



Department for the
Economy
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Insolvency Service

**Annual Report and
Account for year
ended 31 March 2017**

DEPARTMENT FOR THE ECONOMY

The Insolvency Service Annual Report and Account

for the year ended 31 March 2017

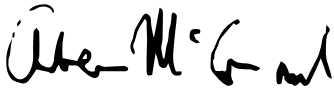
The Accounting Officer authorised these
financial statements for issue
on
22 January 2018

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

An Equal Opportunities Organisation

REPORT BY THE DEPARTMENT FOR THE ECONOMY ON MATTERS WITHIN THE INSOLVENCY (NORTHERN IRELAND) ORDER 1989

The Department for the Economy 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 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 2017.



Andrew McCormick
Permanent Secretary
Department for the Economy

16 January 2018

STATUTORY BACKGROUND

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the relevant winding up provisions contained in the Companies (Northern Ireland) Order 1986(b) (“the 1986 Order”) were repealed and replaced by the Insolvency (Northern Ireland) Order 1989(c) (“the 1989 Order”) and subordinate legislation made thereunder including the Insolvency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and the Insolvency Regulations (Northern Ireland) 1996(e) which came into operation on 31 January 1997 and replaced and repealed the 1991 Regulations.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 for the Economy (“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.

(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)

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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 for the Economy from 9 May 2016 Department of Enterprise, Trade and Investment until 8 May 2016
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

FOREWORD BY THE DIRECTOR OF INSOLVENCY



1. It gives me great pleasure to present this report, my fourth as Director, on the work of the Insolvency Service, including that of the Official Receiver, for the year ended 31 March 2017.
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 Official Receiver is responsible for administering and investigating bankruptcies and companies that are wound up by the High Court. The total number of new personal and corporate insolvency cases received from the High Court by the Insolvency Service saw a small increase during the year of 4% compared with the previous year. In total, 1,226 new cases were received by the Insolvency Service compared with 1,176 in 2015/16. The small increase in court-based insolvency cases was a disappointment as it was hoped the reduction in cases that we saw during 2015/16 would have continued.
4. In the same period, 390 individuals took advantage of the Debt Relief Scheme which came into operation during 2011/12. This represented a decrease of 12% 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. Within the bankruptcy statistics was the continuing high number of consumer bankruptcies resulting chiefly from individual's inability to meet repayments arising from credit and store card debt and personal loans that had been taken out. This category represented 59% of total bankruptcies received during the year with the balance representing individuals who were involved in trading. Full details of the work of the official Receiver are set out in section 2 of this report.
6. Another of the key responsibilities of the Insolvency Service is its enforcement operations to protect the public. This includes bankruptcy restriction orders against individuals who have acted dishonestly or recklessly before or after they were made bankrupt. Similarly, directors of companies can be disqualified from being a company director if it was found that they did not meet their legal responsibilities. In the most serious cases, where a criminal offence is suspected, the Insolvency Service will refer matters to the Police Service of Northern Ireland or the Director of Public Prosecutions. Full details of our enforcement operations are set out in section 3.
7. The Insolvency Service has a statutory responsibility for the monitoring and oversight of recognised professional bodies and will carry out a programme of monitoring of these bodies. Details of its monitoring activities are set out in section 5 of this report. The Insolvency Service had, until 31 March 2017, the power to licence Insolvency practitioners. However, following the enactment of the Insolvency Amendment Act (Northern Ireland) 2016, this power was removed and all insolvency practitioners must now be authorised by a recognised professional body.

8. The Insolvency Service is also responsible for making primary and subordinate insolvency legislation. During the year, policy work began on a new Assembly Bill to amend Northern Ireland primary insolvency legislation in line with changes made to that applying in England and Wales. Details of its key provisions, along with the other subordinate legislation currently being progressed, are set out in section 6.

9. We are constantly shaping and adapting our operations to meet the needs and demands on our services in response to the continuing high level of casework. This includes our continuing strategic alliance with local insolvency practitioners who provide assistance with the administration of cases. Ensuring a keen focus on our customers lies at the heart of all our operations. In the continuing challenging environment in which we work, I remain thankful to 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, many of whom are in difficult and vulnerable circumstances.

10. 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.



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KEY FACTS AND FIGURES

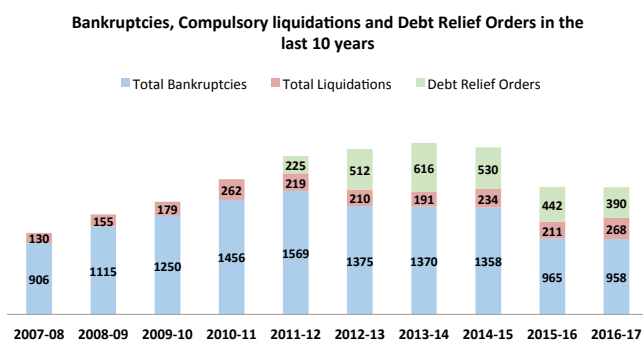
1. This section summarises the key areas of work of the Insolvency Service for the period 1 April 2016 to 31 March 2017.

RESOURCES

2. In 2016/17 the Insolvency Service employed 105 staff made up of 54 specialist grades, mainly examiner staff within the Official Receiver's office, and 51 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 10 years is shown below.



4. The total number of bankruptcy and winding-up orders made during the year was 1,226. This represents an increase of approximately 4% overall, made up of an increase of 27% in winding up orders and a decrease of approximately 1% in bankruptcy orders over the previous year.

CASE ADMINISTRATION

5. The table below shows that, at 31 March 2017, the Official Receiver was dealing with a total of 2,751 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 18% on the previous year.

	2016/17
Total Open cases at the beginning of the year	3,369
New bankruptcy cases	958
New company cases	268
Closed cases which were re-opened	225
Less	
Cases Appointed via Contract	919
Cases completed	1,059
*Adjustment	91
Total open cases at year end	2,751

* The appointment of an IP in the past did not necessarily mean a case was closed. Removing these from the figure has produced an adjustment of 91.

BUSINESS SECTOR ANALYSIS

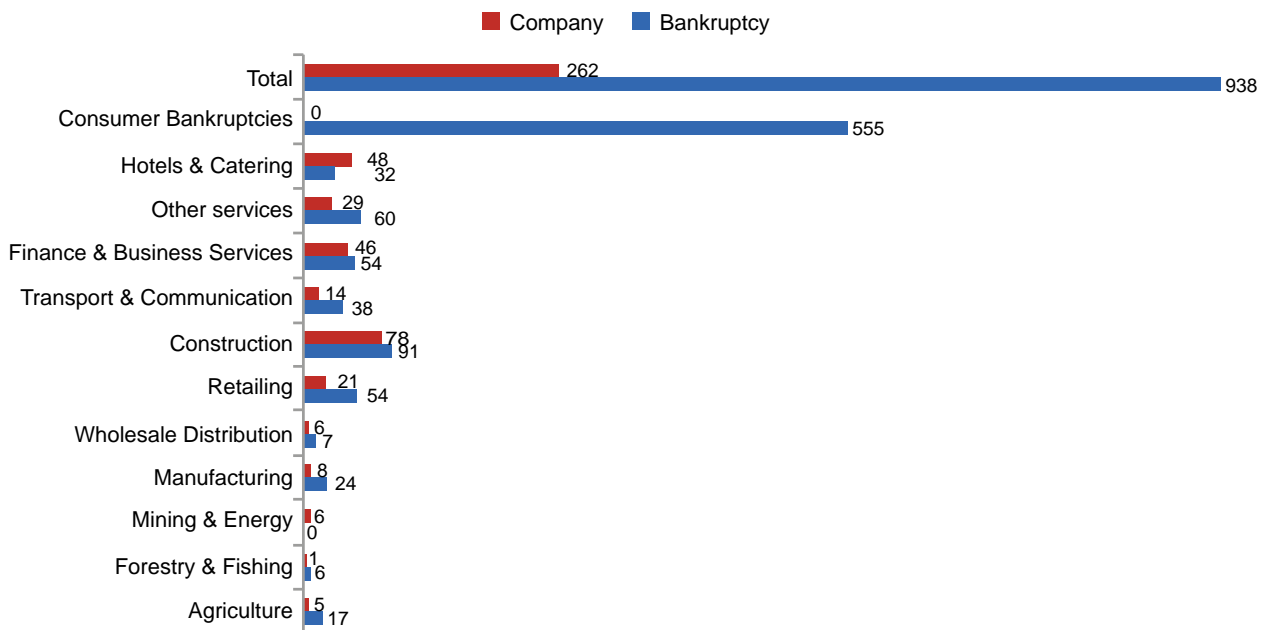
6. An analysis of the orders made during the year, classified according to their business sector, is set out below. The complete table is set out at Appendix II of this report.

- **Companies;** the greatest number of failures occurred in the Construction sector, with 78 cases followed by the Hotels and Catering Service sector, with 48 cases.

- **Bankruptcies;** the greatest number of failures occurred in the Consumer Bankruptcy sector, with 555 cases followed by the Construction sector with 91 cases.

7. As a result of the work of the Insolvency Service, £11.1m 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 2016-17



* Does not include annulments or rescissions.

LEGISLATION

8. Three pieces of subordinate insolvency legislation were introduced in 2016-17:
- The Insolvency (Northern Ireland) Order 1989 (Amendment) Order (Northern Ireland) 2016 (S.R. 2016 No. 369).
 - The Insolvency (Monetary Limits) (Amendment) Order (Northern Ireland) 2016 (S.R. 2016 No. 418).
 - The Insolvency Practitioners (Recognised Professional Bodies) (Amendment) Order (Northern Ireland) 2017 (S.R. 2017 No. 4).

Further details are provided in section 6.

DIRECTORS DISQUALIFICATION AND BANKRUPTCY RESTRICTION ORDERS

9. During the year, the Insolvency Service's Directors Disqualification Unit obtained 4 disqualification orders and accepted 48 disqualification undertakings. In addition, 4 bankruptcy restriction orders were obtained and 7 bankruptcy restriction undertakings were accepted. The periods are set out below compared to previous years. More details are provided at section 3.

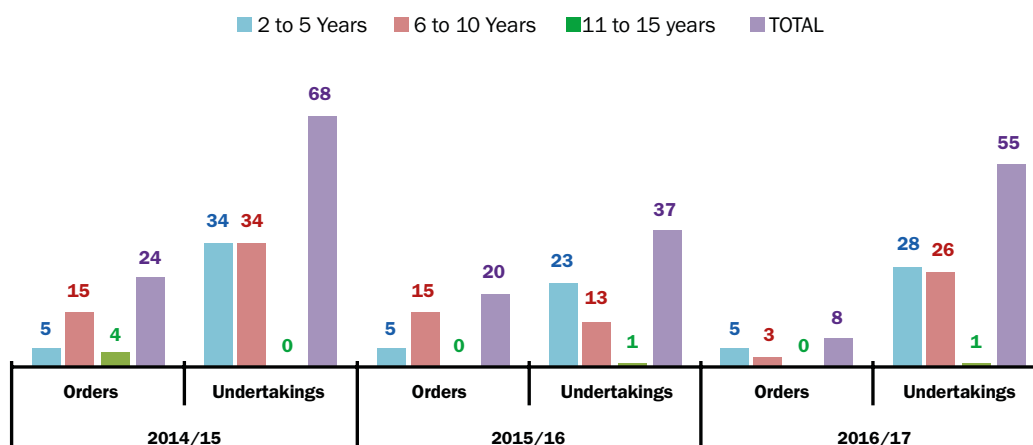
AUTHORISATION OF INSOLVENCY PRACTITIONERS

10. The Department ceased to be a competent authority for the authorisation of insolvency practitioners from 1 April 2017.

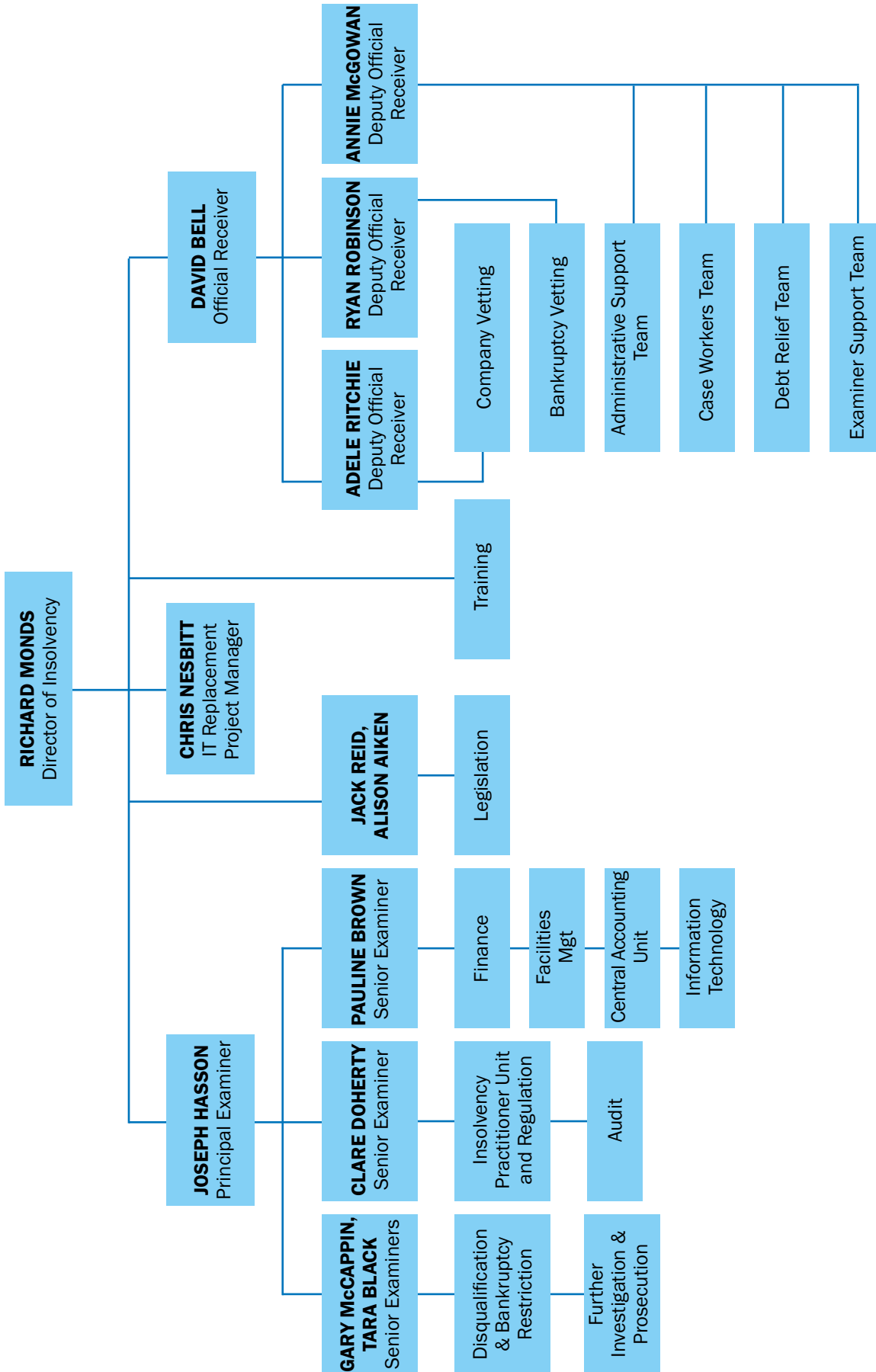
TENDER FOR THE PROVISION OF INSOLVENCY SERVICES

11. Due to the sustained and unprecedented levels of personal and corporate insolvencies arising from the financial downturn, the Insolvency Service has entered into a strategic alliance with local insolvency practitioners to help ensure the efficient and effective administration of casework. This was achieved through the award of a contract for the provision of insolvency services, following a competitive procurement process, which took effect from 22 December 2015 and was for two years with the option to extend to two further years if required. The contract allows those cases, in which the Official Receiver has concluded his statutory responsibility for investigation, to be passed out to the successful tenderers, who are then appointed as Office Holder. They are then responsible for all outstanding asset matters and for bringing the case to closure. As at 31 March 2017, 1346 cases had been passed out for closure.

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



MANAGEMENT STRUCTURE



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, helps 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 wrong-doing 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;
- 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 for the Economy;

- **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 These executive functions each work with 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, for example, in providing protection for 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	2016-17	2015-16
Staff Costs	£3.598M	£3.670M
Staff in post at 31 March comprising:		
Specialist grades	105	106
Administrative grades	54	54
	51	52

CENTRAL ACCOUNTING UNIT AND THE INSOLVENCY ACCOUNT

- 1.11 The Central Accounting Unit has responsibility for insolvency estate banking within the Service.
- 1.12 Trustees and liquidators, including the Official Receiver for Northern Ireland, must pay all funds from the realisation of the assets of bankrupts or companies wound up by the High Court into the Insolvency Account which is maintained by the Department.
- 1.13 Details of receipts and payments into that account are set out in the Insolvency Account (see pages 43-57). The funds held at 31 March 2017 in the Account amounted to £28,897,333.

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 October 2016 and appropriate remedial measures undertaken.

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 early 2018.

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 normally will seek 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.

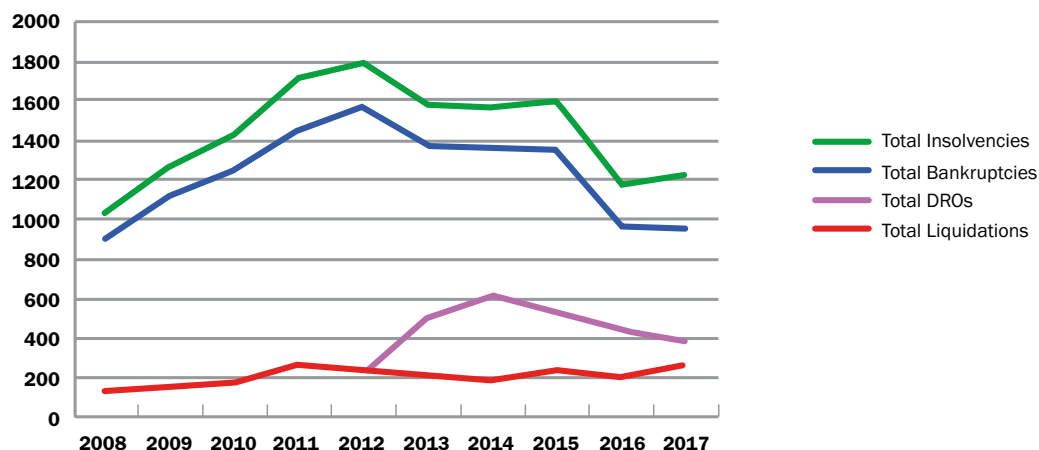
2.5 Where an insolvency practitioner is not appointed, the Official Receiver remains as trustee/liquidator to undertake any realisations and distributions to creditors and complete the administration of the estate.

2.6 The number of cases administered by the Insolvency Service during 2016/17 continued at historically high levels; the total number of new bankruptcy and liquidation cases was 1,226 as against 1,176 in 2015/16. There was a reduction of 12% in debt relief orders with 390 being made against 442 in the previous year.

2.7 In 2016/17 the greatest number of bankruptcies continued to occur in the consumer bankruptcy sector (555). Consumer bankruptcies are defined to include persons who are in employment, those with no occupation or who are unemployed, individuals whose occupation is unknown, and directors and promoters of companies whose bankruptcy has arisen through personal indebtedness.

2.8 The next largest groups of bankruptcies were in the Construction (91) and Other Services (60) 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 – 2016/17



2.9 With regard to companies, the largest groups of winding up orders were in the Construction sector (78) and the Hotels and Catering Services sector (48). The latter comprises licensed premises, restaurants, residential accommodation and other catering.

2.10 During the year, 390 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 1,275 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 In total, some 2,891 individuals took advantage of an insolvency process during 2016/17.

2.13 The increase in total insolvencies was due to a significant increase in the number of company liquidations. This follows a similar trend to England and Wales where bankruptcies have remained relatively constant but liquidations have increased. The number of Debt Relief Orders has fallen for the third successive year.

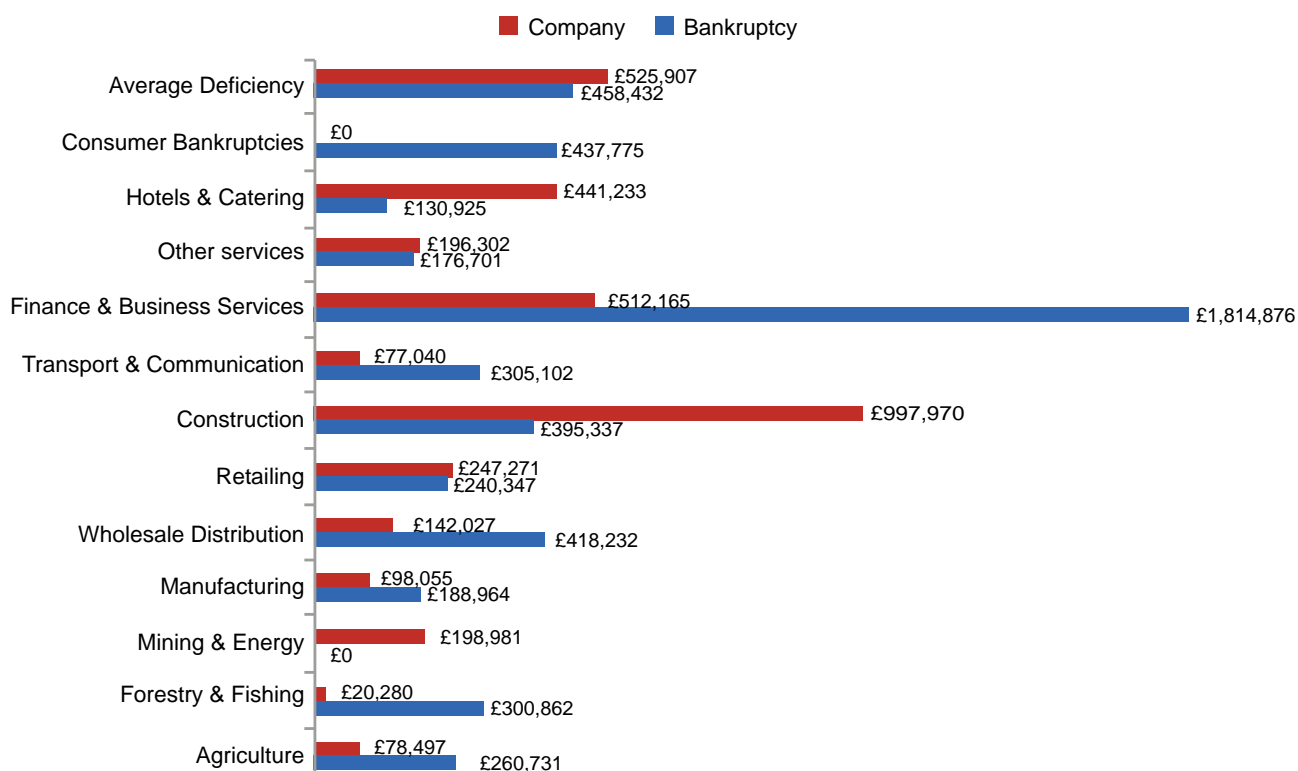
Average Deficiency of Assets and Liabilities

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 chart below. The largest average deficiency for bankruptcies occurred in the Finance and Business Services sector which comprises insurance, accounting 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 £141.7m, and the estimated total assets were £3.9m, leaving an overall deficiency of some £137.8m. This represents an average deficiency of approximately £525,954 per case.

- **Bankruptcies;** the estimated total liabilities of cases in which bankruptcy orders were made in the year amounted to £437.3m and the estimated total assets were £7.3m, leaving an overall deficiency of some £430.0m. This represents an average deficiency of approximately £458,432 per case.

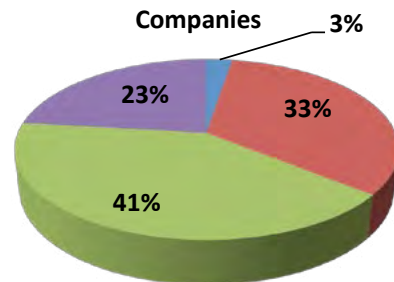
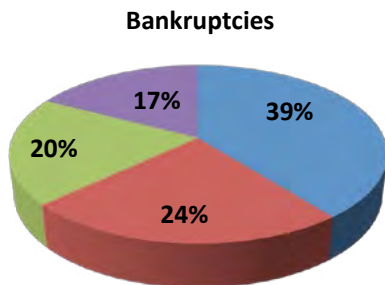
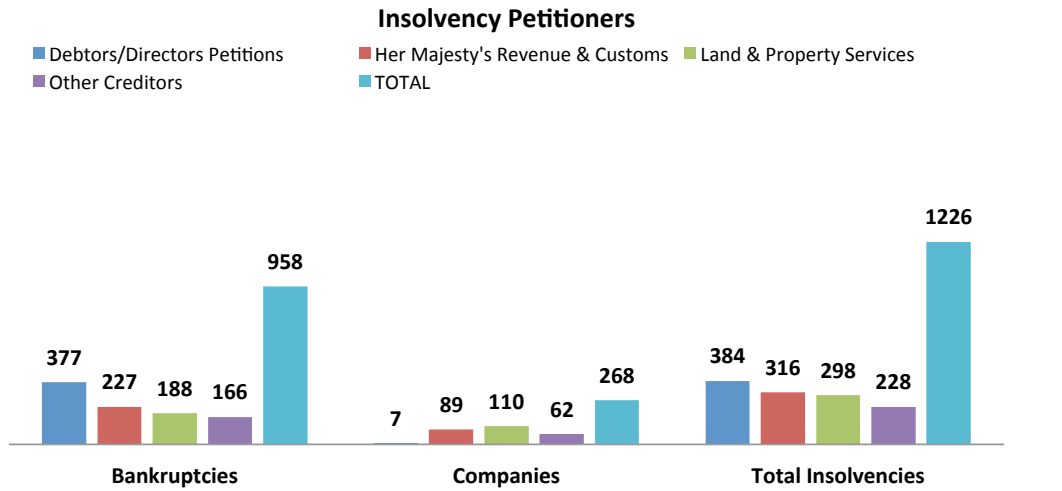
Average Deficiency by Sector 2016-17



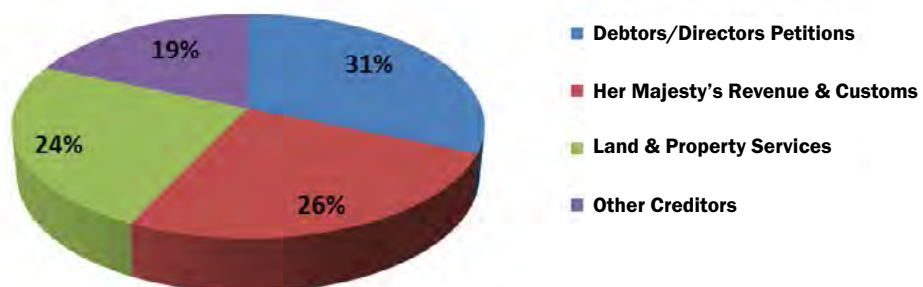
* Does not include annulments or rescissions.

Insolvency Petitioners

2.15 An analysis of bankruptcy and winding up orders made during the year ended 31 March 2017 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 reports the case to the Insolvency Service's Director's Disqualification Unit (DDU).
- 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 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 OR's investigation led to the reporting of one case to the Police Service of Northern Ireland (PSNI) for the consideration of possible criminal offences, and the making of 271 conduct returns on company directors to the DDU. The Official Receiver also applied to the High Court for:
- the suspension of automatic discharge in 32 bankruptcies; and
 - the public examinations of 30 bankrupts and 43 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 £20,000 ceiling on the total amount of debt (raised from £15,000 in November 2016), a £1,000 cap on the total value of assets (raised from £300 in November 2016) and an upper limit of £50 surplus income in the month. In the year to 31 March 2017, 390 Debt Relief Orders were made.

3

PROSECUTION

3.1 The Official Receiver submits reports to the Insolvency Service's Directors Disqualification Unit (DDU) 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 Public Prosecution Service (PPS)).

3.3 The table below shows the number of reports submitted by the Official Receiver and others to the DDU regarding possible criminal offences and the number of reports and investigation files referred to the PSNI in each of the last three financial years.

	2016/17	2015/16	2014/15
Reports submitted by Official Receiver to the Directors Disqualification Unit	1	0	1
Reports submitted by others to the Directors Disqualification Unit	0	0	1
Reports referred by the Directors Disqualification Unit to the PSNI	3	0	0

DISQUALIFICATION

- 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 Directors Disqualification Unit aims to file proceedings 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 855 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 2016 to 31 March 2017 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 <https://beta.companieshouse.gov.uk>

BANKRUPTCY RESTRICTIONS ORDERS

- 3.11 When the Official Receiver is appointed Receiver and Manager, or Trustee, of a bankruptcy he will carry out a statutory investigation into the bankrupt's assets and the reasons for his or her insolvency. If the Official Receiver considers that the conduct of a bankrupt has been dishonest, or blameworthy in some other way, he will report the facts to the Bankruptcy Restrictions Order (BRO) Team within the Directors Disqualification Unit. If it is deemed expedient and in the Public Interest, the BRO Team will make a report to the High Court asking for a Bankruptcy Restrictions Order to be made.

3.12 The Court will consider this report and any other evidence brought before it and decide whether a BRO should be made. If it does decide to make an Order, the bankrupt will be subject to certain restriction for the period stated in the Order and this will be between 2 and 15 years. Generally, the more harm a bankrupt's behaviour causes to their creditors, in the Court's opinion, the longer the BRO is likely to last.

3.13 If the bankrupt accepts the Official Receiver's allegations, he or she may offer to enter into a Bankruptcy Restrictions Undertaking (BRU). This has exactly the same effect as a BRO but does not involve the time and expense of a Court hearing.

3.14 The restrictions include:

- they must disclose their status to a credit provider if they wish to obtain credit of more than £500;
- they must disclose to those with whom they wish to do business the name (or trading style) under which they were made bankrupt;
- they may not act as the director of a company or take part in its promotion, formation or management unless they obtain the Court's permission to do so; and
- they may not act as an insolvency practitioner, or as receiver or manager of the property of a company on behalf of debenture holders.

3.15 Bankruptcy Restrictions Orders/Undertakings came into effect under Schedule 2A of the Insolvency (NI) Order 1989 on 27 March 2006. The first Bankruptcy Restrictions Undertaking was given on 14 April 2008 and since then a total of 143 Bankruptcy Restrictions Orders/Undertakings have been made by the High Court or accepted by the Department.

REGISTER OF INDIVIDUAL VOLUNTARY ARRANGEMENTS

3.16 The Department is required to maintain a register of individual voluntary arrangements which is open to public inspection.

3.17 During the year ended 31 March 2017, 1,275 voluntary arrangements were reported to the Department for registration which represented a 8% increase on the corresponding figure for the previous year of 1,176.

3.18 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/articles/insolvency-service-do-it-online>

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 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. The Department ceased to authorise insolvency practitioners on 31 March 2017.
- 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 one RPB monitoring inspection visit to the Insolvency Practitioners Association (IPA) and two follow up monitoring inspection visits to the Association of Chartered Certified Accountants (ACCA) and the Law Society of Northern Ireland (LSNI). Copies of the IPA and ACCA 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 2016/17.

Indicators	Triggers	No of cases referred to RPB / Investigated by the Department 2016-17	No of cases referred to RPB / Investigated by the Department 2015-16
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	0	2
Failure to comply with provisions regarding the advertisement of meetings, appointments and dividend payments	2 failures to advertise properly	0	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	0	1
Drawing Unauthorised Remuneration – Breach of SIP 9	Automatic referral	0	1
Failure to pay funds into the Insolvency Account pursuant to Regulations 5 and 20 of the Insolvency Regulations (NI) 1996	Automatic referral	0	0
Complaints from third parties	Automatic referral	5	8
Non-response to correspondence	Failure to reply to 3 letters	0	0
Inaccurate fees calculations	Submission of 3 inaccurate fees calculations	0	0
TOTAL		5	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 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, 4 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 at 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 licensees. 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 Officeholders;
- 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 Officeholders;
- 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 2016.

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:

<http://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 by a professional body recognised by the Department. The Department ceased the authorisation of insolvency practitioners on 31 March 2017. The bodies currently recognised, together with the numbers of their members who take cases in Northern Ireland are:

	2016/17	2015/16
Law Society of Northern Ireland	5	6
Insolvency Practitioners Association	567	567
Association of Chartered Certified Accountants	109	136
Institute of Chartered Accountants in England and Wales	788	770
Chartered Accountants Ireland	44	44
Institute of Chartered Accountants in Scotland	98	96
Department for the Economy	1	1
*Secretary of State for Business, Innovation and Skills England & Wales	0	30
Total	1,612	1,650

* 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 ending of insolvency practitioner authorisation by the Secretary of State for Business, Innovation and Skills (effective from 30 September 2016), and the ending of insolvency practitioner authorisation by the Department, (effective from 31 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 The Insolvency Amendment Act (Northern Ireland) 2016 was made on 29 January 2016 and most of its provisions were brought into operation on 1 April 2016 by 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.

6.3 As at the end of March 2017 it had not proved possible to commence any further provisions due mainly to the need to make a set of rules required to work with them. The provisions which have still to be commenced relate to the use of electronic and digital communications in insolvency proceedings or make miscellaneous changes to insolvency legislation.

New Bill to amend Insolvency and Disqualification legislation

6.4 Preparatory work began in 2016 for a new Assembly Bill to make changes to Northern Ireland primary legislation dealing with insolvency and disqualification of company directors. The changes are of an ad-hoc nature with no single over-arching theme and replicate ones made by three Westminster Acts,

- The Enterprise and Regulatory Reform Act 2013
- The Deregulation Act 2015
- The Small Business, Enterprise and Employment Act 2015

6.5 The amendments to be made by the planned Bill include,

- Strengthening existing legislative provisions aimed at ensuring that businesses that remain trading while insolvency proceedings are underway to facilitate their rescue or sale, have access to utility and IT services.
- Obliging insolvency office-holders to use up-to-date methods of communication instead of calling creditors to physical meetings.

- Allowing creditors to opt out of receiving correspondence about insolvencies.
- Giving the Department power to make Regulations to prevent administration being used to facilitate transfer of business ownership to connected persons as a means of avoiding payment of debt.
- Giving administrators the right to take proceedings against directors personally for fraudulent or wrongful trading.
- Permitting liquidators and administrators to assign rights of action.
- Simplifying the procedure for an administrator to obtain his or her release in cases where there are insufficient assets to enable a distribution to be made to ordinary unsecured creditors.
- Establishing a procedure for a liquidator to be granted release on a winding up order being rescinded.
- Providing that persons made bankrupt on a creditor's petition will only have to submit a statement of affairs if the Official Receiver asks for one.
- Removing the need for liquidators and trustees in bankruptcy to obtain sanction from creditors or the Department before taking certain actions.
- increasing the period for which an administrator's term of office can be extended by consent from 6 months to one year.
- doing away with the need to obtain Court permission to make a payment to unsecured creditors out of the "prescribed part" in an administration.

- enabling the making of rules to allow an office-holder to pay a dividend without the creditor having to submit a claim where the debt is below a certain amount.
- abolishing fast-track voluntary arrangements for bankrupts.
- an amendment to company director disqualification legislation to enable the Department to obtain information about the conduct of directors of insolvent companies directly from anyone capable of providing that information, including the directors themselves, without having to go through the insolvency office-holder.

6.6 As at the end of 2016/17 a policy consultation document, regulatory impact assessment, and equality screening document had been prepared. A policy consultation will be undertaken on the proposals in the near future.

Subordinate Legislation

The Insolvent Companies (Disqualification of Unfit Directors) Proceedings (Amendment) Rules (Northern Ireland)

- 6.7 The Small Business, Enterprise and Employment Act 2015 made at Westminster included amendments to the Company Directors Disqualification (Northern Ireland) Order 2002 under a Legislative Consent Motion passed by the Northern Ireland Assembly. One of these amendments was to enable the Department to apply for compensation orders against disqualified directors.
- 6.8 The Insolvent Companies (Disqualification of Unfit Directors) Proceedings Rules (Northern Ireland) 2003 need to be amended to establish a procedure for the Department to use in connection with such applications.

6.9 A draft set of amending rules has been prepared and passed to the Department of Justice, which is responsible for carrying out the procedure to make the Rules, in January 2016. This draft was approved by the Insolvency Rules Committee and will be submitted to the new Justice and Economy Committees for clearance.

Disqualified Directors Compensation Orders (Fees) Order (Northern Ireland)

6.10 An Order is needed to enable the Department to charge a fee in connection with the distribution to creditors of money received on foot of a compensation order or undertaking.

6.11 A draft Order was approved by the Rules Committee during 2016 and will be taken through the NI Assembly.

The Insolvency Practitioners (Recognised Professional Bodies) (Amendment) Order (Northern Ireland) 2017

6.12 The Insolvency Practitioners (Recognised Professional Bodies) (Amendment) Order (Northern Ireland) 2017 was made on 10 January 2017. It removed the Law Society (of England and Wales) from the schedule of bodies recognised for the purpose of authorising insolvency practitioners in the Insolvency Practitioners (Recognised Professional Bodies) Order (Northern Ireland) 1991. This was done at the Law Society's request.

Insolvency Proceedings (Monetary Limits)
(Amendment) Order 2016

6.13 The Insolvency Proceedings (Monetary Limits) (Amendment) Order 2016 was made on 29 November 2016. The Order increases the limit on total debt for eligibility for the debt relief scheme from £15,000 to £20,000 and the limit on total assets from £300 to £1,000.

Insolvency (Northern Ireland) Order 1989
(Amendment) Order (Northern Ireland) 2016

6.14 The Insolvency (Northern Ireland) Order 1989 (Amendment) Order (Northern Ireland) 2016 was made on 29 September 2016. The order increases the minimum amount of debt at which it becomes possible for a creditor to petition to have a debtor made bankrupt from £750 to £5,000.

Insolvency Practitioners (Amendment) Regulations
(Northern Ireland)

6.15 The authorisation of insolvency practitioners by competent authorities ended completely on 1 April 2017. Regulations need to be made, therefore, to remove provisions in the Insolvency Practitioners Regulations (Northern Ireland) 2006 and the Provision of Services (Insolvency Practitioners) Regulations (Northern Ireland) 2009.

6.16 Detailed provision in the Insolvency Practitioners Regulations (Northern Ireland) 2006 relating to requirements for insolvency practitioners to keep certain records also need to be replaced with more generic requirements in line with what has already been done in England and Wales.

6.17 During 2016/17 a draft set of amending Regulations was prepared and agreed with the Departmental Solicitors Office. A consultation document and regulatory impact assessment were prepared and a short consultation with interested parties carried out.

Modernisation Rules

6.18 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. 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.

6.19 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.

Advertising Rules

6.20 Policy consultation on these Rules, which would make advertising of insolvencies in newspapers discretionary, as is already the case in England and Wales, will be carried out.

Postal Administration Rules

6.21 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.

6.22 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.

6.23 These Rules were agreed by the Insolvency Rules Committee and considered by the Justice and Economy Committees.

Order to enable Industrial and Provident Societies to enter a company arrangement or administration

6.24 The Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014 was made in Great Britain on 4 February 2014. We will be able to make a similar Order for Northern Ireland, as section 24 of the Insolvency (Amendment) Act (Northern Ireland) 2016, which creates full power to do this, has been brought into operation. A draft Order has been prepared and is with the Departmental Solicitor's Office for scrutiny.

The Insolvency (Fees) (Amendment) Order (Northern Ireland), the Insolvency (Deposits) (Amendment) Order (Northern Ireland) and the Insolvency Practitioners and Insolvency (Account) (Fees) (Amendment) Order

6.25 The purpose of the proposed Statutory Rules is to update the levels of some fees charged in relation to insolvency procedures. Stakeholders were informed of the proposed changes on 7 September 2016. No comments were received. The draft Fees Orders were approved by the Economy Committee on 14 November 2016.

6.26 The proposed amendments are to increase: (a) the Official Receiver's fee for the administration of the estate of each bankrupt and for the affairs of each company which is being wound up by the court by 10%; (b) deposits which are paid on the presentation of a petition for winding up a company and for a bankruptcy which is being petitioned by creditors by just over 7%; and (c) fees paid by recognised professional bodies which are approved by the Department for the authorisation of insolvency practitioners by 8%. There are also some minor and technical amendments.

The Insolvency (Amendment) (EU 2015/848) Regulations 2017

6.27 The draft Regulations implement those provisions of the EU Regulation which are required to be implemented by 26 June 2017. They are being made under section 2(2) of the European Communities Act 1972. They include provision for Northern Ireland, England and Wales and Scotland.

6.28 The EC Regulation on Insolvency Proceedings (1346/2000) came into force in 2002. The regulation provides a legal framework to ensure that insolvency proceedings that are commenced in a member state are recognised across the European Union, without the need to commence separate proceedings in other member states where assets may be located. It provides rules to determine the main centre of interests and proper jurisdictions for proceedings and the applicable law to be used in those proceedings.

6.29 The EC Regulation was updated and amended as Regulation (2015/846) and came into force on 26 June 2015. The majority of its provisions will be effective for insolvencies arising after 26 June 2017.

6.30 The key changes in the recast Regulation include pre-insolvency proceedings being brought within its scope, the introduction of a framework for group co-ordination proceedings and provisions for the court to determine the centre of main interests for the opening of main insolvency proceedings.

6.31 The recast Regulation also requires national electronic insolvency databases in each member state to be set up by June 2018 and to be interconnected by June 2019.

Other Legislation

6.32 During 2016/17 officials maintained contact with the Department for Business, Energy and Industrial Strategy in London about the need to have amendments made by a statutory instrument to provisions in Northern Ireland primary and subordinate legislation as a consequence of the passing of the Insolvency (Amendment) Act (Northern Ireland) 2016, the making of the Small Business, Enterprise and Employment Act 2015 and the fact that it is now possible to be made bankrupt in England and Wales by an Official Adjudicator instead of by the courts.

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 wider Department for the Economy 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 are also available.

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 are also available.

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 <https://www.economy-ni.gov.uk/topics/insolvency-service>

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

- A guide to bankruptcy
- A guide for debt relief orders
- A guide to debt relief restrictions orders
- A guide for creditors
- A guide for directors
- Alternatives to bankruptcy
- Insolvency Service Registers
- What will happen to my home?
- What will happen to my bank account?
- What will happen to my pension?
- What will happen to my motor vehicle?
- Can my bankruptcy be cancelled?
- When will my bankruptcy end?
- Bankruptcy restrictions orders
- Fast-track voluntary arrangements
- In debt - dealing with your creditors
- How to petition for your own bankruptcy?
- How to make someone bankrupt?
- How to wind-up your own company
- How to wind-up a partnership
- How to wind-up a company that owes you money

PUBLICATIONS

7.8 The following guidance notes are available for our customers:

- Completion of Statement of Affairs Debtors Bankruptcy Petition
- Insolvency Service Charter
- Guidance to Insolvency Practitioners

INSOLVENCY SERVICE PERFORMANCE SUMMARY FOR 2016/17

8

Key Target/Indicator	Target	2016/17 Achieved	2015/16 Achieved	Notes
To report to creditors on assets and liabilities within 12 weeks of the Order being made	100%	100%	100%	
To convene creditors' meetings within 12 weeks of the Order when it is considered appropriate that a meeting should be held	100%	100%	100%	
To complete the finalisation of 90% of Official Receiver bankruptcy cases within nine months of receipt	90%	85%	55%	1
To complete the finalisation of 90% of Official Receiver company cases within twelve months of receipt	90%	38%	21%	1
To submit all disqualification cases to the Departmental Solicitor for prospective proceedings within 2 years of relevant date	100%	100%	100%	
To submit all disqualification returns/reports to the Disqualification Unit within 3 months of the Order	100%	76%	81%	
To refer all identified prosecution cases to the PSNI within six months of receipt of a completed report	100%	100%	N/A	2

¹ Whilst performance showed significant improvement on the previous year, the stated target was not met due to the continuing high volume of new cases and individual caseloads. The Insolvency Service has continued to review its structure and operations and use staff and IT resources as efficiently as possible to ensure an effective service is provided to all its clients. In addition, a number of vacancies arose through the year which created additional pressures for existing staff. Work continued with departmental Human Resources on vacancy management throughout the year to ensure vacancies were filled as quickly as possible. The finalisation of 21% of OR company cases in 2015/16 can be explained by staff vacancies and inexperienced staff.

² One case was identified as suitable for referral to PSNI in the year 2016-2017

APPENDIX I

PRIMARY LEGISLATION

Primary Legislation in existence at 31 March 2017:

- 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 2017.

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No.	Liabilities	Assets	No	Liabilities	Assets
		£	£		£	£
AGRICULTURE:	17	5,128,307	695,877	5	463,996	71,510
FORESTRY & FISHING:	6	1,805,210	35	1	30,674	10,394
MINING & ENERGY INDUSTRIES:	0	0	0	6	1,197,387	3,500
MANUFACTURING INDUSTRIES:						
Manufacture of food, drink & tobacco	1	318,585	1,890	0	0	0
Metal Manufacture	1	253,644	4,000	0	0	0
Engineering & allied industries	12	2,208,795	163,103	4	175,342	179,804
Textiles & clothing manufacture	1	582,368	0	0	0	0
Manufacture of timber & furniture	0	0	0	3	691,013	4,603
Paper, printing & publishing	1	103,194	3,560	0	0	0
Other manufacture	8	1,884,290	643,178	1	102,495	0
WHOLESALE DISTRIBUTION:						
Wholesale of food & drink	2	1,211,998	80,479	2	377,407	0
Wholesale of textiles & clothing	1	21,680	0	0	0	0
Motor vehicle wholesalers	1	1,643,017	0	0	0	0
Other wholesale	3	256,634	125,226	4	478,755	4,000
RETAILING:						
Retail of food, drink & tobacco	22	3,310,068	155,637	7	3,945,545	11,054
Retail of textiles & clothing	3	1,393,957	111,737	0	0	0
Retail of books, papers, etc	1	237,789	0	0	0	0
Motor vehicles & petrol sales	10	1,935,496	5,044	3	478,063	661
Retail of furniture	1	43,138	111,309	3	415,397	32,576
Retail of electrical goods	1	101,729	0	1	39,238	38
Other retail	16	6,387,390	47,098	7	363,185	4,412
CONSTRUCTION:						
General construction and demolition	43	30,382,315	334,808	65	79,085,242	1,633,243
Home improvements	4	414,774	586,912	4	276,699	21,769
Decorating & small works	12	1,381,587	48,267	2	179,221	268,000
Building repairs	12	2,980,919	22,011	3	27,773	0
Electrical & plumbing	20	1,890,986	82,959	4	213,540	17,834
TRANSPORT & COMMUNICATIONS:						
Road transport	34	10,549,432	152,730	11	814,053	88,032
Air transport	1	79,427	0	1	120,901	0
Other transport & communications	3	1,117,728	0	2	231,644	0

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 2017

	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	0	0	0	1	17,740	0
Accounts & legal services	6	1,618,939	200	1	50,333	0
Real estate	28	91,260,076	820,686	24	20,892,091	757,043
Computer services	3	890,878	917	1	16,885	0
Management services	1	853,272	13,299	2	81,475	0
Other business services	16	4,285,558	70,333	17	3,482,839	224,710
OTHER SERVICES						
Recreational Services	10	886,668	56,485	3	274,085	5,000
Medical Services	7	1,351,553	183,369	0	0	0
Educational Services	7	1,307,371	163,184	2	73,069	564
Repair of consumer goods	1	33,226	1,363	0	0	0
Laundry	1	4,922	0	0	0	0
Hairdressing & beauty parlours	13	755,190	530	0	0	0
Other services	21	6,794,570	126,513	24	5,590,029	238,864
HOTELS & CATERING						
Residential accommodation	1	676,827	4,000	3	16,571,752	8,162
Licensed premises	10	968,560	163,540	16	2,451,859	256,976
Restaurants	14	1,346,130	163,250	22	1,971,219	24,966
Other catering	7	1,530,054	1,169	7	476,460	2,000
EMPLOYEES						
No occupation or unemployed	170	150,100,329	615,561	0	0	0
Directors & promoters of companies	19	12,334,070	102,675	0	0	0
Occupation unknown	24	1,013,379	17,100	0	0	0
Employees	342	81,646,107	1,393,325	0	0	0
TOTAL	938	437,282,136	7,273,359	262	141,657,406	3,869,716

* Does not include Orders rescinded or annulled

OFFICIAL RECEIVER'S INVESTIGATION WORK

	2016/17	2015/16
Prosecution - Reports of Possible Offences		
Main Offence per Report:-		
• Credit Offences	1	0
• Removal of property	0	0
• Acting as a director whilst disqualified by bankruptcy	0	0
• Failure to pay monies to OR	0	0
Total Prosecution Reports	1	0
Disqualification		
Total Conduct Reports on Company Directors	271	166
Applications to suspend bankrupt's automatic discharge	32	26
Applications for public examination		
• Bankruptcies	30	26
• Liquidations	43	57
Total applications for public examination	73	83

Department for the Economy

The Insolvency Account for the year ended 31 March 2017

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 for the Economy (DfE)

January 2018

STATEMENT OF THE RESPONSIBILITIES OF THE DEPARTMENT FOR THE ECONOMY 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 for the Economy 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.

Introduction

1. This Governance Statement reflects the Insolvency Service's governance, risk management and internal control arrangements as they have operated during the 2016-17 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 for the Economy's, Infrastructure and Regulation Group. DfE'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.

The Governance Framework

3. Corporate Governance refers to the way in which organisations are directed and controlled. DfE's governance framework, which ensures the effectiveness of the direction and control of the Department, is set out in detail in its governance statement which the Insolvency Service follows.

Individual Responsibilities

The DfE Minister

4. The Department for the Economy was created on 9 May 2016, comprising the majority of the functions of the former DETI and the former DEL. Jonathan Bell MLA, was Minister for the former DETI from 1 April 2016 to 5 May 2016. Dr Stephen Farry MLA was Minister for the former DEL from 1 April 2016 to 5 May 2016. On creation of DfE, Simon Hamilton MLA was Minister from 25 May 2016 until the election on 2 March 2017. The Minister is responsible and answerable to the Assembly for the exercise of the powers on which the

administration of the Department depends. He has a duty to the Assembly to account and to be held to account for all the policies, decisions and actions of the Department, including its Arm's Length Bodies. The Permanent Secretary is accountable to the Minister. The Department has functioned without a Minister from 2 March 2017.

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. The Permanent Secretary for the 2016-17 financial year was Dr Andrew McCormick.

Organisation and Structures

6. The key organisational structures which support the delivery of corporate governance in the Department are the:
 - Departmental Board;
 - Departmental Audit Committee;
 - Casework Committee;
 - Senior Management Team;
 - Procurement Sub-Committee.

Management Team

7. The Insolvency Management Team meets regularly to discuss ongoing operational issues. It is chaired by the Director of Insolvency and membership comprises of the Official Receiver and Deputy Official Receivers; the Principal Examiner and Senior Examiners responsible for Directors Disqualification and Bankruptcy Restriction Orders, Insolvency Practitioner Unit, Finance and Central Accounting Unit; the IT Project Manager; the Deputy Principals responsible for legislation and the Training Officer.

Risk Management

8. The Department places significant emphasis on risk management. Risk management is viewed as an essential element of the Department's Corporate Governance Framework, and is managed at corporate and divisional levels.
9. Corporate risks are managed collectively by the Departmental Board.
10. Risks relating to the Insolvency Service are reflected in their divisional risk register. Insolvency divisional risks being managed at 31 March 2017 related to:
 - Operational and policy delivery
 - Legal and regulatory
11. Controls were in place and action taken to mitigate the above risks.

Six Monthly Assurance Statements

12. Each Deputy Secretary and NDPB Chief Executive is required to provide six monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. The statements confirm the efficacy of the systems of internal control within their areas of responsibility and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues.
13. The Insolvency Service had no internal control issues to report during the year.

Data Security

14. The Department has continued to work towards full implementation of the NICS Information Management Strategy. During the reporting period Information Management Unit set up an Information Asset Register which was completed by the Insolvency Service. The Director of the Insolvency Service reviews information security compliance in the six monthly assurance statement. There were no data security issues within Insolvency Service during the year.

Business Continuity Management (BCM)

15. The Department has in place a Business Continuity Management (BCM) process, whereby each Branch/Division and Departmental building has a dedicated and managed Business Continuity Plan (BCP). With the formation of DfE the two main building plans have been completely revised, and a Business Impact Analysis exercise is underway. All Branch/Divisional BCPs are reported on in the Six Monthly Assurance statement. A new DfE BCM forum for Departmental staff involved in BCM has been established and will meet twice yearly. The BCM process is subject to an annual review by Internal Audit Service. The BCP for Fermanagh House is updated on a regular basis, when required.

Internal Audit

16. Internal Audit Service's main remit is to provide the Accounting Officer with an independent and objective opinion on the overall adequacy and effectiveness of the Department's risk management, control and governance processes. The Internal Audit Annual Opinion and Report is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement. Internal Audit Service operates in accordance with HM Treasury's Public Sector Internal Audit Standards.
17. During 2016-17 Internal Audit undertook two reviews within the Insolvency Service: - Official Receiver (OR) and Central Accounting Unit (CAU). The objectives and scope for both reviews were agreed with the Director of Insolvency.

Audit Opinion for 2016-17

18. The Internal Audit draft report has reported a satisfactory system of governance, risk management and control and is currently with the Director of the Insolvency Service for review and finalisation.

Audit Section within Insolvency Service

The Insolvency Service has its own Audit Section which audits, on a risk management basis, a sample of those cases administered internally by the Official Receiver as well as cases which are passed out for administration by private sector Insolvency Practitioners.

During 2016/17 Audit Section held 5 meetings with the Official Receiver Unit to discuss areas of concern and to highlight trends. Audit Section also issued monthly reports for the attention of all Unit heads and an annual report was produced setting out the main issues arising during the year.

Compliance with the Corporate Governance Code

19. Within Northern Ireland, Departments are required to operate under the "Corporate Governance in Central Government Departments: Code of Good Practice NI 2013". The 2013 Code contains the requirement for Departments to "comply or explain" any significant departures from the guidance set out in the Code. During 2016-17, the Department complied with the principles and supporting provisions set out in this Code. The Code outlines a model Board Operating Framework that can be used to document a board's roles and responsibilities. It also sets out departmental responsibilities in the management of Arm's Length Bodies. The Department is currently in the process of drafting a formal Corporate Governance Framework for the Department. There are draft Terms of Reference in place which are currently being followed.

Quality of Data Used by the Departmental Board

20. 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

21. No Ministerial Directions were issued during the 2016-17 financial year relating to the Insolvency Service.

Conclusion

22. DfE's Insolvency Service has a rigorous system of corporate governance on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.
23. 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 2016-17.



ANDREW MCCORMICK

Permanent Secretary
Department for the Economy

16 January 2018

THE CERTIFICATE 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 2017 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 Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the Department for the Economy (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 presents the receipts and payments of the Insolvency Service for the year then ended and the balances as held at 31 March 2017; and
- the accounts have been properly prepared in accordance with the Insolvency (Northern Ireland) Order 1989 and the Department of Finance's 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 guidance.

Report

I have no observations to make on these financial statements.



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

22 January 2018

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

Statement of Receipts and Payments for year ending 31 March 2017 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	2016-17 £	2015-16 £
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)	3,315,157	13,329,184
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)	9,968,081	9,035,786
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)	145,808	160,557
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)	86,117	85,024
Sums received to which the Official Receiver does not have clear title	(5)	86,771	63,240
Sums received in respect of prescribed fees	(6)	160,837	113,869
		13,762,771	22,787,660

PAYMENTS	Notes	2016-17 £	2015-16 £
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 £2,297,614 Bankruptcy etc. £6,742,389	(7)	9,040,003	10,452,728
Fees and remuneration charged and appropriated in aid of the Department For the Economy	(8)	3,059,930	2,449,113
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)	(1,175)	146,035
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)	975	29,223
Sums paid to parties with clear title	(11)	34,321	197,621
Sums surrendered to the Crown Solicitor under Article 605(1) of the 1986 Order and Section 1012(1) of the Companies Act 2006	(12)	198	0
		12,134,252	13,274,720
EXCESS OF RECEIPTS OVER PAYMENTS FOR THE FINANCIAL YEAR		1,628,519	9,512,940

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF BALANCES AS AT 31 MARCH 2017			
	Notes	2016-17 £	2015-16 £
Balance at beginning of financial year in respect of:			
Liquidations: cash at bank and in hand		12,934,504	4,099,830
Bankruptcies: cash at bank and in hand		14,334,310	13,656,045
		27,268,814	17,755,875
Excess of receipts over payments for the financial year		1,628,519	9,512,939
		28,897,333	27,268,814
Balance at end of financial year in respect of:			
Liquidations: cash at bank and in hand		13,523,820	12,934,504
Bankruptcies: cash at bank and in hand	(13)	15,373,513	14,334,310
		28,897,333	27,268,814

The notes on Pages 53 to 57 form part of the account



Andrew McCormick
Accounting Officer
Department for the Economy

16 January 2018

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

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). 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>2016-17</u>	<u>2015-16</u>
	£	£
Realisation of assets etc. in Company Liquidations	2,796,732	12,894,639
Deposits paid by Petitioners	518,425	434,545
	<u>3,315,157</u>	<u>13,329,184</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>2016-17</u>	<u>2015-16</u>
	£	£
Realisation of assets etc in the estates of Bankrupts, Arranging Debtors and Deceased Insolvents	9,060,706	8,088,510
Deposits paid by Petitioners	907,375	947,276
	<u>9,968,081</u>	<u>9,035,786</u>

3. INTEREST CREDITED

The total amount of interest received in respect of funds in the Insolvency Account during the year was £155,364 (previous year £178,612). During the year £145,808 (previous year £160,557) has been credited to the Insolvency Account and has been allocated as follows:

	<u>2016-17</u>	<u>2015-16</u>
	£	£
Amounts credited to Companies in liquidation	72,144	63,800
Amounts credited to estates of bankrupts, arranging debtors and deceased insolvents	73,664	96,757
	<u>145,808</u>	<u>160,557</u>

Of the balance of interest received on funds in the Insolvency Account during the year £9,546 is due to be surrendered to the Department.

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

4. UNCLAIMED DIVIDENDS ETC.

Sums received during the period can be summarised as follows:

	<u>2016-17</u>	<u>2015-16</u>
	£	£
Unclaimed dividends etc. in respect of company estates	12,100	14,423
Unclaimed dividends in respect of bankruptcy estates	74,017	70,601
	<u>86,117</u>	<u>85,024</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, £86,771 was received during 2016-17.

6. PRESCRIBED FEES

The sum of £160,837 (previous year £113,869) 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 2017

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>2016-17</u>		<u>2015-16</u>	
	Companies	Bankruptcy	Companies	Bankruptcy
	£	£	£	£
Costs & expenses	1,343,778	4,842,974	3,517,913	4,637,203
Dividend distribution	947,045	1,834,953	306,616	1,617,616
Income tax & Corporation tax	6,791	57,646	262,906	102,879
Debt relief expenses	0	6,816	0	7,595
	<u>2,297,614</u>	<u>6,742,389</u>	<u>4,087,435</u>	<u>6,365,293</u>

The figure for company and bankruptcy distributions excludes bona vacantia payments to the Crown Solicitors' Office of £63 and £135 respectively.

8. PRESCRIBED FEES

	<u>2016-17</u>	<u>2015-16</u>
	£	£
Companies	512,408	390,542
Bankruptcy	2,389,111	1,895,532
Registration of voluntary arrangements	15,990	17,175
Renewal of IP licences by DfE and RPB maintenance payments	97,732	104,280
Debt relief scheme	40,000	40,000
Other	4,689	1,584
	<u>3,059,930</u>	<u>2,449,113</u>

The total figure for fees charged to estate accounts and taken in cash includes £7,147 Value Added Tax for which the Department is accountable (previous year £3,968).

During the 2016-17 financial year write-off approval was received in relation to the loss of fees totalling £1,005,081.80 in 1316 bankruptcy and 182 company estates (previous year £529,255.45 in 705 bankruptcy and 77 company estates). These sums are not included in the total figure for fees.

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

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>2016-17</u>	<u>2015-16</u>
	£	£
Companies	0	94,322
Bankruptcy	<u>(1,175)</u>	<u>51,713</u>
	<u>(1,175)</u>	<u>146,035</u>

The total figure relates to £865 reclaimed from funds previously transferred to CFER, and £310 from funds previously transferred as undistributable.

A total of £92,416 of funds transferred to CFER for 2016-17 were not included, as delays caused the annual payment to be made on 5th April 2017, and so will appear in the 2017-18 accounts.

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>2016-17</u>	<u>2015-16</u>
	£	£
Companies	0	433
Bankruptcy	<u>975</u>	<u>28,790</u>
	<u>975</u>	<u>29,223</u>

11. SUMS PAID TO PARTIES WITH CLEAR TITLE

Payments totalling £34,321 (previous year £197,621) were made to parties who established title to monies held in the Insolvency Account or who, already having title, were traced.

INSOLVENCY ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

12. SUMS SURENDERED 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.

	<u>2016-17</u>	<u>2015-16</u>
	£	£
Companies	63	0
Bankruptcy	135	0
	<u>198</u>	<u>0</u>

13. BALANCE AT YEAR END

	<u>2016-17</u>	<u>2015-16</u>
	£	£
Cash at Bank and in hand	28,897,333	27,268,814
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))	74,630	62,531
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))	168,265	94,049
Net funds held in the Insolvency Account in respect of companies in which a final dividend has not yet been paid	13,449,190	12,871,973
Net funds held in the Insolvency Account in respect of bankruptcy estates in which a final dividend has not yet been paid	15,205,248	14,240,261
	<u>28,897,333</u>	<u>27,268,814</u>

Note:

This balance does not include £2,500 in the Insolvency Service's separate interest account. Interest from the main account is paid monthly. At quarter end the interest due to the estate accounts is calculated and paid into the main bank account. A buffer of £2,500 has been retained for several years to cover banking fees. This will eventually be payable to DfE and should not be considered as part of the Insolvency Service accounts.



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Insolvency Service

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