

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2012

Company Registration Number: 1151132

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

PRESIDENT C E B Bible

VICE-PRESIDENT C H Turner

SECRETARY D A Kerr

REGISTERED OFFICE Valiant House
4 – 10 Heneage Lane
London
EC3A 5DQ

REGISTERED NUMBER 1151132

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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INSOLVENCY PRACTITIONERS ASSOCIATION
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Notice of Annual General Meeting

Notice is hereby given that the thirty sixth Annual General Meeting of the Insolvency Practitioners Association will be held at Valiant House, 4-10 Heneage Lane, London, EC3A 5DQ on 17 April 2013 at 5.30 pm, for the following purposes:

1. To receive and adopt the Report of the Council and the Accounts of the Association for the year ended 31 December 2012.
2. To receive the result of the ballot for the election of members of the Council.
3. To re-appoint auditors.
4. To transact any other business which may properly be transacted at an annual general meeting.

By order of the Council

D A Kerr
Secretary

26 March 2013

Valiant House
4 – 10 Heneage Lane
London
EC3A 5DQ

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and to speak and to vote instead of him. A proxy must be an individual member. Proxy forms are available from the Secretary on request and must be returned to the registered office (above) 48 hours before the meeting.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2012

The Council have pleasure in submitting their Report and the Financial Statements of the Association for the year ended 31 December 2012.

PRINCIPAL OBJECTS

The Association is a Recognised Professional Body (RPB) under the Insolvency Act 1986 and empowered to grant and renew insolvency authorisations (licences).

The principal objects of the Association are: to encourage the recruitment of a body of persons skilled in insolvency administration; to maintain and improve standards of performance and conduct of insolvency practitioners and their staff; and to regulate and monitor its members' practices and where appropriate to discipline those members who bring discredit upon themselves, the Association or the profession by way of misconduct.

COUNCIL

The following have been members of the Council of the Association during the year ended 31 December 2012.

President

C E B Bible

Vice-President

C H Turner

Deputy Vice-President

M R Fry

Immediate Past President

P J Brazzill

Elected members

**Co-opted members to
AGM 2013**

A P M Benedict (retired 26 April 2012)

P M Bird (appointed 26 April 2012)

M Moses

G L Carton-Kelly (retired 26 April 2012)

M G Ellis

R Smith

C D Faulds (retired 26 April 2012)

N J Fisher

S I Gaillie

B A Guilfoyle

M E Leslie

D J Manzoori

L Pagden

S G Paterson

C M Polwin

M R Sands

ELECTIONS TO THE COUNCIL

The following Council Members will retire at the forthcoming Annual General Meeting: P J Brazzill; C M Polwin; S G Paterson; L Pagden. Neither Mr Brazzill nor Mr Pagden is eligible for re-election.

COUNCIL AND COMMITTEE MEETINGS

During the year there were five meetings of the Council and some forty-two meetings of Committees and Sub-Committees of the Council. There were also six meetings around the UK with the Membership.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

SUMMARY OF ACTIVITIES DURING THE YEAR

MEMBERSHIP

At 31 December 2012, the Association had more than 2,000 Individual Members, Affiliates, and Student Members. It had in issue at that date 536 insolvency authorisations granted to insolvency practitioners (IPs) of whom 84% were appointment-takers. The number of IPs now stands at the highest in the Association's history.

The Association is subject to the general equality duty under the Equality Act 2010 and the President and Chief Executive welcome offers from members to serve on committees.

STANDARDS

The Association continues to play an active part in the work of the Joint Insolvency Committee (JIC), comprising representatives of the recognised professional bodies (RPBs) and the government Insolvency Service (part of the Department for Business, Innovation & Skills (BIS)). The JIC is responsible for the development of insolvency standards and professional and ethical guidance. This is an area in which the Association has played and continues to play a significant role on behalf of IPs to ensure that standards-setting in the profession is practical and relevant to IPs' work. The Association was also active in engaging with members and others, contributing to road-shows and briefings across the country. The Practice Guidance, Ethics & Standards Committee, through its secretariat support, continues to handle a significant number of requests from the Association's IPs and other members on regulatory and ethical issues, and provides a valuable service to members.

PUTTING BETTER REGULATION INTO PRACTICE

The Association's approach to monitoring, combining an appropriate degree of robustness and an outcome-focused method of review incorporating constructive dialogue with IPs, has proved to be a winning formula.

REGULATORY OVERSIGHT AND RELATED MATTERS

The Association is accountable to BIS and to the Minister of the Department of Enterprise, Trade & Investment in Northern Ireland by whom it is recognised as a professional body for the purposes of authorising and regulating IPs.

The Association, through its President and other officials, maintained a healthy and constructive dialogue with the Insolvency Service throughout the year, and has responded to a number of regulatory reviews by BIS. The Association has in particular engaged constructively with BIS on issues arising from the report published in June 2010 by the Office of Fair Trading.

The Association also had briefing meetings and exchanges with the Association of Business Recovery Professionals (R3), a representative body of IPs, and with other organisations.

The Association continued its monitoring of property receivers under a scheme operated jointly with the Royal Institution of Chartered Surveyors, and of debt management companies for the Debt Resolution Forum, and continued its monitoring of IPs licensed by the Law Society/Solicitors Regulation Authority. Following terms being agreed between the Association and the Solicitors Regulation Authority, the Association also commenced handling complaints against solicitor Insolvency Practitioners in their conduct of insolvency assignments.

INSOLVENCY PRACTITIONERS ASSOCIATION
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REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

EDUCATION

The Association's established and well recognised Certificate of Proficiency in Insolvency (CPI) and Certificate of Proficiency in Personal Insolvency (CPPI) examinations had solid support in 2012, with 67% passing CPI and 76% passing CPPI.

Prizes were presented to the top CPI (England and Wales) candidate and the top CPPI (England and Wales) candidate at the Presidential Students' Luncheon in September 2012; the Scottish CPI first prize and the Scottish CPPI first prize were presented at the Edinburgh roadshow in October 2012. The Association's prizes for its top three JIE candidates will be awarded at the IPA's annual conference in May 2013. The Association also sponsors the overall first-placed JIE candidate; this prestigious prize is given at the JIE presentation ceremony in June each year.

CONSUMER OVER-INDEBTEDNESS

Throughout 2012, the Association participated in the IVA Standing Committee chaired by BIS and worked on enhancements to the Protocol for straightforward (or Protocol compliant) Individual Voluntary Arrangement (IVA) cases (PCIVAs), which are designed to improve processes, efficiency and transparency, acceptability and returns to creditors. The Association also played an active part in issuing guidance to IPs on VAT issues in IVAs.

The Association also responded to government consultations on a range of personal insolvency issues.

COMMUNICATIONS

During the year, the Association published three issues of *Insolvency Practitioner* magazine covering a range of technical, practice and ethical, and regulatory issues.

The Association's annual lecture and insolvency conference were held in January and April 2012 respectively. The conference was well attended and addressed a number of topical issues with contributions from guest speakers and delegates. A successful series of regional road-shows were held in six locations throughout the UK in 2012, with over 300 attendees, and a third Personal Insolvency Conference was held successfully in Manchester. CPI+ sessions, aimed at those who had passed CPI or CPPI in recent years, were held in London and Manchester. The first meetings in the IP Introduction Programme were held in three locations during 2013.

OTHER MATTERS

The Association continues to provide secretariat services to the Insolvency Lawyers Association.

INSOLVENCY PRACTITIONERS ASSOCIATION
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REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL RESULTS

The Association's activities have resulted in a small operating deficit of £5,413 (2011: surplus of £65,781) and an overall surplus of £18,597 after tax for the year ended 31 December 2012 (2011: £85,497). It is the policy of the Association that there should be sufficient reserves to cover all reasonably foreseeable eventualities, particularly relating to any adverse costs that might be incurred in relation to disciplinary and regulatory matters (backed up by appropriate insurance). The Association aims to budget for a surplus each year equivalent to approximately 2.5% of turnover.

Variances in key income and expenditure areas between 2011 and 2012 include:

- An increase in fee income which reflects the record number of Insolvency Practitioners who wished to be authorised by the Association.
- Income from services provided to other bodies has increased as a result of the Association taking on additional responsibilities.
- Staff costs have increased as monitoring and regulation activities have expanded.
- Although I.T. costs were in line with budget, a new membership database began to be depreciated in 2012 which had the effect of increasing the charge for depreciation. The Association has also invested in an upgrade to its website which will begin to be depreciated in 2013.
- Irrecoverable VAT has increased in line with expenditure and as a result of a timing difference between the Association's year end and the fiscal year end.
- Costs incurred in connection with the Disciplinary Tribunal held in 2012.

The net effect of these variances was a smaller than budgeted surplus in 2012. Membership subscriptions and fees were not increased for 2013; indeed, fees for some non-appointment taking IPs were reduced. The Association expects to generate a small surplus in 2013.

The Association would once more like to acknowledge the financial contribution made by sponsors and by way of grants by the Trustees of the Barbican Settlement towards the costs of certain projects during the year.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Council members are responsible for preparing the report of the Council and the financial statements in accordance with applicable law and regulations.

Company law requires the Council members to prepare financial statements for each financial year. Under that law Council members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these financial statements the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Council members is aware at the time this report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Council members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report is prepared in accordance with the small companies regime under the Companies Act 2006.

AUDITORS

Littlejohn LLP has signified its willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Signed by Order of the Council

C E B Bible, President

L Pagden, Chairman of Finance and General Purposes Committee

26 March 2013

Valiant House, 4-10 Heneage Lane
London EC3A 5DQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSOLVENCY PRACTITIONERS ASSOCIATION

(A company limited by guarantee)

We have audited the financial statements of The Insolvency Practitioners Association for the year ended 31 December 2012 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council Members and auditors

As explained more fully in the Statement of Council Members' Responsibilities on page 6, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council Members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our audit report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Littlejohn LLP

26 March 2013

**1 Westferry Circus
Canary Wharf
London
E14 4HD**

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012 £ | 2011 £ |
|--|-------|--------------------|--------------------|
| TURNOVER | 3 | | |
| Subscription income and fees from members and students | | 716,615 | 755,175 |
| Insolvency Authorisation fees | | 1,045,807 | 1,026,115 |
| Other income | 4 | 275,693 | 233,478 |
| | | <u>2,038,115</u> | <u>2,014,768</u> |
| ADMINISTRATIVE EXPENSES | | | |
| Administration | | (1,417,473) | (1,339,331) |
| Other | | (626,055) | (609,656) |
| | | <u>(1,417,473)</u> | <u>(1,339,331)</u> |
| OPERATING (DEFICIT)/SURPLUS | 5 | (5,413) | 65,781 |
| Realised losses on sale of listed investments | | (1,277) | (2,346) |
| Reduction/(increase) in provision for diminution in value of investments | 8 | 4,705 | (1,283) |
| Movement in bad debt provision | | 1,477 | (2,745) |
| Income from fixed asset investments | | 14,676 | 16,310 |
| Bank interest receivable | | 11,368 | 9,819 |
| | | <u>14,676</u> | <u>16,310</u> |
| SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | | 25,536 | 85,536 |
| TAXATION | 6 | (6,939) | (39) |
| | | <u>(6,939)</u> | <u>(39)</u> |
| SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>£18,597</u> | <u>£85,497</u> |

The Association has no recognised gains and losses other than the surplus for the above financial years.

The accounting policies and notes on pages 10 to 14 form part of these financial statements.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee; company registration number 1151132)

BALANCE SHEET

AS AT 31 DECEMBER 2012

| | | 2012 | | 2011 | |
|--|--------------|------------------|-----------------|------------------|-----------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 159,547 | | 121,533 |
| Listed investments | 8 | | 393,824 | | 437,619 |
| | | | <u>553,371</u> | | <u>559,152</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 9 | 98,427 | | 90,579 | |
| Cash and bank balances | | 136 | | 69 | |
| Treasury deposit | | 2,341,060 | | 2,421,280 | |
| | | <u>2,439,623</u> | | <u>2,511,928</u> | |
| CREDITORS: amounts falling due within one year | | | | | |
| Corporation tax | | 7,045 | | 4,109 | |
| Prepaid subscriptions and fees | | 1,670,231 | | 1,661,184 | |
| Other creditors | 10 | 220,732 | | 313,438 | |
| | | <u>1,898,008</u> | | <u>1,978,731</u> | |
| NET CURRENT ASSETS | | | <u>541,615</u> | | <u>533,197</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,094,986 | | 1,092,349 |
| CREDITORS: amounts falling due after more than one year | 11 | | (126,493) | | (142,453) |
| TOTAL NET ASSETS | | | <u>£968,493</u> | | <u>£949,896</u> |
| RESERVES | | | | | |
| Balance brought forward | | | 949,896 | | 864,399 |
| Surplus for the year | | | 18,597 | | 85,497 |
| Balance carried forward | | | <u>£968,493</u> | | <u>£949,896</u> |

These financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006.

The financial statements were approved and authorised for issue by the Council on 26 March 2013 and signed on its behalf by

C E B Bible, President

L Pagden, Chairman of Finance and General Purposes Committee

The accounting policies and notes on pages 10 to 14 form part of these financial statements.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

A summary of the more important accounting policies is set out below.

a) Basis of Accounting

The financial statements have been prepared on a going concern basis under the historical cost convention.

b) Cash Flow Statement

The Association meets the Companies Act 2006 definition of a small company. It has therefore claimed the exemption available under Financial Reporting Standard 1 “Cash Flow Statements” from preparing a cash flow statement.

c) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets after they have been brought into use, over the lower of the period to a lease break option or their estimated useful lives at the following rates:

| | |
|--|--|
| Leasehold improvements | To lease break option (3 years) |
| Website, office and computer equipment | 10% - 33 ¹ / ₃ % straight line basis |

d) Taxation

The Association is a mutual company for taxation purposes and is only liable to tax on its investment income and any profits earned from non-members.

e) VAT

The Association registered for VAT on a partial recovery basis with effect from 1 January 2009 and consequently any VAT incurred on administration or other expenses which had in prior years been included under the respective heading, is now taken to debtors and subsequently written off as irrecoverable VAT to the extent to which it is not recoverable.

f) Subscriptions

Annual memberships, which are due on 1 January, are included in income in the year to which the subscription relates. Any amounts received in advance are credited to prepaid subscriptions and fees.

g) Disciplinary and Investigation Costs Recoveries

Costs recovered from members subject to investigation or disciplinary action are accounted for in the year in which they are due.

h) Leasing Transactions

Rentals payable under operating leases are charged to the Income and Expenditure Account in the period in which they fall due.

i) Fixed Asset Investments

Fixed asset investments are valued at the lower of cost and market value at the balance sheet date on an individual basis. Impairment adjustments are taken to the income and expenditure account.

j) Barbican Grants

Income from grants is recognised upon entitlement to the income. This is achieved by the Association's expenditure on projects for which related grants have been approved.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

2. CONSTITUTION

The Association is a company limited by guarantee. The liability of members in the event of a winding up is £1 per member. There were 2,080 members as at 31 December 2012.

3. TURNOVER

Turnover represents subscription income from members, authorisation fees, Fixed Charge Receiver scheme fees, students' examination fees, costs recovered and income received from bodies for which we provide a service.

| 4. OTHER INCOME | 2012 | 2011 |
|--------------------------|-----------------|-----------------|
| | £ | £ |
| Grant income | 76,465 | 47,867 |
| Events | 96,268 | 98,275 |
| Services to other bodies | 97,147 | 86,137 |
| Sundry income | 5,813 | 1,199 |
| | <u>£275,693</u> | <u>£233,478</u> |

| 5. OPERATING DEFICIT/ SURPLUS | 2012 | 2011 |
|---|----------------|----------------|
| | £ | £ |
| Operating deficit/surplus is stated after charging: | | |
| Auditors' remuneration – audit | 6,500 | 6,300 |
| Auditors' remuneration – other | 250 | 250 |
| Depreciation | 34,840 | 10,770 |
| | <u>£31,590</u> | <u>£17,320</u> |

| 6. TAXATION | 2012 | 2011 |
|---|---------------|-------------|
| | £ | £ |
| UK Corporation tax payable for the year | 6,939 | 39 |
| | <u>£6,939</u> | <u>£39</u> |

The tax assessed in the year is lower than the small companies rate of tax in the UK of 20% (2011: 20.25%). The differences are explained below:

| | | |
|--|----------------|----------------|
| Surplus on ordinary activities before tax | <u>£25,536</u> | <u>£85,536</u> |
| Surplus on ordinary activities before tax multiplied by the small companies rate of tax in the UK of 20% (2011:20.25%) | £5,107 | 17,321 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,939 | (13,212) |
| Over provision in prior year | (107) | (4,070) |
| UK Corporation tax payable for the year | <u>£6,939</u> | <u>£39</u> |

INSOLVENCY PRACTITIONERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

7. TANGIBLE ASSETS

| | Fixtures, Fittings & Equipment £ | Computer Equipment £ | Total £ |
|------------------------|---|-------------------------------------|--------------------|
| COST | | | |
| As at 1 January 2012 | 149,622 | 144,084 | 293,706 |
| Additions | 11,461 | 61,393 | 72,854 |
| | <u>161,083</u> | <u>205,477</u> | <u>366,560</u> |
| As at 31 December 2012 | | | |
| DEPRECIATION | | | |
| As at 1 January 2012 | 146,656 | 25,517 | 172,173 |
| Charge for the year | 5,138 | 29,702 | 34,840 |
| | <u>151,794</u> | <u>55,219</u> | <u>207,013</u> |
| As at 31 December 2012 | | | |
| NET BOOK VALUE | | | |
| At 31 December 2012 | £9,289 | £150,258 | £159,547 |
| | <u>£9,289</u> | <u>£150,258</u> | <u>£159,547</u> |
| At 31 December 2011 | £2,966 | £118,567 | £121,533 |
| | <u>£2,966</u> | <u>£118,567</u> | <u>£121,533</u> |

Included within Computer Equipment are assets under construction with an undepreciated value at the year-end of £10,580 (2011: £98,343).

8. LISTED INVESTMENTS

Fixed asset investments comprise the following at the lower of cost and market value at the balance sheet date on an individual basis.

| | £ |
|---|-----------------|
| COST | |
| As at 1 January 2012 | 445,865 |
| Additions | - |
| Disposals | (48,500) |
| | <u>397,365</u> |
| As at 31 December 2012 | |
| DIMINUTION/APPRECIATION IN VALUE | |
| As at 1 January 2012 | 8,246 |
| Eliminated on disposals | 880 |
| Unrealised movement in the year | (5,585) |
| | <u>3,541</u> |
| As at 31 December 2012 | |
| NET BOOK VALUE | |
| At 31 December 2012 | £393,824 |
| | <u>£393,824</u> |
| At 31 December 2011 | £437,619 |
| | <u>£437,619</u> |

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

8. LISTED INVESTMENTS (continued)

| | 2012 | | 2011 | |
|-----------|-------------------|---------------------------|-------------------|---------------------------|
| | Cost £ | Market Value £ | Cost £ | Market Value £ |
| UK Listed | <u>£397,365</u> | <u>£435,428</u> | <u>£445,865</u> | <u>£482,940</u> |

9. DEBTORS

| | 2012 £ | 2011 £ |
|--------------------------------|-------------------|-------------------|
| Trade debtors | 21,786 | 23,967 |
| Other debtors | 7,058 | 6,456 |
| Prepayments and accrued income | 69,583 | 60,156 |
| | <u>£98,427</u> | <u>£90,579</u> |

10. CREDITORS DUE WITHIN ONE YEAR

| | 2012 £ | 2011 £ |
|---|-------------------|-------------------|
| Trade creditors | 78,426 | 62,715 |
| Other creditors | 3,566 | 5,901 |
| Social security and other taxation | 41,111 | 46,356 |
| Accruals and deferred income | 86,944 | 151,530 |
| Provisions (including rent-free period) | 10,685 | 46,936 |
| | <u>£220,732</u> | <u>£313,438</u> |

11. CREDITORS DUE AFTER MORE THAN ONE YEAR

| | 2012 £ | 2011 £ |
|---|-------------------|-------------------|
| Accruals and deferred income | 51,716 | 57,150 |
| Provisions (including rent-free period) | 74,777 | 85,303 |
| | <u>£126,493</u> | <u>£142,453</u> |

Deferred income relates to Barbican funding for the new membership database, which will be released over 10 years to match the depreciation expense; and for the new website, which will be released over 3 years to match the depreciation expense.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

| 12. SALARIES | 2012 | 2011 |
|---------------------------|-------------------|-------------------|
| | £ | £ |
| Gross salaries | 1,027,209 | 976,249 |
| Social security costs | 123,204 | 113,493 |
| Pension costs | 39,238 | 37,668 |
| Private medical insurance | 10,548 | 10,154 |
| | <u>£1,200,199</u> | <u>£1,137,564</u> |

Pension costs comprise defined contributions to a group stakeholder and other individual pension policies.

The average number of employees during the year was 21 (2011: 19).

No member of the Council received any remuneration during the year for acting as a member of the Council. In 2012 two (2011: one) members of Council, and four employees of firms in which two Council members are partners, received properly authorised fees for work undertaken in connection with IPA examinations.

13. OPERATING LEASES

The following represents annual commitments held under operating leases expiring as follows:

| | 2012 | | 2011 | |
|-------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | Land & Buildings | Other | Land & Buildings | Other |
| | £ | £ | £ | £ |
| < 1 year | - | - | - | - |
| 2 – 5 years | 73,282 | 22,382 | 73,282 | 20,012 |
| > 5 years | - | - | - | 2,370 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

14. CAPITAL COMMITMENTS

At the year-end capital commitments of £Nil (2011: £16,818) had been contracted for.

INSOLVENCY PRACTITIONERS ASSOCIATION (A company limited by guarantee)
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 | | 2011 | |
|--|-------------|-------------------|-------------|-------------------|
| INCOME | £ | £ | £ | £ |
| Subscription income and fees from members and students | | 716,615 | | 755,175 |
| Insolvency authorisation fees | | 1,045,807 | | 1,026,115 |
| | | <u>1,762,422</u> | | <u>1,781,290</u> |
| Other | | | | |
| Grant income | 76,465 | | 47,867 | |
| Events | 96,268 | | 98,275 | |
| Services to other bodies | 97,147 | | 86,137 | |
| Sundry income | 5,813 | | 1,199 | |
| | | <u>275,693</u> | | <u>233,478</u> |
| | | <u>£2,038,115</u> | | <u>£2,014,768</u> |
| EXPENDITURE | | | | |
| Administration etc | | | | |
| Salaries | | 1,200,199 | | 1,137,564 |
| Consultants | | 24,529 | | 32,929 |
| Printing, postages, binders and other office expenses | | 92,491 | | 103,360 |
| Insurance | | 17,654 | | 17,640 |
| Council and committee expenses | | 43,446 | | 33,826 |
| Public relations and press cuttings | | 4,313 | | 3,242 |
| Depreciation | | 34,840 | | 10,770 |
| | | <u>1,417,472</u> | | <u>1,339,331</u> |
| Direct costs of events | | 68,393 | | 80,764 |
| Other expenses | | | | |
| Legal and other Regulatory costs | 85,153 | | 66,193 | |
| Audit, accountancy and book-keeping fees | 22,470 | | 24,571 | |
| Other professional fees | 4,623 | | 4,133 | |
| Unrecoverable VAT | 72,347 | | 46,439 | |
| Examination costs | 35,546 | | 50,642 | |
| Inspection expenses | 76,139 | | 59,408 | |
| Rent, service charge and rates | 159,844 | | 156,115 | |
| IT expenses | 13,675 | | 17,542 | |
| Website | 7,235 | | 870 | |
| Staff travel costs | 5,338 | | 15,129 | |
| Sundry expenses | 11,391 | | 9,157 | |
| Entertainment, subscriptions, training and payroll | 31,476 | | 30,942 | |
| Grant related expenditure | 32,426 | | 47,751 | |
| | | <u>557,663</u> | | <u>528,892</u> |
| | | <u>2,043,528</u> | | <u>1,948,987</u> |
| Operating (loss)/surplus for the year before tax | | (5,413) | | 65,781 |
| Realised losses on sale of listed investments | | (1,277) | | (2,346) |
| Net movement in diminution in value of investments | | 4,705 | | (1,283) |
| Movement in bad debt provision & debt written off | | 1,477 | | (2,745) |
| Bank interest | | 11,368 | | 9,819 |
| Income from listed securities | | 14,676 | | 16,310 |
| | | <u>25,536</u> | | <u>85,536</u> |
| Surplus on ordinary activities before tax | | 25,536 | | 85,536 |
| Corporation tax | | (6,939) | | (39) |
| | | <u>£18,597</u> | | <u>£85,497</u> |

(These figures do not form part of the statutory accounts.)