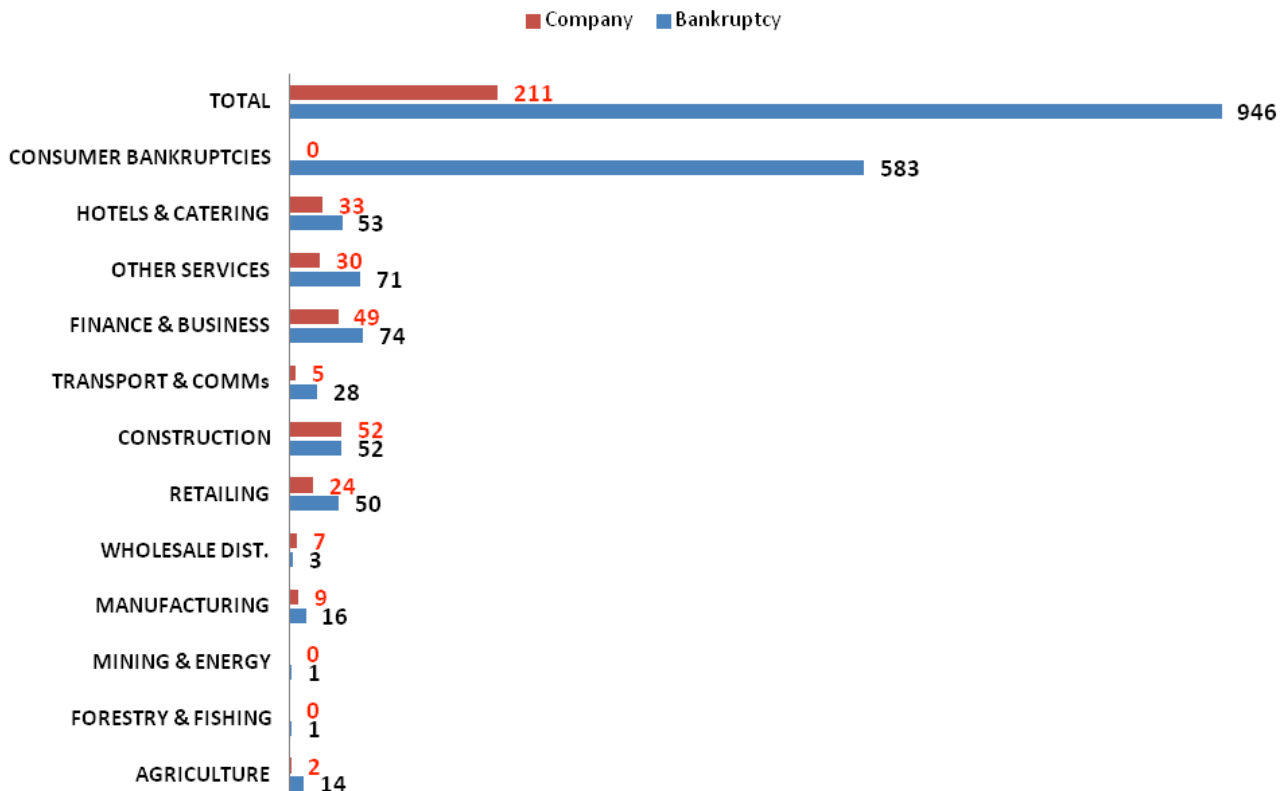
6. An analysis of the orders made during the year, classified according to their business sector, is set out below. The complete table is set out at Appendix II of this report.

- **Companies;** the greatest number of failures occurred in the Construction sector, i.e. 52 cases followed by the Finance and Business Service sector, with 49 cases.

- **Bankruptcies;** the greatest number of failures occurred in the Consumer Bankruptcy sector, i.e. 583 cases followed by the Finance and Business sector with 74 cases.

7. As a result of the work of the Insolvency Service, £18.1m 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.

Numbers by Sector for 2015/16*



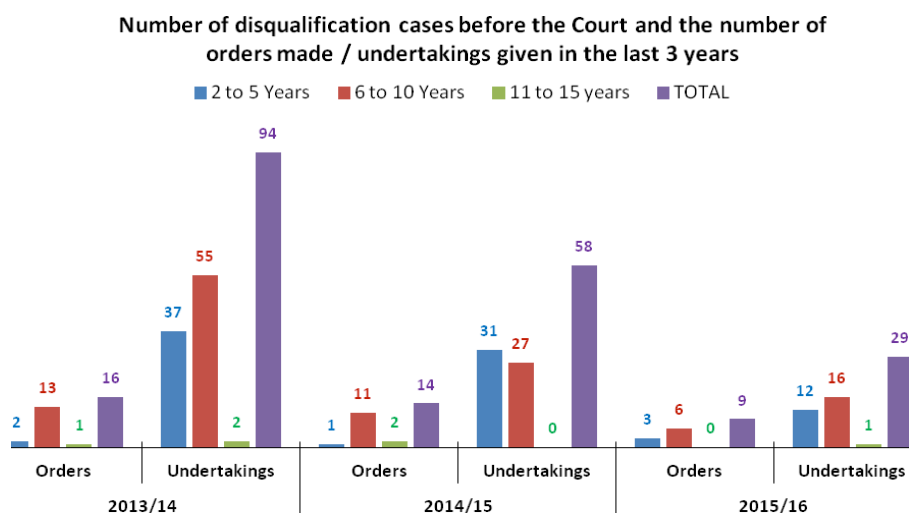
* Does not include annulments or recessions.

LEGISLATION

8. A Bill to amend Northern Ireland’s primary insolvency legislation completed its passage through the Assembly in 2015. Extensive additional provisions to create an enhanced regulatory regime for insolvency practitioners were inserted at Consideration Stage on 23 June 2015. Further Consideration Stage was on 6 October and Final Stage on 8 December. The Bill received Royal Assent on 29 January 2016 and most of the Act was brought into operation on 30 March 2016, for further details of the provisions commenced by this order see section 6.
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 and amendment of Disqualification provisions. Full details are provided at section 6.

DIRECTORS DISQUALIFICATION

10. During the year, the Insolvency Service’s Directors Disqualification Unit obtained 9 disqualification orders and accepted 29 disqualification undertakings. The periods of the disqualifications are set out below compared to previous years. More details are provided at section 3.



AUTHORISATION OF INSOLVENCY PRACTITIONERS

11. Under the Insolvency (Northern Ireland) Order 1989, the Department is a competent authority and has the power to authorise insolvency practitioners. These powers have been removed through the enactment of the new Insolvency Bill, but are subject to a transitional period which will end in March 2017. The Department was responsible for authorising one insolvency practitioner at the year end.

TENDER FOR THE PROVISION OF INSOLVENCY SERVICES

12. The contract for the provision of insolvency services was awarded with effect from 22 December 2015. As at 31 March 2016 420 cases had been passed out for closure.

ABBREVIATIONS USED IN REPORT

ACCA	Association of Chartered Certified Accountants
DDU	Directors Disqualification Unit
De facto director	Any person occupying the position of a director
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. From 8 May 2016 the Minister for the Economy.
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
Shadow director	A person in accordance with whose directions or instructions the directors of the company are accustomed to act
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 overstretching 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.

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 individual and compulsory 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.

OUR RELATIONSHIP WITH OUR USERS

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	2015-16	2014-15
Running Costs	£3.670M	£3.577M
Staff in post at 31 March comprising:		
Specialist grades	106	112
Administrative grades	54	59
	52	53

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 42-60). The funds held at 31 March 2016 in the Account amounted to £27,268,814.

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 2015 and appropriate remedial measures undertaken. The Service's physical security booklet was revised and issued to all members of staff during December 2015. 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 May 2017.

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.

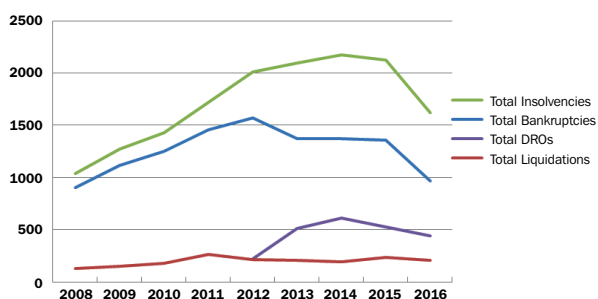
2.5 Where an insolvency practitioner is not appointed, the Official Receiver remains as trustee/liquidator to undertake any realisations and distribution to creditors and complete the administration of the estate.

2.6 The number of cases administered by the Insolvency Service during 2015/16 continued at historically high levels, albeit with a decrease in new cases received; the total number of new bankruptcy and liquidation cases was 1,176 as against 1,592 in 2014/15. There was also a reduction of 17% in debt relief orders with 442 being made against 530 in the previous year.

2.7 In 2015/16 the greatest number of bankruptcies continued to occur in the consumer bankruptcy sector (583). 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 Finance and Business (74) and Other Services (71) 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 – 2015/16



2.9 With regard to companies the largest groups of winding up orders were in the Construction sector (52) and the Finance and Business Services sector (49). The latter comprises accounts and legal services, real estates, computer services, management services, and other business services.

2.10 During the year, 442 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 1,172 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 2,790 individuals took advantage of an insolvency process during 2015/16.

2.13 The decrease in the levels of new insolvency cases in Northern Ireland suggests that we are following the same pattern as 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.

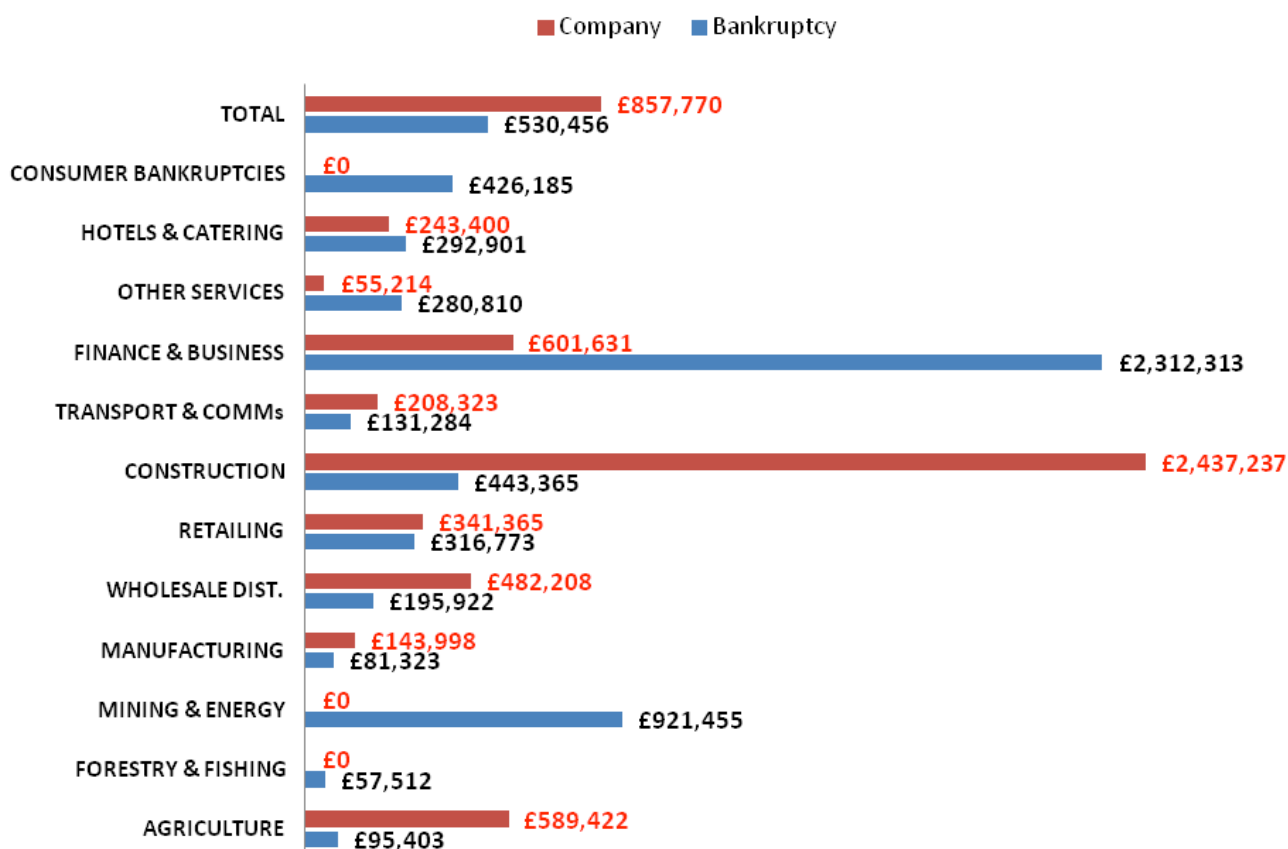
Average Deficiency of Assets and Liabilities

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. The largest average deficiency for bankruptcies occurred in the Finance and Business Services sector which comprises insurance, account and legal services, real estate, computer services, management services and other business services. For companies it occurred in the Construction sector which comprises general construction and demolition, home improvements, decorating and small works, building repairs and electrical and plumbing. Further details can be found in Appendix II.

- **Companies;** the estimated total liabilities of companies which went into compulsory liquidation in the year amounted to £193.441m, and the estimated total assets were £12.451m, leaving an overall deficiency of some £180.990m. This represents an average deficiency of approximately £857,770 per case.

- **Bankruptcies;** the estimated total liabilities of cases in which bankruptcy orders were made in the year amounted to £507.551m and the estimated total assets were £5.739m, leaving an overall deficiency of some £501.812m. This represents an average deficiency of approximately £530,456 per case.

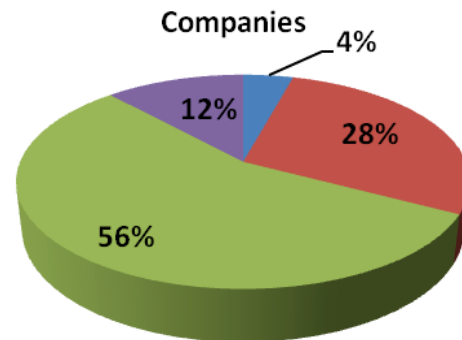
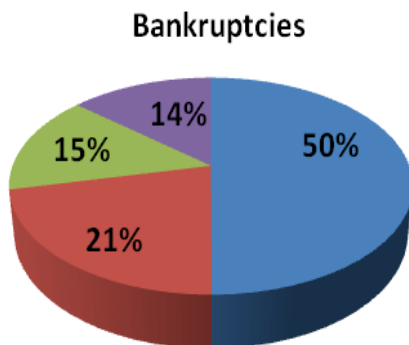
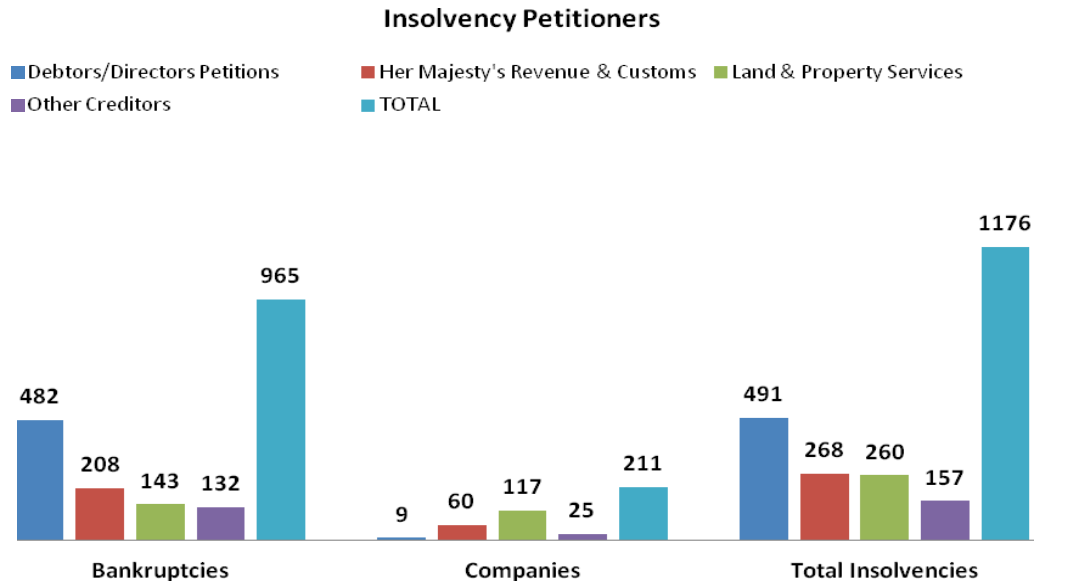
Average Deficiency by Sector for 2015/16*



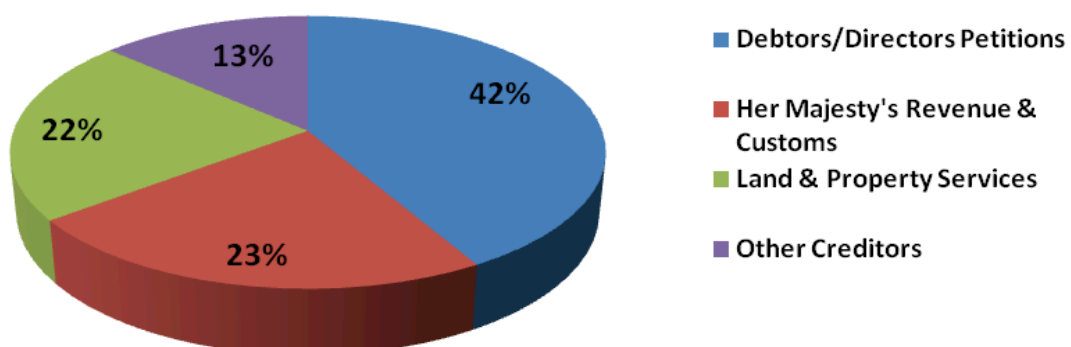
* Does not include annulments or recessions.

Insolvency Petitioners

2.15 An analysis of bankruptcy and winding up orders made during the year ended 31 March 2016 classified according to the origin of the insolvency petition is shown below.



Bankruptcies and Companies



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 full disclosure of information.
- 2.18 When an 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 166 conduct returns on company directors to the DDU of which 144 represented a report of unfit conduct. The Official Receiver also applied to the High Court for:
- the suspension of automatic discharge in 26 bankruptcies; and
 - the public examinations of 26 bankrupts and 57 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 2016 442 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 Prosecutions (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.

	2015/16	2014/15	2013/14
Reports submitted by Official Receiver to Insolvency Service's Prosecution Unit	0	1	1
Reports submitted by others to the Insolvency Service's Prosecution Unit	0	1	0
Reports referred by the Insolvency Service's Prosecution Unit to the PSNI/DPP	0	0	1
Investigation files submitted to the PSNI/DPP	0	0	0

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 803 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 2015 to 31 March 2016 there was one order 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 2016, 1,172 voluntary arrangements were reported to the Department for registration which represented a 19% increase on the corresponding figure for the previous year of 1,444.
- 3.13 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.

These can be accessed via our website at <https://www.economy-ni.gov.uk/services/dro-bro-and-iva-register-search>

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 (RPBs). This includes checking the standards set by RPBs in their monitoring of their own licencees.
- 5.2 During the year the RPBs continued their programme of routine monitoring visits to their authorised practitioners. The Service's Insolvency Practitioner Unit (IPU) undertook two RPB monitoring inspection visits to the Institute of Chartered Accountants in Scotland (ICAS) and to the Chartered Accountants Regulatory Board (CARB) and two follow up monitoring inspection visits to the Association of Chartered Certified Accounts (ACCA) and the Institute of Chartered Accountants in England and Wales (ICAEW). Copies of the reports can be accessed via <https://www.gov.uk/government/collections/monitoring-activity-reports-of-insolvency-practitioner-authorising-bodies>

Desktop Monitoring Process

- 5.3 The Insolvency Service continues to operate a desktop monitoring process which involves monitoring insolvency practitioners for failure to report or comply with the Insolvency Rules and Legislation. 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 2015/16.

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	2
Failure to comply with provisions regarding the advertisement of meetings, appointments and dividend payments	2 failures to advertise properly	1
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	1
Drawing Unauthorised Remuneration – Breach of SIP 9	Automatic referral	1
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	0
Non-response to correspondence	Failure to reply to 3 letters	0
Inaccurate fees calculations	Submission of 3 inaccurate fees calculations	0
TOTAL		13

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 – Investigations by Officeholders in Administrations and Insolvent Liquidation and submissions of conduct reports by Office holders;
- SIP 3 – Voluntary Arrangements;
- SIP 4 – Disqualification of Directors;
- SIP 7 – Presentation of financial information in insolvency proceedings;
- 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 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 2015 in Bermuda.

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, Uganda, 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:

	2015/16	2014/15
Law Society of Northern Ireland	6	6
Insolvency Practitioners Association	567	556
Association of Chartered Certified Accountants	136	151
Institute of Chartered Accountants in England and Wales	770	724
Chartered Accountants Ireland	44	46
Institute of Chartered Accountants in Scotland	96	89
Law Society of England and Wales	0	124
The Department of Enterprise, Trade and Investment	1	1
*Secretary of State for Business, Innovation and Skills England & Wales	30	43
Total	1,650	1,740

*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.

5.16 The number of bodies which licence and regulate insolvency practitioners has been reduced with the voluntary withdrawal of both the Law Society of Scotland (effective from 1 January 2016) and the Law Society of England and Wales (effective from 15 April 2016), and the ending of insolvency practitioner authorisation by the Secretary of State for Business, Innovation and Skills (subject to a transitional period which will end in September 2016), and the ending of insolvency practitioner authorisation by the Department, (subject to a transitional period which will end in March 2017).

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

Insolvency Amendment Act (Northern Ireland) 2016

6.2 A Bill to amend Northern Ireland's primary insolvency legislation completed its passage through the Assembly in 2015. Extensive additional provisions to create an enhanced regulatory regime for insolvency practitioners were inserted at Consideration Stage on 23 June 2015. Further Consideration Stage was on 6 October and Final Stage on 8 December 2015. The Bill received Royal Assent on 29 January 2016 when it became the Insolvency (Amendment) Act (Northern Ireland) 2016.

6.3 The Insolvency (Amendment) (2016 Act) (Commencement No. 1 and Transitional Provisions) Order (Northern Ireland) 2016 (S.R. 2016 No, 203 (C.13)) made on 30 March 2016 brought most of the Act into operation on 1 April 2016. The provisions commenced by this first order included:

Section in the Act	Effect
7 and 8	Removal of the requirement for liquidators and trustees to obtain sanction from creditors or the Department before reaching compromises over debts due to companies or bankrupts' estates.
9	Sets the date up to which it is possible to claim for debts due where a company has been wound up or is in administration and lays down rules for deciding whether a liability arising from a tort can be claimed in a winding-up or administration.
10	Repeals references in the Insolvency (Northern Ireland) Order 1989 to payment of wages or salary for holiday periods under a type of scheme which no longer exists.
11	Repeals the Deeds of Arrangement provisions in the Insolvency (Northern Ireland) Order 1989.
13	Removes 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.
14	Enables insolvency practitioners to be partially authorised to take either individual or corporate insolvency cases as an alternative to being authorised to do both, and repeals Articles 351 to 354 of the Insolvency (Northern Ireland) Order 1989 thereby abolishing authorisation of insolvency practitioners by competent authorities.
15 to 22	To ensure that the recognised professional bodies responsible for licensing and regulating insolvency practitioners 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.
23	Gives the Department full power to make regulations to give effect to Part 12 of the Insolvency (Northern Ireland) Order 1989.
24	Amends the Order making power at Article 10 (2) of the Insolvency (Northern Ireland) Order 2005 to give the Department 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.
25	Amends Article 24(7) of the Insolvency (Northern Ireland) Order 2005 to place the Department under a statutory duty to consult the Lord Chief Justice about creation of rights of appeal to a court regarding disqualification from office on grounds of bankruptcy.
Paragraph 15 of Schedule 3	Does away with authorisation limited to acting as nominee or supervisor in voluntary arrangements.

- 6.4 The other provisions in the Act, which relate to the use of electronic and digital communications in insolvency proceedings or make miscellaneous changes to insolvency legislation, will be commenced once linked subordinate legislation has been made.
- 6.5 The Small Business, Enterprise and Employment Act 2015 was made at Westminster and received Royal Assent on 29 March 2015. A Legislative Consent motion, which allows legislation passed at Westminster to apply within a devolved administration, was passed within the NI Assembly. Consequently, Schedule 8 of that Act amends the Company Directors Disqualification (Northern Ireland) Order 2002 to,
- allow individuals convicted abroad of certain offences relating to companies to be disqualified from acting as directors;
 - 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.

Subordinate Legislation

Modernisation Rules

- 6.6 The Modernisation Rules replicate elements of the Insolvency (Amendment) Rules 2010, (S.I. 2010/686) and are linked to the Insolvency (Amendment) Act (Northern Ireland) 2016.
- 6.7 The draft Rules currently include provision for electronic communication, remote meetings and the option to publish documents on websites. They also add an additional requirement to provide an estimate of fees and an estimate of expenses to all creditors where the insolvency practitioner proposes the basis, or one of the bases, of their remuneration should be time-cost.
- 6.8 An informal consultation was issued to stakeholders on 26 February 2016 and closed on 8 April 2016. The final version of these Rules will be considered by the Insolvency Rules Committee.

Pre-Administration Expenses/Block Transfer Rules

- 6.9 These Rules replicate for Northern Ireland equivalents to some of the amendments made by the Insolvency (Amendment) Rules 2010 (S.I. 2010/686).
- 6.10 The Rules enable administrators to recover expenses incurred before the formal start of the administration, give administrators the option of being paid a set amount and enable the block transfer of an insolvency practitioner's cases where the practitioner has died or retired or cannot continue in office.
- 6.11 The Rules were made on 28 May 2015 and came into operation on 3 September 2015.

Advertising Rules

6.12 Work is continuing on policy with a view to aligning Rules on advertising of insolvency events with that in GB. Consultation on the policy is planned during 2016/17.

Postal Administration Rules

6.13 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.

6.14 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.

6.15 A draft of these Rules has been prepared and will be sent to the Insolvency Rules Committee for consideration.

Amendment of Disqualification Provisions

6.16 Provision in various pieces of primary and subordinate legislation barring individuals from occupying certain positions or offices if they become bankrupt were amended by the Insolvency (Disqualification from Office: General) Order 2008 (S.R. 2008 No. 94) and by the Insolvency (Northern Ireland) Order 2005 (Consequential Amendments) Order (Northern Ireland) 2015 (S.R. 2015 No.159) to take account of the introduction of bankruptcy restrictions orders and bankruptcy restrictions undertakings.

6.17 Further amendments to take account of the existence, under Part 7A of the Insolvency (Northern Ireland) Order 1989 of debt relief orders, and under Schedule 2ZA to that Order, of debt relief restrictions orders, have been made by the Debt Relief Act (Northern Ireland) 2010 (Consequential Amendments) Order (Northern Ireland) 2016 (S.R. 2016 No. 108). This Order was made on 2 March 2016 and came into operation on 7 March of that year.

Statutory Instruments linked to the Small Business, Enterprise and Employment Act 2016

6.18 The Legislation Unit provided input to four statutory instruments linked to the Small Business, Enterprise and Employment Act 2015, which apply on a UK wide basis.

6.19 Amendments to the Insolvent Companies (Disqualification of Unfit Directors) Rules (Northern Ireland) 2003 and to the Companies (Disqualification Orders) Regulations (Northern Ireland) 2010, were agreed for inclusion in the Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) (Insolvency and Company Directors Disqualification) Regulations 2015 (S.I. 2015/1651) made at Westminster on 1 September 2015.

6.20 Transitional provisions in respect of the coming into force of provisions in the Small Business, Enterprise and Employment Act 2015 which amend the Company Directors Disqualification (Northern Ireland) Order 2002 and the Insolvency (Northern Ireland) Order 1989 were agreed for inclusion in the Small Business, Enterprise and Employment Act 2015 (Commencement No. 2 and Transitional Provisions) Regulations 2015 (S.I. 2015/1689 C.100) made at Westminster on 15 September 2015.

6.21 Transitional provisions in respect of the coming into force of paragraph 5 of Schedule 8 to the Small Business, Enterprise and Employment Act 2015 which makes amendment to the Directors Disqualification (Northern Ireland) Order 2002 were agreed for inclusion in the Small Business, Enterprise and Employment Act 2015 (Commencement No. 4, Transitional and Savings Provisions) Regulations 2016 (S.I. 2016/321 C.18) made at Westminster on 9 March 2016.

6.22 Amendments required to the Insolvent Companies (Reports on Conduct of Directors) Rules (Northern Ireland) 2003 were drafted for inclusion in the Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) (Reports on Conduct of Directors) (Northern Ireland) Regulations 2016 (S.I. 2016/356) made at Westminster on 11 March 2016.

Insolvent Companies (Disqualification of Unfit Directors Proceedings (Amendment Rules (Northern Ireland) 2016 (Compensation Orders)

6.23 A set of Rules was drafted to establish a procedure for the Department to use when applying to the High Court for Compensation Orders against disqualified directors under new provision inserted into the Company Directors Disqualification (Northern Ireland) Order 2002 by the Small Business, Enterprise and Employment Act 2015. The draft Rules were referred to the Department of Justice to go through the procedure to be made.

Other Legislation

Third Parties (Rights Against Insurers) Act 2010

6.24 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.

6.25 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.

6.26 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.economy-ni.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.economy-ni.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 or 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.economy-ni.gov.uk/topics/insolvency-service

7.7 Some of the leaflets currently on our website are:-

- Guide for Debt Relief Orders
- Guide for Debt Relief restrictions
- In Debt – Dealing with your creditors
- Insolvency Registers
- What will Happen to my Motor Vehicle
- Alternatives to Bankruptcy Guidance
- A guide to bankruptcy
- A guide for directors
- Guide for creditors
- What will happen to my home?
- What will happen to my bank account?
- 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
- Outline of the Insolvency (NI) Order 2002
- Guidance to Insolvency Practitioners
- Good Enforcement Guidance

INSOLVENCY SERVICE PERFORMANCE SUMMARY FOR 2015/16

8

Key Target/Indicator	Target	2015/16 Achieved	2014/15 Achieved	Notes
To report to creditors on assets and liabilities within 12 weeks of the Order being made	100%	100%	100%	1
To convene creditors' meetings within 12 weeks of the Order when it is considered appropriate that a meeting should be held	100%	100%	100%	1
To complete the finalisation of 90% of Official Receiver bankruptcy cases within nine months of receipt	90%	55%	45%	1
To complete the finalisation of 90% of Official Receiver company cases within twelve months of receipt	90%	21%	46%	1
To submit all disqualification cases to the Departmental Solicitor for prospective proceedings within 2 years of relevant date	100%	100%	100%	1
To submit all disqualification returns/reports to the Disqualification Unit within 6 months of the Order	100%	81%	66%	1
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	N/A	1
To refer all identified prosecution cases to the PPS within six months of receipt of a completed report	100%	N/A	N/A	2

¹ Whilst targets performance showed 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. The reduction in the finalisation of OR company cases from 46% in 14/15 to 21% in 15/16 can be explained by staff shortages arising through the implementation of the voluntary exit scheme.

² No cases identified as suitable for referral to PPS in the year 2015-2016

APPENDIX I

PRIMARY LEGISLATION

Primary Legislation in existence at 31 March 2016:-

- 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)
- The Insolvency (Amendment) Act (Northern Ireland) 2016 (Chapter 2)

*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)

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 2016

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No.	Liabilities	Assets	No.	Liabilities	Assets
		£	£		£	£
AGRICULTURE:	* 14	2,954,628	1,618,985	2	1,178,844	0
FORESTRY & FISHING:	1	57,512	0	0	0	0
MINING & ENERGY INDUSTRIES:	1	921,455	0	0	0	0
MANUFACTURING INDUSTRIES:						
Manufacture of food, drink & tobacco	0	0	0	0	0	0
Manufacture of chemicals	0	0	0	0	0	0
Metal Manufacture	1	10,996	0	2	158,634	175
Engineering & allied industries	4	303,242	7,897	3	687,434	9,440
Textiles & clothing manufacture	1	0	0	1	50,517	0
Manufacture of timber & furniture	* 4	438,729	77,525	0	0	0
Paper, printing & publishing	4	324,965	2,434	2	307,293	0
Other manufacture	2	311,557	459	1	105,715	4,000
WHOLESALE DISTRIBUTION:						
Wholesale of food & drink	1	100,377	0	1	143,638	0
Wholesale of textiles & clothing	0	0	0	0	0	0
Motor vehicle wholesalers	1	469,452	0	0	0	0
Other wholesale	1	17,937	0	6	3,279,347	47,530
RETAILING:						
Retail of food, drink & tobacco	* 18	3,188,463	24,880	4	323,947	10,144
Retail of textiles & clothing	2	1,412,401	0	5	1,191,607	123,184
Retail of books, papers, etc	1	570,200	4,000	0	0	0
Motor vehicles & petrol sales	5	1,889,528	18,217	5	5,888,043	2,058
Retail of furniture	2	204,956	37,529	3	677,439	0
Retail of electrical goods	0	0	0	1	27,636	0
Other retail	* 22	8,672,195	14,483	6	220,116	653
CONSTRUCTION:						
General construction and demolition	* 18	16,542,004	8,829	44	125,911,923	678,230
Home improvements	5	1,712,850	0	2	345,198	38,000
Decorating & small works	12	2,700,918	72,883	2	135,393	0
Building repairs	11	1,695,126	5,011	1	2,990	856
Electrical & plumbing	* 6	540,067	49,275	3	1,065,495	7,585
TRANSPORT & COMMUNICATIONS:						
Road transport	* 21	3,005,004	98,100	4	1,029,992	10,000
Air transport	0	0	0	0	0	0
Shipping	0	0	0	0	0	0
Travel agents	0	0	0	0	0	0
Other transport & communications	7	933,242	164,191	1	25,622	4,000

APPENDIX II (cont)

NUMBER, ESTIMATED LIABILITIES, ESTIMATED TO REALISE/REALISED ASSETS, OF COMPANIES WOUND UP AND FAILURES IN PRINCIPAL TRADES AND OCCUPATIONS DURING YEAR ENDED 31 MARCH 2016

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No.	Liabilities	Assets	No.	Liabilities	Assets
		£	£		£	£
FINANCE & BUSINESS SERVICES						
Insurance	2	308,949	377	1	408,968	333
Accounts & legal services	7	4,421,942	14,024	2	225,815	35,888
Real estate	* 40	157,436,244	143,345	24	31,884,795	2,369,405
Computer services	4	603,237	2,046	1	49,656	0
Management services	3	481,179	0	2	2,736,210	7,020,608
Other business services	18	8,085,927	66,515	19	3,711,869	111,136
OTHER SERVICES						
Recreational Services	8	1,360,988	32,642	4	136,039	0
Medical Services	13	10,331,228	46,379	0	0	0
Educational Services	2	319,096	0	1	30,909	0
Repair of consumer goods	2	1,278,634	76,952	0	0	0
Laundry	2	224,650	34,567	0	0	0
Hairdressing & beauty parlours	13	810,175	19,303	5	492,515	300
Scrap metal dealers	0	0	0	1	745,577	0
Other services	* 31	5,900,444	77,837	19	2,188,830	1,937,160
HOTELS & CATERING						
Residential accommodation	2	207,810	0	0	0	0
Licensed premises	* 20	12,913,241	57,686	18	5,959,433	24,404
Restaurants	* 23	2,706,732	66,373	9	1,446,959	15,998
Other catering	8	944,836	1,124,790	6	666,208	0
EMPLOYEES						
No occupation or unemployed	* 161	46,184,283	523,459	0	0	0
Directors & promoters of companies	19	139,314,985	435,580	0	0	0
Occupation unknown	* 69	18,048,407	493,991	0	0	0
Employees	* 334	46,690,182	318,788	0	0	0
TOTAL	946	507,550,973	5,739,352	211	193,440,606	12,451,087

* Does not include Orders rescinded or annulled

APPENDIX III

OFFICIAL RECEIVER'S INVESTIGATION WORK

	2015/16	2014/15
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	0
• Failure to pay monies to OR	0	1
Total Prosecution Reports	0	1
Disqualification		
• Reports of Unfit Conduct	144	223
• Returns of no unfit conduct	22	15
• Interim returns*	0	0
Total Conduct Returns/Reports on Company Directors	166	238
* These became either returns/reports		
Applications to suspend bankrupt's automatic discharge	26	50
Applications for public examination		
• Bankruptcies	26	28
• Liquidations	57	85
Total applications for public examination	83	113

Department of Enterprise, Trade and Investment

The Insolvency Account for the year ended 31 March 2016

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

July 2017

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 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.

(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(N.I.) and by 2016 c.2(N.I.)

(d) S.R. 1991 No. 388

(e) S.R. 1996 No. 574 (Amended by S.I. 2004 No 335 and by S.R. 2006 No 461 and by S.R. 2006 No 23 and by S.R.2006 No 461 and by S.R. 2009 No 202)

REVIEW OF ACTIVITIES

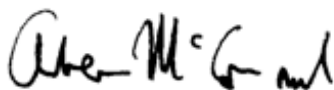
2. The total number of Court orders for the winding up of companies during the year ended 31 March 2016 was 211. This represented a decrease of approximately 10% when compared with the previous year.
3. The total number of bankruptcy orders and insolvency administration orders made by the Court during the year ended 31 March 2016 was 965. This represented a decrease of approximately 29% when compared with the previous year.
4. The total number of debt relief orders made during the year ended 31 March 2016 was 442. This represented a decrease of approximately 17% when compared with the previous year.

**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. 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 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 2015-16 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.
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:
- oversee the delivery of 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;
 - monitor the Department’s performance against its 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 once approved at the subsequent board meeting. Central Management Branch also provides new Board members with an induction pack and programme.

Board Performance and Effectiveness

14. During the 2015-16 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
Andrew McCormick	9	10
Eugene Rooney	10	10
Chris Stewart	9	10
Trevor Cooper	9	10
Wendy Johnston	9	10
David Beck	10	10
Claire Hughes	9	10

15. During the 2015-16 year, issues considered by the Board included:

- Departmental Restructuring;
- the draft DETI 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;
- reports detailing progress on casework requiring DFP and/or Ministerial approval;
- 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);
- issues arising in relation to the operation of the Non-Domestic Renewable Heat Incentive Scheme;
- 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 2014-15;
- Direct Award Contracts; and
- work to promote diversity in the Department.

16. The Departmental Board reviewed its effectiveness in the year. 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 Departmental Audit Committee

17. The Departmental Board is supported in its role by the Departmental Audit Committee. The Committee is chaired by David Beck who attended the five meetings held in 2015-16. The other members of the Committee are Claire Hughes and Anthony Harbinson, both of whom are independent of the executive structure of the Department. Claire Hughes attended all of the five meetings held in 2015-16, while Anthony Harbinson attended three of the five meetings. Bill McGinnis was a member of the Committee until his term of office expired on 30 June 2015. He attended the two meetings during the period 1 April 2015 to 30 June 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 2015-16 report included:
- Details of meetings and provision of minutes and reports to the Departmental Board;
 - Details of membership and attendance;
 - Confirmation that a review of the effectiveness of the Committee had been undertaken during the 2015-16 year which had led to a small number of recommendations being made;
 - A summary of work undertaken during the 2015-16 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. With the exception of the issues that have arisen in relation to the establishment and operation of the Non-Domestic Renewable Heat Incentive Scheme, 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

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 and 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 and 2015-16 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 Director 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 2016 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 is preparing the Departmental Security Health Check (formerly the 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 will be 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. The Department carried out its annual Information Security Survey in March 2016. The format changed this year and the exercise centred on evidence and assurances from the Department's Information Asset Owners (Grade 7s). This 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. An Internal Audit Strategy was previously in place for the 2011-12 to 2014-15 period from which the annual audit plans were derived. However, it was agreed with senior management that a one year risk based plan for 2015-16 should be developed as an interim measure due to a number of internal and external factors relevant to the Department.
38. The Internal Audit plan for 2015-16 was endorsed by the Departmental Audit Committee. The plan was regularly updated to reflect the changing priorities of management, changing circumstances and emerging issues. Any changes to the original plan were endorsed by the Departmental Audit Committee.

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 Departmental Board is content that it is compliant with both the spirit and the principles of the Code. The Board has agreed during the 2014-15 year that the framework within which it operates should be reviewed during the 2015-16 year. The framework has been reviewed in the context of the creation of the Department for the Economy (DfE) and a new framework for DfE was considered by the Restructuring Project Board at its meeting on 22 March 2016.

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).

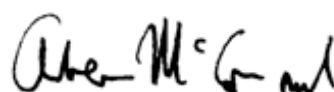
Ministerial Directions

41. No Ministerial Directions were issued during the 2015-16 financial year.

Conclusion

42. The 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 2015-16.



ANDREW MCCORMICK
26 July 2017

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the Insolvency Service account for the year ended 31 March 2016 under the Insolvency (Northern Ireland) Order 1989. The accounts comprise: the Receipts and Payments Account, Statement of Balances and the related notes. These accounts have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the Department for the Economy (formerly 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 accounts and for being satisfied that they properly present the receipts and payments during the year. My responsibility is to audit, certify and report on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Insolvency Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Insolvency Service; and the overall presentation of the accounts. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts 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 accounts have been applied to the purposes intended by the Assembly and the financial transactions recorded in the accounts conform to the authorities which govern them.

Opinion on regularity

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

Opinion on accounts

In my opinion:

- the accounts properly present the receipts and payments of the Insolvency Service for the year then ended and the cash balances as held at 31 March 2016; and
- the accounts have been properly prepared in accordance with the Insolvency (Northern Ireland) Order 1989 and the Department of Finance's (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

- the information given in the Annual Report for the financial year for which the accounts are prepared is consistent with the accounts.

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 accounts 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's (formerly Department of Finance and Personnel) guidance.

Report

I have no observations to make on these accounts.



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

21 September 2017

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

Statement of Receipts and Payments for year ending 31 March 2016 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.

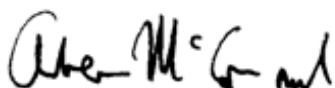
RECEIPTS	Notes	2015-16 £	2014-15 £
Sums received in respect of Realisation of Company Assets etc. (Article 503(2) of the 1986 Order and Regulation 5(1) of the 1996 Regulations)	(1)	13,329,184	1,918,213
Sums received in respect of Realisation of Estates of Bankrupts etc. (Article 6(1) of the 1980 Order and Regulation 20(1) of the 1996 Regulations)	(2)	9,035,786	9,294,564
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)	160,557	163,117
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)	85,024	105,384
Sums received to which the Official Receiver does not have clear title	(5)	63,240	110,322
Sums received in respect of Prescribed fees	(6)	113,869	179,559
		22,787,660	11,771,159

PAYMENTS	Notes	2015-16 £	2014-15 £
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 £4,087,435 Bankruptcy etc. £6,365,293	(7)	10,452,728	7,615,090
Fees and Remuneration charged and appropriated in aid of the Department of Enterprise, Trade and Investment	(8)	2,449,113	2,053,855
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)	146,035	67,324
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)	29,223	4,607
Sums paid to parties with clear title	(11)	197,621	80,999
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	0
		13,274,720	9,821,875
EXCESS OF RECEIPTS OVER PAYMENTS FOR FINANCIAL YEAR		9,512,940	1,949,284

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF BALANCES AT 31 March 2016			
	Notes	2016 £	2015 £
Balance at beginning 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		13,656,045	12,337,190
		17,755,875	15,806,591
Add: Excess of receipts over payments for financial year		9,512,939	1,949,284
		27,268,814	17,755,875
Balance at end of financial year in respect of -			
Liquidations - cash at bank and in hand		12,934,504	4,099,830
Bankruptcy - cash at bank and in hand	(13)	14,334,310	13,656,045
		27,268,814	17,755,875

The notes on Pages 56 to 60 form part of the account



ANDREW MCCORMICK

Accounting Officer

Department of Enterprise, Trade
and Investment

26th July 2017

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

NOTES

ACCOUNTING POLICIES

The account is prepared in accordance with Article 358(3) of the Insolvency (Northern Ireland) Order 1989 and is in a form approved by the Department of Finance (DoF)(formerly the Department of Finance & Personnel (DFP)). The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and the cash balances at the year end.

RECEIPTS

1. REALISATION OF COMPANY ASSETS, ETC.

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

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Realisations of assets etc. in Company Liquidations	12,894,639	1,480,173
Deposits paid by Petitioners	434,545	438,040
	<u>13,329,184</u>	<u>1,918,213</u>

2. REALISATION OF ESTATES OF BANKRUPTS, ETC.

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

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Realisation of assets, etc. in the Estates of Bankrupts, Arranging Debtors and Deceased Insolvents	8,088,510	8,136,239
Deposits paid by Petitioners	947,276	1,158,325
	<u>9,035,786</u>	<u>9,294,564</u>

3. INTEREST CREDITED

The total amount of interest received in respect of funds in the Insolvency Account during the year was £178,612 (previous year £182,039). During the year £160,557 (previous year £163,117) has been credited to the Insolvency Account and has been allocated as follows:

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Amounts credited to Companies in Liquidation	63,800	35,103
Amounts credited to Estates of - Bankrupts, Arranging Debtors and Deceased Insolvents	96,757	128,014
	<u>160,557</u>	<u>163,117</u>

Of the balance of interest received on funds in the Insolvency Account during the year £18,055 is due to be surrendered to the Department.

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

4. UNCLAIMED DIVIDENDS ETC.

Sums received during the period can be summarised as follows:

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Unclaimed Dividends etc. in respect of Company Estates	14,423	48,539
Unclaimed Dividends etc. in respect of Bankruptcy Estates	70,601	56,845
	<u>85,024</u>	<u>105,384</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

£113,869 (previous year £179,559) 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 2016

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:

	<u>2015-16</u>		<u>2014-15</u>	
	Companies	Bankruptcy	Companies	Bankruptcy
	£	£	£	£
Costs & Expenses	3,517,913	4,637,203	778,181	4,618,702
Dividend Distribution	306,616	1,617,616	227,565	1,938,041
Income Tax & Corporation Tax	262,906	102,879	21,924	22,615
Debt Relief Expenses	0	7,595	0	8,062
	<u>4,087,435</u>	<u>6,365,293</u>	<u>1,027,670</u>	<u>6,587,420</u>

The figure for company and bankruptcy distributions includes undistributed balances totalling £445 and £14,703 respectively.

8. PRESCRIBED FEES

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Companies	390,542	334,841
Bankruptcy	1,895,532	1,591,976
Registration of Voluntary Arrangements	17,175	21,030
Renewal of IP Licences by DETI and RPB maintenance payments	104,280	104,160
Debt Relief Scheme	40,000	0
Other	1,584	1,848
	<u>2,449,113</u>	<u>2,053,855</u>

The total figure for fees charged to estate accounts and taken in cash includes £3,968 Value Added Tax for which the Department is accountable (previous year £1,842).

During the 2015-16 financial year write-off approval was received in relation to the loss of fees totalling £529,255.45 in 705 bankruptcy and 77 company estates (previous year £404,822 in 457 bankruptcy and 96 company estates. In addition a loss of £94,350 was recognised in relation to 98 bankruptcy and 33 company estates which were finalised during 2014-15). These sums are not included in the total figure for fees.

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

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.

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Companies	94,322	8,915
Bankruptcy	51,713	58,409
	<u>146,035</u>	<u>67,324</u>

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:

	<u>2015-16</u>	<u>2014-15</u>
	£	£
Companies	433	0
Bankruptcy	28,790	4,607
	<u>29,223</u>	<u>4,607</u>

11. SUMS PAID TO PARTIES WITH CLEAR TITLE

Payments totalling £197,621 (previous year £80,999) 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 2016

13 BALANCE AT END OF YEAR

	<u>31 March 2016</u>	<u>31 March 2015</u>
	£	£
Cash at Bank and in hand	27,268,814	17,755,875
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))	62,531	142,862
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))	94,049	103,950
Net funds held in the Insolvency Account in respect of companies in which a final dividend has not yet been paid	12,871,973	3,956,967
Net funds held in the Insolvency Account in respect of bankruptcy estates in which a final dividend has not yet been paid	14,240,261	13,552,096
	<u>27,268,814</u>	<u>17,775,875</u>



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