

**THE HANDLING OF FUNDS IN FORMAL INSOLVENCY APPOINTMENTS –
REPUBLIC OF IRELAND**

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INTRODUCTION

1. This Statement of Insolvency Practice is one of a series issued by ACCA in Ireland to insolvency practitioners with the aim of maintaining standards by setting out required practice and harmonising members' approach to particular aspects of insolvency practice.
2. The purpose of Statements of Insolvency Practice is to set out basic principles and essential procedures with which insolvency practitioners are required to comply. Departures from the Standards set out in the Statements of Insolvency Practice are a matter which may be considered by the Association for the purposes of possible disciplinary or regulatory action.
3. The supplementary practical guidance is intended to assist the insolvency practitioner to comply with this Statement. The practitioner is entitled to adopt alternative procedures in the detailed circumstances of a particular assignment where he or she judges that tailored approach to be more appropriate.
4. The nature and extent of the work involved in each assignment will differ, but, generally, will include compliance with the standards outlined below.

SCOPE

5. This Statement sets out required practice on the handling of funds by practitioners in the administration of formal insolvency cases. Personal insolvency cases fall outside the scope of this Statement.

PRINCIPLES

6. This Statement has been prepared taking account of the principle that the practitioner identifies, documents and maintains separately the funds of each case to which he or she is appointed.

COMPLIANCE STANDARDS

7. Practitioners should identify and record the funds (including any interest earned thereon) of each case to which they are appointed as an insolvency office holder.

8. The practitioner should hold the funds in a separate bank account/s to ensure they are maintained separately and are not intermingled with funds of another insolvency case, of the practitioner, or of his or her firm.
9. Subject to the rules governing Court liquidations, the separate bank account/s should meet the following criteria:
 - . money standing to the credit of the account/s is held by the office holder as case money and cannot be combined with, or set off against, any other account of the officeholder or of his or her firm;
 - . interest payable on the money held in the account/s must be credited to that account;
 - . the description of the account/s in the bank's records clearly indicates the money therein does not belong to the office holder or to his or her firm.
10. Where funds relating to a case are received by cheque or other means payable to the office holder (or to his or her firm) which cannot be endorsed to the insolvent estate, such monies may be cleared through an account ("clearance account") in the name of the practitioner or his or her firm. The clearance account should be maintained separately from the practitioner's office accounts and operated on a trust basis. Funds received in the clearance account should be transferred to the relevant bank account of the insolvency case as soon as possible.
11. Practitioners should seek to review the terms of any bank accounts where cash is held to ensure that any interest income or interest cost is appropriate.

UPDATED

12. This Statement was updated on 16 December 2021.

PRACTICAL GUIDANCE

Scope

- A.1 Practitioners appointed by the High Court are obliged to comply with the relevant provisions of the Rules of the Superior Courts, with the terms of the Orders pursuant to which they are appointed and with the practice and directions of the Court.

Compliance Standards

- A.2 Where the practitioner is appointed to several companies within a group, a separate bank account is opened for each of those companies.
- A.3 The case specific bank account should be clearly designated – for example, “XYZ Limited (in liquidation), A.Brown, Liquidator”.
- A.4 Amounts received in the case from the Insolvency Fund for subsequent disbursement to the company’s former employees do not form part of the funds of the insolvent estate and must be dealt with through a separate bank account. They are trust monies held by the insolvency officeholder as the “relevant officer” for the purposes of the Protection of Employees (Employers’ Insolvency) Acts, 1984 to 2012, as amended.
- A.5 The practitioner should carry out bank reconciliations on a periodic and appropriate basis for each individual case basis.