



Department of
**Enterprise, Trade
and Investment**
www.detini.gov.uk

Insolvency Service

Annual Report and Account for year ended 31 March 2009

December 2010

The Insolvency Service
Annual Report and Account
for the year ended 31 March 2009

The Accounting Officer authorised these
financial statements for issue
on
9th December 2009

Laid before the Northern Ireland Assembly in accordance with Articles 372 and 358(4)
of the Insolvency (Northern Ireland) Order 1989 by the
Department of Enterprise, Trade and Investment
on
16 December 2010

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December 2010

Insolvency Service

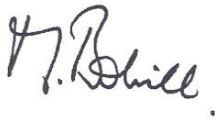
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Report by the Department of Enterprise, Trade and Investment on matters within The Insolvency (Northern Ireland) Order 1989

The Department of Enterprise, Trade and Investment is required to prepare an annual general report under Article 372 of the Insolvency (Northern Ireland) Order 1989 on matters within the Insolvency Order. The Department is also required to prepare an account in such form and manner as the Department of Finance and Personnel may direct, of sums credited and debited to the Insolvency Account during the year. The present report and account, which I have the honour to submit, cover the year ended 31 March 2009.



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Senior Officer

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1 December 2010

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Foreword by the Director of Insolvency

I am pleased to present this report on the Insolvency Service, including the work of the Official Receiver, for the year ended 31 March 2009.

The report has been prepared primarily for the information of the Assembly but will also be of interest to users of the Insolvency Service, its staff and the wider public.

The Insolvency Service dealt with an increase in the number of cases administered during 2008/09; the total number dealt with being 1310 as against 1036 in 2007/08. This increase was due to the number of bankruptcy orders having gone up from 906 in 2007/08 to 1155 in 2008/09 and the number of compulsory winding up orders increasing from 130 in 2007/08 to 155 in 2008/09.

The general trend in insolvencies was again upward when compared to previous years. In 2008/09 the greatest number of bankruptcies continued to occur in the consumer bankruptcy sector; 282 fell into this category. 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. The next largest groups of bankruptcies were in the Construction (220) and Other Services (180) sectors. The latter comprises recreational services, medical services, repair of consumer goods, laundry, hairdressing, beauty parlours and scrap metal dealers.

In regard to companies the largest groups of winding up orders were in the Construction sector (32), the Other Services sector (24), the Retailing sector (23) and the Finances and Business Services sector (21).

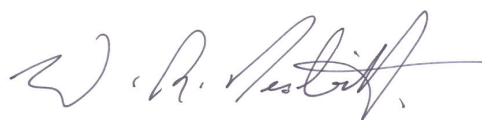
Again worthy of note during the year was the continuing high number of consumer bankruptcies resulting from credit card debt and personal loans taken out.

No new primary legislation was made during the year however a number of pieces of subordinate legislation were made which are explained in more detail under paragraph 6.2 of the report and include new voluntary winding up forms and fees Orders.

Work continued on the Debt Relief Order with the Executive agreeing on 29th January 2009 to a policy consultation which commenced on 11th February 2009 for three months.

The Insolvency Service continued to benefit from the use of its integrated case management, records management, workflow, management information and banking solution which was rolled out in November 2006. Throughout the year the systems were refined and adjusted to create maximum efficiency for staff.

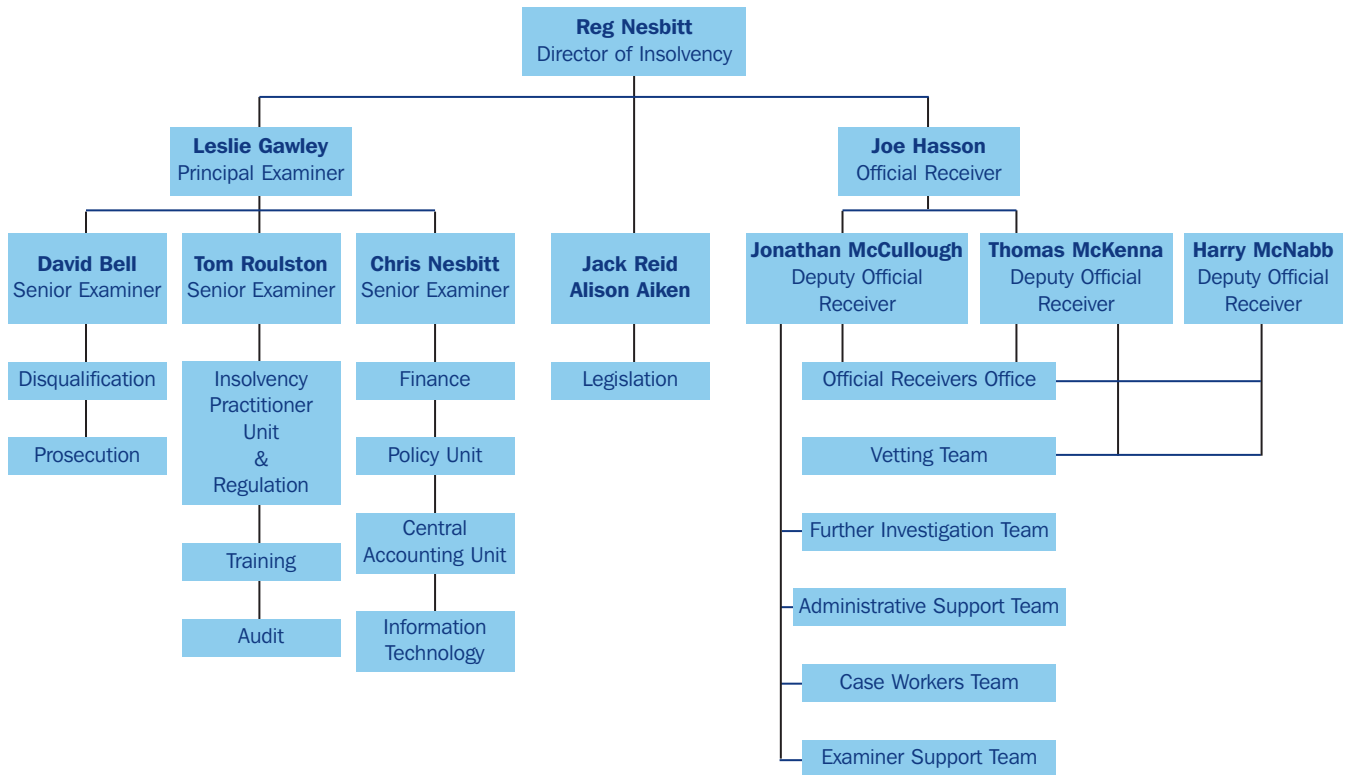
The trend in insolvencies during the year continued to move upwards as a result of the amount of personal indebtedness in the economy and the weakening economic position brought about by the credit crunch. The continued high level of insolvency activity obviously places continuing strain on resources generally but in particular the Service staff. I would therefore like to thank them for their continued endeavour, dedication and support throughout the year.



W R Nesbitt

Director of Insolvency
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Management Structure



Abbreviations used in Report

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

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1.1 INTRODUCTION

The purpose of the Insolvency Service (the Service) is to promote and maintain the integrity and working of the market place by:

- administering and investigating the affairs of bankrupts and companies in compulsory liquidation, and
- handling the disqualification of directors in all corporate insolvencies

under the Insolvency (Northern Ireland) Order 1989 and the Company Directors Disqualification (Northern Ireland) Order 2002.

The Service:

- a) provides a means for dealing with financial failure, and
- b) tackles fraud and wrong-doing which might otherwise undermine confidence in the working of the market.

The principal functions and objectives of the Service are:

- to preserve and protect the assets and carry out the initial stage in the administration of all bankruptcies and compulsory liquidations;
- to investigate the conduct of bankrupts and directors of insolvent companies, with a view to prosecution, if appropriate;
- to deal with the disqualification of directors in all corporate failures;
- to act as trustee and liquidator in compulsory insolvencies where no private sector insolvency practitioner is appointed;
- to authorise and regulate insolvency practitioners;
- to formulate policy and provide advice to the Department and the Minister;
- to operate the Insolvency Account; and
- to prepare insolvency legislation.

1.2 OUR RELATIONSHIP WITH OUR USERS

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 this unit deals with the administration and investigation of all compulsory individual and corporate insolvencies;
- **Enforcement** - dealing with reports of possible criminality and of unfit conduct (arising out of compulsory liquidations, voluntary liquidations, administrative receiverships and administrations);
- **Insolvency Practitioner Regulation** - dealing with the regulatory framework for insolvency practitioners and monitoring those authorised by the Department of Enterprise, Trade and Investment (the Department);
- **Banking** - providing a banking service to users of the Insolvency Account;
- **Legislation** - drafting insolvency legislation and
- **Policy** - providing advice to the Department and Ministers on insolvency issues.

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

- **Bankrupts and directors of failed companies** - who are required to provide information for the Official Receiver's enquiries into the causes of failure and financial affairs of the individuals or companies;

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

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.

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

1.3 LEGISLATION

The statutory instruments listed in Part I of Appendix I to this report provide the legal framework for the administration of insolvencies in Northern Ireland.

Part II of Appendix I provides a list of the subordinate legislation in operation under the aforesaid statutory instruments.

1.4 RESOURCES

RESOURCES		
	2008-09	2007-08
Running costs	£1.894M	£1.711M
Staff in post at 31 March comprising	72	67
Specialist grades	34	31
Administrative grades	38	36

1.5 CENTRAL ACCOUNTING UNIT AND THE INSOLVENCY ACCOUNT

The Central Accounting Unit has responsibility for insolvency estate banking within the Service.

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 kept by the Department in a bank. Funds must be paid into the Insolvency Account within 14 days or forthwith for amounts of £5,000 or more.

Details of receipts and payments into that account are set out in the Insolvency Account (see Pages 55-68). The funds held at 31 March 2009 in the Account amounted to £11,161,975.

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.

1.6 REGISTER OF INDIVIDUAL VOLUNTARY ARRANGEMENTS

Under Rule 5.26 of the Insolvency Rules (Northern Ireland) 1991, the Department is required to maintain a register of individual voluntary arrangements which is open to public inspection.

During the year ended 31 March 2009, 599 voluntary arrangements were reported to the Department for registration. The corresponding figure for the year ended 31 March 2008 was 419. There was a 43% increase in 08-09.

1.7 SUCCESS THROUGH INVESTORS IN PEOPLE (IIP)

Personal Performance Agreement/Personal Development Plans (PPA/PDP) continue to provide the basis for identification of individual training needs and the completion of a training programme for all members of staff. The PPA/PDP's and training programme are reviewed on a six-monthly basis. These are now tied in with a new reporting system based on the identification of competencies

1.8 TRAINING

The Service's professional staff includes fully qualified accountants and Chartered Secretaries. On entering the Service, Trainee Examiners are required to undertake studies leading to membership of the Institute of Accounting Technicians in Ireland (IATI). During the year:

- 8 trainee examiners completed the first year of the IATI examinations and have commenced the second and final year; and
- 2 other members of staff are studying for IATI.
- 1 member of the examiner staff re-commenced studying for the ACCA examinations

The overall approach to training and development of staff within the branch and the evaluation of all such training follows Departmental policy on staff development issues.

1.9 EQUAL OPPORTUNITIES

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.

1.10 HEALTH AND SAFETY

The Service continued to comply with the Department's Health and Safety policy. A risk assessment of Fermanagh House was carried out in June 2008 and appropriate remedial measures undertaken. The Service's physical security booklet was revised and issued to all members of staff during February 2009. The Physical Security document will be revised in the incoming year as required.

1.11 INFORMATION TECHNOLOGY

The Insolvency Service's Website at www.insolvencyservice.detini.gov.uk went live on 1 April 2002. It includes details of insolvency practitioners licensed to practice in Northern Ireland and 'Dear IP' letters and guidance notes. A set of frequently used statutory and non-statutory forms is also included together with copies of leaflets and publications and Annual Reports and Accounts.

1.12 CHANGE MANAGEMENT PROGRAMME

Throughout the year the Insolvency Service's ICT systems were further enhanced to create maximum efficiency for staff. Stakeholder accessibility is delivered through insolvency practitioner and public portals. These promote on-line banking facilities and information exchange, central to the bankruptcy and liquidation case administration processes.

1.13 CORPORATE AND OPERATING PLANS

The Service is committed to contributing to the Department's Corporate Plan for the period 2008 to 2011 through the enactment of a Bill to provide for the setting up of a Debt Relief scheme, which will enable individuals in debt who meet certain eligibility criteria to obtain, from the Official Receiver, an order similar to a Bankruptcy Order from the High Court.

The 2008/09 branch operating plan for each of the Service's operating units was completed in March 2008. This plan, detailing the Service's key targets and performance indicators, was issued to all of the Service's staff. It provides the basis for individual targets set for staff through their Training and Development Plans and helps staff to understand how they contribute to the objectives of the Service.

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2.1 STATUS AND RESPONSIBILITY

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.

2.2 ADMINISTRATION

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.

In cases where there are assets or recoveries of any material value, the Official Receiver seeks the appointment of a private sector insolvency practitioner either by calling a creditors' meeting or by applying to the Department for an appointment from a Rota.

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

Total Insolvencies during Year

The number of compulsory winding up orders and bankruptcy orders made by the High Court in each of the last 5 years is shown in Appendix II. The total number of orders made during the year ended 31 March 2009 was 1310. 29 orders were subsequently rescinded and 60 were annulled. The figure of 1310 represents an increase of approximately 19% in winding up orders and an increase of approximately 27% in bankruptcy orders over the previous year.

Insolvency Petitioners

An analysis of the orders made during the year ended 31 March 2009 classified according to the origin of the insolvency petition is shown in Appendix III.

Case Administration

Appendix IV shows that at 31 March 2009 the Official Receiver was dealing with a total of 1508 cases in respect of compulsory liquidations, bankruptcies and estates of deceased insolvents. These cases were all at various stages of administration and investigation.

The Service ended the year with 17% of its post October 1991 caseload being over 12 months old against a target of 15%.

Of the 1,234 reports to creditors issued during the year, 100% were issued within the 12-week target period. It was considered appropriate to hold a meeting of creditors in 2 cases during the year. All meetings were called within the 12-week target period.

During the year the Official Receiver obtained a release in 35 company liquidation cases and 745 bankruptcy cases.

Assets and Liabilities - Companies

The total estimated liabilities of companies which went into compulsory liquidation in the year to 31 March 2009 amounted to £36.575m, and the total estimated assets were £1.239m, leaving an overall deficiency of some £35.336m. This represents an average deficiency of approximately £232,479 per case.

Trades - Companies

An analysis of the orders made during the year ended 31 March 2009 classified according to trades is given in Appendix V. The greatest number of failures occurred in the Construction sector, ie. 32 cases with a total deficiency of approximately £5.338m followed by the Other Services sector, ie. 24 cases with a total deficiency of £6.594m and the Retailing sector ie. 23 cases with a total deficiency of £6.403m.

Assets and Liabilities - Bankruptcies

The total estimated liabilities of cases in which bankruptcy orders were made in the year to 31 March 2009 amounted to £65.601m and the total estimated assets were £22.939m, leaving an overall deficiency of some £42.662m. This represents an average deficiency of approximately £39,908 per case.

Trades and Occupations - Bankruptcies

An analysis of the orders made during the year ended 31 March 2009 classified according to trades and occupations is given in Appendix V. The greatest number of failures occurred in the sector known as Employees, i.e. 282 cases with a total deficiency of £6.186m. This was followed by Construction, i.e. 220 cases with a total deficiency of £12.869m.

2.3 INVESTIGATION

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.

Under legislation, powers to require information and documentation are wide ranging, including the power to make applications to suspend automatic discharge from bankruptcy and to hold public examinations in the High Court to secure compliance and information.

When the investigation brings to light the possibility that criminal offences may have been committed, the Official Receiver is required to report the matter to the Public Prosecution Service (PPS) through the Service's Prosecution Unit.

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 Service's Directors Disqualification Unit (DDU). If, following an investigation, no unfit conduct is evident then a return of no unfit conduct must be submitted to the DDU.

Appendix VI shows that during the year the Official Receiver's investigation led to the reporting of 2 cases to the Prosecution Unit for the consideration of possible criminal offences and the making of 138 conduct returns on company directors to the DDU of which 116 represented a report of unfit conduct. The Official Receiver also applied to the High Court for:

- the suspension of automatic discharges in 131 bankruptcies;
- the public examinations of 72 bankrupts, and
- the public examination of the directors in 3 liquidations.

3

3.1 PROSECUTION

The Official Receiver submits reports to the Service's Prosecution Unit regarding possible criminal offences.

Each report is considered and if it shows admissible, substantial and reliable evidence of the alleged offence(s), it is referred to the DPP unless the alleged offence(s) concern(s) accounting records or credit. Cases involving accounting records or credit allegations are investigated by Investigation Officers from the Prosecution Unit who prepare Investigation Files for submission to the DPP.

Table A shows the number of reports submitted by the Official Receiver and others to the Prosecution Unit regarding possible criminal offences and the number of reports and investigation files referred to the PPS in each of the last three financial years.

TABLE A	2008-09	2007-08	2006-07
Reports submitted by Official Receiver to Prosecution Unit	2	3	3
Reports submitted by others to the Prosecution Unit	3	1	1
Reports referred by the Prosecution Unit to the DPP	3	2	2
Investigation files submitted to the DPP	0	0	1

3.2 DISQUALIFICATION

General

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, by Part II of the Company Directors Disqualification (Northern Ireland) Order 2002, to report to the Department about any unfit conduct by the directors (including any shadow or de-facto directors) of the company.

The DDU considers each report submitted by Insolvency Practitioners and the Official Receiver and advises the Department 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 between the Department and the office-holder but are subject to discovery by the respondent(s) in disqualification proceedings.

When the Department decides that it is in the public interest to apply to the Court for a disqualification order, (i.e. that the conduct of the director is such that the public should be protected from his actions), the DDU (in insolvency practitioner cases) conducts its own investigation under an authority from the office-holder, assembles the evidence and prepares a case for Court on behalf of the Department. In compulsory liquidations, the Official Receiver prepares the case under the guidance and direction of the DDU. All proceedings are issued by the Department.

The proceedings must be filed in Court within 2 years of the date of the insolvency. 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.

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.

The first disqualification order was made by the High Court on 17 November 1994 and since then a total of 368 directors have been disqualified on the Department's application or have entered into an undertaking.

This includes all disqualification orders made by Criminal Courts after conviction. During the period 1 April 2008 to 31 March 2009 there were no orders made in the Criminal Courts.

Table B shows the number of disqualification cases before the Court and the number of orders made and undertakings given in the last 3 financial years.

TABLE B	2008-09		2007-08		2006-07	
Applications before the Court at 31 March	24		42		34	
Orders made during the year:	No.	%	No.	%	No.	%
2 to 5 years	1	50	5	28	4	44
6 to 10 years	1	50	11	61	5	56
11 to 15 years	0	0	2	11	0	0
	2	100	18	100	9	100
Undertakings given during the year:						
2 to 5 years	9	41	7	29	8	32
6 to 10 years	12	55	17	71	17	68
11 to 15 years	1	4	0	0	0	0
	22	100	24	100	25	100

Article 21 of the Company Directors Disqualification (Northern Ireland) Order 2002 allows the Court to grant a disqualified director leave to act as a director of a limited liability company. Leave was granted to four disqualified directors during the year.

NOTABLE DISQUALIFICATION CASES DURING THE YEAR TO 31 MARCH 2009 INCLUDED:

Case A

Three connected companies carried on business as car dealers. One director was common to all three companies and each company had one other director. All the companies were wound up by the High Court with a collective deficiency to creditors of £2,395,371.

The unfit conduct alleged against the directors of the company included –misapplying or permitting the misapplication of the funds of the companies to make personal profits, failing to file annual accounts and returns with Companies Registry, failing to maintain / preserve or deliver up sufficient accounting records and statutory records to fulfil the requirements of the Companies (NI) Order 1986 and causing and permitting the companies to be financed by non payment of monies properly due to the Crown for PAYE, NIC and VAT in the collective sum of £1,433,044.

Additional matters of unfitness against the director common to all three companies included filing inaccurate and misleading statements of affairs, failing to ensure that dividends were paid in accordance with the companies articles of association, permitting the misuse of a bank account in one of the companies by permitting cheques and direct debits to be dishonoured on presentation and creating false accounting records for the purposes of misappropriating at least £36,830 of company funds for his own benefit.

The director common to all companies gave an acceptable disqualification undertaking for the period of 12 years.

Case B

The company carried on the business of collection, reclamation and disposal of all kinds of waste products. On the date the company passed a resolution for voluntary winding up the estimated deficiency to creditors was £1,138,219.

The unfit conduct alleged against the two directors of the company included – causing and permitting the company to trade when they knew or ought to have known it was insolvent, causing and permitting the company to be financed by £739,878 of monies properly payable to the Crown for PAYE, NIC and VAT, misuse of a bank account by tendering 101 cheques with a value of £513,259 that were dishonoured on presentation and failing to prepare accounts.

Additional matters of unfitness against one director included – failing to account for grant monies totalling £63,400 and misuse of a director's loan account.

The directors gave acceptable undertakings for periods of 9 and 6 years.

Register of Disqualification Orders

Article 22 of the Company Directors Disqualification (Northern Ireland) Order 2002 requires the Department to maintain a Register of Disqualification Orders, which must be open to public inspection. The register of Disqualified Directors is available on the Companies Registry Website at www.companiesregistry.detini.gov.uk

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The Department has powers under Part XV of the Companies (Northern Ireland) Order 1986 to investigate the affairs of companies. These powers may be exercised where the information made available to the Department suggests the existence of fraud, misfeasance, misconduct, conduct unfairly prejudicial to shareholders or of failure to provide shareholders with information, which they may reasonably expect.

Two requests for inspections were received during the period of this report with the Department deciding to appoint inspectors to the two companies complained about. Two of the three inspections ordered in 2005/06 were completed. Work on the remaining inspection in that year and the inspection ordered in 2007/08 continued throughout the year.

5

5.1 APPOINTMENTS REQUIRING INSOLVENCY PRACTITIONER AUTHORISATION

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

	2008-09	2007-08
Law Society of Northern Ireland	8	8
Insolvency Practitioners Association	455	380
Association of Chartered Certified Accountants	185	185
Institute of Chartered Accountants in England and Wales	690	728
Institute of Chartered Accountants in Ireland	39	46
Institute of Chartered Accountants in Scotland	113	108
Law Society of England and Wales	150	147
	1640	1602
The Department of Enterprise, Trade and Investment has authorised:	4	3
Total	1644	1605

5.2 MONITORING

Monitoring Visits

As well as monitoring its own licensees, the Service has responsibility for monitoring the standards set by Recognised Professional Bodies (RPB's). This includes checking the standards set by RPB's in their monitoring of their own licensees.

During the year the RPB's continued their programme of routine monitoring visits to their authorised practitioners. The Service's Insolvency Practitioner Unit (IPU) undertook two monitoring visits to RPBs, both of which indicated a good standard of administration adopted by the bodies.

Desktop Monitoring Process

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

Indicators	Triggers	No of cases referred to RPB/Department
Failure to report details of individual voluntary arrangements to the Department pursuant to Rule 5.27 of the Insolvency Rules (NI) 1991	2 failures to report	0
Failure to comply with provisions regarding the advertisement of meetings, appointments and dividend payments	2 failures to advertise properly	0
Failure to submit returns to the Department pursuant to the Insolvent Companies (Reports on Conduct of Directors) Rules (NI) 1997	2 failures to submit returns on time	1
Failure to pay funds into the Insolvency Account pursuant to Regulations 5 and 20 of the Insolvency Regulations (NI) 1996	Automatic referral	0
Complaints from third parties	Automatic referral	5
Non-response to correspondence	Failure to reply to 3 letters	0
Inaccurate fees calculations	Submission of 3 inaccurate fees calculations	0
TOTAL		6

Banking

IPU monitored practitioners' accounts for compliance with the regulations, and in particular those relating to the remittance of funds to the Insolvency Account.

Reporting Compliance

Rule 5 of the Insolvent Companies (Reports on Conduct of Directors) Rules (Northern Ireland) 2003 requires insolvency practitioners to furnish the Department with a return on the conduct of directors of insolvent companies within 6 months from the date of the insolvency.

During the year ended 31 March 2009 there were 193 reports and returns received, of which 184 (95.3%) were submitted within the statutory period and the remaining 9 (4.7%) were submitted within 9 months.

Meeting of Monitoring Officers

IPU staff attend quarterly meetings of monitoring officers at the Birmingham offices of the Insolvency Service (GB). These meetings are attended by monitoring officers employed by:

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

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.

5.3 GUIDANCE ON BEST PRACTICE

Statements of Insolvency Practice

Statements of Insolvency Practice (SIPs) provide practitioners with guidance on required practice and are directed to ensuring a high and consistent standard is maintained by all practitioners.

A total of fourteen SIPs have now been adopted and issued to Departmental licensees. During the year amended versions of five of the SIPs were issued. The matters dealt with by these thirteen SIPs are as follows:

- the summoning and holding of meetings of creditors convened to approve the voluntary winding up of a company;
- the remuneration of office-holders;
- the use of proxy forms;
- the handling of funds in formal insolvency appointments;
- records of meetings in formal insolvency proceedings;

- an administrative receiver's responsibility for company records;
- a liquidator's investigation into the affairs of an insolvent company;
- voluntary arrangements;
- acquisition of assets of insolvent companies by directors;
- disqualification of directors in Northern Ireland;
- preparation of Insolvency Office Holders' Receipts and Payments Accounts;
- reporting and providing information on their functions to committees in formal insolvencies;
- a receivers responsibility to preferential creditors; and
- pre-packaged sales in administrations.

The Joint Insolvency Committee organised a one day conference which was held on 5th March 2009 to review SIPs in general. As a result a working party has been established to undertake a thorough review of all of the existing SIPs.

5.4 JOINT INSOLVENCY COMMITTEE

The aim of this GB Committee is to take forward best practice across the profession and to work with the RPB's and the Insolvency Practices Council ("IPC") to ensure consistency of practice on ethics and professional conduct. This results in the issue of Statements of Insolvency Practice (SIPs) and technical guidance which are issued after agreement by all RPB's to their licensed members.

Mr Nesbitt and Mr Roulston 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 but no voting rights. This is due to the fact that the Regulation Working Group Report, which was responsible for the establishment of IPC, only extends to GB.

It is incumbent on Mr Nesbitt and Mr Roulston, the Law Society of Northern Ireland and the Northern Ireland RPB's represented on the committee to ensure that these standards are complied with by all NI practitioners.

During the year, 4 meetings of the Committee were held.

5.5 INTERNATIONAL ASSOCIATION OF INSOLVENCY REGULATORS (IAIR)

The IAIR offers the opportunity to explore and benefit from other Regulators' approaches to insolvency policy, legislation, operations and management. Within the year reported on the IAIR held its Annual General Meeting and Conference on 22- 25 June 2008 in St. Petersburg, Russia.

Agenda items discussed at the meeting included:

- Bankruptcy System and updates in Russian Federation legislation;
- Consumer Insolvency Regulation in Russia;
- Insolvency of Financial and Insurance Institutions (Russia);
- Employee Rights and Wage Guarantee Funds (Russia);
- Consumer Debtors (UK, Australia and Canada);
- Revenue and User Fees (Canada);
- Recognition of Foreigner Insolvency Proceedings and Foreign Insolvency Administrators;
- Country Reports;
- Mutual Recognition of Sanctions (Ireland);
- Information Sharing and Access to; and Use of Data (Ireland and Canada).

Current membership/Associated membership comprises Australia (the Insolvency and Trustee Service and the Australian Securities Commission), British Virgin Islands, Canada, Czech Republic, Finland, Hong Kong SAR, India, Indonesia, Ireland, Jersey, Latvia, Malaysia, Mexico, New Zealand, the People's Republic of China, Peru, Russian Federation, Serbia, Singapore, South Africa, Thailand, the UK (The NI Insolvency Service, together with the Insolvency Service of England and Wales and the Accountant in Bankruptcy, Scotland) and the USA. Government officials from non-member organisations are also encouraged to attend with a view to them becoming full members.

Further information on the IAIR can be obtained from its website at www.insolvencyreg.org

6

6.1 THE LEGISLATION UNIT

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;
- seeking Ministerial approval for proposals for new insolvency legislation;
- carrying out Equality Screening and Regulatory Impact Assessments on proposed legislation and considering the Human Rights implications;
- producing Consultation Documents and Executive Summaries in relation to proposals for changes to insolvency legislation and considering any replies received;
- carrying out Departmental procedures required for the production of primary legislation, including preparing policy memoranda, drafting instructions to Counsel and preparing explanatory memoranda;
- preparing draft subordinate legislation and carrying out Departmental procedures to make it;
- attending Assembly Stages/Parliamentary debates in relation to new legislation in support of the Minister; providing briefing and answers for or on behalf of the Minister;
- attending ETI Committee Meetings in relation to new insolvency legislation and providing briefing and answers on behalf of the Department;
- 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,
- dealing with letters from MPs and MLA's, Assembly/Parliamentary questions and enquiries from other departments and the public on insolvency policy and legislation,
- preparing information about legislation for insolvency practitioners.

6.2 INSOLVENCY LEGISLATION

Primary

Proposed Debt Relief Act

In the early part of the year the Minister agreed that work to set up a Debt Relief scheme proceed. The Business Case was finalized, equality screening carried out and a combined consultation document and partial Regulatory Impact Assessment prepared. The ETI Committee was briefed about the scheme in October 2008, and the Executive agreed on the 29 January 2009 to policy consultation being carried out.

Policy consultation was carried out over the period 11 February to 6 May 2009. The ETI Committee was briefed about the outcome on 28 May. A Policy Memorandum seeking approval to draft a Bill is to be put to the Executive on 9 July 2009. It is intended to introduce the Bill in June 2010 and it is hoped to have Royal Assent by end of January 2011.

Proposed Individual Voluntary Arrangements Act

It has been decided not to proceed with this Bill following the dropping of the Legislative Reform Order (LRO) for England and Wales dealing with changes to Individual Voluntary Arrangements (IVA). The main reason for dropping the LRO was the belief that many of the policy aims were already being achieved through an IVA Protocol which was introduced in February 2008. The Protocol is a non-statutory scheme agreed by all stakeholders in the insolvency industry, aimed at straightforward consumer debt related IVA's. It also applies in Northern Ireland.

Historically it has been the Department's policy to keep Northern Ireland insolvency legislation in line with that in England and Wales. This ensures parity of treatment under the law between the two jurisdictions. It also simplifies matters for creditors from outside Northern Ireland taking action over unpaid debt.

Subordinate Legislation

The Insolvency (Voluntary Winding Up) (Forms) Regulations (Northern Ireland) 2008 (S.R. 2008 No. 261)

The Regulations prescribe new Forms VL1 AND VL2 to be used by a liquidator to give notice of his appointment, both by publication in the Belfast Gazette and by delivery to the Registrar of Companies in the case of voluntary winding ups.

The Regulations also revoke Regulation 5(3) of the Companies (Forms) (Amendment No. 3) Regulations (Northern Ireland) 1991 (S.R. 1991 No. 412) and the forms previously prescribed for the purposes of that regulation in Part III of Schedule 2 to those Regulations.

These Regulations were made on the 24 June 2008.

The Insolvency (Company Arrangement or Administration Provisions for an Industrial and Provident Society) Order (Northern Ireland) 2008 (S.R. 2008 No.445)

Part II of the Insolvency (Northern Ireland) Order 1989 provides a regime for a company to enter into a voluntary arrangement with its creditors. Part III of the same Order provides a regime for the administration of companies.

This Order applies both regimes (together with related provisions in the Companies Act 2006 allowing for a Court to approve certain arrangements or compromises) with modifications to the Presbyterian Mutual Society Limited which is incorporated under the Industrial and Provident Societies Act (Northern Ireland) 1969.

The Order was made on the 14 November 2008.

Banking Rules

In January 2009 Insolvency Service was asked by Treasury to produce as a matter of urgency two sets of rules to be made by the NI Court Service in connection with UK wide legislation, which had been enacted to provide regimes for dealing with banks which are in administration or are being wound up. The work involved adapting similar pieces of legislation being introduced in England and Wales, to produce suitably modified versions of the existing Insolvency Rules (NI) 1991 applying in Northern Ireland.

The resulting Statutory Rules are:

The Bank Administration Rules (Northern Ireland) 2009 (S.R. 2009 No. 63) were made on 18th February 2009 and came into operation on 25th February 2009.

The Bank Insolvency (No.2) Rules (Northern Ireland) 2009 (S.R. 2009 No. 122) were made on 18th March 2009 and came into operation on 1st April 2009.

Fees Orders

In August 2008 the Insolvency Service completed a detailed review of its costs and calculated a new set of fees to be introduced by legislation to ensure that the costs would be adequately covered for the next financial year. Work commenced on the drafting of four pieces of legislation to complement the costing exercise. The resulting Statutory Rules are:

The Insolvency (Fees) (Amendment) Order (Northern Ireland) 2009 (S.R. 2009 No. 201),

The Insolvency (Amendment) Regulations (Northern Ireland) 2009 (S.R. 2009 No. 202),

The Insolvency (Deposits) (Amendment) Order (Northern Ireland) 2009 (S.R. 2009 No. 203), and

The Insolvency Practitioners and Insolvency Account (Fees) (Amendment) Order (Northern Ireland) 2009 (S.R. 2009 No. 204).

All four Orders were made on 20th May 2009 and will come into operation on 1st October 2009.

6.3 OTHER LEGISLATION WITH WHICH THE SERVICE HAS BEEN INVOLVED

Electronic Communications Orders

Work commenced to prepare Orders to enable actions under the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) and the Insolvency Rules (Northern Ireland) 1991 (S.R. 1991 No. 364) to be carried out electronically.

Discussions are still ongoing with the Department's Solicitors on these draft pieces of legislation.

Amendments to Companies Legislation

Work was ongoing throughout the year to provide Parliamentary Counsel with a list of references contained in Northern Ireland insolvency primary legislation which require amending as a consequence of the coming into force of the Companies Act 2006. Parliamentary Counsel has drafted a Statutory Instrument to amend the primary legislation and this has been checked and agreed.

Work is underway to prepare Statutory Rules to amend references to companies legislation in Northern Ireland subordinate insolvency legislation. Rules to amend the Insolvency Rules (Northern Ireland) 1991 have been drafted and are expected to come into operation in November 2009.

6.4 EUROPEAN ISSUES

EC Directive on Services in the Internal Market (2006/123/EC).

Work commenced on identifying areas in existing insolvency legislation which might be in infraction of provisions of the European Services Directive, which will come into effect on 28 December 2009. Draft statutory rules have been prepared to amend the appropriate pieces of insolvency legislation. This has involved detailed discussions with the Insolvency Service for England and Wales. The work is ongoing.

7

7.1 WHO ARE OUR USERS?

The Service's principal users are:

- bankrupts and directors of companies in liquidation who are required to provide information to the Official Receiver about their 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.

Other users include Ministers, DETI 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.

7.2 USER SURVEYS

Service First Compliance Surveys

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 which has been made for them.	93%
All telephone calls to be answered within 9 seconds.	100%
If telephone call is received for a member of staff who is unavailable, a message will be left for them to contact the caller or another member of staff will deal with the enquiry and return the call within one working day.	100%

7.3 THE INSOLVENCY SERVICE USER GROUP

One meeting of the Service's User Group took place during the year, on 19th December 2008.

The function of the group, which is made up of representatives from creditors, Citizens Advice Bureaux, Insolvency Practitioners, the Departmental Solicitor's Office, and the RPB's, is to consider improvements to our service and to provide feedback on performance from our customers.

Those present at the December meeting were informed about the Insolvency Service's standards of service. They had the opportunity to hear about and ask questions concerning recently made and planned legislation. Discussion took place about the Service's Modernisation Project including the electronic delivery of services and the public portal. It was agreed that the Insolvency Service would look into any matters of concern raised by users such as notifying Land Registry and Rating Division of all of a debtor's known addresses and other company outlets and not just the registered office address plus the name, if any, of the trustee in each case.

7.4 PUBLISHED STANDARD

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 and is reproduced at Appendix VII. Copies have also been printed in Chinese. Large print versions can be made available to anyone requiring them.

7.5 INSOLVENCY SERVICE CHARTER

The Service's "Charter" which sets out for users what the Insolvency Service does and what they can expect from it together with our complaints procedure, was finalised in January 2001. As with our Published Standard, copies of the Charter have been printed in Chinese and large print versions can also be made available to anyone requiring them.

7.6 GUIDES TO INSOLVENCY

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

The leaflets currently on our website are:-

- A guide to bankruptcy
- A guide for directors
- A guide for creditors
- What will happen to my home?
- What will happen to my bank account?
- What will happen when I am interviewed by the Official Receiver?
- Can my bankruptcy be cancelled?
- When will my bankruptcy end?
- What will happen to my pension?
- Fast-track Voluntary Arrangements (FTVAs)
- Bankruptcy Restrictions Orders (BROs)
- How to petition for my own bankruptcy

- How to make someone bankrupt
- How to wind-up your own company
- How to wind-up a company that owes you money
- How to wind-up a partnership
- How to make a complaint against an insolvency practitioner

7.7 PUBLICATIONS

The following guidance notes are available for our customers:

- Guidance Notes for Persons Seeking Authorisation to act as an Insolvency Practitioner;
- Guidance Notes for Completion of Statement of Affairs (Article 111 - Compulsory Winding Up);
- Guidance Notes for Completion of Your Statement of Affairs (Article 246 - Debtor's Bankruptcy Petition);
- Guidance Notes for Completion of Statement of Affairs (Article 261 - Creditor's Bankruptcy Petition);
- Getting Your Discharge from Bankruptcy;
- An Outline of the Insolvency (Northern Ireland) Order 1989 and Part II of the Companies (Northern Ireland) Order 1989.
- Outline of the Insolvency (Northern Ireland) Order 2002
- Company Directors Disqualification (Northern Ireland) Order 2002 and disqualified directors.

Insolvency Service Performance Summary for 2008/09



INSOLVENCY SERVICE PERFORMANCE SUMMARY FOR 2008/09

Key Target/Indicator	Target	2008-09 Achieved	Notes
To report to creditors on assets and liabilities within 12 weeks of the Order being made	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%	
To complete the finalisation of at least 672 insolvencies	100%	74%	1
To submit all disqualification cases to the Departmental Solicitor for prospective proceedings within 18 months of the relevant date	100%	100%	
To submit all disqualification returns/reports to the Disqualification Unit within 6 months of the Order	100%	100%	
To submit prosecution reports to the Prosecution Unit within 11 months of the Order in all cases where there is evidence of criminality	100%	100%	
To refer all identified prosecution cases to the PPS within six months of receipt of a completed report	100%	100%	

1. Target was not met due to allocation of available resources to higher priorities.

Appendix I

PART I - PRIMARY LEGISLATION

Primary Legislation in existence at 31 March 2009:-

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))

[*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)]

PART II - SUBORDINATE LEGISLATION

Statutory Rules in operation at 31 March 2008:-

S.R. 1990 No. 176 (c.6) The Companies (1989 Order) (Commencement No. 1) Order (Northern Ireland) 1990

S.R. 1990 No. 177 (c.7) The Insolvency (1989 Order) (Commencement No. 1) Order (Northern Ireland) 1990

S.R. 1991 No. 294 (c.15) The Insolvency (1989 Order) (Commencement No. 2) Order (Northern Ireland) 1991

S.R. 1991 No. 295 The Banks (Administration Proceedings) Order (Northern Ireland) 1991

S.R. 1991 No. 296 Department of Economic Development (Fees) Order (Northern Ireland) 1991

S.R. 1991 No. 300 (c.16) The Insolvency (1989 Order) (Commencement No. 3) Order (Northern Ireland) 1991

S.R. 1991 No. 301 The Insolvency Practitioners (Recognised Professional Bodies) Order (Northern Ireland) 1991

S.R. 1991 No. 302 The Insolvency Practitioners Regulations (Northern Ireland) 1991

S.R. 1991 No. 364 The Insolvency Rules (Northern Ireland) 1991

S.R. 1991 No. 365	The Administration of Insolvent Estates of Deceased Persons Order (Northern Ireland) 1991
S.R. 1991 No. 367	The Insolvent Companies (Disqualification of Unfit Directors) Proceedings Rules (Northern Ireland) 1991
S.R. 1991 No. 369	The Companies (Unfair Prejudice Applications) Proceedings Rules (Northern Ireland) 1991
S.R. 1991 No. 384	The Insolvency (Deposits) Order (Northern Ireland) 1991
S.R. 1991 No. 385	The Insolvency (Fees) Order (Northern Ireland) 1991
S.R. 1991 No. 386	The Insolvency (Monetary Limits) Order (Northern Ireland) 1991
S.R. 1991 No. 387	The Preferential Payments (Monetary Limits) Order (Northern Ireland) 1991
S.R. 1991 No. 410 (c.19)	The Companies (1989 Order) (Commencement No. 2) Order (Northern Ireland) 1991
S.R. 1991 No. 411 (c.20)	The Insolvency (1989 Order) (Commencement No. 4) Order (Northern Ireland) 1991
S.R. 1991 No. 412	Companies (Forms)(Amendment No.3) Regulations (Northern Ireland) 1991
S.R. 1991 No. 413	The Companies (Disqualification Orders) Regulations (Northern Ireland) 1991
S.R. 1992 No. 307	The Insurance Companies (Winding-Up) Rules (Northern Ireland) 1992
S.R. 1992 No. 398	The Insolvency (Fees) (Amendment) Order (Northern Ireland) 1992
S.R. 1993 No. 317	The Insolvency Practitioners (Amendment) Regulations (Northern Ireland) 1993
S.R. 1993 No. 454	The Insolvency Practitioners (Amendment No.2) Regulations (Northern Ireland) 1993
S.R. 1994 No. 26	The Insolvency (Amendment) Rules (Northern Ireland) 1994

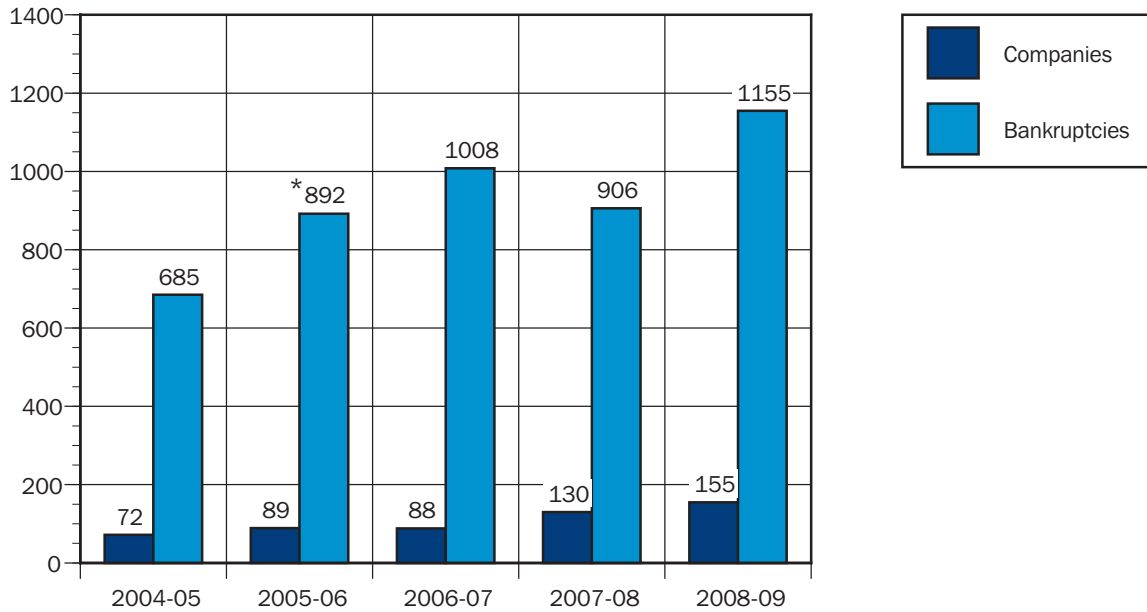
S.R. 1995 No. 225	The Insolvent Partnerships Order (Northern Ireland) 1995
S.R. 1995 No. 291	The Insolvency (Amendment) Rules (Northern Ireland) 1995
S.R. 1996 No. 471	The Insolvent Companies (Disqualification of Unfit Directors) Proceedings (Amendment) Rules (Northern Ireland) 1996
S.R. 1996 No. 472	The Insolvent Partnerships (Amendment) Order (Northern Ireland) 1996
S.R. 1996 No. 574	The Insolvency Regulations (Northern Ireland) 1996
S.R. 1996 No. 575	The Deeds of Arrangement Regulations (Northern Ireland) 1996
S.R. 1996 No. 576	Insolvency (Fees) (Amendment) Order (Northern Ireland) 1996
S.R. 1996 No. 577	Insolvency (Deposits) (Amendment) Order (Northern Ireland) 1996
S.R. 1997 No. 516	The Insolvent Companies (Reports on Conduct of Directors) Rules (Northern Ireland) 1997
S.R. 2000 No. 247	The Insolvency (Amendment) Rules (Northern Ireland) 2000
S.R. 2002 No. 223	The Insolvency (Northern Ireland) Order 1989 (Amendment) Regulations (Northern Ireland) 2002
S.R. 2002 No. 261	The Insolvency (Amendment) Rules (Northern Ireland) 2002
S.R. 2002 No. 334	The Insolvency (Northern Ireland) Order 1989 (Amendment No. 2) Regulations (Northern Ireland) 2002
S.R. 2003 No. 103	The Administration of Insolvent Estates of Deceased Persons (Amendment) Order (Northern Ireland) 2003
S.R. 2003 No. 144	The Insolvent Partnerships (Amendment) (Northern Ireland) Order 2003
S.R. 2003 No. 345	The Company Directors Disqualification (2002 Order) (Commencement) Order (Northern Ireland) 2003.

S.R. 2003 No. 346	The Company Directors Disqualification (2002 Order) (Transitional Provisions) Order (Northern Ireland) 2003.
S.R. 2003 No. 347	The Companies (Disqualification Orders) Regulations (Northern Ireland) 2003.
S.R. 2003 No. 357	The Insolvent Companies (Reports on Conduct of Directors) Rules (Northern Ireland) 2003.
S.R. 2003 No. 358	The Insolvent Companies (Disqualification of Unfit Directors) Proceedings Rules (Northern Ireland) 2003.
S.R. 2003 No. 359	The Insolvent Partnerships (Amendment No. 2) Order (Northern Ireland) 2003.
S.R. 2003 No. 545	The Insolvency (2002 Order) (Commencement) Order (Northern Ireland) 2003.
S.R. 2003 No. 546	The Insolvency (2002 Order) (Transitional Provisions) Order (Northern Ireland) 2003.
S.R. 2003 No. 547	The Insolvency Practitioners (Amendment) Regulations (Northern Ireland) 2003.
S.R. 2003 No. 549	The Insolvency (Amendment) Rules (Northern Ireland) 2003.
S.R. 2003 No. 550	The Insolvent Partnerships (Amendment No.3) Order (Northern Ireland) 2003.
S.R. 2006 No.21	The Insolvency (2005 Order) (Commencement No. 1) Order (Northern Ireland) 2006
S.R. 2006 No. 22	The Insolvency (2005 Order) (Transitional Provisions and Savings) Order (Northern Ireland) 2006
S.R. 2006 No. 23	The Insolvency (Amendment) Regulations (Northern Ireland) 2006
S.R. 2006 No. 24	The Insolvency (Northern Ireland) Order 1989, Article 59A (Appointed Date) Order (Northern Ireland) 2006

S.R. 2006 No. 25	The Insolvency (Northern Ireland) Order 1989 (Prescribed Part) Order (Northern Ireland) 2006
S.R. 2006 No. 26	The Insolvency (Monetary Limits) (Amendment) Order (Northern Ireland) 2006
S.R. 2006 No. 33	The Insolvency Practitioners Regulations (Northern Ireland) 2006
S.R. 2006 No. 47	The Insolvency (Amendment) Rules (Northern Ireland) 2006
S.R. 2006 No. 53	The Insolvency Practitioners and Insolvency Account (Fees) Order (Northern Ireland) 2006
S.R. 2006 No. 54	The Insolvency (Fees) Order (Northern Ireland) 2006
S.R. 2005 No. 55	Insolvency (Deposits) Order (Northern Ireland) 2006
S.R. 2006 No. 61	The Insolvency (Northern Ireland) Order 2005 (Minor and Consequential Amendments) Order (Northern Ireland) 2006
S.R. 2006 No 370	The Insolvency (Northern Ireland) Order 1989 (Amendment) Regulations (Northern Ireland) 2006
S.R. 2006 No. 461	The Insolvency Regulations (Northern Ireland) 1996 (Electronic Communications) Order (Northern Ireland) 2006
S.R. 2006 No. 515	The Insolvent Partnerships (Amendment) Order (Northern Ireland) 2006
S.R. 2007 No. 115	The Cross-Border Insolvency Regulations (Northern Ireland) 2007
S.R. 2008 No. 94	The Insolvency (Disqualification from Office: General) Order (Northern Ireland) 2008
S.R. 2008 No. 118	The Insolvency (Amendment) Rules (Northern Ireland) 2008
S.R. 2008 No.261	The Insolvency (Voluntary Winding Up) (Forms) Regulations (Northern Ireland) 2008

S.R. 2008 No. 445	The Insolvency (Company Arrangement or Administration Provisions for an Industrial and Provident Society) Order (Northern Ireland) 2008
S.R. 2009 No. 63	The Bank Administration Rules (Northern Ireland)2009
S.R. 2009 No.122	The Bank Insolvency (No.2) Rules (Northern Ireland) 2009

New compulsory liquidations and bankruptcies in the last five years



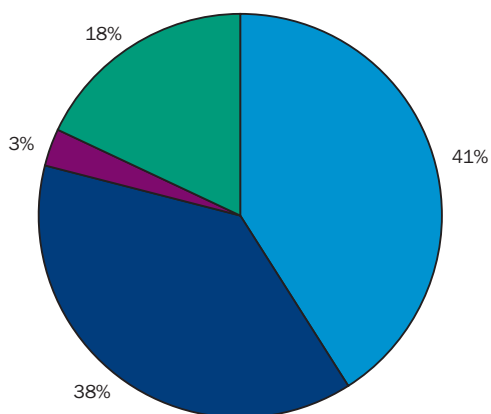
* includes 5 partnership estates directed to be wound up under Article 15 of the Insolvent Partnerships Order (NI) 1995.

Appendix III

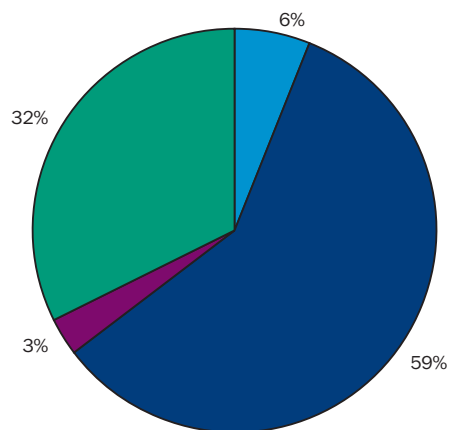
Insolvency Petitioners

	Bankruptcies		Companies		Total	
Debtor's Petitions	479	41%	10	6%	489	37%
Her Majesty's Revenue and Customs	438	38%	90	58%	528	40%
Land & Property Services	30	3%	5	3%	35	3%
Other Creditors	208	18%	50	32%	258	20%
TOTAL	1115	100%	155	100%	1310	100%

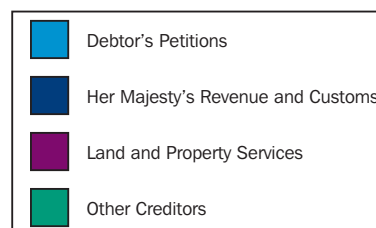
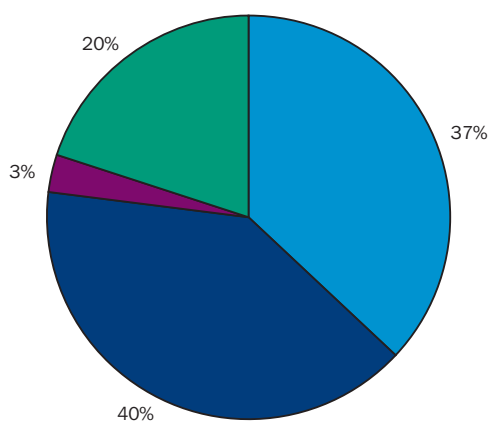
Bankruptcies



Company Liquidations



Bankruptcies and Company Liquidations



Appendix IV

Case Administration

Case Administration	2008/09	2007/08
Total open cases at beginning of year	1,273	1,024
New Bankruptcy cases	1,155	906
New Company cases	155	130
Closed cases which were reopened	46	60
	2,629	2,120
Less		
Insolvency Practitioners Appointed Trustee	219	165
Insolvency Practitioners Appointed Liquidator	23	3
Cases completed	879	679
	946	847
Total open cases at year end	1,508	1,273

Appendix V

NUMBER, ESTIMATED LIABILITIES AND ASSETS OF COMPANIES WOUND UP AND FAILURES IN PRINCIPAL TRADES AND OCCUPATIONS DURING YEAR ENDED 31 MARCH 2009

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No	Liabilities £	Assets £	No	Liabilities £	Assets £
AGRICULTURE	*14	1,385,198	1,113,666	1	2,664,993	24,000
FORESTRY & FISHING	11	317,128	60,296	0	0	0
MINING & ENERGY INDUSTRIES	*0	0	0	0	0	0
MANUFACTURING INDUSTRIES						
Manufacture of food, drink & tobacco	3	96,752	103,500	0	0	0
Manufacture of chemicals	0	0	0	0	0	0
Metal manufacture	*2	2,248,013	2	1	254,377	0
Engineering & allied industries	12	2,054,926	1,157,326	1	45,546	0
Textiles & clothing manufacture	1	31,179	0	0	0	0
Manufacture of timber & furniture	*10	493,111	1,353,338	1	13,691	1,158
Paper, printing & publishing	*2	137,862	25,422	*3	157,019	14,000
Other manufacture	*12	670,443	165,790	5	1,602,042	96,849
WHOLESALE DISTRIBUTION						
Wholesale of food & drink	*2	127,232	7,755	2	114,536	0
Wholesale of textiles and clothing	0	0	0	0	0	0
Motor vehicle wholesalers	2	1,590,247	72,959	0	0	0
Other wholesale	*3	409,965	26,243	8	3,264,401	40,537
RETAILING						
Retail of food, drink & tobacco	*40	2,257,572	744,833	5	366,184	24,545
Retail of textiles & clothing	6	188,362	49,340	4	1,821,753	2,208
Retail of books, paper etc	2	45,899	354	0	0	0
Motor vehicles & petrol sales	*12	341,300	344,500	1	30,769	0
Retail of furniture	4	261,912	168	0	0	0
Retail of electrical goods	1	57,137	88,000	1	105,549	6,265
Other retail	*54	3,602,576	955,127	12	4,137,414	26,138
CONSTRUCTION						
General construction & demolition	*107	13,273,236	4,134,736	*17	3,071,503	65,274
Home improvements	*22	1,309,147	263,305	4	1,096,531	133,451
Decorating & small works	*41	1,102,065	171,409	2	284,105	3,000
Building repairs	*21	1,423,224	8,309	5	562,349	974
Electrical & plumbing	*29	1,294,099	954,857	4	571,644	45,136

* does not include Orders rescinded or annulled.

Appendix V (continued)

NUMBER, ESTIMATED LIABILITIES AND ASSETS OF COMPANIES WOUND UP AND FAILURES IN PRINCIPAL TRADES AND OCCUPATIONS DURING YEAR ENDED 31 MARCH 2009

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No.	Liabilities £	Assets £	No.	Liabilities £	Assets £
TRANSPORT & COMMUNICATIONS						
Road Transport	*71	5,339,446	1,117,350	9	1,180,859	198,817
Air Transport	0	0	0	0	0	0
Shipping	0	0	0	0	0	0
Travel agents	2	114,915	0	2	160,836	1,643
Other transport & communications	6	624,852	194,337	2	114,673	91,507
FINANCE & BUSINESS SERVICES						
Insurance	*1	15,984	0	1	25,541	0
Accounts & legal services	*6	616,566	82,500	0	0	0
Real estate	*5	2,145,998	265	4	101,495	64
Computer services	7	274,074	7,696	8	2,993,411	165,615
Management services	*6	434,329	82,528	2	856,726	3,001
Other business services	38	1,498,412	532,149	6	1,047,848	28,136
OTHER SERVICES						
Recreational services	*6	308,717	34,800	2	447,355	0
Medical services	*16	507,429	222,271	0	0	0
Educational services	6	128,629	0	1	68,059	0
Repair of consumer goods	2	29,864	97,700	0	0	0
Laundry	1	6,374	0	1	15,230	0
Hairdressing & beauty parlours	*10	338,916	202,500	3	137,993	0
Scrap metal dealers	0	0	0	1	128,968	0
Other services	*139	5,734,285	2,570,845	16	5,886,671	90,663
HOTELS & CATERING						
Residential accommodation	2	86,321	0	0	0	0
Licensed premises	*18	1,833,303	1,629,470	5	419,905	167,500
Restaurants	*16	1,121,467	1,287,610	12	2,825,477	8,238
Other catering	16	608,153	147,448	0	0	0
EMPLOYEES:						
No occupation or unemployed	*243	7,312,083	2,226,949	0	0	0
Directors & promoters of companies	4	606,117	616,200	0	0	0
Occupation unknown	17	529,777	83,647	0	0	0
Employees	18	666,076	1,601	0	0	0
TOTAL	1069	65,600,672	22,939,101	152	36,575,453	1,238,719

* does not include Orders rescinded or annulled.

Appendix VI

OFFICIAL RECEIVER'S INVESTIGATION WORK

Prosecution - reports of possible offences	2008/09	2007/08
Main Offence per Report:-		
Books offences	0	1
Credit offences	1	2
Theft offences	1	0
Bankrupt acting in the management of a company	0	0
Obtaining pecuniary advantage by deception	0	0
Gambling	0	0
Fraudulent removal of property	0	0
Non disclosure of properties	0	1
Total Prosecution Reports	2	4
Disqualification		
Reports of unfit conduct	116	107
Returns of no unfit conduct	22	13
Interim returns	0	0
Total Conduct Returns/Reports on Company Directors	138	120
Applications to suspend bankrupt's automatic discharge	131	62
Applications for public examination		
Bankruptcies	72	20
Liquidations	3	3
Total applications for public examination	75	23

INSOLVENCY SERVICE PUBLISHED STANDARD

1. What we do

We, through our Official Receiver, deal with and investigate the affairs of people who have become bankrupt and companies ordered to be wound up by the High Court (compulsory liquidation). We establish the reasons for the insolvency and report on misconduct by bankrupt people and directors.

We aim to provide a professional, efficient and helpful service to all our users – whether creditors, employees of insolvents, insolvency practitioners, bankrupts, directors and company officers or indeed anyone financially affected by a bankruptcy or compulsory liquidation (winding up).

We:

- employ specialist staff with professional training in insolvency law and accountancy, supported by administrative staff familiar with insolvency procedures.
- publish targets for our work and report on our performance in our Annual Report; and
- consult our users about our performance and review our standards and guidance in the light of these consultations.

2. What we cannot do

We cannot give you advice on individual insolvency problems, for example, we cannot give advice on whether or not you should become bankrupt or whether you should follow up alternatives to bankruptcy. You should get your own legal or financial advice from a Citizens' Advice Bureau, an authorised insolvency practitioner, a solicitor, a qualified accountant or a reputable financial adviser or advice centre.

3. The standards of service you can expect

Generally

- We will answer your phone calls between 9am and 5pm Monday to Friday on normal working days. We will connect you directly to the person dealing with your case whenever possible. When that person is not available, a message will be left for them to contact you or someone else will deal with your enquiry and will return your call within one working day.
- We will answer letters or faxes needing a reply within 15 working days of receiving them. In some cases this may not be possible because we need to do more research before we can give you a full reply. In these circumstances, we will send an acknowledgement within five working days. This acknowledgement will say when we will send a full reply.

Creditors

The Official Receiver will aim:

- to send reports to creditors on the assets and liabilities of the insolvent person within 12 weeks of the bankruptcy or winding up order; and
- if there are significant assets, to call the first meeting of creditors within 12 weeks of the bankruptcy or winding up order to allow you and other creditors to appoint an insolvency practitioner from the private sector. He or she will sell the assets and make payments to you and the other creditors.

You can get a guide for creditors to insolvency procedures if you phone us on (028) 9025 1441.

Employees

You may be entitled to payments under employment protection law. If the Official Receiver is trustee or liquidator and is told or becomes aware that you are, or were, an employee of a bankrupt person or a company in compulsory liquidation and that you may have a claim for unpaid salary, holiday pay, pay instead of notice or redundancy pay, we will:

- send you form RPI within 10 working days so you can give details of your employment and any debts owed to you (for example, pay, holiday pay and redundancy money);
- check your claim when you return it and send it within 10 working days to the Department for Employment and Learning, Redundancy Payments Service (any payments properly due to you will be made directly to you by the Redundancy Payments Service. They will take off any income tax and national insurance that applies).

Redundancy Payments Service will take the decision on whether you are entitled to any payment.

You can contact Redundancy Payments Branch by phone on Freephone 0800 585811. This call is free of charge.

If an insolvency practitioner is appointed as trustee or liquidator, he or she will deal with your claims and send you the appropriate forms if we have not already dealt with this.

Insolvency practitioners

If you are appointed to a case, the Official Receiver will aim to pass it to you within eight working days of your nomination, appointment or agreement to act.

Bankrupts, directors and company officers

By law, bankrupts and officers of a company in compulsory liquidation must give all information required by the Official Receiver about the insolvency and be interviewed, if this is necessary. In some cases the Official Receiver will need to interview you immediately to deal with urgent matters relating to, for example, specific actions, assets, and employees.

- If you do not have to be interviewed immediately, the Official Receiver will write to you within two working days of receiving the bankruptcy order or winding up order from the High Court. The letter will confirm an appointment for you at the Official Receiver's office normally within eight working days of the date the letter was sent. The letter will also give the name of the officer dealing with your case.
- We will give you a map showing the Official Receiver's office and clearly written guidance explaining the processes of bankruptcy and compulsory liquidation.
- We will see you no later than ten minutes after the fixed appointment time. If in exceptional circumstances this cannot be done, we will explain why and tell you how long you will have to wait. Or, you may be offered another appointment
- We will see you in private where possible.

4. If you are not satisfied with the standard of service you have received

Whilst it is our aim to give the best possible service, problems occasionally occur. If you are not satisfied with our service, or if you have encountered any other problem, please let us know so that immediate steps can be taken to put matters right. We can guarantee that there will be a full and fair investigation of your complaint and you will be told what is happening. If a mistake has been made, we will apologise and try to put it right immediately. You can make your complaint either by phone or by writing to the office.

In most cases it will be possible to sort problems out informally and quickly by contacting the person you have been dealing with or his or her immediate supervisor. This is usually the best way to resolve problems or minor differences of opinion which have arisen. However, if you are not satisfied with the answer you receive or if you feel that insufficient action is taken to deal with the problem you can, if you wish, make a formal complaint in writing.

You should contact the Customer Relations Officer at:

Customer Relations Officer
Insolvency Service
Fermanagh House
Ormeau Avenue
Belfast
BT2 8NJ

Tel No: (028) 9025 1441

The Customer Relations Officer will investigate your complaint and will give you a full reply within 10 working days; if that is not possible he/she will issue a letter to you explaining why and stating when he/she will send a full reply.

If you are not satisfied with the response of the Customer Relations Officer, you should write to the Director of the Insolvency Service:

Mr W R Nesbitt
Insolvency Service
Fermanagh House
Ormeau Avenue
Belfast BT2 8NJ

Tel No: (028) 9025 1441

He will call for a full report on your complaint to make sure that you were dealt with according to our standards of service. He will give a full reply to your complaint within 10 working days; if that is not possible, he will issue a letter to you explaining why and stating when he will send a full reply.

In all cases your complaint will be:

- acknowledged within 2 working days;
- investigated thoroughly; and
- treated confidentially.

Parliamentary Ombudsman for Northern Ireland

If you remain dissatisfied you can ask a Member of the Legislative Assembly (MLA) (it does not have to be your local one) to refer your complaint to the Parliamentary Ombudsman for Northern Ireland. The Ombudsman will normally expect you to have used our complaints procedure before considering your complaint. The Ombudsman can only enquire into the administrative functions undertaken by our staff in their dealings with you; he cannot investigate how a decision was made in a bankruptcy or liquidation as this would be a matter to be determined by the High Court.

You may contact the Ombudsman at:

The Ombudsman's Office
Progressive House
33 Wellington Place
Belfast
BT1 6HN

Fax: (028) 9023 4912
Phone: 0800 343 424. This call is free.
E-mail: ombudsman@ni-ombudsman.org.uk

Or, you can write to:

The Ombudsman
Freepost BEL 1478
Belfast
BT1 6BR

No stamp is required.

5. General Control by the Court

If you are a bankrupt, company director, creditor or if you have been affected by a decision made by the Official Receiver in relation to a bankruptcy or compulsory liquidation, you may apply to the High Court for a review of this decision. Applications should be addressed to:

The Master (Bankruptcy),
Royal Courts of Justice,
Chichester Street,
Belfast, BT1 3JF.

THE PUBLISHED STANDARD IS ALSO AVAILABLE IN LARGE PRINT FROM THE INSOLVENCY SERVICE.

PLEASE ASK ANY OF OUR STAFF FOR A COPY OR TELEPHONE OUR RECEPTIONIST ON BELFAST (028) 9025 1441

The published standard is also available in Chinese.

Department of Enterprise,
Trade and Investment

The Insolvency Account for the year ended 31 March 2009

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

June 2010

Insolvency Account for the year ended 31 March 2009

FOREWORD

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. Under the 1989 Order the Department of Enterprise, Trade and Investment ("the Department") is charged with administrative duties in relation to the insolvency of individuals, partnerships and companies being wound up by the High Court.

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

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

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

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

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

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

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

(c) S.I. 1989/2045 (N.I. 19) (Amended by S.I. 2002/3152 (N.I. 6) and by S.I. 2005/1455 (N.I. 10))

(d) S.R. 1991 No. 388

(e) S.R. 1996 No. 574 (Amended by S.I. 2006 No 23 and by S.I. 2006 No 4610)

REVIEW OF ACTIVITIES

The total number of Court orders for the winding up of companies during the year ended 31 March 2009 was 155. This represented an increase of approximately 19% when compared with the previous year.

The total number of bankruptcy orders and insolvency administration orders made by the Court during the year ended 31 March 2009 was 1155. This represented an increase of approximately 27% when compared with the previous year.

A handwritten signature in black ink, appearing to be 'D Sterling', written over a circular stamp or mark.

DAVID STERLING
Accounting Officer
Department of Enterprise, Trade and Investment

Statement on the System of Internal Control – Statement for Year to 31 March 2009

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Insolvency Service's policies, aims and objectives, set by the Department's Minister, whilst safeguarding the public funds and Insolvency Service's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Insolvency Service for the year ended 31 March 2009 and up to the date of approval of the accounts and accords with Department of Finance and Personnel guidance.

Capacity to Handle Risk

Under the leadership of the Departmental Board and the Departmental Audit Committee we are carrying out appropriate procedures to ensure that we identify the Department's objectives and risks and devise a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk in relation to the achievement of the Department's objectives. More specifically the Department has:

- a Risk Management policy document ;
- delivered risk management training for relevant staff;
- produced risk registers at strategic (corporate) and operational (divisional) levels;
- maintained a system of quarterly risk reporting via stewardship statements by heads of division for the year ended 31 March 2009; and
- maintained a formal system of risk reporting to the Departmental Board and the Departmental Audit Committee for the year ended 31 March 2009.

The Insolvency Service has a system of Internal Control based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. Particular controls include:

- systematic management reviews of cases undertaken by Insolvency Service staff;
- systematic monitoring of Insolvency Practitioners licensed by the Department's Insolvency Service;
- systematic review of the procedures of Recognised Professional Bodies in their monitoring of the private sector Insolvency Practitioners whom they licence; and
- monthly reconciliations of cash held in the Insolvency Account against Insolvency Service records.

The Risk and Control Framework

The Departmental Board has ensured that procedures are in place for verifying that risk management and internal control are regularly reviewed and reported on. As well as regular reports to the Departmental Board, risk management and internal control are regularly reviewed by the Departmental Audit Committee. Risk management is continually being incorporated into the corporate planning and decision making processes of the Department.

During the year, assurance statements were submitted, on a quarterly basis, to the Departmental Accounting Officer by the Heads of Management Services Group and Policy Group. These provided an account of internal control matters arising in each of the reporting periods.

The Departmental Board and the Departmental Audit Committee receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

The Department's key objectives and risks are regularly assessed to ensure consistency of treatment.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letters and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Departmental Board and the Departmental Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The Departmental Board and the Departmental Audit Committee meet quarterly and receive regular reports on risk management and internal control issues. Representatives from the Northern Ireland Audit Office attend the Departmental Audit Committee.

Reflecting the emphasis which the Department gives to an effective corporate governance framework, key procedures are regularly reviewed and revised in order to strengthen and improve controls. Appropriate guidance and delegated limits are established to promote control and consistency in decision making across the Department's activities.

The Insolvency Service is subject to audit by the Department's Internal Audit Service, which operates to standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of the risk to which the Insolvency Service is exposed and annual internal audit plans are based on this analysis. This process requires an audit of the Insolvency Service every two years. The analysis of risk and the internal audit plans are endorsed by the Department's Audit Committee and approved by me. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2008-09 year.

Significant Internal Control Problems

No significant internal control problems arose during the year in the Insolvency Service.



David Sterling
Accounting Officer
9 December 2009

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

I certify that I have audited the financial statements of the Insolvency Service for the year ended 31st March 2009 under the Insolvency (Northern Ireland) Order 1989. These comprise a Receipts and Payments account, Statement of Balances at the year end and related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Department of Enterprise, Trade and Investment, the Accounting Officer and Auditor

The Department and the Accounting Officer are responsible for preparing the Annual Report and the financial statements in accordance with Article 358(3) of the Insolvency (Northern Ireland) Order 1989 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of responsibilities of the Department of Enterprise, Trade and Investment and the Accounting Officer.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements properly present the receipts and payments of the Insolvency Service and are properly prepared in accordance with the Insolvency (Northern Ireland) Order 1989 and Department of Finance and Personnel directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual

Report, which comprises the Insolvency Service, the Official Receiver, is consistent with the financial statements. I also report whether in all material respects the receipts and payments have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Insolvency Service has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel is not disclosed.

I review whether the Statement on Internal Control reflects the Insolvency Service's compliance with the Department of Finance and Personnel's guidance and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Insolvency Service's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report which comprises the Foreword, the Management Structure. Abbreviations, Enforcement, Companies Investigation, Insolvency Practitioners, Legislative Issues, Meeting the Needs of Our Users and Performance Summary for 2008-09 and Appendices and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Department and Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the receipts and payments have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Audit Opinion

In my opinion:

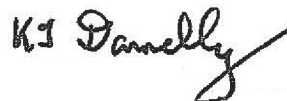
- the financial statements properly present the receipts and payments, in accordance with Insolvency (Northern Ireland) Order 1989 and directions made thereunder by the Department of Finance and Personnel, for the year ended 31 March 2009;
- the financial statements have been properly prepared in accordance with Article 358(3) Insolvency (Northern Ireland) Order 1989 and Department of Finance and Personnel directions made thereunder; and
- information given within the Annual Report, which comprises of the Insolvency Service and the Official Receiver is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



K J Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU
13 January 2010

Insolvency Account for the year ended 31 March 2009

Statement of Receipts and Payments for year ending 31 March 2009 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	2008/09 £	2007/08 £
Sums received in respect of Realisation of Company Assets etc. (Article 503(2) of the 1986 Order and Regulation 5(1) of the 1996 Regulations)	(1)	1,722,478	1,197,639
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)	5,044,617	6,718,546
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)	359,060	455,472
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)	41,525	43,787
Sums received to which the Official Receiver does not have clear title	(5)	2,207	10
Sums received in respect of Prescribed fees	(6)	64,370	137,695
		7,234,257	8,553,149
Payments	Notes	2008/09 £	2007/08 £
Sums paid in respect of expenses and distributions under Article 502(3) of the 1986 Order and Regulations 7(2) and 22(1) of The 1996 Regulations Company Liquidations £ 1,264,524 Bankruptcy etc £ 4,744,872	(7)	6,009,396	5,642,292
Fees and Remuneration charged and appropriated in aid of the Department of Enterprise, Trade and Investment	(8)	1,398,057	1,332,354
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)	39,190	48,444
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)	1,038	6,680
Sums paid to parties with clear Title	(11)	219	10
Sums surrendered to the Crown Solicitor under Article 605(1) of the 1986 Order	(12)	3,453	0
		7,451,353	7,029,780
EXCESS OF RECEIPTS OVER PAYMENTS FOR FINANCIAL YEAR		217,096	1,523,369

Insolvency Account for the year ended 31 March 2009

Statement of Balances at 31 March 2008	Notes	2009 £	2008 £
Balance at beginning of financial year in respect of -			
Liquidations - cash at bank and in hand		2,442,073	2,296,778
Bankruptcy - cash at bank and in hand		8,936,998	7,558,924
		11,379,071	9,855,702
Add: Excess of receipts over payments for financial year		217,096	1,523,369
		11,161,975	11,379,071
Balance at end of financial year in respect of -			
Liquidations - cash at bank and in hand		2,822,685	2,442,073
Bankruptcy - cash at bank and in hand		8,339,290	8,936,998
	(13)	11,161,975	11,379,071

The notes on Pages 64 to 68 form part of the account.



David Sterling

Accounting Officer
 Department of Enterprise, Trade and Investment
 9 December 2009

Insolvency Account for the year ended 31 March 2009

NOTES

RECEIPTS

1. Realisation of Company Assets, etc.

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

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Realisations of assets etc.		
in Company Liquidations	1,451,538	961,419
Deposits paid by Petitioners	270,940	236,220
	<u>1,722,478</u>	<u>1,197,639</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>2008-09</u>	<u>2007-08</u>
	£	£
Realisation of assets, etc. in the		
Estates of Bankrupts, Arranging		
Debtors and Deceased Insolvents	4,232,957	5,958,936
Deposits paid by Petitioners	811,660	759,610
	<u>5,044,617</u>	<u>6,718,546</u>

3. Interest Credited

The total amount of interest received in respect of funds in the Insolvency Account during the year was £657,872 (previous year £693,089). During the year £359,060 (previous year £455,472) has been credited to the Insolvency Account and has been allocated as follows:

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Amounts credited to Companies in Liquidation	81,450	93,920
Amounts credited to Estates of -		
Bankrupts, Arranging Debtors and		
Deceased Insolvents	277,610	361,552
	<u>359,060</u>	<u>455,472</u>

Insolvency Account for the year ended 31 March 2009

Of the balance of interest received on funds in the Insolvency Account during the year £299,524 (previous year £239,976) is surrendered to the Consolidated Fund. Included in the amount credited to estate accounts is an amount of £712 representing interest paid to closed estate accounts which occurred after the 4th quarter payment but before 31st March 2009.

Bank of Ireland has recently confirmed that between November 2006 and March 2009, it overpaid interest to the Insolvency Account. The amount of interest overpaid in this period was £419,212.73. Insolvency Service is currently liaising with DETI Finance Branch to decide what arrangements are appropriate to deal with this matter.

4. Unclaimed Dividends etc.

Sums received during the period can be summarised as follows:

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Unclaimed Dividends etc. in respect of Company Estates	13,070	15,466
Unclaimed Dividends etc. in respect of Bankruptcy Estates	28,455	28,321
	<u>41,525</u>	<u>43,787</u>

5. Sums received without clear title

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

6. Prescribed fees

£64,370 (previous year £137,695) 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)) and 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) 2000 (b)).

(a) S.R. 2006 No. 54

(b) S.R. 2006 No. 53

Insolvency Account for the year ended 31 March 2009

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. Payments made during the period can be summarised as follows:

	<u>2008-09</u>		<u>2007-08</u>	
	Companies	Bankruptcy	Companies	Bankruptcy
	£	£	£	£
Costs & Expenses	594,088	3,138,837	545,554	2,925,662
Distribution	658,937	1,559,151	390,812	1,686,053
Income Tax & Corporation Tax	11,499	46,884	28,308	65,903
	<u>1,264,524</u>	<u>4,744,872</u>	<u>964,674</u>	<u>4,677,618</u>

The figure for bankruptcy and company distributions includes undistributed balances totalling £15 and £981 respectively.

8. Prescribed fees

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Companies	160,231	170,987
Bankruptcy	1,175,946	1,021,537
Registration of Voluntary Arrangements	18,480	16,555
Renewal of IP Licences by DETI and RPB maintenance payments	43,200	123,275
Other	200	
	<u>1,398,057</u>	<u>1,332,354</u>

The total figure for fees charged to estate accounts and taken in cash includes £7,066 Value Added Tax for which the Department is accountable.

During the 08-09 financial year write-off approval was received in relation to the loss of fees totalling £396,289 in 545 bankruptcy and 27 company estates. In addition a loss of £115,718 was recognised in relation to 138 bankruptcy and 23 company estates which were finalised during 2008-09. Insolvency Service will pursue write-off action with the Department. These sums are not included in the total figure for fees.

Insolvency Account for the year ended 31 March 2009

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>2008-09</u>	<u>2007-08</u>
	£	£
Companies	11,538	21,228
Bankruptcy	27,652	27,216
	<u>39,190</u>	<u>48,444</u>

10. Unclaimed dividends refunded

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

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Companies	92	4,840
Bankruptcy	946	1,840
	<u>1,038</u>	<u>6,680</u>

11. Sums paid to parties with clear title

Payments totalling £3,672 (previous year £10) were made to parties who established title to monies held in the Insolvency Account or who, already having title, were traced.

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

Insolvency Account for the year ended 31 March 2009

13. Balance at end of year

	31 March 2009	31 March 2008
	£	£
Cash at Bank and in hand	11,161,975	11,379,071
Represented by:		
Amounts received from Insolvency Practitioners including 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))	28,344	26,905
Amounts received from Insolvency Practitioners including 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))	53,806	53,981
Net funds held in the Insolvency Account in respect of companies in which a final dividend has not yet been paid	2,794,341	2,415,168
Net funds held in the Insolvency Account in respect of bankruptcy estates in which a final dividend has not yet been paid	8,285,484	8,883,017
	<u>11,161,975</u>	<u>11,379,071</u>



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