



Insolvency Act 1986

1986 CHAPTER 45

The Third Group of PartsMiscellaneous Matters Bearing on both Company and Individual Insolvency ; General Interpretation ; Final Provisions

PART XIV

PUBLIC ADMINISTRATION (ENGLAND AND WALES)

Insolvency Service finance, accounting and investment

403 Insolvency Services Account

- (1) All money received by the Secretary of State in respect of proceedings under this Act as it applies to England and Wales shall be paid into the Insolvency Services Account kept by the Secretary of State with the Bank of England; and all payments out of money standing to the credit of the Secretary of State in that account shall be made by the Bank of England in such manner as he may direct.
- (2) Whenever the cash balance standing to the credit of the Insolvency Services Account is in excess of the amount which in the opinion of the Secretary of State is required for the time being to answer demands in respect of bankrupts' estates or companies' estates, the Secretary of State shall—
 - (a) notify the excess to the National Debt Commissioners, and
 - (b) pay into the Insolvency Services Investment Account ("the Investment Account") kept by the Commissioners with the Bank of England the whole or any part of the excess as the Commissioners may require for investment in accordance with the following provisions of this Part.
- (3) Whenever any part of the money so invested is, in the opinion of the Secretary of State, required to answer any demand in respect of bankrupt's estates or companies' estates, he shall notify to the National Debt Commissioners the amount so required and the Commissioners—
 - (a) shall thereupon repay to the Secretary of State such sum as may be required to the credit of the Insolvency Services Account, and

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- (b) for that purpose may direct the sale of such part of the securities in which the money has been invested as may be necessary.

404 Investment Account

Any money standing to the credit of the Investment Account (including any money received by the National Debt Commissioners by way of interest on or proceeds of any investment under this section) may be invested by the Commissioners, in accordance with such directions as may be given by the Treasury, in any manner for the time being specified in Part II of Schedule 1 to the Trustee Investments Act 1961.

405 Application of income in Investment Account; adjustment of balances

- (1) Where the annual account to be kept by the National Debt Commissioners under section 409 below shows that in the year for which it is made up the gross amount of the interest accrued from the securities standing to the credit of the Investment Account exceeded the aggregate of—
 - (a) a sum, to be determined by the Treasury, to provide against the depreciation in the value of the securities, and
 - (b) the sums paid into the Insolvency Services Account in pursuance of the next section together with the sums paid in pursuance of that section to the Commissioners of Inland Revenue,

the National Debt Commissioners shall, within 3 months after the account is laid before Parliament, cause the amount of the excess to be paid out of the Investment Account into the Consolidated Fund in such manner as may from time to time be agreed between the Treasury and the Commissioners.

- (2) Where the said annual account shows that in the year for which it is made up the gross amount of interest accrued from the securities standing to the credit of the Investment Account was less than the aggregate mentioned in subsection (1), an amount equal to the deficiency shall, at such times as the Treasury direct, be paid out of the Consolidated Fund into the Investment Account.
- (3) If the Investment Account is insufficient to meet its liabilities the Treasury may, on being informed of the insufficiency by the National Debt Commissioners, issue the amount of the deficiency out of the Consolidated Fund and the Treasury shall certify the deficiency to Parliament.

406 Interest on money received by liquidators and invested

Where under rules made by virtue of paragraph 16 of Schedule 8 to this Act (investment of money received by company liquidators) a company has become entitled to any sum by way of interest, the Secretary of State shall certify that sum and the amount of tax payable on it to the National Debt Commissioners ; and the Commissioners shall pay, out of the Investment Account—

- (a) into the Insolvency Services Account, the sum so certified less the amount of tax so certified, and
- (b) to the Commissioners of Inland Revenue, the amount of tax so certified.

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407 Unclaimed dividends and undistributed balances

- (1) The Secretary of State shall from time to time pay into the Consolidated Fund out of the Insolvency Services Account so much of the sums standing to the credit of that Account as represents—
 - (a) dividends which were declared before such date as the Treasury may from time to time determine and have not been claimed, and
 - (b) balances ascertained before that date which are too small to be divided among the persons entitled to them.
- (2) For the purposes of this section the sums standing to the credit of the Insolvency Services Account are deemed to include any sums paid out of that Account and represented by any sums or securities standing to the credit of the Investment Account.
- (3) The Secretary of State may require the National Debt Commissioners to pay out of the Investment Account into the Insolvency Services Account the whole or part of any sum which he is required to pay out of that account under subsection (1); and the Commissioners may direct the sale of such securities standing to the credit of the Investment Account as may be necessary for that purpose.

408 Recourse to Consolidated Fund

If, after any repayment due to it from the Investment Account, the Insolvency Services Account is insufficient to meet its liabilities, the Treasury may, on being informed of it by the Secretary of State, issue the amount of the deficiency out of the Consolidated Fund, and the Treasury shall certify the deficiency to Parliament.

409 Annual financial statement and audit

- (1) The National Debt Commissioners shall for each year ending on 31st March prepare a statement of the sums credited and debited to the Investment Account in such form and manner as the Treasury may direct and shall transmit it to the Comptroller and Auditor General before the end of November next following the year.
- (2) The Secretary of State shall for each year ending 31st March prepare a statement of the sums received or paid by him under section 403 above in such form and manner as the Treasury may direct and shall transmit each statement to the Comptroller and Auditor General before the end of November next following the year.
- (3) Every such statement shall include such additional information as the Treasury may direct.
- (4) The Comptroller and Auditor General shall examine, certify and report on every such statement and shall lay copies of it, and of his report, before Parliament.