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STATUTORY INSTRUMENTS

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1986 No. 1996

INSOLVENCY  
COMPANIES  
INDIVIDUALS, ENGLAND AND WALES

**The Insolvency Proceedings (Monetary Limits) Order 1986**

*Made* - - - - - 20th November 1986  
*Laid before Parliament* 5th December 1986  
*Coming into force* 29th December 1986

The Secretary of State, in exercise of the powers conferred by sections 416 and 418 of, and paragraphs 9 and 12 of Schedule 6 to, the Insolvency Act 1986(a), hereby makes the following Order:—

1.—(1) This Order may be cited as the Insolvency Proceedings (Monetary Limits) Order 1986 and shall come into force on 29th December 1986.

(2) In this Order “the Act” means the Insolvency Act 1986.

2.—(1) The provisions in the first Group of Parts of the Act (companies winding up) set out in column 1 of Part 1 of the Schedule to this Order (shortly described in column 2) are hereby amended by substituting for the amounts specified in column 3 in relation to those provisions the amounts specified in column 4.

(2) The sum specified in column 4 of Part I of the Schedule in relation to section 184(3) of the Act is not to affect any case where the goods are sold or payment to avoid sale is made, before the coming into force of the increase.

3. The amounts prescribed for the purposes of the provisions in the second Group of Parts of the Act (bankruptcy) set out in column 1 of Part II of the Schedule to this Order (shortly described in column 2) are the amounts specified in column 3 in relation to those provisions.

4. The amount prescribed for the purposes of paragraphs 9 and 12 of Schedule 6 to the Act (maximum amount for preferential status of employees' claims for remuneration and under the Reserve Forces (Safeguard of Employment) Act 1985(b)) is £800.

*Michael Howard,*  
Parliamentary Under-Secretary of State,  
Department of Trade and Industry.

20th November 1986.

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(a) 1986 c. 45.

(b) 1985 c. 17.

SCHEDULE

PART I

Article 2

INCREASES OF MONETARY AMOUNTS IN FIRST GROUP  
OF PARTS OF INSOLVENCY ACT 1986

Section of the Act (1)	Short Description (2)	Present Amount (3)	New Amount (4)
184(3)	Minimum value of judgment, affecting sheriff's duties on levying execution	£250	£500
206(1)(a) and (b)	Minimum value of company property concealed or fraudulently removed, affecting criminal liability of officer of company in liquidation	£120	£500

PART II

Article 3

MONETARY AMOUNTS FOR PURPOSES OF SECOND GROUP  
OF PARTS OF INSOLVENCY ACT 1986

Section of the Act (1)	Short Description (2)	Monetary Amount (3)
273(1)(a)	Maximum level of unsecured bankruptcy debts on debtor's petition for case to be referred to insolvency practitioner to assess possibility of voluntary arrangement with creditors.	£20,000
273(1)(b)	Minimum potential value of bankrupt's estate for case to be referred as described above.	£2,000
346(3)	Minimum amount of judgment, determining whether amount recovered on sale of debtor's goods is to be treated as part of his estate in bankruptcy.	£500
354(1) and (2)	Minimum amount of concealed debt, or value of property concealed or removed, determining criminal liability under the section.	£500
358	Minimum value of property taken by a bankrupt out of England and Wales, determining his criminal liability.	£500
360(1)	Maximum amount of credit which bankrupt may obtain without disclosure of his status.	£250
361(2)	Exemption of bankrupt from criminal liability for failure to keep proper accountancy records, if unsecured liabilities not more than the prescribed minimum.	£20,000
364(2)(d)	Minimum value of goods removed by the bankrupt, determining his liability to arrest.	£500

## EXPLANATORY NOTE

*(This Note does not form part of the Order.)*

This Order increases the sums specified in sections 184(3) and 206(1)(a) and (b) of the Insolvency Act 1986 relating to restrictions on the sheriff's use of the proceeds of execution issued before commencement of winding up of a company in England and Wales and offences committed by officers of companies in liquidation in any part of Great Britain who conceal or fraudulently remove company property within 12 months before liquidation (Article 2 and Part I of the Schedule).

The Order also establishes in Article 3 and Part II of the Schedule the monetary limits for the bankruptcy provisions of the Insolvency Act 1986 (which extend to England and Wales only) relating to:—

- (a) the referral of debtors who petition for their own bankruptcy to insolvency practitioners to assess whether a voluntary arrangement can be reached with creditors (section 273(1));
- (b) restrictions on the use of proceeds of execution issued before the commencement of bankruptcy (section 346(3));
- (c) criminal offences committed by a bankrupt in removing or concealing property which should be delivered to the official receiver or trustee of his estate (sections 354(1) and (2) and 358), in obtaining credit without disclosing his status (section 360(1)) and in failing to keep proper accounting records (section 361(2)); and
- (d) the power of the court to issue a warrant for the arrest of a bankrupt who removes goods without the leave of the official receiver or trustee (section 364).

Finally, the Order establishes the maximum level of the preferential claim of an employee under the Insolvency Act 1986 in respect of remuneration and under the Reserve Forces (Safeguard of Employment) Act 1985 (Article 4). This level applies in both company and individual insolvency proceedings in England and Wales, but in company insolvency proceedings only in Scotland.

The Order comes into force on 29th December 1986.

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Printed for Her Majesty's Stationery Office by J. W. Arrowsmith Ltd.  
835 A1561 S16 C20 12/86

ISBN 0 11 067996 2