



Department of

**Enterprise, Trade
and Investment**

www.detini.gov.uk

**Insolvency
Service**

Annual Report and Account for year ended 31 March 2013

December 2013

The Insolvency Service
Annual Report and Account
for the year ended 31 March 2013

The Accounting Officer authorised these
financial statements for issue
on
25 November 2013

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
20 December 2013

December 2013

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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 2013.



J Kerr

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6 December 2013

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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 2013.

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 a decrease in the number of cases administered during 2012/13; the total number dealt with being 1585 as against 1788 in 2011/12. This decrease was due to the number of bankruptcy orders having gone down from 1569 in 2011/12 to 1375 in 2012/13 and the number of compulsory winding up orders decreasing from 219 in 2011/12 to 210 in 2012/13.

In 2012/13 the greatest number of bankruptcies continued to occur in the consumer bankruptcy sector; 583 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 Other Services (178) and Construction (144) sectors. The former comprises recreational services, educational 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 (54) and the Finance and Business Services sector (35).

The small reduction in insolvency orders, 11% on the record breaking preceding year, was a welcome relief compared to the continuous yearly increases which had occurred over the last ten years.

However during the year 512 individuals took advantage of the new Debt Relief Scheme which came into operation in the previous year. Debt Relief Orders are made by the Official Receiver. The Debt Relief Scheme is a form of bankruptcy designed for the poorest sections of society who are unable to meet the cost of petitioning for their own bankruptcy and who meet certain eligibility criteria in order to obtain an order from the Official Receiver.

Worthy of note also was the 1344 individuals who took advantage of the Individual Voluntary Arrangement Scheme. This is an insolvency process whereby indebted individuals reach a voluntary agreement with their creditors to pay back so much in the pound in settlement of their debts.

All told some 3231 individuals took advantage of an insolvency process during 2012/13

Within the bankruptcy statistics was the continuing high number of consumer bankruptcies resulting from credit card debt and personal loans taken out. This category represented some 42% of total bankruptcies received during the year with the balance representing individuals who were involved in trading.

No new primary or secondary legislation was made during the year. However a Bill to modernise insolvency law with particular emphasis on electronic communication was being prepared.

Throughout the year the Insolvency Service's integrated case management, records management, workflow, management information and banking system continued to be refined and adjusted to create maximum efficiency for staff.

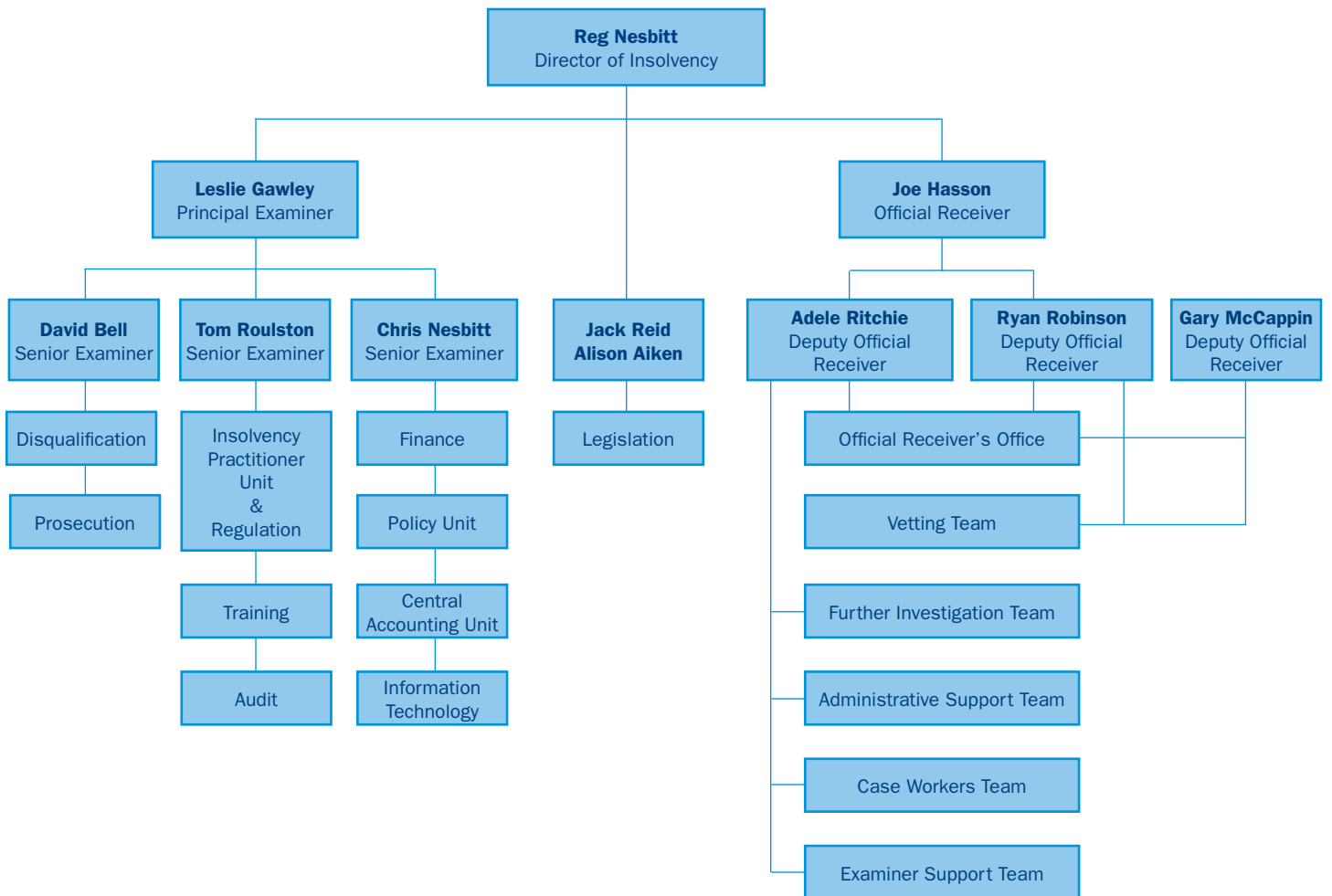
The trend in Court based insolvencies during the year showed a welcome decrease from a record breaking high level. However the numbers remain at a high level as a result of the amount of personal indebtedness in the economy, the weak local economic position brought about by the credit crunch, the crash in the value of properties and the high level of unemployment. The continued high level of insolvency activity obviously places continuing strain on resources generally but in particular the Insolvency 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
ATI	Accounting Technicians in Ireland
ICSA	Institute of Chartered Secretaries and Administrators
IPU	Insolvency Practitioner Unit
Minister	Up until 14 October 2002 the Minister for Enterprise, Trade and Investment in the Northern Ireland Assembly.

From 15 October 2002 until 7 May 2007 the Northern Ireland Office Minister with responsibility for Enterprise, Trade and Investment.

From 8 May 2007 the Minister for Enterprise, Trade and Investment in the Northern Ireland Assembly.

PDP	Personal Training and Development Plan
DPP	Director of Public Prosecutions for Northern Ireland
R3	Association of Business Recovery Professionals
RPB	Recognised Professional Body
Service	Insolvency Service
SIP	Statement of Insolvency Practice
SPI	Society of Practitioners of Insolvency
STIIP	Success Through Investors in People
UNCITRAL	United Nations Commission on International Trade Law

1

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,
- handling the disqualification of directors in all corporate insolvencies, and
- the making of Debt Relief Orders.

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		
	2012-13	2011-12
Running costs	£3.201M	£2.713M
Staff in post at 31 March comprising	107	95
Specialist grades	60	51
Administrative grades	47	44

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 57-75). The funds held at 31 March 2013 in the Account amounted to £14,004,208.

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 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 on HR Connect.

1.7 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 Accounting Technicians in Ireland (ATI).

Seventeen EOI Examiners and two Admin Officers are studying ATI.

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.

1.8 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.

1.9 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 August 2012 and appropriate remedial measures undertaken. The Service's physical security booklet was revised and issued to all members of staff during December 2012. The Physical Security document will be revised in the incoming year as required.

1.10 INFORMATION TECHNOLOGY

The Insolvency Service's Website at www.insolvencyservice.detini.gov.uk includes details of insolvency practitioners licensed to practice in Northern Ireland, 'Dear IP' letters, Statements of

Insolvency Practice (SIPs) 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.

1.11 CHANGE MANAGEMENT PROGRAMME

Throughout the year the Insolvency Service's ICT system was 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.

1.12 CORPORATE AND OPERATING PLANS

The Service is committed to contributing to the Department's Corporate Plan for the period 2011 to 2015 through the enactment of a Bill to modernise insolvency law and to permit greater use of electronic communication in insolvency proceedings by the autumn of 2014.

The 2012/13 branch operating plan for each of the Service's operating units was completed in March 2012. 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.

2

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. Since 30 June 2011 he is also responsible for the approval of Debt Relief Orders.

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 bankruptcy and winding-up orders made during the year ended 31 March 2013 was 1585. 10 orders were subsequently rescinded and 10 were annulled. The figure of 1585 represents a decrease of approximately 4% in winding up orders and a decrease of approximately 12% in bankruptcy orders over the previous year.

Insolvency Petitioners

An analysis of bankruptcy and winding up orders made during the year ended 31 March 2013 classified according to the origin of the insolvency petition is shown in Appendix III.

Case Administration

Appendix IV shows that at 31 March 2013 the Official Receiver was dealing with a total of 2952 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 48% of its post October 1991 caseload being over 12 months old against a target of 25%.

Of the 1628 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 two cases during the year and the meeting was called within the 12 week period.

During the year the Official Receiver obtained a release in 78 company liquidation cases and 741 bankruptcy cases.

Assets and Liabilities - Companies

The total estimated liabilities of companies which went into compulsory liquidation in the year to 31 March 2013 amounted to £140.515m, and the total estimated assets were £0.583m, leaving an overall deficiency of some £139.932m. This represents an average deficiency of approximately £679,000 per case

Trades - Companies

An analysis of the orders made during the year ended 31 March 2013 classified according to trades is given in Appendix V. The greatest number of failures occurred in the Construction sector, ie. 54 cases with a total deficiency of approximately £89.958m followed by the Finance and Business Services sector, ie. 35 cases with a total deficiency of £17.617m.

Assets and Liabilities - Bankruptcies

The total estimated liabilities of cases in which bankruptcy orders were made in the year to 31 March 2013 amounted to £ 770.509m and the total estimated assets were £11.726m, leaving an overall deficiency of some £758.783m. This represents an average deficiency of approximately £558,000 per case.

Trades and Occupations - Bankruptcies

An analysis of the orders made during the year ended 31 March 2013 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. 583 cases with a total deficiency of £349.399m. This was followed by Other Services, i.e. 178 cases with a total deficiency of £34.287m.

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 one case to the Prosecution Unit for the consideration of possible criminal offences and the making of 163 conduct returns on company directors to the DDU of which 159 represented a report of unfit conduct. The Official Receiver also applied to the High Court for:

- the suspension of automatic discharge in 45 bankruptcies;
- the public examinations of 13 bankrupts and 7 company directors.

Debt Relief Orders

The Debt Relief scheme came into operation on 30 June 2011. The scheme is to help individuals who cannot pay their debts and who cannot afford the cost of petitioning for bankruptcy. The scheme enables such individuals to apply to the Official Receiver for an Order similar to a Bankruptcy Order made by the Court. There is only one fee payable on application and it is £90, which is considerably cheaper than the £525 deposit, plus the Court fee, to petition for bankruptcy. There are eligibility criteria, including a £15,000 ceiling on the total amount of debt, a £300 cap on the total value of assets and an upper limit of £50 surplus income in the month. In the year to 31 March 2013 512 Debt Relief Orders were made.

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	2012-13	2011-12	2010-11
Reports submitted by Official Receiver to Prosecution Unit	1	2	0
Reports submitted by others to the Prosecution Unit	0	2	0
Reports referred by the Prosecution Unit to the DPP	0	0	0
Investigation files submitted to the DPP	4	0	0

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 586 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 2012 to 31 March 2013 there was one order 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	2012-13		2011-12		2010-11	
Applications before the Court at 31 March	158		115		65	
Orders made during the year:	No.	%	No.	%	No.	%
2 to 5 years	2	8	2	14	0	0
6 to 10 years	16	64	10	72	2	50
11 to 15 years	7	28	2	14	2	50
	25	100	14	100	4	100
Undertakings given during the year:						
2 to 5 years	22	34	8	16	9	23
6 to 10 years	41	64	39	80	25	64
11 to 15 years	1	2	2	4	5	13
	64	100	49	100	39	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. One disqualified director applied during the year and was granted leave to act.

NOTABLE DISQUALIFICATION CASES DURING THE YEAR TO 31 MARCH 2013 INCLUDED:

Case A

The Company carried on the business of buying, owning, developing and selling commercial and private property. At the date of liquidation the total estimated deficiency was £1,437,062.

The matters of unfit conduct alleged against the directors of the company included:

- demonstrating a wilful disregard to the separate legal entities of the Company and the directors as individuals through the taking of a loan of £2,960,581 in contravention of Article 338 of the Companies (NI) Order 1986 which they cannot now repay resulting in a loss to HM Revenue and Customs of £1,150,965 of Corporation Tax;
- preparing and filing Annual Accounts which did not give a true and fair view of the Company's state of affairs;
- failing to file Annual Accounts for the Company for the years ended 31 May 2006, 31 May 2007

and 31 May 2008 within the prescribed periods and failing to file the Annual Accounts for the year ended 31 May 2009 with Companies House;

- causing and permitting the Company to fail to ensure that the Annual Returns due on 13 August 2006, 13 August 2007 and 13 August 2008 were filed within the prescribed time period with Companies House and to fail to file the Annual Return due on 13 August 2009.

The Court disqualified the two directors of the company for 13 years each.

Case B

The Company carried on the business of wholesale and retail distributions of all manner of fashion accessories trading from 4 retail outlets. At the date the company went into Administrative Receivership the total estimated deficiency was £1,571,787.

The matters of unfit conduct alleged against the director of the company included:

- failing to submit a Statement of Affairs for the Company;
- failing to co-operate with the Joint Administrative Receivers by failing to provide them with:-
 - i. a Statement of Affairs for the Company;
 - ii. the Directors Questionnaire provided to him;
 - iii. an explanation for the stock deficiency;
 - iv. records to support the transfer of the retail units and kiosks to various parties;
 - v. documentation or evidence to support monies lent or invested in a company believed to be an associate;
- causing and permitting the Company to fail to pay £41,497 of monies properly due to the Crown in respect of estimated PAYE and NIC for the year 2007/08;
- causing and permitting the Company to breach the terms of the Invoice Discounting Agreement entered into between the company and Ulster Bank Limited in thereby obtaining finance from Ulster Bank to which it was not entitled under the terms of the Invoice Discounting Agreement;
- failing to prepare and file accounts for the Company for the period ended 31 December 2006;
- causing and permitting the Company to fail to file Annual Returns with Companies Registry for the years made up to 7 December 2006 and 7 December 2007;
- causing and permitting the Company to maintain very poor stock records and being unable to account for stock;
- causing and permitting the Company to fail to account for the disposal of assets, including retail units and employees;
- failing to maintain and deliver up the Company's statutory records, contrary to the provisions of the Companies (NI) Order 1986.

The director gave an acceptable undertaking for a period of 11 years.

Case C

The Company carried on the business of toy retailers. Due to a lack of cooperation by the directors, it was not possible to assess the assets and the estimated deficiency of the company. Creditors of at least £1,476,677 were identified.

The matters of unfit conduct alleged against the directors of the company included:

- causing and permitting the Company to fail to put aside and pay over monies properly due to the Crown in respect of Corporation Tax for the periods ended 31 December 1990, 31 December 1991, 31 December 1995 and 31 December 1998 - 31 December 2003; and causing and permitting the Company to retain monies properly due to the Crown in respect of Value Added Tax from 1 February 1989 until 31 October 2005. The total amount outstanding to the Crown, excluding penalties and interest is £761,101;
- failing to file Annual Accounts for the Company for the year ended 31 January 2003 within the prescribed period and failing to file the Annual Accounts for the years ended 31 January 2005, 31 January 2007 and 31 January 2008 with Companies House;
- causing and permitting the Company to fail to ensure that the Annual Returns due on 15 September 2003, 15 September 2005 and 15 September 2006 were filed within the prescribed time period with Companies House and failing to file the Annual Returns due on 15 September 2004, 15 September 2007 and 15 September 2008.

The following additional matter of unfit conduct was alleged against one of the directors:

- failing to fully co-operate with the Official Receiver in contravention of Article 199 (2) of the Insolvency (Northern Ireland) Order 1989 in that he failed to deliver up information as requested.

One director gave an acceptable undertaking for a period of 10 years and two directors gave acceptable undertakings for the periods of 9 years each.

Register of Disqualification Orders and Undertakings

Article 22 of the Company Directors Disqualification (Northern Ireland) Order 2002 requires the Department to maintain a Register of Disqualification Orders. This includes details of both disqualification orders made by Northern Ireland courts and disqualification undertakings accepted by the Department, which are currently in force and is available at the offices of the Insolvency Service, Fermanagh House, Ormeau Avenue, Belfast, BT2 8NJ. The register is also available on the Companies House Website at <http://www.companieshouse.gov.uk/>.

Register of Individual Voluntary Arrangements

Under Rule 6A.1 (1) 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 2013, 1344 voluntary arrangements were reported to the Department for registration. The corresponding figure for the year ended 31 March 2012 was 1147. There was a 17% increase in 12-13.

The Department is also required,

- Under Article 208W of the Insolvency (Northern Ireland) Order 1989 and Rule 6A.1 (1A) of the Insolvency Rules (Northern Ireland) 1991 to keep a register of Debt Relief Orders, Debt Relief Restrictions Orders and Debt Relief Restrictions Undertakings.
- Under paragraph (12) of Schedule 2A of the Insolvency (Northern Ireland) Order 1989 to keep registers of Bankruptcy Restrictions Orders, interim Bankruptcy Restrictions Orders and Bankruptcy restrictions Undertakings.

Rule 6A.1 (4) of the Insolvency Rules (Northern Ireland) 1991 provides for these registers to be open for public inspection.

4

From 1 October 2009, with the replacement of the Companies (Northern Ireland) Order 1986 with the Companies Act 2006, which covers the whole of the United Kingdom, the investigation of the affairs of companies by inspectors was transferred to Intelligence Operations Reception, Investigations and Enforcement Services, Insolvency Service, 3rd Floor, Cannon House, 18 Priory Queensway, Birmingham B4 6BX (e-MAIL address intelligence.live@insolvency.gsi.gov.uk).

Future requests for the appointment of Company Inspectors on the basis of a written request setting out the nature of the complaints, should be sent to the above address.

Two legacy cases continued to be supervised by DETI during the year with one case being finalised. All cases where company inspectors were appointed prior to 1 October 2009 will continue to be the responsibility of the Department of Enterprise, Trade and Investment.

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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:

	2012-13	2011-12
Law Society of Northern Ireland	6	6
Insolvency Practitioners Association	530	511
Association of Chartered Certified Accountants	161	164
Institute of Chartered Accountants in England and Wales	701	694
Chartered Accountants Ireland	39	32
Institute of Chartered Accountants in Scotland	96	102
Law Society of England and Wales	133	135
The Department of Enterprise, Trade and Investment	5	5
*Secretary of State for Business, Innovation and Skills England & Wales	64	66
Total	1735	1715

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

5.2 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 monitoring inspection visits to two RPBs and one Departmental licensee.

Banking

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

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 desktop 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	1
Failure to submit returns to the Department pursuant to The Insolvent Companies (Reports on Conduct of Directors) Rules (NI) 2003	1 failure to submit returns on time	1
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 Investigated by the Department	4 5
Non-response to correspondence	Failure to reply to 3 letters	0
Inaccurate fees calculations	Submission of 3 inaccurate fees calculations	0
TOTAL		11

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 2013 there were 255 reports and returns received, of which 218 (85%) were submitted within the statutory period and the remaining 37 (15%) were submitted within 9 months.

Meeting of Monitoring Officers

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

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

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.

5.4 GUIDANCE ON BEST PRACTICE

Statements of Insolvency Practice (SIPs)

These 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 fifteen SIPs have now been adopted and issued to licensees. The matters dealt with by these 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; and
- reporting and providing information on their functions to committees in formal insolvencies;
- a receivers responsibility to preferential creditors and
- pre-packaged sales in administrations.

5.5 INTERNATIONAL ASSOCIATION OF INSOLVENCY REGULATORS (IAIR)

The IAIR is an international body which offers the opportunity to explore and benefit from other Regulators' approaches to insolvency policy, legislation, operations and management. Within the reported year the IAIR held its Annual General Meeting and Conference on 16-28 October 2012 in New Zealand.

Agenda items discussed at the meeting included:

- No Asset procedure – New Zealand,
- Summary Instalment Orders – New Zealand,
- Challenges and Innovations in Insolvency Regulation – New Zealand,
- Cross border Insolvency Law Reform experience – New Zealand,
- Criminal Asset seizure in a Global context – New Zealand,
- Restructuring and Insolvency – World Bank,
- Comparative study in Financial Education and Counselling in the Insolvency System – Canada,
- Innovation in Insolvency regulation – INSOL,

- Debt Agreements, Personal Insolvency Agreements, Voluntary Bankruptcy, Funding of asset-less bankruptcies – Australia and,
- Country reports – case studies – emerging trends.

Current membership/Associated membership comprises Australia (the Insolvency and Trustee Service and the Australian Securities Commission), British Virgin Islands, Canada, Columbia, Czech Republic, Finland, Hong Kong SAR, India, Ireland, Jersey, Malaysia, Mauritius, New Zealand, Peru, Romania, Russian Federation, Serbia, Singapore, South Africa, Thailand, the UK (The NI Insolvency Service, together with the Insolvency Service of England and Wales and the Accountant in Bankruptcy, Scotland). 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;
- preparing business cases if required
- producing Consultation Documents for proposed changes to insolvency legislation and considering any replies received;
- carrying out procedures required for the production of primary legislation, including preparing policy memoranda, drafting instructions to Counsel and preparing explanatory memoranda;
- preparation of Executive papers to seek approval to carry out consultation, have draft Bills prepared and introduce Bills in the Assembly;
- addressing need for Legislative Consent Motions for insolvency related matters to be dealt with in Westminster legislation.
- preparing draft subordinate legislation and carrying out Departmental procedures to make it;
- attending Assembly Stages 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 legislative matters,
- preparing information about legislation for insolvency practitioners.

6.2 INSOLVENCY LEGISLATION

Primary

Proposed Insolvency (Northern Ireland) Act Amendments were made to the GB Insolvency Act 1986 by the Legislative Reform (Insolvency) (Miscellaneous Provisions) Order 2010 (S.I. 2010/18) which came into force on 6 April 2010. The amendments allow for the use of electronic communications in insolvency proceedings and the streamlining of certain procedures. An Assembly Act is required to bring in similar legislative provision for Northern Ireland where it is appropriate to do so.

The Act will,

- Make it explicit that in insolvency proceedings documents communicated electronically with the consent of the parties involved are valid;
- Enable office holders in insolvency proceedings to communicate documents by placing them on websites and notifying those entitled to see the documents that they have done so;
- Make it possible to hold virtual meetings;
- Remove the requirement for liquidators and trustees to obtain sanction from creditors or the Department before reaching compromises over debts due;

- Remove the requirement for liquidators to hold annual meetings to receive reports on progress in members and creditors voluntary liquidations;
- Repeal the Deeds of Arrangement provisions;
- Remove the requirement for routine filing of papers in court in the case of individual voluntary arrangements not involving an interim order.
- Repeal early discharge from bankruptcy.
- Place a statutory duty on the Department to consult the Lord Chief Justice in relation to Disqualification from Office provisions.
- Make bank deposits covered by the Financial Services Compensation Scheme a preferential debts

The Insolvency Service carried out a 3 month policy consultation between May and August 2012. The consultation reinforced the view that the proposals would reduce burdens without removing any necessary protection. The proposals aimed at modernising and streamlining insolvency procedures, particularly those enabling the use of electronic communication were well received. A summary of responses was placed on the Department's website.

In September 2012, the Enterprise, Trade and Investment Committee were briefed on the outcome of the policy consultation and Members were content that DETI officials proceed with plans to draft an Assembly Bill.

Office of the Legislative Counsel Instructions (OLC) was instructed to prepare a draft Bill. This work is ongoing as the Bill continued to develop. An Explanatory and Financial Memorandum was also prepared in conjunction with the Bill and sent to OLC for scrutiny.

It is expected to have the Bill finalised with OLC by April 2014.

A Regulatory Impact Assessment was prepared and has been approved by the Department's economists.

Subordinate Legislation

Modernisation Rules

A first draft of these Rules has been prepared. They replicate elements of the Insolvency (Amendment) Rules 2010 (S.I. 2010/686) and are linked to the proposed Act, being required to come into operation at the same time.

The Rules currently include provision for electronic communication, remote meetings, the option to publish documents on websites, changes to the way of approving or challenging remuneration for an administrator, liquidator or trustee in bankruptcy, reduction in court filings and protection for individual debtors where disclosure of information might lead to violence against them or their family.

Advertising /Modernising Rules

These draft Rules replicate for Northern Ireland the Insolvency (Amendment) Rules 2009 (S.I. 2009/642) which came into force in England and Wales on 6 April 2009 and which deal with advertising requirements. They also incorporate equivalents to some of the amendments made by the Insolvency (Amendment) Rules 2010 (S.I. 2010/686).

The original draft Advertising Rules were approved by Department of Justice lawyers in December 2010 and sent out for informal consultation January – February 2011. In March 2011, they were considered by the Insolvency Rules Advisory Committee. As a result of comments made by the Committee, the Insolvency Service has re-examined the policy and re-drafted the Rules. The fresh draft has also been considered by the Department of Justice, who will be responsible for making the Rules.

The main themes include:-

- Provision for an administrator to be able to recover expenses incurred before the formal start of the administration. Reports to creditors to include fixing of the remuneration.
- Rules re remuneration of administrator.
- Additional requirements for gazetting but Gazette notices no longer to be filed in court
- Block transfer of cases where an insolvency practitioner has died etc.

The Building Society Insolvency Rules and Building Society Special Administration Rules

Drafts of these Rules were updated to take account of the Financial Services Authority being replaced by the Financial Conduct Authority and the Prudential Regulation Authority. These Rules will be made by the Department of Justice.

Work has commenced to replicate The Tribunals, Courts and Enforcement Act 2007 (Consequential Amendments) Order 2012. This order makes consequential amendments to or in connection with disqualification provisions, to take account of debt relief orders and debt relief restrictions orders.

6.3 OTHER LEGISLATION WITH WHICH THE SERVICE HAS BEEN INVOLVED

The Insolvency Act 1986 (Disqualification from Parliament) Order 2012 came into operation on 14 June 2012.

This Order provides for disqualification as an MP to result from the making of a Bankruptcy Restrictions Order only, not on bankruptcy.

Insolvency (Amendment) Rules (Northern Ireland)

A draft set of amending Insolvency Rules were prepared by the Department to replicate the Insolvency (Amendment) Rules 2012 (S.I. 2012 No. 469) applying in England and Wales. The amendment will exclude social fund loans from being written off on the making of a Bankruptcy or Debt Relief Order. These Rules, which are currently with the Department of Justice to be made.

Officials from the Insolvency Service have been in liaison with their counterparts in GB, responding to proposals by the European Commission to amend Council Regulation (EC) No.1346/2000 on insolvency proceedings.

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.	100%
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

A meeting of the Service's User Group took place during the year, on 28th March 2013.

The function of the group, which is made up of representatives from creditors, debt advice organisations, 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 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 including an Assembly Bill which will inter alia give legal recognition to the use of modern electronic methods of communication in insolvency proceedings. Discussion took place about latest developments in the modernisation programme

including the electronic delivery of services and the public portal. Updates were also given on the work of the Official Receiver, Directors Disqualification and monitoring of IPs and RPBs. Various other procedural matters were also discussed.

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. Large print versions can be made available to anyone requiring them.

7.5 INSOLVENCY SERVICE CHARTER

The Service's "Charter" sets out for users what the Insolvency Service does and what they can expect from it together with our complaints procedure. 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 for example the main questions that a bankrupt or debtor will wish to have answered about the administration of a bankruptcy case and can be accessed via our website at www.insolvencyservice.deti.ni.gov.uk.

The leaflets currently on our website are:-

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

7.7 PUBLICATIONS

The following guidance notes are available for our customers:

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

8

INSOLVENCY SERVICE PERFORMANCE SUMMARY FOR 2012/13

Key Target/Indicator	Target	2012-13 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 all Official Receiver cases within 3 months of receipt	90%	34%	1
To submit all disqualification cases to the Departmental Solicitor for prospective proceedings within 2 years of the relevant date	100%	100%	
To submit all disqualification returns/reports to the Disqualification Unit within 6 months of the Order	100%	89%	1
To submit prosecution reports to the Prosecution Unit within 11 months of the Order in all cases where there is evidence of criminality	100%	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 2013:-

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

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

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

PART II - SUBORDINATE LEGISLATION

Statutory Rules in operation at 31 March 2013:-

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 Insolvency (Fees)(Amendment) Order (Northern Ireland) 1992
S.R. 1992 No. 398	-	The Insurance Companies (Winding Up) Rules (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

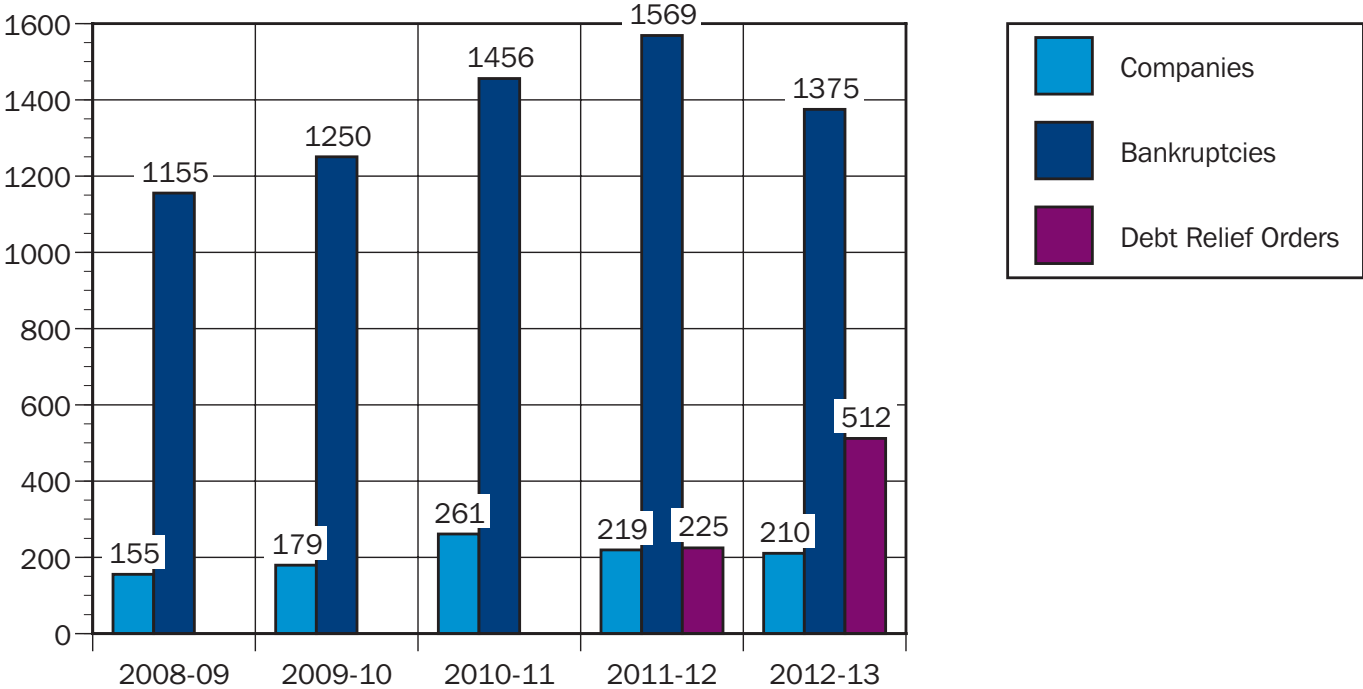
- S.R. 1995 No. 225 - The Insolvent Partnerships Order (Northern Ireland) 1995
- S.R. 1995 No. 291 - The Insolvency (Amendment) Rules (Northern Ireland) 1995
- S.R. 1996 No. 471 - The Insolvent Companies (Disqualification of Unfit Directors) Proceedings (Amendment) Rules (Northern Ireland) 1996
- S.R. 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
- S.R. 2009 No. 201 - The Insolvency (Fees) (Amendment) Order (Northern Ireland) 2009
- S.R. 2009 No. 202 - The Insolvency (Amendment) Regulations (Northern Ireland) 2009
- S.R. 2009 No. 203 - The Insolvency (Deposits) (Amendment) Order (Northern Ireland) 2009

S.R. 2009 No. 204	-	The Insolvency Practitioners and Insolvency Account (Fees) (Amendment) Order (Northern Ireland) 2009
S.R. 2009 No. 401	-	The Provision of Services (Insolvency Practitioners) Regulations (Northern Ireland) 2009
S.R. 2009 No. 402	-	The Insolvency Practitioners and Insolvency Account (Fees) (Amendment) (No. 2) Order (Northern Ireland) 2009
S.R. 2009 No. 404	-	The Insolvency (Amendment) Rules (Northern Ireland) 2009
S.R. 2010 No. 184	-	The Companies (Disqualification Orders) Regulations (Northern Ireland) 2010
S.R. 2011 No. 13 (C.2)	-	The Debt Relief (2010 Act) (Commencement) Order (Northern Ireland) 2011
S.R. 2011 No. 14	-	The Insolvency (Fees) (Amendment) Order (Northern Ireland) 2011
S.R. 2011 No.15	-	The Debt Relief Orders (Designation of Competent Authorities) Regulations (Northern Ireland) 2011
S.R. 2011 No. 110	-	The Insolvency (Monetary Limits) (Amendment) Order (Northern Ireland) 2011
S.R. 2011 No. 111	-	The Debt Relief (2010 Act) (Transitional Provision) Order (Northern Ireland) 2011
S.R. 2011 No. 151	-	The Insolvency (Amendment) Rules (Northern Ireland) 2011
S.R. 2011 No. 367	-	The Debt Relief Orders (Designation of Competent Authorities) (Amendment) Regulations (Northern Ireland) 2011
S.R. 2011 No. 389	-	The Insolvency Practitioners and Insolvency Account (Fees) (Amendment) Order (Northern Ireland) 2011
S.R. 2011 No. 390	-	The Insolvency (Fees)(Amendment No.2) Order (Northern Ireland) 2011
S.R. 2011 No. 391	-	The Insolvency (Deposits) (Amendment) Order (Northern Ireland) 2011

New compulsory liquidations and bankruptcies in the last five years

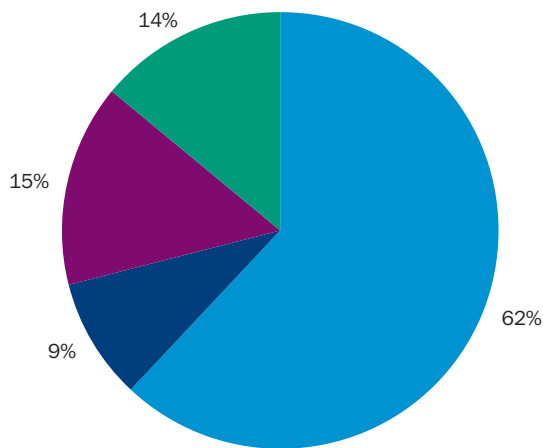


Appendix III

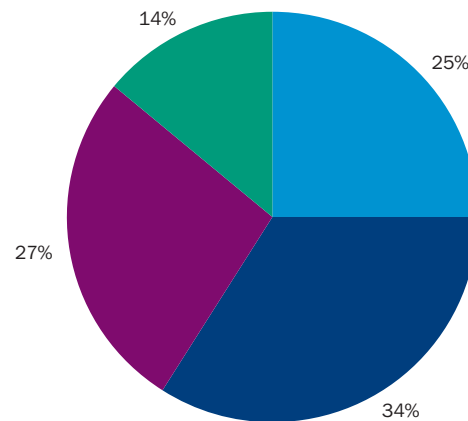
Insolvency Petitioners

	Bankruptcies		Companies		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Debtor's/Directors Petitions	858	62%	52	25%	910	57%
Her Majesty's Revenue and Customs	122	9%	72	34%	194	12%
Land & Property Services	206	15%	56	27%	262	17%
Other Creditors	189	14%	30	14%	219	14%
TOTAL	1375	100%	210	100%	1585	100%

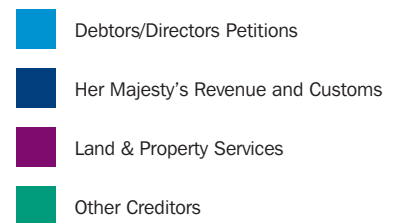
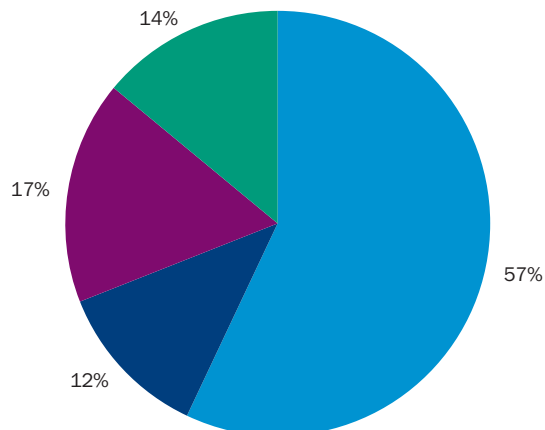
Bankruptcies



Companies



Bankruptcies and Company Liquidations



Appendix IV

Case Administration

Case Administration	2012-13	2011-12
Total open cases at beginning of year	2479	2244
New Bankruptcy cases	1375	1569
New Company cases	210	219
Closed cases which were reopened	155	160
Less		
Insolvency Practitioners Appointed Trustee	181	248
Insolvency Practitioners Appointed Liquidator	24	37
Cases completed	1062	1428
Total open cases at year end	2952	2479

NUMBER, ESTIMATED LIABILITIES AND ASSETS OF COMPANIES WOUND UP AND FAILURES IN PRINCIPAL TRADES AND OCCUPATIONS DURING YEAR ENDED 31 MARCH 2013

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No	Liabilities £	Assets £	No	Liabilities £	Assets £
AGRICULTURE	*17	4,400,057	1,618,985	1	221,877	0
FORESTRY & FISHING	3	198,806	0	0	0	0
MINING & ENERGY INDUSTRIES	0	0	0	1	513,782	0
MANUFACTURING INDUSTRIES						
Manufacture of food, drink & tobacco	2	1,530,220	10	2	770,721	11,472
Manufacture of chemicals	0	0	0	0	0	0
Metal manufacture	2	181,104	0	3	1,731,696	7,125
Engineering & allied industries	17	2,011,572	336,393	6	822,981	106
Textiles & clothing manufacture	2	108,961	0	1	18,543	0
Manufacture of timber & furniture	*2	127,477	0	3	2,928,583	15,000
Paper, printing & publishing	4	419,374	0	1	7,059,403	0
Other manufacture	8	958,143	373,615	4	2,279,085	10,000
WHOLESALE DISTRIBUTION						
Wholesale of food & drink	3	314,778	0	1	26,493	0
Wholesale of textiles and clothing	0	0	0	0	0	0
Motor vehicle wholesalers	1	248,263	159	0	0	0
Other wholesale	2	564,337	0	0	0	0
RETAILING						
Retail of food, drink & tobacco	*52	17,638,653	112,575	9	1,396,651	22,219
Retail of textiles & clothing	3	11,521	1,500,000	7	1,720,726	2,399
Retail of books, paper etc	1	146,465	0	1	190,432	264
Motor vehicles & petrol sales	5	3,613,820	29,970	1	193,371	0
Retail of furniture	7	4,674,054	1,082	3	454,923	4,000
Retail of electrical goods	2	81,982	0	1	85,783	0
Other retail	*40	7,408,634	183,952	11	1,745,169	42,493
CONSTRUCTION						
General construction & demolition	*61	176,104,898	1,990,285	41	65,889,324	108,729
Home improvements	5	222,069	45,000	6	1,515,749	0
Decorating & small works	19	6,666,973	288,561	1	9,812,287	0
Building repairs	*28	4,531,851	247,584	3	12,280,538	0
Electrical & plumbing	*31	3,148,614	46,519	3	568,462	0

* 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 2013

	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	*57	9,055,932	191,974	8	3,856,321	58,755
Air Transport	0	0	0	0	0	0
Shipping	1	68,290	278	2	1,247,192	0
Travel agents	1	109,580	0	0	0	0
Other transport & communications	9	1,121,880	207,471	1	55,295	81,597
FINANCE & BUSINESS SERVICES						
Insurance	6	3,482,044	482	1	949,834	1,542
Accounts & legal services	*15	4,617,943	217,471	2	21,224	0
Real estates	*24	47,951,612	215,692	12	10,078,586	6,734
Computer services	9	1,048,373	9,811	0	0	0
Management services	19	9,504,188	527,227	5	5,124,704	1,154
Other business services	53	51,334,005	1,129,921	15	1,453,317	1,131
OTHER SERVICES						
Recreational services	4	226,655	2,751	4	701,541	0
Medical services	*44	4,800,327	25,699	*0	0	0
Educational services	33	4,610,780	7,104	0	0	0
Repair of consumer goods	0	0	0	0	0	0
Laundry	1	80,000	22	0	0	0
Hairdressing & beauty parlours	28	10,625,358	120,966	4	123,459	1,490
Scrap metal dealers	1	82,067	0	0	0	0
Other services	*67	14,261,612	243,500	21	2,233,486	47,872
HOTELS & CATERING						
Residential accommodation	10	10,164,987	381,063	1	22,730	0
Licensed premises	*16	2,437,702	30,768	12	1,957,333	0
Restaurants	*42	4,288,972	271,678	7	435,220	158,785
Other catering	19	4,585,628	28,446	1	27,797	0
EMPLOYEES						
No occupation or unemployed	*236	26,670,893	179,066	0	0	0
Directors & promoters of companies	15	132,421,546	51,603	0	0	0
Occupation unknown	*172	169,850,762	874,735	0	0	0
Employees	*160	21,795,163	233,736	0	0	0
TOTAL	1,359	770,508,925	11,726,154	206	140,514,618	582,867

* does not include Orders rescinded or annulled.

OFFICIAL RECEIVER'S INVESTIGATION WORK

Prosecution - reports of possible offences	2012-13	2011-12
Main Offence per Report:-		
Credit offences	1	1
Removal of property	0	1
Total Prosecution Reports	1	2
Disqualification		
Reports of unfit conduct	159	188
Returns of no unfit conduct	4	7
Interim returns	0	0
Total Conduct Returns/Reports on Company Directors	163	195
<i>*These became either returns/reports</i>		
Applications to suspend bankrupt's automatic discharge	45	85
Applications for public examination		
Bankruptcies	13	17
Liquidations	7	13
Total applications for public examination	20	30

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 343424. 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.

LARGE PRINT VERSIONS OF THE PUBLISHED STANDARD CAN ALSO BE MADE AVAILABLE TO ANYONE REQUIRING THEM.

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

Department of Enterprise,
Trade and Investment

The Insolvency Account for the year ended 31 March 2013

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

December 2013

Insolvency Account for the year ended 31 March 2012

FOREWORD

STATUTORY BACKGROUND

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

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

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

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

(c) S.I. 1989/2045 (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 461 and by S.R. 2009 No. 202)

REVIEW OF ACTIVITIES

2. The total number of Court orders for the winding up of companies during the year ended 31 March 2013 was 210. This represented a decrease of approximately 4% when compared with the previous year.
3. The total number of bankruptcy orders and insolvency administration orders made by the Court during the year ended 31 March 2013 was 1,375. This represented a decrease of approximately 12% when compared with the previous year.
4. The total number of debt relief orders made during the year ended 31 March 2013 was 512.

**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 handwritten signature in black ink, appearing to be 'David Sterling', written in a cursive style with a long horizontal stroke extending to the right.

David Sterling
Accounting Officer
Department of Enterprise, Trade and
Investment

Insolvency Service - Governance Statement 2012-13

Introduction

1. This is the first Governance Statement for the Insolvency Service. It reflects the Insolvency Service's governance, risk management and internal control arrangements as they have operated during the 2012-13 financial year. It also provides details of future actions planned by the Insolvency Service to mitigate risks and to address any internal control weaknesses that have been identified.
2. The Insolvency Service is a Branch within the Department of Enterprise, Trade and Investment's (DETI's) Business Regulation Division. DETI's Governance Statement is published in its Resource Accounts and reflects the overall governance, risk management and internal control environment in which the Insolvency Service operates. This Governance Statement is based on and supplements the DETI Governance Statement by providing information specific to the operation of the Insolvency Service.

The DETI Governance Framework

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

Individual Responsibilities

The DETI Minister

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

The Accounting Officer

5. The Permanent Secretary is the principal Accounting Officer for the Department. As Accounting Officer, the Permanent Secretary is personally responsible for ensuring that the Department, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity.

Organisation and Structures

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

The Departmental Board

7. The Departmental Board manages the Department within the strategic framework set by the Minister. It supports the Permanent Secretary by providing collective leadership and taking ownership of the Department's performance. The Board operates within the guidelines set out in the June 2005 HM Treasury publication "Corporate governance in central government departments: Code of good practice".

8. The Board is chaired by the Permanent Secretary of the Department. The Deputy Secretaries for Policy Group and Management Services Group are members, as are Heads of Division with responsibility for Human Resources and Finance. There are currently two Independent Board Members (IBMs).
9. The Board operates as a collegiate forum under the leadership of the Permanent Secretary to manage the running of the Department. It is not, however, the principal policy making body, as policy is determined by the Minister. The Board does, however, discuss policy in the context of setting and directing the strategic planning that ensures delivery of Ministerial policy decisions and the operational management of the implementation of those decisions. The Board operates in an advisory and consultative capacity, offering guidance when sought. Day-to-day operational matters are the responsibility of the Deputy Secretaries and Heads of Division.
10. The objective of the Board is to provide collective leadership in the Department and to:
- (i) take forward the Department's agreed strategic aims and objectives;
 - (ii) determine the strategic allocation of its financial and human resources to achieve those aims;
 - (iii) strategically manage departmental resources, and monitor and take action to ensure the achievement of objectives;
 - (iv) set the Department's standards and values;
 - (v) maintain a transparent system of prudent and effective controls (including internal controls);
 - (vi) assess and manage risk; and
 - (vii) lead and oversee organisational development, encouraging innovation and, where appropriate enterprise, to enhance the Department's capacity to discharge its functions efficiently and effectively.
- Corporate and Business Planning**
11. Within the policy and resources framework set by the Minister and the Executive, the Departmental Board sets the strategic and annual direction of the Department through the corporate and business planning process. A Corporate Plan, which aligns with the Executive's Programme for Government and Budget, is normally prepared every three years. More detailed Operating Plans are prepared on an annual basis. The detailed stages of the corporate and business planning processes are built into the Departmental Board work programme.

Board Performance and Effectiveness

12. During the 2012-13 year, the Departmental Board met a total of 8 times. Donal Flanagan, who has temporarily stood down from the Board for personal reasons did not attend any Board meetings during the year. Details of the attendance of the other individuals who were board members during the year was as follows:

Board Member	Number of Meetings Attended	Out of a Possible
David Sterling	7	8
David Beck	8	8
Colin Lewis	4	5
David Thomson	6	8
Trevor Cooper	7	8
Alan Lamont	5	7
Bernie Brankin	2	2
Iain McFarlane	1	1
Wendy Johnston	0	1

13. The Departmental Board undertook a self assessment of its effectiveness using a questionnaire based on Cabinet Office guidance produced for departments in Great Britain. The Board was broadly content with its performance and the role it plays in the effective governance of the Department including monitoring progress of the actions set out in Corporate and Operating Plans.

The Departmental Audit Committee

14. The Departmental Board is supported in its role by the Departmental Audit Committee. The Departmental Audit Committee is a sub-committee of the Departmental Board and has no executive powers. The Committee is chaired by David Beck, an Independent Board Member who attended the four meetings held in 2012-13. The other members, Bill McGinnis and Anthony Harbinson are independent of the executive structure of the Department. Bill McGinnis also attended the four meetings held in 2012-13 and Anthony Harbinson attended the three meetings held since his appointment.

15. The role of the Departmental Audit Committee is to support the Departmental Board and the Accounting Officer by advising on:

- (i) The strategic processes for risk, control and governance and the Governance Statement (formerly the Statement on Internal Control);
- (ii) The accounting policies, the accounts, and the annual report of the organisation, including the processes for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- (iii) The planned activity and results of both internal and external audit;

- (iv) Adequacy of management response to issues identified by audit activity, including external audit's Report to those Charged with Governance;
- (v) Assurances relating to the corporate governance requirements for the organisation; and
- (vi) Anti fraud policies, whistle blowing processes, and arrangements for special investigations.

16. The Departmental Audit Committee also periodically reviews its own effectiveness and reports the results of that review to the Board.

Other Organisational Structures

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

Casework Committee

- 18. The DETI Casework Committee meets as required to consider and approve DETI projects involving expenditure above £500,000.
- 19. The Casework Committee is chaired by an officer of at least Deputy Secretary level, and requires a minimum of three members to be quorate.

Fortnightly Senior Management Team Meeting

20. The Fortnightly Senior Management Team Meeting is the regular meeting of senior management to discuss ongoing operational issues, including forthcoming Executive and Assembly business. It is chaired by the Permanent Secretary and membership comprises the Deputy Secretaries responsible for Policy Group and Management Services Group, and Heads of Divisions. The Head of Assembly Liaison Unit, the Principal Information Officer and the Minister's Private Secretary are also in attendance.

Risk Management

21. The Department's approach is to assign risks to those best placed to manage them, whilst maintaining clear accountability. The Department manages risk at Corporate and Divisional levels. Risks relating to the Insolvency Service are reflected in the risk register maintained for Business Regulation Division. Insolvency Service risks being managed at 31 March 2013 related to:

- Operational and policy delivery
- Insolvency legislation
- Financial management

22. The Departmental Board regularly reviews the Corporate Risk Register and, on a quarterly basis, receives a report detailing Divisional Risks which are assessed as having a high or medium impact and a high likelihood of occurrence.

23. Action is being taken to mitigate the above risks.

Six Monthly Assurance Statements

24. Each Deputy Secretary and NDPB Chief Executive is required to provide six monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. These six monthly statements confirm the efficacy of the systems of internal control in their areas of responsibility and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues.

Data Security

25. In line with NICS policy and best practice, the Department carried out a Security Risk Management Overview (SRMO). This is an annual exercise which reports to the Head of the NICS and includes a single return for DETI and its NDPBs. The report contains an independent assurance statement from the Head of Internal Audit and is endorsed by the Permanent Secretary as Accounting Officer.

Business Continuity Management (BCM)

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

Internal Audit

27. The Department has an Internal Audit Service, which operates to HM Treasury's Public Sector Internal Audit Standards. Internal Audit Service constructs its annual audit plan on the basis of the Internal Audit Strategy and also takes into account the objectives and risks faced by DETI including emerging risks.
28. Internal Audit Service completed a review of the Insolvency Service Integrated Case Management System– commonly referred to as BABS. The review was approved by the Accounting Officer and endorsed by the Departmental Audit Committee as part of the 2012/13 Internal Audit Plan. In overall terms, Internal Audit Service considered that the system of internal control established .

Compliance with the Corporate Governance Code

29. The Departmental Board has carried out an assessment of its compliance with the Corporate Governance Code issued by HM Treasury in July 2005. The Department is content that it is broadly compliant with both the spirit and the principles of the Code.

Quality of Data Used by the Departmental Board

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

from the internal controls in place in the Department and the scrutiny of the Account NI and HR Connect systems by DFP's Internal Audit Service and the supply of information on absenteeism to departments by the Northern Ireland Statistics and Research Agency (NISRA). The Departmental Board considered the quality of information it receives when it reviewed its effectiveness in July 2012. The Departmental Board agreed on a more focussed and prioritised exception reporting approach an example being the use of traffic light indicators (red, amber and green) in the finance report

Ministerial Directions

31. No Ministerial Directions were issued during the 2012-13 financial year.

Conclusion

32. DETI's Insolvency Service has a rigorous system of corporate governance on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.
33. Having considered the corporate governance and accountability framework within the Department in general and the Insolvency Service in particular, and in conjunction with assurances given to me by the Departmental Audit Committee, I am content that a sound system of internal governance has been in operation during the period 2012-13.



DAVID STERLING
25 November 2013

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

I certify that I have audited the financial statements of the Insolvency Service for the year ended 31 March 2013 under the Insolvency (Northern Ireland) Order 1989. These comprise the Receipts and Payments Account, the Statement of Balances and the related notes.

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

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

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the receipts and payments recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

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

Matters on which I report by exception

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

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



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

2nd December 2013

Insolvency Account for the year ended 31 March 2013

Statement of Receipts and Payments for year ending 31 March 2013 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	2012-13 £	2011-12 £
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)	1,818,230	1,890,487
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)	8,716,982	7,008,045
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)	0	0
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)	70,707	159,205
Sums received to which the Official Receiver does not have clear title	(5)	79,259	60,792
Sums received in respect of Prescribed fees	(6)	109,926	193,015
		10,795,104	9,311,544
Payments	Notes	2012-13 £	2011-12 £
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 £ 1,362,920 Bankruptcy etc £ 5,814,238	(7)	7,177,158	5,837,687
Fees and Remuneration charged and appropriated in aid of the Department of Enterprise, Trade and Investment	(8)	2,022,204	1,814,595
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)	132,379	179,367
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)	8,078	18,326
Sums paid to parties with clear Title	(11)	37,170	230,246
Sums surrendered to the Crown Solicitor under Article 605(1) of the 1986 Order and Section 1013 of the Companies Act 2006	(12)	29,729	16
		9,406,718	8,080,237
EXCESS OF RECEIPTS OVER PAYMENTS FOR FINANCIAL YEAR		1,388,386	1,231,307

Insolvency Account for the year ended 31 March 2013

Statement of Balances at 31 March 2013	Notes	2013 £	2012 £
Balance at beginning of financial year in respect of -			
Liquidations - cash at bank and in hand		2,877,887	2,529,555
Bankruptcy - cash at bank and in hand		9,737,935	8,854,960
		12,615,822	11,384,515
Add: Excess of receipts over payments for financial year		1,388,386	1,231,307
		14,004,208	12,615,822
Balance at end of financial year in respect of -			
Liquidations - cash at bank and in hand		2,946,680	2,877,887
Bankruptcy - cash at bank and in hand		11,057,528	9,737,935
	(13)	14,004,208	12,615,822

The notes on Pages 71 to 75 form part of the account.



David Sterling

Accounting Officer
Department of Enterprise, Trade and Investment

25 November 2013

Insolvency Account for the year ended 31 March 2013

Notes

RECEIPTS

1. Realisation of Company Assets, etc.

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

	2012-13	2011-12
	£	£
Realisation of assets etc. in Company Liquidations	1,373,200	1,544,927
Deposits paid by Petitioners	445,030	345,560
	<u>1,818,230</u>	<u>1,890,487</u>

2. Realisation of Estates of Bankrupts, etc.

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

	2012-13	2011-12
	£	£
Realisation of assets, etc. in the Estates of Bankrupts, Arranging Debtors and Deceased Insolvents	7,579,482	6,080,635
Deposits paid by Petitioners	1,137,500	927,410
	<u>8,716,982</u>	<u>7,008,045</u>

3. Interest Credited

The total amount of interest received in respect of funds in the Insolvency Account during the year was nil (previous year nil).

Insolvency Account for the year ended 31 March 2013

4. Unclaimed Dividends etc.

Sums received during the period can be summarised as follows:

	2012-13	2011-12
	£	£
Unclaimed Dividendsetc. in respect of Company Estates	9,913	111,074
Unclaimed Dividends in respect of Bankrupt Estates	60,794	48,131
	<u>70,707</u>	<u>159,205</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

£109,926 (previous year £193,015) does not represent the total of fees charged by the Official Receiver but consists only of fees taken in cash. This figure represents fees paid on the registration of Individual Voluntary Arrangements (Article 4 of the Insolvency (Fees) Order (Northern Ireland) 2006 (a)), fees paid on the application for the renewal of the authorisation to act as an insolvency practitioner and RPB maintenance payments (The Insolvency Practitioners and Insolvency Account (Fees) Order (Northern Ireland) 2006 (b)) and fees paid on the application for a Debt Relief Order (The Insolvency (Fees) Order (Northern Ireland) 2006) (c)).

(a) S.R. 2006 No. 54 (Amended by S.R. 2009 No 201)

(b) S.R. 2006 No. 53 (Amended by S.R. 2009 No 204 and S.R. 2009 No 402)

(c) S.R. 2006 No 54 (Amended by S.R. 2011 No 14)

Insolvency Account for the year ended 31 March 2013

PAYMENTS

7. Expenses and distributions

The authority for the making of payments out of the Insolvency Account in connection with the administration of the estates of bankrupts and the winding up of companies is Regulations 7(2) and 22(1) of the 1996 Regulations and for the Debt Relief Scheme, Article 361 (2a) of the 1989 Order. Payments made during the period can be summarised as follows:

	2012-13		2011-12	
	Companies £	Bankruptcy £	Companies £	Bankruptcy £
Costs & Expenses	852,150	4,380,404	803,765	3,088,376
Dividend Distribution	411,428	1,360,449	371,814	1,545,756
Income Tax & Corporation Tax	99,342	68,922	22,993	2,272
Debt Relief Expenses	0	4,463	0	2,711
	<u>1,362,920</u>	<u>5,814,238</u>	<u>1,198,572</u>	<u>4,639,115</u>

The figure for company and bankruptcy distributions includes undistributed balances totalling £1,536 and £5,713 respectively.

8. Prescribed fees

	2012-13 £	2011-12 £
Companies	315,903	301,666
Bankruptcy	1,531,916	1,401,174
Registration of Voluntary Arrangements	23,925	16,755
Renewal of IP Licences by DETI and RPB maintenance payments	108,900	94,400
Debt Relief Scheme	40,000	0
Other	1,560	600
	<u>2,022,204</u>	<u>1,814,595</u>

The total figure for fees charged to estate accounts and taken in cash includes £13,796 Value Added Tax for which the Department is accountable.

During the 2012-13 financial year write-off approval was received in relation to the loss of fees totalling £466,080 in 584 bankruptcy and 52 company estates. In addition a loss of £132,092 was recognised in relation to 170 bankruptcy and 10 company estates which were finalised during 2012-13. 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 2013

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.

	2012-13	2011-12
	£	£
Companies	80,358	150,857
Bankruptcy	52,021	28,510
	<u>132,379</u>	<u>179,367</u>

In addition an amount of £6,039 was transferred from estate accounts to the Consolidated Fund.

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:

	2012-13	2011-12
	£	£
Companies	168	7,825
Bankruptcy	7,910	10,501
	<u>8,078</u>	<u>18,326</u>

11. Sums paid to parties with clear title

Payments totalling £37,170 (previous year £230,246) 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 2013

13. Balance at end of year

	31 March 2013	31 March 2012
	£	£
Cash at Bank and in hand	14,004,208	12,615,822
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))	113,075	183,689
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))	101,794	100,931
Net funds held in the Insolvency Account in respect of companies in which a final dividend has not yet been paid	2,833,605	2,694,198
Net funds held in the Insolvency Account in respect of bankruptcy estates in which a final dividend has not yet been paid	10,955,734	9,637,004
	<u>14,004,208</u>	<u>12,615,822</u>



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Insolvency Service

December 2013

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