
EXPLANATORY NOTE

(This note is not part of these Regulations)

These Regulations amend the Insolvency Regulations 1994. The requirement for voluntary liquidators to pay monies into the Insolvency Services Account contained in Regulation 5(2) of the 1994 Regulations is abolished (See paragraph 1 of the Schedule to the Regulations). Voluntary liquidators are however still permitted to pay monies into the Insolvency Services Account where this is convenient. Regulations 9 and 23A of the 1994 Regulations are amended so as to entitle companies in liquidation and the estates of bankrupts to accrue interest on any amounts standing to their credit on or after 1st April 2004 in the Insolvency Services Account. (See paragraphs 2 and 3 of the Schedule to the Regulations – prior to the coming into force of the Regulations interest is only payable on balances in the Insolvency Services Account which are in excess of £2,000). The rate of interest is set at 4.25% per annum. Provision is also made enabling the Secretary of State to alter the rate of interest payable.

Regulations 33, 34 and 36 of the 1994 Regulations are revoked as well as the associated table in Schedule 2 to the 1994 Regulations (see paragraphs 4 and 6 of the Schedule to these Regulations). These provisions permitted the official receiver to charge remuneration for the performance of certain functions.

Regulation 35 of the 1994 Regulations is amended so as to provide that the official receiver is entitled to remuneration under that regulation in respect of distributions to creditors and the supervision of a special manager (See paragraph 5 of the Schedule to the Regulations). The rates of remuneration payable by virtue of Regulation 35 have been increased to ensure the recovery of the costs of the functions in respect of which the remuneration is payable (This is achieved by substituting revised Tables 2 and 3 in Schedule 2 to the 1994 Regulations – see paragraph 7 of the Schedule to these Regulations.)

These Regulations make amendments to the financial arrangements in connection with the operation of the Insolvency Act 1986. These arrangements were considered in a regulatory impact assessment that was prepared in connection with the Enterprise Act 2002. Copies of this assessment are available from the Policy Unit, The Insolvency Service, 21 Bloomsbury Street, London WC1B 3QW.