

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

Company Registration Number: 1151132

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

PRESIDENT

M E Leslie

VICE-PRESIDENT

R E Duncan

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 2016

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Notice of Annual General Meeting

Notice is hereby given that the thirty eighth Annual General Meeting of the Insolvency Practitioners Association (“the Association”) will be held at Insolvency Practitioners Association, Valiant House, 4 – 10 Heneage Lane, London, on 6 April 2017 at 5.00 pm, for the following purposes:

1. To receive and adopt the Report of the Council and the Financial Statements of the Association for the year ended 31 December 2016.
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

21 March 2017

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 2016

The Council has pleasure in submitting its Report and the Financial Statements of the Association for the year ended 31 December 2016.

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 (IPs) and their staff; and to regulate and monitor its licensed IPs' 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 2016.

President

M E Leslie (from 21 April 2016)

Vice-President

R E Duncan (from 21 April 2016)

Deputy Vice-President

D J Manzoori (21 April to 30 August 2016)

Immediate Past President

M R Sands (from 21 April 2016)

L Hinton (from 29 September 2016)

Elected members (statutory directors)

P Brazzill

S Keen (Appointed 21 April 2016)

J Westerman (Appointed 21 April 2016)

P M Peel

C G Wiseman

K Hellard

Carrie-Ann James

C M Polwin (retired 21 April 2016)

D J Manzoori (retired 30 August 2016)

R E Duncan

N Fisher

J S Wright

D J Standish

S Underwood

L Hinton

M E Leslie

M R Sands

**Co-opted members to
AGM 2016**

M Moses

ELECTIONS TO THE COUNCIL

The following Council Members will retire at the forthcoming Annual General Meeting:

S Underwood, K Hellard and M R Sands (M R Sands is not eligible for re-election).

COUNCIL AND COMMITTEE MEETINGS

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

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.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

SUMMARY OF ACTIVITIES DURING THE YEAR

MEMBERSHIP

At 31 December 2016, the Association had approximately 1,600 Individual Members, Affiliates, and Student Members. It had in issue at that date 602 insolvency authorisations granted to insolvency practitioners (IPs) of whom 503 were appointment-takers.

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's Insolvency Service (part of the Department for Business, Energy & Industrial Strategy (BEIS)). 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, not least through a number of sub-groups drafting new Statements of Insolvency Practice, on behalf of IPs to ensure that standards-setting in the profession is practical and relevant to IPs' work. 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. We produced the fourth edition of our now annual handbook containing the code of ethics, practice statements, guidance and regulations for members, with both England & Wales and Scotland versions in publication, in hard copy and on-line.

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. Practitioners value the practical and constructive review process and the value it can add to their practices.

During the latter part of 2016 the Association entered into a collaboration agreement with the Association of Chartered Certified Accountants (ACCA). This will see the Association regulate more than 100 IPs licensed by ACCA from 1 January 2017.

The Association granted its first partial licences in 2016 to personal insolvency specialists

REGULATORY OVERSIGHT AND RELATED MATTERS

The Association is accountable to the Secretary of State for BEIS and to 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. Those government departments carried out an oversight visit to the Association during 2016 and published their findings.

The Association has responded to a number of regulatory reviews by BEIS, as well as contributing to the development of guidance on the regulatory objectives and other measures contained in the legislation introduced in October 2015.

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

The Association published a number of disciplinary orders as a consequence of proceedings concluded during 2016.

REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

EDUCATION

The Association's established and well recognised Certificate of Proficiency in Insolvency (CPI), Certificate of Proficiency in Personal Insolvency (CPPI) and Certificate of Proficiency in Corporate Insolvency (CPCI) examinations had solid support in 2016, albeit in a declining market, as fewer students are studying for and entering insolvency exams at all levels. Interest in the CPPI and CPCI examinations is expected to develop further with the introduction of partial licensing in 2016.

Prizes were presented to the top candidates at events throughout the year. 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 DEBT SOLUTIONS

Throughout 2016 the Association participated in the IVA Standing Committee chaired by BEIS 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 issued guidance to IPs on the scope of the IP exclusion from FCA authorisation of consumer credit activities, and on property equity in Scottish Protected Trust Deeds.

COMMUNICATIONS & MEMBER SERVICES

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 2016 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 roadshows were held in six locations throughout the UK in 2016 with over 200 attendees, and a seventh Personal Insolvency Conference was held successfully in Manchester, maintaining strong attendance. The second Scottish Practices Conference took place in August 2016. Several Refresher on Regulation Courses and the Practical Insolvency Course were held during the year. Meetings in the IP Introduction Programme continued to be held, and took place in three locations during 2016.

OTHER MATTERS

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

REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL RESULTS

The Association's activities have resulted in an operating surplus of £105,085 after tax for the year ended 31 December 2016 (Restated 2015: surplus of £37,401). 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 modest surpluses to maintain the value of its reserves.

Variances in key income and expenditure areas between 2015 and 2016 include:

- An increase in the value of investments in conjunction with recognition of the appreciation in the market values of financial investments, in accordance with FRS 102 (Section 1A), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.
- Overall, rent and associated property costs were lower as a consequence of the move into a new office with reduced floor space, facilitated by an increase in flexible working arrangements for secretariat staff.
- Regulatory fines and cost recoveries increased due to the Investigations Committee issuing a number of significant costs orders. Consequently, legal and other regulatory costs were higher in 2016 as a result of increased committee activities.
- Irrecoverable VAT increased significantly and remained high in line with applicable expenditure – a significant proportion related to the cost of the new office fit-out in conjunction with the landlord's decision to exercise its option to charge VAT on rent and service charges.
- A decrease in membership subscription which reflected a drop in membership in 2016.
- An increase in authorisation fee income.
- Examinations income and expenditure were lower due to fewer entrants to both the 2016 examination sittings.
- Income from events has increased in line with the number of events arranged by the Association and the number of attendees. There was a corresponding increase in the expenditure relating to events during 2016 compared to 2015.
- Staff costs increased marginally as monitoring and regulation activities have expanded in line with increases in the number of licensed IPs.
- Printing costs have decreased due to more careful monitoring of suppliers and better use of electronically submitted documents. There was a small increase in IT expenses.

The Association's aim in the medium term remains one of budgeting for modest surpluses.

The Association would once more like to acknowledge the financial contribution made by sponsors, as well as the considerable time and effort expended by members volunteering to assist through committee work and by the secretariat team.

REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures there from being disclosed and explained in the financial statements; and
- 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.

In preparing this report, the council has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

AUDITORS

PKF 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

M E Leslie, President

R Duncan, Chairman of Finance Committee

23 March 2016

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)**

We have audited the financial statements of Insolvency Practitioners Association for the year ended 31 December 2016 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Council'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 Council 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 Directors and Auditor

As explained more fully in the Responsibilities Statement, 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 and express an opinion on 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; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Associations's affairs as at 31 Decemer 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Councils' Report for the financial year for which the financial statements are prepared is consistent with the financial statements ; and
- the Councils' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Council Report.

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 Council Members remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime, and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Alastair Duke (Senior Statutory Auditor)
For and on behalf of
PKF Littlejohn LLP
23 March 2017

1 Westferry Circus
Canary Wharf
London
E14 4HD

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	Restated 2015 £
TURNOVER	3		
Subscription income and fees from members and students		617,492	634,490
Insolvency Authorisation fees		1,145,860	1,109,464
Other income	4	648,790	571,443
		<u>2,412,142</u>	<u>2,315,397</u>
Interest receivable and similar income		26,128	22,674
		<u>2,438,270</u>	<u>2,338,071</u>
ADMINISTRATIVE EXPENSES		<u>(2,413,633)</u>	<u>(2,282,631)</u>
OPERATING SURPLUS	5	24,637	54,440
Realised gains on sale of listed investments		920	4,715
Unrealised gains on investments	9	88,120	(14,476)
		<u>113,677</u>	<u>45,679</u>
SURPLUS BEFORE TAXATION		113,677	45,679
TAXATION	6	<u>(8,592)</u>	<u>(8,278)</u>
SURPLUS AFTER TAXATION		<u>105,085</u>	<u>37,401</u>
		<u><u>105,085</u></u>	<u><u>37,401</u></u>

The Association has no recognised gains and losses other than the deficit/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 2016

		2016		Restated 2015	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		61,063		88,654
Tangible assets	8		58,781		5,790
Listed investments	9		597,388		514,914
			<u>717,232</u>		<u>609,358</u>
CURRENT ASSETS					
Debtors	10	204,111		116,334	
Cash and bank balances		434,753		263,045	
Treasury deposit		1,850,000		2,000,000	
		<u>2,488,864</u>		<u>2,379,379</u>	
CREDITORS: amounts falling due within one year					
Corporation tax		8,800		8,486	
Prepaid subscriptions and fees		1,819,979		1,718,483	
Other creditors	11	238,786		245,403	
		<u>2,067,565</u>		<u>1,972,372</u>	
NET CURRENT ASSETS			<u>421,299</u>		<u>407,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,138,531</u>		<u>1,016,365</u>
CREDITORS: amounts falling due after more than one year	12		<u>(48,831)</u>		<u>(31,750)</u>
TOTAL NET ASSETS			<u><u>1,089,700</u></u>		<u><u>984,615</u></u>
RESERVES					
Balance brought forward			984,615		947,214
Surplus for the year			105,085		37,401
			<u>1,089,700</u>		<u>984,615</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 6 April 2017 and signed on its behalf by

M E Leslie, President

R Duncan, Chairman of Finance and General Management Committee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 in accordance with FRS102 (Section 1A.), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Information on the impact of first-time adoption of FRS 102 is given in note 15.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

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 their estimated useful lives at the following rates:

Fixtures, Fittings and Equipment	20% - 33 ¹ / ₃ % - straight line basis
Computer equipment	10% - 33 ¹ / ₃ % straight line basis

d) Intangible assets

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and can be reliably measured.

Intangible assets are amortised on a straight line basis over their estimated useful lives at the following rates:

Computer Software	10% - 33 ¹ / ₃ % straight line basis
Website Development	33 ¹ / ₃ % - straight line basis
E- Learning Development	33 ¹ / ₃ % - straight line basis

e) 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.

f) 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.

g) 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.

h) 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.

i) Leasing Transactions

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

j) Fixed Asset Investments

Fixed asset investments are revalued at market value at the balance sheet date on an individual basis. Gains and losses on revaluation are recognised in the Income and Expenditure Account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

k) 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.

l) Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

m) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into either as a lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred to from the lessor to the lessee on a lease by lease basis.
- Determine whether there indicators of impairment of tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Intangible fixed assets (see note 7)
Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Intangible assets are amortised on a straight line basis over their useful lives. Provision is made for any impairment.
- Tangible fixed assets (see note 8)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Investments (see note 9)
The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments at fair value through the Income and Expenditure Account. In determining this, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Listed investments are valued at the quoted bid price at the reporting date.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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 1,546 members as at 31 December 2016.

3. TURNOVER

Turnover represents subscription income from members, authorisation fees, Fixed Charge Receiver scheme fees, students' examination fees, and income received from bodies for which we provide a service. Included within turnover is an amount of £260,820 (2015 £223,200) which represents levies collected from members to meet the IPA's fee due to the Insolvency Service, which is included within expenditure.

4. OTHER INCOME	2016 £	2015 £
Grant income	19,452	31,421
Events	155,696	132,834
Services to other bodies	109,945	102,984
Regulatory fines and cost recoveries	102,777	79,112
Levies collected and paid to Insolvency Service	260,820	223,200
Sundry income	100	1,892
	<u>648,790</u>	<u>571,443</u>

5. OPERATING SURPLUS	2016 £	2015 £
Operating surplus is stated after charging:		
Auditors' remuneration – audit	6,416	6,850
Auditors' remuneration – other	-	1,930
Amortisation and depreciation	54,064	37,895
	<u></u>	<u></u>

6. TAXATION	2016 £	2015 £
UK Corporation tax payable for the year	8,592	8,278
	<u>8,592</u>	<u>8,278</u>

The tax assessed in the year is lower than the small companies rate of tax in the UK of 20% (2015: 20%). The differences are explained below:

Surplus/(deficit) on ordinary activities before tax	113,677	45,679
Surplus/(deficit) on ordinary activities before tax multiplied by the small companies rate of tax in the UK of 20% (2015:20%)	22,735	9,136
Effects of:		
Expenses not deductible for tax purposes	(14,143)	(858)
Under/(over) provision in prior year	-	-
UK Corporation tax payable for the year	<u>8,592</u>	<u>8,278</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

7. INTANGIBLE ASSETS

	Computer Software £	E- Learning & Website £	Total £
COST			
As at 1 January 2016 (Restated)	152,541	33,530	186,071
Additions	-	4,200	4,200
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	152,541	37,730	190,271
	<hr/>	<hr/>	<hr/>
AMORTISATION			
As at 1 January 2016 (Restated)	80,580	16,837	97,417
Charge for the year	19,647	12,144	31,791
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	100,227	28,981	129,208
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2016	52,314	8,749	61,063
	<hr/>	<hr/>	<hr/>
At 31 December 2015 (Restated)	71,961	16,693	88,654
	<hr/>	<hr/>	<hr/>

8. TANGIBLE ASSETS

	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
COST			
As at 1 January 2016 (Restated)	162,775	71,354	234,129
Additions	67,180	8,084	75,264
Disposals	(132,899)	(1,665)	(134,564)
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	97,056	77,773	174,829
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
As at 1 January 2016 (Restated)	162,281	66,058	228,339
Charge for the year	15,715	6,558	22,273
Eliminated on disposal	(132,899)	(1,665)	(134,564)
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	45,097	70,951	116,048
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2016	51,959	6,822	58,781
	<hr/>	<hr/>	<hr/>
At 31 December 2015 (Restated)	494	5,296	5,790
	<hr/>	<hr/>	<hr/>

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

9. LISTED INVESTMENTS

IPA has chosen to take advantage of the optional exemption available in Section 35 of FRS 102 for small entities and has not restated the comparative information in respect of fixed asset investments. Fixed asset investments were measured at cost less impairment under the previous financial reporting framework. This accounting policy has been applied to the comparative information in respect of fixed asset investments, however fixed asset investments are measured at fair value through profit or loss as at 31 December 2016.

	£
Valuation at 1 January 2016	514,914
Additions	76,857
Disposals	(83,423)
Realised gains	920
Unrealised gains	88,120
	<u>597,388</u>
Valuation at 31 December 2016	<u>597,388</u>

	2016		2015	
	Cost £	Market Value £	Cost £	Market Value £
UK Listed	393,693	419,272	£379,208	£381,983
Europe	22,980	25,977	39,621	42,736
Rest of the world	122,542	152,139	121,419	122,842
	<u>539,215</u>	<u>597,388</u>	<u>540,248</u>	<u>547,561</u>

10. DEBTORS DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	91,293	76,320
Other debtors	7,957	5,187
Prepayments and accrued income	104,861	34,827
	<u>204,111</u>	<u>116,334</u>

11. CREDITORS DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	61,517	39,966
Other creditors	19,344	10,061
Social security and other taxation	60,590	56,365
Accruals and deferred income	94,419	109,818
Provisions (including rent-free period)	2,916	15,000
	<u>238,786</u>	<u>231,210</u>

The comparative 2015 Accruals and deferred income has been adjusted to reflect the reduction in holiday pay accrual of £1,572.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

12. CREDITORS DUE AFTER MORE THAN ONE YEAR	2016 £	2015 £
Accruals and deferred income	25,400	31,750
Provisions including rent-free period	23,431	-
	<u>48,831</u>	<u>31,750</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.

13. SALARIES	2016 £	2015 £
Gross salaries	1,129,974	1,145,620
Social security costs	132,305	130,214
Pension costs	62,399	44,379
Private medical insurance	17,330	14,020
	<u>1,342,008</u>	<u>1,334,233</u>

The comparative 2015 Gross salaries has been adjusted to reflect the reduction in holiday pay accrual of £1,572.

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

The average number of employees during the year was 26 (2015: 24).

No member of the Council received any remuneration during the year for acting as a member of the Council.

KEY MANAGEMENT PERSONNEL COMPENSATION:	2016 £	2015 £
Aggregate Remuneration	342,489	370,452
Pension costs	16,702	17,313
Private medical insurance	2,176	1,876
	<u>361,367</u>	<u>389,641</u>

In 2016 no (2015: no) member of Council, and two employees of firms in which one Council member is a partner, received properly authorised fees for work undertaken in connection with IPA examinations.

14. OPERATING LEASES

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

	2016		2015	
	Land & Buildings £	Other £	Land & Buildings £	Other £
< 1 year	69,984	34,177	-	34,177
2 – 5 years	219,923	-	-	-
	<u>289,907</u>	<u>34,177</u>	<u>-</u>	<u>34,177</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

15. First time adoption of FRS 102

	Note	2015 £	2014 £
Reconciliation of Reserves			
Reserves under previous GAAP		997,236	961,407
Adjustments:			
Accrued holiday pay	a.	<u>(12,621)</u>	<u>(14,193)</u>
Reserves as stated in accordance with FRS 102		<u><u>984,615</u></u>	<u><u>947,214</u></u>
Reconciliation of Profit or Loss			
Profit for year under previous GAAP		35,829	(35,041)
Holiday pay accrual	a.	<u>1,572</u>	<u>(14,193)</u>
As stated in accordance with FRS 102		<u><u>37,401</u></u>	<u><u>(49,234)</u></u>

Explanation of changes to previously reported profit and reserves

- a. Prior to applying FRS 102, no provision was made for holiday pay (i.e. holiday earned but not taken prior to the year-end). FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. Consequently an additional accrual of £14,193 at 1 January 2015 has been made to reflect this. The additional provision at 31 December 2015 was £12,621 and the effect on profit for the year ended 31 December 2015 was a decrease in expense of £1,572.

INSOLVENCY PRACTITIONERS ASSOCIATION (A company limited by guarantee)
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	Restated 2015
INCOME	£	£	£
Subscription income and fees from members and students		617,492	634,490
Insolvency authorisation fees		1,145,860	1,109,464
		<u>1,763,352</u>	<u>1,743,954</u>
Other			
Grant income	19,452		31,421
Events	155,696		132,834
Services to other bodies	109,945		102,984
Regulatory fines and cost recoveries	102,777		79,112
Levies collected and paid to Insolvency Service	260,820		223,200
Sundry income	100		1,892
		<u>648,790</u>	<u>571,443</u>
		<u>2,412,142</u>	<u>2,315,397</u>
Interest receivable and similar income			
Bank interest	9,232		5,812
Income from listed securities	16,896		16,862
		<u>26,128</u>	<u>22,674</u>
		<u>2,438,270</u>	<u>2,338,071</u>
EXPENDITURE			
Administration etc			
Salaries	1,342,008		1,334,233
Consultants	30,787		9,802
Printing, postages and other office expenses	106,159		95,848
Insurance	20,868		21,160
Council and committee expenses	45,266		45,306
Public relations and press cuttings	1,886		2,326
Depreciation	54,064		37,895
		<u>1,601,038</u>	<u>1,546,570</u>
Direct costs of events		<u>78,920</u>	<u>62,743</u>
Other expenses			
Levies collected and paid to Insolvency Service	260,820		223,200
Legal and other Regulatory costs	83,541		39,556
Audit, accountancy and book-keeping fees	6,416		16,445
Other professional fees	(1,735)		11,796
Unrecoverable VAT	80,903		59,284
Examination costs	33,096		23,016
Inspection expenses	53,517		64,415
Rent, service charge and rates	118,942		174,856
IT expenses	33,103		30,485
Website	3,273		2,845
Staff travel costs	2,110		528
Sundry expenses	28,390		19,551
Bad debt provision and write off	7,060		2,500
Dilapidation provision	(3,000)		(25,545)
Entertainment, subscriptions, training and payroll	25,417		24,429
Grant related expenditure	1,822		5,957
		<u>733,675</u>	<u>673,318</u>
		<u>2,413,633</u>	<u>2,282,631</u>
Operating surplus for the year before tax		24,637	55,440
Realised surplus on sale of listed investments		920	4,715
Unrealised gains on investments		88,120	(14,476)
		<u>113,677</u>	<u>45,679</u>
Surplus before taxation		<u>(8,592)</u>	<u>(8,278)</u>
Corporation tax			
Surplus for the year after taxation		<u>105,085</u>	<u>37,401</u>

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