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**Enterprise, Trade
and Investment**
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Insolvency Service

Annual Report and Account for year ended 31 March 2008

July 2009

The Insolvency Service
Annual Report and Account
for the year ended 31 March 2008

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.

3 July 2009

July 2009

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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 2008.



M. Bohill
Senior Officer

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

28 April 2009

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31 March 2008

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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 2008.

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 small decrease in the number of cases administered during 2007/08; the total number dealt with being 1036 as against 1096 in 2006/07. This decrease was due to the number of bankruptcy orders having gone down from 1008 in 2006/07 to 906 in 2007/08. The number of compulsory winding up orders however increased significantly from 88 in 2006/07 to 130 in 2007/08.

Although the general trend was slightly down in the current year compared to last year, the trend for the greatest number of bankruptcies to occur in the consumer bankruptcy sector continued in 2007/08; 318 bankruptcies fell into this category, as against 507 in 2006/07. Consumer bankruptcies are defined to include persons who are in employment, those with no occupation or who are unemployed, individuals whose occupation is unknown, and directors and promoters of companies whose bankruptcy has arisen through personal indebtedness. The next largest groups of bankruptcies were in the Construction (154) and Other Services (103) sectors. The latter comprises recreational services, medical services, repair of consumer goods, laundry, hairdressing, beauty parlours and scrap metal dealers.

In regard to companies the largest groups of winding up orders were in the Construction sector (25) and the Manufacturing sector (21).

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

No new primary legislation was made during the year however one piece of subordinate legislation was made; the Insolvency (Disqualification: General) Order (Northern Ireland) 2008.

Work continued on the business case for the Debt Relief Order and a consultation for fast track Individual Voluntary Arrangements.

The Insolvency Service benefited from the first full year's use of its integrated case management, records management, workflow, management information and banking solution. Throughout the year the systems were refined and adjusted to create maximum efficiency for staff.

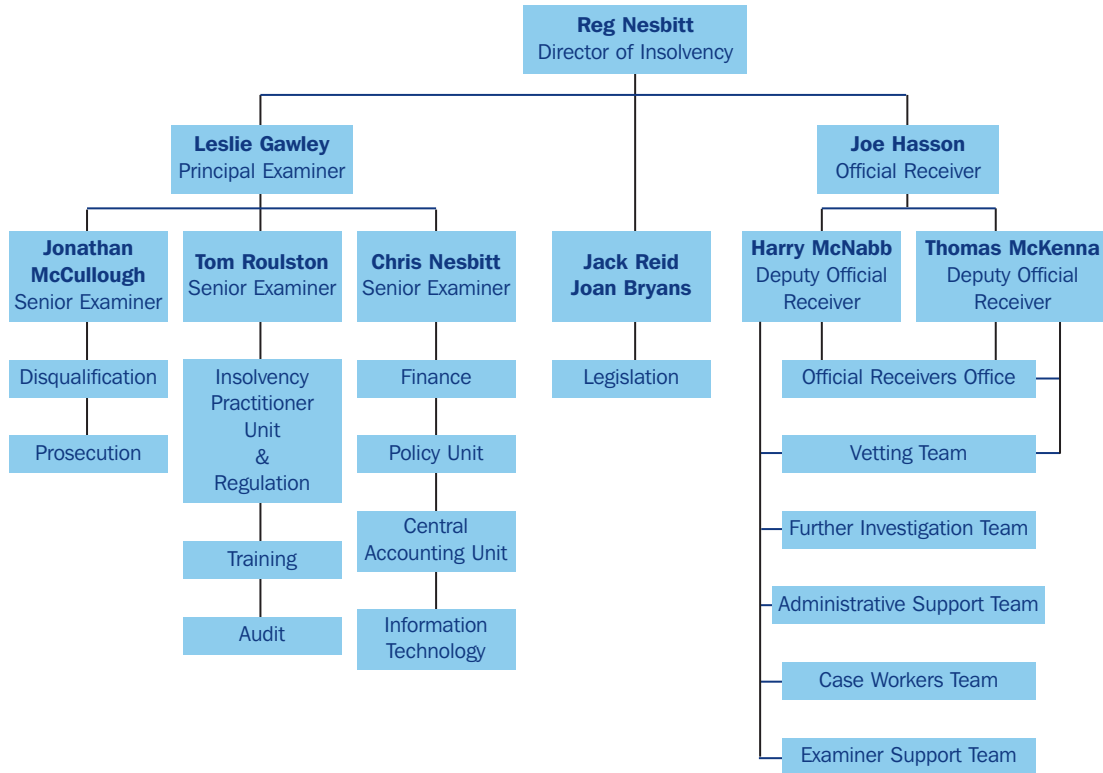
Although insolvencies decreased marginally during the year the trend is nevertheless upwards as a result of the amount of personal indebtedness in the economy and the weakening economic position brought about by the credit crunch. The continued high level of insolvency activity obviously places continuing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



W R Nesbitt
Director of Insolvency

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Belfast BT2 8NJ

Management Structure



Abbreviations used in Report

ACCA	Association of Chartered Certified Accountants
DDU	Directors Disqualification Unit
Department	Department of Enterprise, Trade and Investment
ETI	Enterprise, Trade and Investment
High Court	Northern Ireland High Court
IAIR	International Association of Insolvency Regulators
IATI	Institute of Accounting Technicians in Ireland
ICSA	Institute of Chartered Secretaries and Administrators
IPU	Insolvency Practitioner Unit
Minister	Up until 14 October 2002 the Minister for Enterprise, Trade and Investment in the Northern Ireland Assembly. From 15 October 2002 until 7 May 2007 the Northern Ireland Office Minister with responsibility for Enterprise, Trade and Investment. From 8 May 2007 the Minister for Enterprise, Trade and Investment in the Northern Ireland Assembly.
PDP	Personal Training and Development Plan
PPS	Public Prosecution Service
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, and
- handling the disqualification of directors in all corporate insolvencies

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

The Service:

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

The principal functions and objectives of the Service are:

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

1.2 OUR RELATIONSHIP WITH OUR USERS

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

- **Official Receiver Operations** - dealing 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		
	2007-08	2006-07
Running costs	£1.711M	£1.689M
Staff in post at 31 March comprising	67	60
Specialist grades	31	21
Administrative grades	36	39

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 51-68). The funds held at 31 March 2008 in the Account amounted to £11,379,071.

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

1.6 REGISTER OF INDIVIDUAL VOLUNTARY ARRANGEMENTS

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

During the year ended 31 March 2008, 419 voluntary arrangements were reported to the Department for registration. The corresponding figure for the year ended 31 March 2006 was 736. There was a 43% decrease in 07-08.

1.7 SUCCESS THROUGH INVESTORS IN PEOPLE (IIP)

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

1.8 TRAINING

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

- 2 members of the examiner staff passed the final ACCA examinations to become fully qualified accountants; and
- 8 trainee examiners commenced studying for the IATI examinations.

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

1.9 EQUAL OPPORTUNITIES

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

1.10 HEALTH AND SAFETY

The Service continued to comply with the Department's Health and Safety policy. A risk assessment of Fermanagh House was carried out in June 2007 and appropriate remedial measures undertaken. The Service's physical security booklet was revised and issued to all members of staff during February 2008. The Physical Security document will be revised in the incoming year as required.

1.11 INFORMATION TECHNOLOGY

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

1.12 CHANGE MANAGEMENT PROGRAMME

The Insolvency Service e-Business Project underwent the final Gateway Review (Gateway 5 – Benefits Realisation) in November 2007. The primary purpose of this review was to assess whether the contribution to improvement in the services offered to stakeholders and anticipated benefits were being delivered and that ongoing contractual arrangements met the business need. The overall NI Gateway status for the project was Green meaning the project was on target to succeed.

This represents the completion of a significant programme of work undertaken as part of the DETI e-Business Programme, geared not only towards improving and enhancing the Service's internal processes and efficiency, but also towards developing and enhancing the range of services we offer to our stakeholders. Stakeholder accessibility to new services is delivered through insolvency practitioner and public portals. These promote on-line banking facilities and information exchange, central to the bankruptcy and liquidation case administration processes.

1.13 CORPORATE AND OPERATING PLANS

The Service is committed to contributing to the Department's Corporate Plan for the period 2005 to 2008 through the enactment of the Insolvency and Company Director Disqualification Bills that will encourage enterprise and responsible risk taking and through the promotion of a comprehensive e-commerce initiative.

The 2007/08 branch operating plan for each of the Service's operating units was completed in March 2007. 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 to illustrate how staff contribute successfully 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.

2.2 ADMINISTRATION

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

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

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

Total Insolvencies during Year

The number of compulsory winding up orders and bankruptcy orders made by the High Court in each of the last 5 years is shown in Appendix II. The total number of orders made during the year ended 31 March 2008 was 1036. 43 orders were subsequently rescinded and 69 were annulled. The figure of 1036 represents an increase of approximately 48% in winding up orders and a decrease of approximately 10% in bankruptcy orders over the previous year.

Insolvency Petitioners

An analysis of the orders made during the year ended 31 March 2008 classified according to the origin of the insolvency petition is shown in Appendix III.

Case Administration

Appendix IV shows that at 31 March 2008 the Official Receiver was dealing with a total of 1273 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 21% of its post October 1991 caseload being over 12 months old against a target of 15%.

Of the 960 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 4 cases during the year. All meetings were called within the 12-week target period.

During the year the Official Receiver obtained a release in 66 company liquidation cases and 442 bankruptcy cases.

Assets and Liabilities - Companies

The total estimated liabilities of companies which went into compulsory liquidation in the year to 31 March 2008 amounted to £22.647m, and the total estimated assets were £2.498m, leaving an overall deficiency of some £20.149m. This represents an average deficiency of approximately £162,492 per case and compares with last year's average deficiency of approximately £138,619 per case.

Trades - Companies

An analysis of the orders made during the year ended 31 March 2008 classified according to trades is given in Appendix V. The greatest number of failures occurred in the Construction sector, ie. 25 cases with a total deficiency of approximately £2.672m followed by the Manufacturing, ie. 21 cases with a total deficiency of £6.315m.

Assets and Liabilities - Bankruptcies

The total estimated liabilities of cases in which bankruptcy orders were made in the year to 31 March 2008 amounted to £32.070m and the total estimated assets were £24.049m, leaving an overall deficiency of some £8.021m. This represents an average deficiency of approximately £10,128 per case, compared with last year's figure of approximately £21,156.

Trades and Occupations - Bankruptcies

An analysis of the orders made during the year ended 31 March 2008 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. 318 cases with a total deficiency of £6.546m. This was followed by Construction, i.e. 154 cases with a total deficiency of £3.185m.

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 4 cases to the Prosecution Unit for the consideration of possible criminal offences and the making of 120 conduct returns on company directors to the DDU of which 107 represented a report of unfit conduct. The Official Receiver also applied to the High Court for:

- the suspension of automatic discharges in 62 bankruptcies;
- the public examinations of 20 bankrupts, and
- the public examination of the directors in 3 liquidations.

3

3.1 PROSECUTION

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

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

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	2007-08	2006-07	2005-06
Reports submitted by Official Receiver to Prosecution Unit	3	3	3
Reports submitted by others to the Prosecution Unit	1	1	0
Reports referred by the Prosecution Unit to the PPS	2	2	1
Investigation files submitted to the PPS	0	1	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 344 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 2007 to 31 March 2008 three orders were 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	2007-08		2006-07		2005-06	
Applications before the Court at 31 March	42		34		38	
Orders made during the year:	No.	%	No.	%	No.	%
2 to 5 years	5	28	4	44	0	0
6 to 10 years	11	61	5	56	12	86
11 to 15 years	2	11	0	0	2	14
	18	100	9	100	14	100
Undertakings given during the year:						
2 to 5 years	7	29	8	32	8	34
6 to 10 years	17	71	17	68	14	58
11 to 15 years	0	0	0	0	2	8
	24	100	25	100	24	100

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

**NOTABLE DISQUALIFICATION CASES DURING
THE YEAR TO 31 MARCH 2008 INCLUDED:**

Case A

A director operated a company which carried on the business of importation and distribution of commercial and private vehicles. The Company was wound up by the High Court with an estimated deficiency to creditors of £562,944.

The unfit conduct identified against the director of the company included: failing to submit a Statement of Affairs in respect of the Company; failing to prepare trading accounts; failing to account for Company assets and failing to account for the trading activities of the Company; failing to maintain and/or preserve and/or deliver up full accounting books and records for the Company; failing to operate a Company bank account for the Company and causing and permitting the Company to process company funds through his personal bank account; failing to co-operate and to attend upon the Official Receiver for interview to account for the demise of the Company; causing and permitting the Company to retain monies in respect of VAT not paid over to the Crown and failing to co-operate with the Crown; failing to file accounts with the Registrar of Companies within the prescribed time period for the first three years and failing to prepare and file accounts thereafter; failing to preserve/maintain and deliver up statutory records and failing to file annual returns.

The director did not appear nor was he

represented at the hearing of the matter.

The director was disqualified for 15 years.

The Master in her judgment held this was a particularly serious case. The Respondent appeared not only to have a cavalier attitude towards the conduct of his company's business activity but with regard to the investigations that both the Official Receiver and the joint liquidators had to undertake. His non-co-operation prevented a full investigation into the affairs of the company and it was therefore impossible to determine the extent of the liabilities of the Company, the assets of the Company and the Company's trading history. The Master could not see any grounds for mitigation in the case and took the view that the Respondent is an individual whose attitude to the conduct of business was such that the public required to be protected from it.

Case B

The two directors operated a company which carried on the business of a restaurant. The company went into voluntary liquidation with an estimated deficiency to creditors of £482,715.

The unfit conduct identified against the directors of the company included: Causing the Company to be financed by non-payment of monies properly payable to the Crown, in respect of PAYE, NIC and VAT; and failing to learn from previous experience in that one director was involved in two previous company failures and the other director was involved in one of these failures that were also financed by monies properly payable to the Crown.

The directors did not appear nor were they represented at the hearing of the matter.

The directors were disqualified for 7 years each.

The Master in his judgement stated that the total Crown debt from these three failed companies was not an insignificant sum and that this was all money the company had taken from others and not paid to the Crown as it was due in law to do. He placed this case in the serious category of such cases.

Case C

Three directors carried on the business of haulage. The Company was wound up by the High Court with an estimated deficiency to creditors of £562,944.

The unfit conduct identified against the directors of the company included: Causing and permitting the company to be financed by the retention of monies properly payable to the Crown for PAYE, NIC and VAT, causing and permitting the company to misuse accounts with two different banks; and failing to maintain the Statutory Records for the company as required under the Companies (NI) Order 1986.

An additional matter of unfit conduct identified against Directors A and B included failing to learn from a previous insolvency.

The directors gave acceptable disqualification undertakings for periods of 8, 6 and 3 years respectively.

Register of Disqualification Orders

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

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

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

5

5.1 APPOINTMENTS REQUIRING INSOLVENCY PRACTITIONER AUTHORISATION

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

	2007-08	2006-07
Law Society of Northern Ireland	7	9
Insolvency Practitioners Association	33	24
Association of Chartered Certified Accountants	15	14
Institute of Chartered Accountants in England and Wales	31	23
Institute of Chartered Accountants in Ireland	28	28
Institute of Chartered Accountants in Scotland	7	6
Law Society of England and Wales	1	1
	122	105
The Department of Enterprise, Trade and Investment has authorised:	3	3
Total	125	108

5.2 MONITORING

Monitoring Visits

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

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

Desktop Monitoring Process

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

Indicators	Triggers	No of cases referred to RPB/Department
Failure to report details of individual voluntary arrangements to the Department pursuant to Rule 5.27 of the Insolvency Rules (NI) 1991	2 failures to report	0
Failure to comply with provisions regarding the advertisement of meetings, appointments and dividend payments	2 failures to advertise properly	0
Failure to submit returns to the Department pursuant to the Insolvent Companies (Reports on Conduct of Directors) Rules (NI) 1997	2 failures to submit returns on time	2
Failure to pay funds into the Insolvency Account pursuant to Regulations 5 and 20 of the Insolvency Regulations (NI) 1996	Automatic referral	0
Complaints from third parties	Automatic referral	10
Non-response to correspondence	Failure to reply to 3 letters	4
Inaccurate fees calculations	Submission of 3 inaccurate fees calculations	0
TOTAL		16

Banking

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

Reporting Compliance

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

During the year ended 31 March 2008 there were 50 reports and returns received, of which, 43 (86%) were submitted within the statutory period, and the remaining 7 (14%) were submitted within 9 months.

Meeting of Monitoring Officers

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

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

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

5.3 GUIDANCE ON BEST PRACTICE

Statements of Insolvency Practice

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

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

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

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

5.4 JOINT INSOLVENCY COMMITTEE

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

Mr Nesbitt and Mr Roulston on behalf of the Insolvency Service and a representative from the Law Society of Northern Ireland are invited members of this Committee having full

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

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

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

5.5 INTERNATIONAL ASSOCIATION OF INSOLVENCY REGULATORS (IAIR)

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

Agenda items discussed at the meeting included:

- Bankruptcy System and updates in Russian Federation legislation;
- Consumer Insolvency Regulation in Russia;
- Insolvency of Financial and Insurance Institutions (Russia);
- Employee Rights and Wage Guarantee Funds (Russia);
- Consumer Debtors (UK, Australia and Canada);

- Revenue and User Fees (Canada);
- Recognition of Foreigner Insolvency Proceedings and Foreign Insolvency Administrators;
- Country Reports;
- Mutual Recognition of Sanctions (Ireland);
- Information Sharing and Access to; and Use of Data (Ireland and Canada).

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

Government officials from non-member organisations are also encouraged to attend with a view to them becoming full members.

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

6

6.1 THE LEGISLATION UNIT

The Service's Legislation Unit is responsible for:

- making legislation needed to update the Insolvency (Northern Ireland) Order 1989 and the Company Directors Disqualification (Northern Ireland) Order 2002 and related subordinate legislation;
- seeking Ministerial approval for proposals for new insolvency legislation;
- carrying out Equality Screening and Regulatory Impact Assessments on proposed legislation and considering the Human Rights implications;
- producing Consultation Documents and Executive Summaries in relation to proposals for changes to insolvency legislation and considering any replies received;
- carrying out Departmental procedures required for the production of primary legislation, including preparing policy memoranda, drafting instructions to Counsel and preparing explanatory memoranda;
- preparing draft subordinate legislation and carrying out Departmental procedures to make it;
- attending Assembly Stages/Parliamentary debates in relation to new legislation in support of the Minister; providing briefing and answers for or on behalf of the Minister;
- attending ETI Committee Meetings in relation to new insolvency legislation and providing briefing and answers on behalf of the Department;
- advising other Departments on the insolvency implications of their legislation;
- considering the insolvency aspects of other legislation including European Union and other international matters; monitoring developments in EC legislation on insolvency and taking the necessary action to ensure that it is implemented in Northern Ireland,
- dealing with letters from MPs and MLA's, Assembly/Parliamentary questions and enquiries from other departments and the public on insolvency policy and legislation,
- preparing information about legislation for insolvency practitioners.

6.2 INSOLVENCY LEGISLATION

Primary

Proposed Debt Relief Act

During the year policy work was carried out in preparation for an Assembly Bill to allow for the setting up of a debt relief scheme in Northern Ireland

An estimate of the cost of adapting the Insolvency Service's IT system to operate the scheme was obtained. Business cases were prepared and submitted to Departmental economists for the scheme and for the IT to operate it.

Proposed Individual Voluntary Arrangements Act

Work began on preparing a consultation document within the period. Current insolvency law makes available to an individual who cannot afford to pay his debts when they are due the option of attempting to enter a legally binding agreement with his creditors to pay them in full or in part over a period of time. Such an agreement is known as an Individual Voluntary Arrangement (IVA). The Act will provide for a simplified IVA procedure in cases where debtors owe less than £75,000.

It will also enable private sector insolvency practitioners as well as the Official Receiver to set up fast-track voluntary arrangements in cases where a debtor is bankrupt.

Subordinate Legislation

The Insolvency (Amendment) Rules (Northern Ireland) 2008 (S.R. 2008 No. 118)

The Insolvency Service drafted these Rules and liaised with the Northern Ireland Court Service to have them made. The Rules were made on the 12 March 2008, with a coming into operation date of 6 April 2008.

The Rules,

- a) Provide that the proceeds of legal actions by liquidators are to be treated as assets of the company available for payment of liquidation expenses
- .
- b) Place liquidators under a duty to either seek the agreement of the creditors of the company they are winding up or permission from the court to payment of litigation expenses out of assets subject to a floating charge.
- c) Set down requirements for it to be lawful for the director of a company which has gone into insolvent liquidation to re-use that company's name.

The Insolvency (Disqualification from Office: General) Order (Northern Ireland) Order 2008

Work was carried out during the year with other Departments asking them to review existing bankruptcy disqualification provisions in legislation under their policy control. The aim of the review was to de-stigmatise bankruptcy.

The outcome is that it has been possible to amend disqualification provisions contained in various pieces of legislation which apply if an office-holder becomes bankrupt. Five such provisions are amended with effect that bankruptcy will no longer result in disqualification and the office-holder will only be disqualified if he becomes subject to a

bankruptcy restrictions order. Another seven have been amended with effect that either bankruptcy or being subject to a bankruptcy restrictions order will result in disqualification.

The Order was affirmed by resolution of the Assembly on the 12 May 2008 and came into operation on the following day.

The Insolvency (Voluntary Winding Up) (Forms) Regulations (Northern Ireland) 2008

Work commenced on these Regulations within the period. The regulations prescribe forms to be used by a voluntary liquidator to give notice of his appointment, both by delivery to the Registrar of Companies and by publication in the Belfast Gazette. The forms are currently contained in the Companies (Forms) (Amendment No. 3) Regulations (Northern Ireland) 1991 (S.R. 1991 No. 412). The rest of the 1991 Regulations relate to the Companies (Northern Ireland) Order 1986 and will fall away once the repeal of that Order by the Companies Act 2006 takes effect.

6.3 OTHER LEGISLATION WITH WHICH THE SERVICE HAS BEEN INVOLVED

Electronic Communications Orders

Following consultation with the Northern Ireland Court Service, we have now been provided with a list of documents which will be accepted and filed in the Bankruptcy Office via electronic means. Work has now commenced to prepare Orders to enable actions under the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) and the Insolvency Rules (Northern Ireland) 1991 (S.R. 1991 No. 364) to be carried out electronically.

6.4 EUROPEAN ISSUES

EC Directive on Recognition of Professional Qualifications (2005/36/EC)

The Insolvency Service continued to be in regular contact with the Department for Education and Science about draft regulations they were to prepare to implement the Directive in the United Kingdom.

The Regulations, including provision relating to insolvency practitioners were brought into force on 19 October 2007.

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.	99%
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

One meeting of the Service's User Group took place during the year, on 12 December 2007.

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

Those present at the December meeting were informed about the Insolvency Service's standards of service. They had the opportunity to hear about and ask questions concerning recently made and planned legislation. Discussion took place about the Service's Modernisation Project including the electronic delivery of services and the Service's website and plans to establish a "System User Group". It was agreed that the Insolvency Service would look into any matters of concern raised by users such as problems relating to a bankrupt's interest in a dwelling house, changes to IVA procedures, the IP Portal etc.

7.4 PUBLISHED STANDARD

The Service's "Published Standard" gives details of the standards of service which can be expected by its users. It also gives details of the Service's complaints procedure. It is available in leaflet form and is reproduced at Appendix VII. Copies have also been printed in Chinese. Large print versions can be made available to anyone requiring them.

7.5 INSOLVENCY SERVICE CHARTER

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

7.6 GUIDE TO BANKRUPTS

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

The leaflets currently on our website are:-

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

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

7.7 PUBLICATIONS

The following guidance notes are available for our customers:

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

Insolvency Service Performance Summary for 2007/08



INSOLVENCY SERVICE PERFORMANCE SUMMARY FOR 2007/08

Key Target/Indicator	Target	2007-08 Achieved	Notes
To report to creditors on assets and liabilities within 12 weeks of the Order being made	100%	100%	
To convene creditors' meetings within 12 weeks of the Order when it is considered appropriate that a meeting should be held	100%	100%	
To complete the finalisation of at least 672 insolvencies	100%	45%	1
To submit all disqualification cases to the Departmental Solicitor for prospective proceedings within 18 months of the relevant date	100%	69%	2
To submit all disqualification returns/reports to the Disqualification Unit within 6 months of the Order	100%	99%	3
To submit prosecution reports to the Prosecution Unit within 11 months of the Order in all cases where there is evidence of criminality	100%	66%	4
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 lack of resources.
2. Target was not met due to lack of resources.
3. Target was not met due to lack of resources.
4. Target was not met due to lack of resources.

Appendix I

PART I - PRIMARY LEGISLATION

Primary Legislation in existence at 31 March 2008:-

The Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19))*

The Insolvency (Northern Ireland) Order 2002 (S.I. 2002/3152 (N.I. 6))

The Insolvency (Northern Ireland) Order 2005 (S.I. 2005/1455 (N.I. 10))

The Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/ 3150 (N.I. 4))

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

- The Insolvency Act 1994 (c.7)

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

PART II - SUBORDINATE LEGISLATION

Statutory Rules in operation at 31 March 2008:-

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

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

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

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

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

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

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

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

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

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

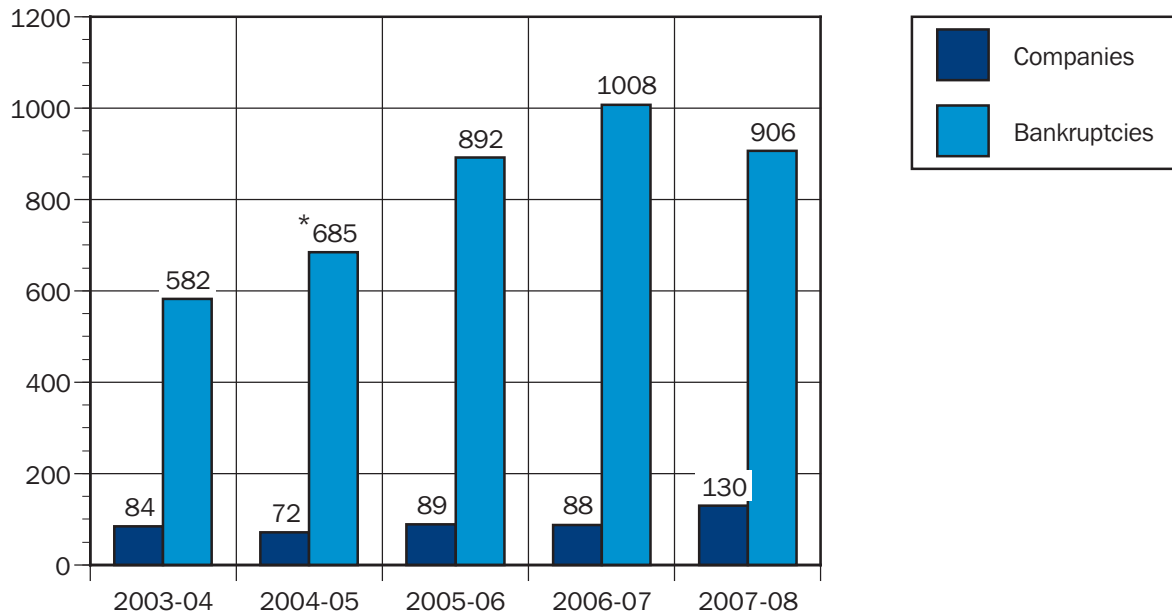
S.R. 1995 No. 225	The Insolvent Partnerships Order (Northern Ireland) 1995
S.R. 1995 No. 291	The Insolvency (Amendment) Rules (Northern Ireland) 1995
S.R. 1996 No. 471	The Insolvent Companies (Disqualification of Unfit Directors) Proceedings (Amendment) Rules (Northern Ireland) 1996
S.R. 1996 No. 472	The Insolvent Partnerships (Amendment) Order (Northern Ireland) 1996
S.R. 1996 No. 574	The Insolvency Regulations (Northern Ireland) 1996
S.R. 1996 No. 575	The Deeds of Arrangement Regulations (Northern Ireland) 1996
S.R. 1996 No. 576	Insolvency (Fees) (Amendment) Order (Northern Ireland) 1996
S.R. 1996 No. 577	Insolvency (Deposits) (Amendment) Order (Northern Ireland) 1996
S.R. 1997 No. 516	The Insolvent Companies (Reports on Conduct of Directors) Rules (Northern Ireland) 1997
S.R. 2000 No. 247	The Insolvency (Amendment) Rules (Northern Ireland) 2000
S.R. 2002 No. 223	The Insolvency (Northern Ireland) Order 1989 (Amendment) Regulations (Northern Ireland) 2002
S.R. 2002 No. 261	The Insolvency (Amendment) Rules (Northern Ireland) 2002
S.R. 2002 No. 334	The Insolvency (Northern Ireland) Order 1989 (Amendment No. 2) Regulations (Northern Ireland) 2002
S.R. 2003 No. 103	The Administration of Insolvent Estates of Deceased Persons (Amendment) Order (Northern Ireland) 2003
S.R. 2003 No. 144	The Insolvent Partnerships (Amendment) (Northern Ireland) Order 2003
S.R. 2003 No. 345	The Company Directors Disqualification (2002 Order) (Commencement) Order (Northern Ireland) 2003.
S.R. 2003 No. 346	The Company Directors Disqualification (2002 Order) (Transitional Provisions) Order (Northern Ireland) 2003.

S.R. 2003 No. 347	The Companies (Disqualification Orders) Regulations (Northern Ireland) 2003.
S.R. 2003 No. 357	The Insolvent Companies (Reports on Conduct of Directors) Rules (Northern Ireland) 2003.
S.R. 2003 No. 358	The Insolvent Companies (Disqualification of Unfit Directors) Proceedings Rules (Northern Ireland) 2003.
S.R. 2003 No. 359	The Insolvent Partnerships (Amendment No. 2) Order (Northern Ireland) 2003.
S.R. 2003 No. 545	The Insolvency (2002 Order) (Commencement) Order (Northern Ireland) 2003.
S.R. 2003 No. 546	The Insolvency (2002 Order) (Transitional Provisions) Order (Northern Ireland) 2003.
S.R. 2003 No. 547	The Insolvency Practitioners (Amendment) Regulations (Northern Ireland) 2003.
S.R. 2003 No. 549	The Insolvency (Amendment) Rules (Northern Ireland) 2003.
S.R. 2003 No. 550	The Insolvent Partnerships (Amendment No.3) Order (Northern Ireland) 2003.
S.R. 2006 No.21	The Insolvency (2005 Order) (Commencement No. 1) Order (Northern Ireland) 2006
S.R. 2006 No. 22	The Insolvency (2005 Order) (Transitional Provisions and Savings) Order (Northern Ireland) 2006
S.R. 2006 No. 23	The Insolvency (Amendment) Regulations (Northern Ireland) 2006
S.R. 2006 No. 24	The Insolvency (Northern Ireland) Order 1989, Article 59A (Appointed Date) Order (Northern Ireland) 2006
S.R. 2006 No. 25	The Insolvency (Northern Ireland) Order 1989 (Prescribed Part) Order (Northern Ireland) 2006

S.R. 2006 No. 26	The Insolvency (Monetary Limits) (Amendment) Order (Northern Ireland) 2006
S.R. 2006 No. 33	The Insolvency Practitioners Regulations (Northern Ireland) 2006
S.R. 2006 No. 47	The Insolvency (Amendment) Rules (Northern Ireland) 2006
S.R. 2006 No. 53	The Insolvency Practitioners and Insolvency Account (Fees) Order (Northern Ireland) 2006
S.R. 2006 No. 54	The Insolvency (Fees) Order (Northern Ireland) 2006
S.R. 2005 No. 55	Insolvency (Deposits) Order (Northern Ireland) 2006
S.R. 2006 No. 61	The Insolvency (Northern Ireland) Order 2005 (Minor and Consequential Amendments) Order (Northern Ireland) 2006
S.R. 2006 No 370	The Insolvency (Northern Ireland) Order 1989 (Amendment) Regulations (Northern Ireland) 2006
S.R. 2006 No. 461	The Insolvency Regulations (Northern Ireland) 1996 (Electronic Communications) Order (Northern Ireland) 2006
S.R. 2006 No. 515	The Insolvent Partnerships (Amendment) Order (Northern Ireland) 2006
S.R. 2007 No. 115	The Cross-Border Insolvency Regulations (Northern Ireland) 2007

Appendix II

New compulsory liquidations and bankruptcies in the last five years



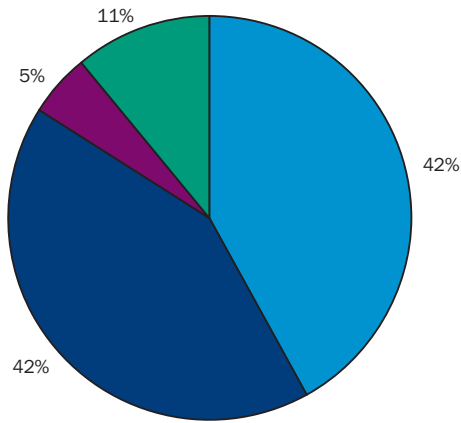
* includes 5 partnership estates directed to be wound up under Article 15 of the Insolvent Partnerships Order (NI) 1995

Appendix III

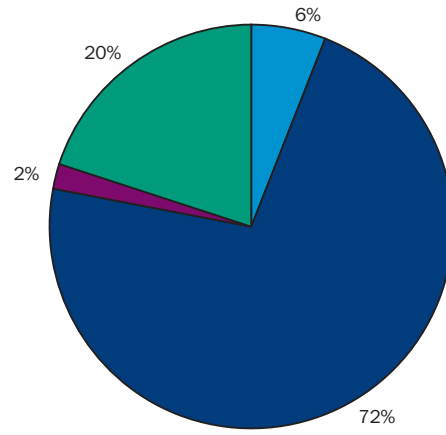
Insolvency Petitioners

	Bankruptcies		Companies		Total	
Debtor's Petitions	379	42%	8	6%	384	37%
Her Majesty's Revenue and Customs	384	42%	94	72%	478	46%
Rates Collection Agency	41	5%	2	2%	43	4%
Other Creditors	102	11%	26	20%	131	13%
TOTAL	906	100%	130	100%	1036	100%

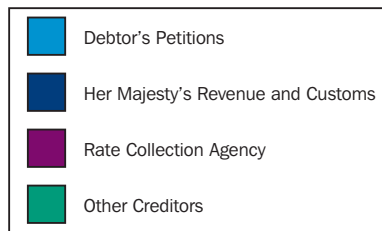
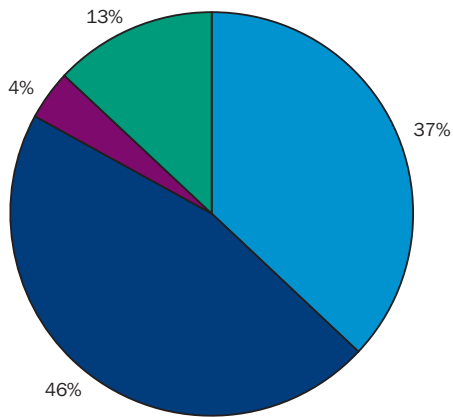
Bankruptcies



Company Liquidations



Bankruptcies and Company Liquidations



Appendix IV

Case Administration

Case Administration	2007/08	2006/07
Total open cases at beginning of year	1024	685
New Bankruptcy cases	906	1008
New Company cases	130	88
Closed cases which were reopened	60	17
	2,120	1,798
Less		
Insolvency Practitioners Appointed Trustee	165	226
Insolvency Practitioners Appointed Liquidator	3	13
Cases completed	679	535
	847	774
Total open cases at year end	1273	1024

NUMBER, ESTIMATED LIABILITIES AND ASSETS OF COMPANIES WOUND UP AND FAILURES IN PRINCIPAL TRADES AND OCCUPATIONS DURING YEAR ENDED 31 MARCH 2008

	Bankruptcy Orders and Orders for Administration of Estates of Deceased Insolvents			Company Winding-Up Orders		
	No	Liabilities £	Assets £	No	Liabilities £	Assets £
AGRICULTURE	*17	1,069,402	5,256,784	3	409,246	8,748
FORESTRY & FISHING	12	373,245	329,026	0	0	0
MINING & ENERGY INDUSTRIES	0	0	0	1	421,823	2,000
MANUFACTURING INDUSTRIES						
Manufacture of food, drink & tobacco	1	88,954	0	1	44,314	0
Manufacture of chemicals	0	0	0	0	0	0
Metal manufacture	0	0	0	4	930,995	17,401
Engineering & allied industries	*10	363,608	587,929	2	2,973,687	75,741
Textiles & clothing manufacture	1	41,890	1,175	0	0	0
Manufacture of timber & furniture	11	282,948	228,911	3	884,152	7,910
Paper, printing & publishing	*1	25,994	0	4	85,234	0
Other manufacture	5	564,275	122,050	7	1,511,440	13,490
WHOLESALE DISTRIBUTION						
Wholesale of food & drink	1	127,788	15,900	5	592,703	3,525
Wholesale of textiles and clothing	0	0	0	0	0	0
Motor vehicle wholesalers	0	0	0	0	0	0
Other wholesale	3	115,899	208,500	3	734,807	323
RETAILING						
Retail of food, drink & tobacco	*6	101,008	37	5	485,848	11,754
Retail of textiles & clothing	7	253,375	23,001	3	272,766	0
Retail of books, paper etc	1	4,569	36	1	1,754	0
Motor vehicles & petrol sales	*8	548,555	648,670	1	14,495	0
Retail of furniture	*1	73,841	20,000	1	145,937	3,532
Retail of electrical goods	*0	0	0	2	189,729	700
Other retail	*21	733,526	259,953	4	186,349	0
CONSTRUCTION						
General construction & demolition	*99	5,422,386	2,689,761	15	1,127,414	297,047
Home improvements	*13	229,068	337,872	3	206,927	0
Decorating & small works	*20	569,973	742,695	1	114,541	0
Building repairs	*6	1,078,780	122,816	1	54,157	0
Electrical & plumbing	*16	785,446	1,007,431	5	2,036,116	570,285

* 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 2008

	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	*35	2,213,492	804,440	3	681,904	39,655
Air Transport	0	0	0	0	0	0
Shipping	0	0	0	0	0	0
Travel agents	2	463,584	50,000	0	0	0
Other transport & communications	*12	224,602	87,342	1	29,144	0
FINANCE & BUSINESS SERVICES						
Insurance	1	19,980	19,500	0	0	0
Accounts & legal services	*5	225,393	429,466	0	0	0
Real estate	*3	138,238	815,500	*1	13,414	211,000
Computer services	3	332,926	23,500	4	3,182,821	150
Management services	0	0	0	1	72,261	191
Other business services	*15	424,988	121,172	6	1,313,028	7,750
OTHER SERVICES						
Recreational services	5	189,684	1,222	1	89,062	0
Medical services	11	418,942	23,860	0	0	0
Educational services	3	61,401	0	1	94,155	801
Repair of consumer goods	2	38,961	229	0	0	0
Laundry	1	3,500	138,500	1	11,420	0
Hairdressing & beauty parlours	*10	775,375	1,714,618	4	774,484	790,000
Scrap metal dealers	0	0	0	0	0	0
Other services	*71	2,363,045	1,858,224	10	1,201,884	24,387
HOTELS & CATERING						
Residential accommodation	2	364,441	0	1	7,474	0
Licensed premises	*6	814,483	1,899,000	*9	1,208,198	362,000
Restaurants	*11	606,721	264,607	6	543,452	49,723
Other catering	16	458,100	663,373	0	0	0
EMPLOYEES:						
No occupation or unemployed	*227	6,235,277	933,772	0	0	0
Directors & promoters of companies	8	242,129	270,000	0	0	0
Occupation unknown	*19	297,030	758,354	0	0	0
Employees	*64	2,303,563	569,967	0	0	0
TOTAL	792	32,070,385	24,049,213	124	22,647,135	2,498,113

* does not include Orders rescinded or annulled.

OFFICIAL RECEIVER'S INVESTIGATION WORK

Prosecution - reports of possible offences	2007/08	2006/07
Main Offence per Report:-		
Books offences	1	1
Credit offences	2	1
Theft offences	0	0
Bankrupt acting in the management of a company	0	0
Obtaining pecuniary advantage by deception	0	0
Gambling	0	0
Fraudulent removal of property	0	0
Non disclosure of properties	1	0
Total Prosecution Reports	4	2
Disqualification		
Reports of unfit conduct	107	32
Returns of no unfit conduct	13	39
Interim returns	0	*7
Total Conduct Returns/Reports on Company Directors	120	71
Applications to suspend bankrupt's automatic discharge	62	74
Applications for public examination		
Bankruptcies	20	21
Liquidations	3	8
Total applications for public examination	23	29

*These became either returns/reports

Appendix VII

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 585 811. This call is free of charge.

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

Insolvency practitioners

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

Bankrupts, directors and company officers

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

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

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

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

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

You should contact the Customer Relations Officer at:

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

Tel No: (028) 9025 1441

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

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

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

Tel No: (028) 9025 1441

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

In all cases your complaint will be:

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

Parliamentary Ombudsman for Northern Ireland

If you remain dissatisfied you can ask a Member of the Legislative Assembly (MLA) (it does not have to be your local one) to refer your complaint to the Parliamentary Ombudsman for Northern Ireland.

The Ombudsman will normally expect you to have used our complaints procedure before considering your complaint. The Ombudsman can only enquire into the administrative functions undertaken by our staff in their dealings with you; he cannot investigate how a decision was made in a bankruptcy or liquidation as this would be a matter to be determined by the High Court.

You may contact the Ombudsman at:

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

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

Or, you can write to:

The Ombudsman
Freepost BEL 1478
Belfast
BT1 6BR

No stamp is required.

5. General Control by the Court

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

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

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

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

The published standard is also available in Chinese.

Department of Enterprise,
Trade and Investment

The Insolvency Account for the year ended 31 March 2008

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

July 2009

Insolvency Account for the year ended 31 March 2008

FOREWORD

STATUTORY BACKGROUND

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

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

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

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

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

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

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

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

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

(d) S.R. 1991 No. 388

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

REVIEW OF ACTIVITIES

The total number of Court orders for the winding up of companies during the year ended 31 March 2008 was 130. This represented an increase of approximately 48% when compared with the previous year.

The total number of bankruptcy orders and insolvency administration orders made by the Court during the year ended 31 March 2008 was 906. This represented a decrease of approximately 10% when compared with the previous year.

A handwritten signature in black ink, appearing to read 'Stephen Quinn', written in a cursive style.

STEPHEN QUINN
Accounting Officer
Department of Enterprise, Trade and Investment

Statement on the System of Internal Control – Statement for Year to 31 March 2008

Scope of Responsibility

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

The Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Insolvency Service for the year ended 31 March 2008 and up to the date of approval of the accounts and accords with Department of Finance and Personnel guidance.

Capacity to Handle Risk

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

- developed a Risk Management policy document which was issued on 30 October 2002;
- delivered risk management training for relevant staff;
- produced risk registers at strategic (corporate) and operational (divisional) levels;
- maintained a system of quarterly risk reporting via stewardship statements by heads of division for the year ended 31 March 2008; and
- maintained a formal system of risk reporting to the Departmental Board and the Departmental Audit Committee for the year ended 31 March 2008.

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

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

The Risk and Control Framework

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

During the year, assurance statements were submitted, on a quarterly basis, to the Departmental Accounting Officer by the Heads of Management Services Group and Policy Group. These provided an account of internal control matters arising in each of the reporting periods. The Departmental Board and the Departmental Audit Committee receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

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

The Insolvency Service is subject to audit by the Department's Internal Audit Service, which operates to standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of the risk to which the Insolvency Service is exposed and annual internal audit plans are based on this analysis. This process requires an audit of the Insolvency Service every two years. The analysis of risk and the internal audit plans are endorsed by the Department's Audit Committee and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Department. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement.

Review of Effectiveness

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

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

The Insolvency Service is subject to audit by the Department's Internal Audit Service, which operates to standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of the risk to which the Insolvency Service is exposed and annual internal audit plans are based on this analysis. This process requires an audit of the Insolvency Service every two years. The analysis of risk and the internal audit plans are endorsed by the Department's Audit Committee and approved by me. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2007-08 year.

Significant Internal Control Problems

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



Stephen Quinn
Accounting Officer
18 February 2009

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

I certify that I have audited the financial statements of the Insolvency Service for Northern Ireland for the year ended 31st March 2008. These comprise a Receipts and Payments account and Statement of Balances at the year end and related notes. These financial statements have been prepared under the accounting policies set out within them.

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

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

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

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

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

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

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

I read the other information contained in the Annual Report which comprises the Foreword, the Management Structure. Abbreviations, Enforcement, Companies Investigation, Insolvency Practitioners, Legislative Issues, Meeting the Needs of Our Users and Performance Summary for 2007-08 and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Department and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Insolvency Service's circumstances, consistently applied and adequately disclosed.

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

Audit Opinion

In my opinion:

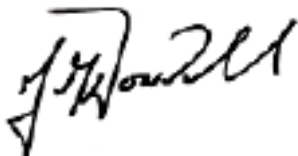
- the financial statements properly present the receipts and payments of the Insolvency Service for the year ended 31 March 2008 and the balances held at that date in accordance with Article 358(3) Insolvency (Northern Ireland) Order 1989 and Department of Finance and Personnel directions made thereunder;
- the financial statements have been properly prepared in accordance with Article 358(3) Insolvency (Northern Ireland) Order 1989 and Department of Finance and Personnel directions made thereunder;
- information given within the Annual Report, which comprises of the Insolvency Service and the Official Receiver is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements

A handwritten signature in black ink, appearing to read 'J M Dowdall', written in a cursive style.

J M Dowdall CB

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

28 February 2009

Insolvency Account for the year ended 31 March 2008

Statement of Receipts and Payments for year ending 31 March 2008 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	2007/08 £	2006/07 £
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)	1,197,639	747,324
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)	6,718,546	5,759,161
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)	455,472	281,461
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)	43,787	44,160
Sums received to which the Official Receiver does not have clear title	(5)	10	31,945
Sums received in respect of Prescribed fees	(6)	137,695	110,764
		8,553,149	6,974,815

Insolvency Account for the year ended 31 March 2008

Payments	Notes	2007/08 £	2006/07 £
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 £ 964,674			
Bankruptcy etc £ 4,677,618	(7)	5,642,292	3,936,468
Fees and Remuneration charged and appropriated in aid of the Department of Enterprise, Trade and Investment	(8)	1,332,354	1,135,046
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)	48,444	40,998
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)	6,680	1,259
Sums paid to parties with clear Title	(11)	10	31,945
Sums surrendered to the Crown Solicitor under Article 605(1) of the 1986 Order	(12)	0	0
		7,029,780	5,145,716
EXCESS OF RECEIPTS OVER PAYMENTS FOR FINANCIAL YEAR		1,523,369	1,829,099

Insolvency Account for the year ended 31 March 2008

Statement of Balances at 31 March 2007	Notes	2008 £	2007 £
Balance at beginning of financial year in respect of -			
Liquidations - cash at bank and in hand		2,296,778	2,165,407
Bankruptcy - cash at bank and in hand		7,558,924	5,861,196
		9,855,702	8,026,603
Add: Excess of receipts over payments for financial year		1,523,369	1,829,099
		11,379,071	9,855,702
Balance at end of financial year in respect of -			
Liquidations - cash at bank and in hand		2,442,073	2,296,778
Bankruptcy - cash at bank and in hand		8,936,998	7,558,924
	(13)	11,379,071	9,855,702

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



Stephen Quinn

Accounting Officer
 Department of Enterprise, Trade and Investment
 18 February 2009

Insolvency Account for the year ended 31 March 2008

NOTES

RECEIPTS

1. Realisation of Company Assets, etc.

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

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Realisations of assets etc.		
in Company Liquidations	961,419	573,724
Deposits paid by Petitioners	236,220	173,600
	<u>1,197,639</u>	<u>747,324</u>

2. Realisation of Estates of Bankrupts, etc.

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

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Realisation of assets, etc. in the		
Estates of Bankrupts, Arranging		
Debtors and Deceased Insolvents	5,958,936	5,015,401
Deposits paid by Petitioners	759,610	743,760
	<u>6,718,546</u>	<u>5,759,161</u>

3. Interest Credited

The total amount of interest received in respect of funds in the Insolvency Account during the year was £693,089 (previous year £346,248). During the year £455,472 (previous year £281,460) has been credited to the Insolvency Account and has been allocated as follows:

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Amounts credited to Companies in Liquidation	93,920	74,219
Amounts credited to Estates of -		
Bankrupts, Arranging Debtors and		
Deceased Insolvents	361,552	207,241
	<u>455,472</u>	<u>281,460</u>

Insolvency Account for the year ended 31 March 2008

Of the balance of interest received on funds in the Insolvency Account during the year £239,976 (previous year £65,609) is surrendered to the Consolidated Fund. The difference of £2,359 represents interest accrued to closed estate accounts from the quarter ended May 2008 and refund of interest earned on third party funds. Interest earned during the year on the Bankruptcy and Companies Dividend Accounts, being separate accounts held outside the Insolvency Account until 29th October 2006, is also surrendered to the Consolidated Fund. This amounted to £ 1,186.

4. Unclaimed Dividends etc.

Sums received during the period can be summarised as follows:

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Unclaimed Dividends etc. in respect of Company Estates	15,466	16,430
Unclaimed Dividends etc. in respect of Bankruptcy Estates	28,321	27,730
	<u>43,787</u>	<u>44,160</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

£137,695 (previous year £110,764) does not represent the total of fees charged by the Official Receiver but consists only of fees taken in cash. This figure represents fees paid on the registration of Individual Voluntary Arrangements (Article 4 of the Insolvency (Fees) Order (Northern Ireland) 2006 (a)) and fees paid on the application for the renewal of the authorisation to act as an insolvency practitioner and RPB maintenance payments (The Insolvency Practitioners and Insolvency Account (Fees) Order (Northern Ireland) 2000 (b)).

(a) S.R. 2006 No. 54

(b) S.R. 2006 No. 53

Insolvency Account for the year ended 31 March 2008

PAYMENTS

7. Expenses and distributions

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

	<u>2007-08</u>		<u>2006-07</u>	
	Companies	Bankruptcy	Companies	Bankruptcy
	£	£	£	£
Costs & Expenses	545,554	2,925,662	434,536	2,430,609
Distribution	390,812	1,686,053	104,101	883,601
Income Tax & Corporation Tax	28,308	65,903	56,332	27,288
	<u>964,674</u>	<u>4,677,618</u>	<u>594,969</u>	<u>3,341,498</u>

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

8. Prescribed fees

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Companies	170,987	110,497
Bankruptcy	1,021,537	910,976
Registration of Voluntary Arrangements	16,555	27,685
Renewal of IP Licences by DETI and RPB maintenance payments	123,275	85,888
	<u>1,332,354</u>	<u>1,135,046</u>

The total figure for fees charged to estate accounts and taken in cash includes £10,367 Value Added Tax for which the Department is accountable.

During the 07-08 financial year write-off approval was received in relation to the loss of fees totalling £390,445 in 557 bankruptcy and 68 company estates. In addition a loss of £114,285 was recognised in relation to 165 bankruptcy estates which were finalised during 2007-08. 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 2008

9. Transfers to consolidated fund

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

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Companies	21,228	988
Bankruptcy	27,216	40,010
	<u>48,444</u>	<u>40,998</u>

10. Unclaimed dividends refunded

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

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Companies	4,840	148
Bankruptcy	1,840	1,111
	<u>6,680</u>	<u>1,259</u>

11. Sums paid to parties with clear title

Payments totalling £10 (previous year £31,945) 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 2008

13. Balance at end of year

	31 March 2008	31 March 2007
	£	£
Cash at Bank and in hand	11,379,071	9,855,702
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))	26,905	37,509
Amounts received from Insolvency Practitioners including the Official Receiver in respect of bankruptcy unclaimed dividends, or unapplied or undistributed balances but not yet transferred to the Consolidated Fund (Article 358(5))	53,981	54,868
Net funds held in the Insolvency Account in respect of companies in which a final dividend has not yet been paid	2,415,168	2,259,269
Net funds held in the Insolvency Account in respect of bankruptcy estates in which a final dividend has not yet been paid	8,883,017	7,504,056
	<u>11,379,071</u>	<u>9,855,702</u>



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