

STATEMENT OF INSOLVENCY PRACTICE 11 (SCOTLAND)

THE HANDLING OF FUNDS IN FORMAL INSOLVENCY APPOINTMENTS

1. INTRODUCTION

This statement of Insolvency Practice is to be read in conjunction with the Explanatory Foreword.

2. STATEMENT OF INSOLVENCY PRACTICE

2.1. This statement of insolvency practice concerns the handling of funds by insolvency office holders in the administration of insolvency cases. It applies to Scotland only.

2.2. Members should ensure that the funds (including any interest earned thereon) and other assets of each case for which they have responsibility as insolvency office holder are maintained separately and cannot be intermingled with those of any other case of the office holder or his firm. Subject to the rules relating to the payment of monies into the Insolvency Services account, which are set out in Insolvency Technical Reminder 1 (English Registered Companies only), separate bank accounts should be operated for each case to ensure that these principles are adhered to.

2.3. Where funds relating to a case are received by cheque payable to the office holder or his firm which cannot be endorsed to the insolvent estate, such cheques may be cleared through an account maintained in the name of the office holder **or** his firm. Such accounts should be operated on a trust basis and should be maintained

separately from the practitioner's office accounts. Funds paid in to such accounts should be paid out to the case to which they relate as soon as possible.

- 2.4. Monies coming in to the hands of practitioners which are the property of individuals or companies for which they are acting otherwise than in the capacity of insolvency office holder must be held in an account operated on trust principles and subject to any applicable client money rules.
- 2.5. Members are reminded that monies received under the provisions of the Employment Rights Act 1996 are held for account to The Secretary of State, subject to disbursement to the employees concerned in accordance with the regulations, and should be held separately from funds arising on individual cases.