

# THE ROLE OF THE FORENSIC ACCOUNTANT IN ANCILLARY RELIEF & DIVORCE PROCEEDINGS

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Official statistics in Northern Ireland (published in November 2022) found that in 2021 there were 2,040 divorces registered. This is an increase of 35.3% since 2020. Although admittedly, the number and timelines of divorces granted in 2020 may have been affected by disruption to family court activities during the Coronavirus pandemic. Whatever the minutia of the statistics, divorce is not uncommon in today's society.

One of the most complicating and contentious factors in a divorce can be the division of assets, especially when tensions are running high and one party may not be willing to fully cooperate in the financial disclosure process. Forensic accounting can play a crucial part in the equitable distribution of assets during divorce proceedings. The forensic accountant's role can include:

- **Asset tracing and achieving full financial disclosure when one or both parties believe that assets may have been hidden by the other, in order to avoid being included in the divorce settlement** - *A forensic accountant can use auditing techniques, initiative and business experience and acumen to carry out a thorough analysis of financial and other documents to spot anything amiss (for example, under declared income or assets, and fictitious debt) to help ensure a fair distribution on divorce.*
- **Providing professional valuations of matrimonial assets, including valuation of a business** - *A forensic accountant can independently assess the valuation of a business using information on past performance of a business, asset holdings, and potential or actual profit levels.*
- **Advising whether, and how, the business can be restructured to facilitate the extraction of funds when the divorce settlement is finalised** - *An experienced forensic accountant can advise on how to restructure the business to enable the most tax efficient extraction of funds.*
- **Advising on the tax implications triggered by the disposal of assets** - *Capital Gains Tax (CGT) can quickly prove to be a significant issue when the transfer of assets or extraction of cash hasn't been efficiently planned, so reducing the available funds in a divorce settlement. Part of the experience and expertise of a forensic accountant is to advise on how to minimise CGT, which is the tax imposed on profits made on the sale of any asset, so maximising the available funds.*

- Acting as a trusted expert witness in court - If divorce proceedings are contested in court, an accredited forensic accountant can appear as an expert witness, providing evidence that either proves or disproves the issue in question.

## Conclusion

When divorces become troublesome or complicated, it's important to work with a forensic accountant. Cases which almost always should involve the instruction of a forensic accountant include:

- high net worth clients and divorcing couples who have wealth divide;
- cases where there are allegations of financial misconduct; or,
- where there is a business or share valuation required.

Should you wish to discuss the use of a forensic accountant in your divorce proceedings, please contact our experienced team.

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