



**Insolvency  
Practitioners  
Association**



# Annual Report

**2020/21**



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# Message from the President



When I had the honour of becoming President last April, little did I know that I would conduct the whole one-year term virtually, in what is certainly an IPA first!

At the time of writing, our members have recently approved a proposal to extend my term for another year, along with my fellow Office Holders, Samantha Keen (Vice-President), Paul Davis (Deputy Vice-President) and Carrie James (Immediate Past President). I may have been the first President to serve their term virtually, but I am the second to serve for more than one year, joining Ian Bond, who held the role from 1990-92. I am so grateful for members' approval, which should allow us to

carry out our treasured roles more fully, and I look forward to the year ahead, leading the UK's sole Recognised Professional Body that is dedicated to the profession that our members work in.

Looking back to the year gone by, it's rather a tired cliché at this point to say what a year it has been. I am sure that many, like myself, will be looking forward to resuming a more normal life in the not-too-distant future. I am very sorry for anyone who has felt the awful effects of this pandemic, whether through being affected by death, illness or adverse economic impacts.



We at the IPA had a fast-paced, spirited 2020, as we reacted to the year's developments, ensured continuity in our regulation and supported our members appropriately.

It gives great comfort to see the touching, kind gestures from people in support of their communities during this time, as well as the work of our truly brilliant NHS, emergency services, volunteer groups, key workers and others.

We at the IPA had a fast-paced, spirited 2020, as we reacted to the year's developments, ensured continuity in our regulation and supported our members appropriately, including clearly communicating the differences for our members in terms of carrying out their responsibilities. There was a lot for them to take in, considering the wide-ranging new ways of working that needed to be adopted, as well as the new legislation in the Corporate Insolvency and Governance Act and an increase in Anti-Money Laundering (AML) activity. And of course, members may also have encountered difficulties within their own businesses as a result of the pandemic.

In fostering an outstanding UK insolvency profession and AML regime, the IPA is committed to being a robust regulator which supports its members and provides its employees with a great and stimulating place to work.

I am proud of the hard work within the IPA in 2020 in pursuit of these goals. Our people are challenged to perform to a high level on behalf of the insolvency profession and the public interest. They have managed to do this very well whilst universally working from home, embracing the

modern technology that we were already using and proving the effectiveness of our agile approach to working. Similarly, the IPA has begun the lease on a new, modern office with features that align with how we work. Once office working is safe and we can return, I'm sure that we will feel the benefits of this new hub for the IPA.

Our regulatory and technical work was particularly notable in 2020, with the progression of our Volume Provider Regulation (VPR) Scheme, for the volume Individual Voluntary Arrangement (IVA) and Protected Trust Deed (PTD) market (including our work with the Financial Conduct Authority (FCA) and Advertising Standards Authority (ASA) on insolvency marketing); the continuation of our updated processes such as new complaints handling requirements, risk-based monitoring, targeted reporting and the new Committee structure; our work as part of the Joint Insolvency Committee (JIC) on the new Statements of Insolvency Practice (SIPs), Ethics Code and other matters; the publication of the latest IPA Insolvency Practitioners' Handbook; our contributions to consultations on new frameworks; modernising the IPA's Rules, and more besides.

Turning to our events, we managed, at the shortest of notice, to move our usual regional Roadshows online, attracting a pleasingly high number of attendees. We also ran a successful series of personal insolvency lectures, and another highlight was our joining forces with R3 to deliver two workshops on the Corporate Insolvency and Governance Act, with key representatives from the Insolvency Service and the Department for Business, Energy and Industrial Strategy.

The IPA achieves so much in its mission to maintain an excellent insolvency profession. This wouldn't be possible without the fantastic people who make up the IPA. My specific thanks to Michelle and the Secretariat, and our Committee and Board members, who all contribute to making the IPA the principal insolvency regulator in the UK.

It is my great pleasure to lead the organisation as President, and I look forward to my 'bonus' year!

**Kevin Hellard**



# Message from the CEO

Welcome to the IPA's 2020 Annual Report – issued on none other than the year of the IPA's 60<sup>th</sup> birthday! Much like last year's report, I am once again writing this message from home as the UK continues its fight against Covid-19. At the time of writing, I am very encouraged by the outlook that we have for beating the virus and moving into more normal conditions. I hope that readers of this report have been managing in spite of the challenging, and in some cases acutely difficult, circumstances. My sincere condolences to anyone who has been affected by illness or death during the pandemic.



At the beginning of 2020, I travelled to Scotland to attend a meeting of the Scottish Parliament's Economy, Energy and Fair Work Committee to assist in their inquiry into Protected Trust Deeds – with a pleasing remark from the Committee in its subsequent report, recognising the IPA as leading the way in our requirement of members to use only FCA-regulated work introducers. We were soon to publish the first benchmark report on our Volume Provider Regulation (VPR) Scheme and were gearing up for the start of the IPA's events calendar, as well as conducting our usual, and recently modernised, busy programme of regulatory and technical activity. Little did we know of what the year would have in store for the insolvency profession!

Spring 2020 saw us react quickly to the new demands on Insolvency Practitioners (IPs) in terms of working, for the most part, away from the traditional office setting through Covid restrictions. We enacted changes to our regulatory expectations, communicated these with members and regularly issued member updates on changes to how organisations that we in the profession work with, such as the Insolvency Service, Companies House and HMRC, affected our members and their roles. Throughout the year, we also offered new, virtual events to our members to keep them informed on the developments in the profession and help them gain their CPD.



I am proud to take a leading role in representing the interests of the UK's talented and dedicated insolvency professionals, especially at a time when their work is at the forefront of public discussion.

We then had the enacted Corporate Insolvency and Governance Act, which came into force in late June and was important legislation for both the IPA and our members to note, as were the subsequent updates and extensions to the Act. News and analysis on the Act formed a significant part of our communications with members and other stakeholders in the summer.

It was already a difficult year, and with the added necessity for changing how we work at short notice and in several ways, I think that our members' work over the last year is all the more commendable. I am proud to take a leading role in representing the interests of the UK's talented

and dedicated insolvency professionals, especially at a time when their work is at the forefront of public discussion. This was already the case pre-pandemic, with the considerable changes to the high street and a rise in demand for personal debt solutions, and is even more so now.

Elsewhere in 2020, The IPA's new, modernised ways of working, such as our more efficient Committee structure and our risk-based approach to monitoring, are further embedded. You can read more about our work in these areas in this report.

Also in 2020's Annual Report is an update on the IPA's unique Volume Provider Regulation (VPR) Scheme. Now in its third year of operation, the Scheme is proving itself to be instrumental in giving confidence to stakeholders involved in the volume market for Individual Voluntary Arrangement (IVA) and Scottish Protected Trust Deed (PTD) personal debt solutions.

We currently anticipate details of the implementation of mandatory independent scrutiny of pre-pack sales to connected parties. In 2020, when the Government was reviewing this matter, the IPA engaged with Lord Callanan, Minister for Climate Change and Corporate Responsibility, who led the review. We recommended the introduction of independent scrutiny for connected party pre-pack sales and were pleased that corresponding action to our recommendation has been taken. We continue to monitor for more details on implementation.

Another important piece of work from the last year was the introduction of the IPA's vulnerable IP policy, in addition to the IPA's aide memoire on working with vulnerable individuals. Vulnerability amongst stakeholders in insolvency, as well as in wider society, is a critical issue that has taken on yet more weight during the pandemic. I hope that our work in this area will promote more openness around vulnerability and contribute to updated, permanent working practices.

Read on for more details of the IPA's busy programme of activity in 2020. I would like to give my heartfelt thanks to our partners such as Insolvency Support Services (ISS), all those who appeared at our many events and the dedicated team at the IPA, including our brilliant volunteers that sit on our Board and Committees, and Kevin as President for driving forward the IPA's good work in 2020. Equal thanks go to our talented membership for supporting a world-leading UK insolvency profession and the IPA as its sole dedicated body.

**Michelle Thorp**

# 1. The IPA in 2020

The IPA was formed in 1961 as a discussion group of accountants specialising in insolvency and therefore celebrates its 60<sup>th</sup> anniversary in 2021.

The IPA is now the UK's largest insolvency regulator by insolvencies covered and the sole body dedicated to the field in the UK. As well as being a regulator, the IPA is a membership organisation for Insolvency Practitioners (IPs) and those in insolvency-related work. Parallel to our regulatory operations, the IPA also looks to maintain and raise professional standards through professional training, benchmarking, networking, best practice sharing and other engagement opportunities.

IPA members have the opportunity to contribute to the IPA's work and help shape the insolvency profession through membership of one or more of the IPA's Committees or the Board.

The IPA is proud to offer a suite of other membership benefits. These include the ability for individuals to use the IPA's designatory letters (MIPA, AIPA, and FIPA) after their name and on marketing material; attend IPA networking, educational and training events at discounted rates; access our insolvency solicitor panel and save on legal fees; and more.

We offer our member firms the ability to obtain licences for their IPs at lower fees and with reduced paperwork and administration as part of the onboarding process; use of the IPA logo on marketing material; the entitlement to vote at General Meetings; and the ability to nominate, and participate in electing, Board members.

## **Student members: the future of the profession**

Every year, the IPA welcomes high volumes of new Student members intending to take either the Certificate of Proficiency in Insolvency (CPI), Certificate of Proficiency in Corporate Insolvency (CPCI) or Certificate of Proficiency in Personal Insolvency (CPPI) examinations.

Our suite of examinations are highly respected. As well as being an established mark of achievement that helps to advance insolvency careers, the examinations are principal routes to taking the Joint Insolvency Examination (JIE), the requisite qualification to become a licensed IP.

The IPA wants to ensure that each Student member gets the most out of their membership while they are studying. For example, Students can benefit from substantial discounts on the extensive range of IPA events and training. We have recently launched exclusive social and educational events for Student members, supported by the Young Professionals Networking Committee, to nurture careers through briefing on key issues, networking with peers and access to established figures in the profession. Other benefits of Student membership include mentoring programmes, the chance to be nominated for the IPA Awards and the opportunity to claim a student discount card.

## Anti-Money Laundering

As well as insolvency regulations and legislation, the IPA licences IPs in accordance with the UK Anti-Money Laundering (AML) framework, in our role as an AML Supervisory Authority (SA). In this role, we supervise our members' compliance with the AML regulations in their insolvency and advisory work.

The IPA is part of external AML groups working to promote best practice in AML compliance. You can read more about the IPA's AML role here: <https://insolvency-practitioners.org.uk/regulation-and-guidance/anti-money-laundering-strategy>.



IPA members have the opportunity to contribute to the IPA's work and help shape the insolvency profession through membership of one or more of the IPA's Committees or the Board.

## The IPA's response to Covid-19

At the start of 2020, the Covid-19 situation developed very quickly, culminating in the first national lockdown in March of that year. By this time, the IPA had already moved to remote working in the main. Internally, processes were reviewed and measures taken to ensure smooth running of day-to-day operations with the absence of regular use of the IPA office.

Developments in the profession for our members to be aware of were diverse and high in volume for most of the year. Accordingly, the IPA collated information and communicated it with our members in a bid to ensure that they were abreast of the latest news, particularly in respect of the new legislation in the Corporate Insolvency and Governance Act.

IPA events were successfully pivoted to an online setting, with the Act and other Covid-19 considerations forming a key part of event content. The restriction on Continuing Professional Development (CPD), whereby members must gain 50% of CPD in person, was lifted in 2020.

Recognising the challenges that Covid-19 restrictions brought our members in terms of performing their roles, balanced with the necessity to ensure that insolvency work is carried out to a high standard, the IPA worked with other stakeholders to enact reasonable changes to regulatory expectations of IPs.

## Vulnerable Insolvency Practitioner Policy

Working with vulnerable individuals or those deemed at risk of vulnerability is part of insolvency work. In 2019, the IPA published an Aide Memoire on dealing with vulnerable individuals.

Recognising that it is not only the people with whom we come into contact professionally that can be affected by vulnerability, but also IPs and their staff, the IPA published a Vulnerable IP Policy in 2020 to help our members if they have any concerns in this regard. The IPA views our work in this area as vital, and in 2020 we also established a vulnerability point of contact, a member of the IPA Secretariat who members can contact in confidence with any concerns.



## 2. Delivering our values

We work with our members...



Rigorously



Fairly



Compassionately

As a team, we collaborate in an environment that is...



Friendly



Inclusive



Spirited

The talented and dedicated people across the IPA's operations are what gives the IPA its power. We all work together with the strategic aim of ensuring that the IPA is a robust regulator that works constructively with our members and puts them at the heart of all that we do.

In 2020, the Secretariat undertook work to take this aim and map it on to a concrete set of values by which each member of the team should work by. We considered the IPA's core responsibility of promoting excellence in professional insolvency and Anti-Money Laundering (AML) standards. We also considered the key principles, championed by the IPA, in the insolvency Code of Ethics, and how, collectively, we think we should work together in correspondence with the IPA's mission and the principles it upholds.

The following statement was agreed as the summary of the IPA's values and how these apply to our day-to-day work. It is being adopted for use in 2021 as part of the IPA's internal processes.

We treasure our unique position as the UK's sole dedicated insolvency regulator. Our core responsibility is promoting excellence in professional insolvency and Anti-Money Laundering standards.

We work with our members rigorously, fairly and compassionately to meet this responsibility. We also champion the fundamental principles of the Code of Ethics: integrity; objectivity; professional competence & due care; confidentiality and professional behaviour. As a team, we collaborate in a friendly, inclusive and spirited environment, ensuring that everything we do is focused on the IPA's core responsibility.

### 3. 2020 in numbers

60



Years of the IPA

181



Inspections carried out

610



IPA insolvency licences

266



Student members

95



Committee members

48



Committee meetings

401



Complaints concluded

2nd



Year of the VPR Scheme

## 4. The Board

The Board is responsible for the management of the IPA, including determining policy and strategy, and setting business and financial plans and programmes. The Board usually meets four to six times a year.



Kevin Hellard  
President of the IPA  
Grant Thornton



Samantha Keen  
Vice-President of the IPA  
EY



Paul Davis  
Deputy Vice-President  
Buchler Phillips



Carrie-Ann James  
Immediate Past President  
Benedict Mackenzie



Caroline Clark  
RMCSC



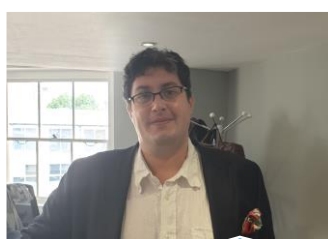
Hayely Maddison  
Maidement Judd



Louise Brittain  
Azets



Maurice Moses  
No firm



Joel Goschalk  
Cavendish IP Solutions



Derek Hyslop  
EY



Simon Underwood  
Menzies LLP



Sean Croston  
Grant Thornton



John Newgas  
No firm



Neil Bennett  
Leonard Curtis



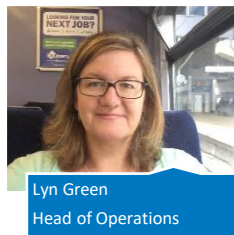
Joe Colley  
Carter Backer Winter

# 5. The Secretariat

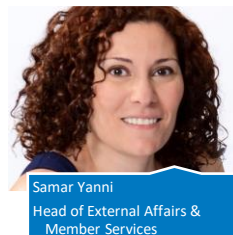
Led by the CEO, Michelle Thorp, the Secretariat works in partnership with the Board and Committees to carry out the IPA's work across finance, regulation, administration, external affairs and member services.



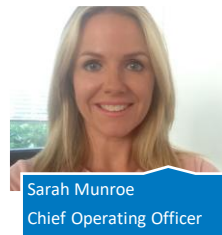
Michelle Thorp  
Chief Executive Officer



Lyn Green  
Head of Operations



Samar Yanni  
Head of External Affairs &  
Member Services



Sarah Munroe  
Chief Operating Officer



Martina Panayi  
Head of Investigations and  
Committee Operations



Rowan Duffin-Jones  
Senior Regulation Officer,  
Standards



Stuart Jary  
Monitoring Inspector



Alan Limb  
Monitoring Inspector



David Holland  
Chief Inspector



Caspar Wells  
Senior Regulation Officer



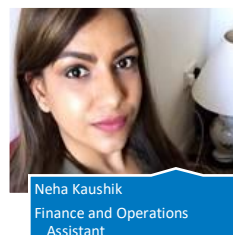
Gemma Camidge  
Administration Assistant



Kim Mace  
Senior Regulation Assistant



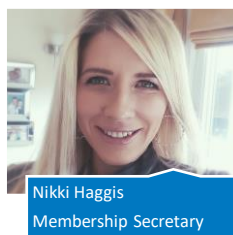
Harriet Barnes  
Regulation Officer



Neha Kaushik  
Finance and Operations  
Assistant



Maria Weemes  
Licence Secretary & Student  
Officer



Nikki Haggis  
Membership Secretary



Phil Armitage  
Communications Executive



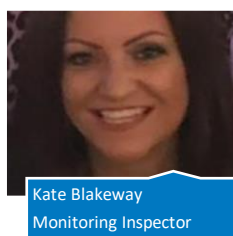
Anna Dickinson  
Senior Regulation Officer



Jas Chauhan  
Regulation Officer



Harjeet Kalsi  
Regulation Officer



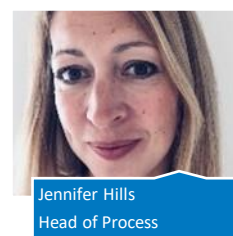
Kate Blakeway  
Monitoring Inspector



Lisa O'Hara  
Monitoring Inspector



Melissa Hill  
Assistant Inspector



Jennifer Hills  
Head of Process



Catherine Karr  
Monitoring Inspector



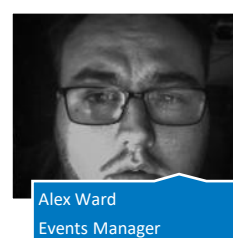
Nicki Slater  
Monitoring Inspector



Heather Childs-Potter  
Regulation Assistant



Stephanie Miles  
Events & Marketing Co-  
ordinator



Alex Ward  
Events Manager



Rachel Ward  
Deputy Chief Inspector

## 6. Robust regulation

During 2020, further improvements were made to the Secretariat's complaints handling processes, with a focus on throughput and the meeting of Key Performance Indicators (KPIs) (including the establishment of new ones) as important features. The measures introduced included:

- Hiring a Head of Process in June 2020 as a dedicated resource to manage complaints
- Updates to the standardised letters and reporting by the complaints team to facilitate improved consistency and clarity
- Greater overview and checks in place to ensure that matters are being progressed in a timely and efficient manner – this includes the continuous monitoring of complaint handling progression (including compliance with internal KPIs) and weekly workplan meetings between the Head of Process and each of the Regulation Officers.
- Participating in regular knowledge sharing meetings between the Regulation Officers and members of the Inspection team to ensure a more 'joined up' approach (also making sure that complaints are factored into the risk profile for a particular Insolvency Practitioner (IP))
- In 2020, an updated policy for dealing with vulnerable IPs was introduced.

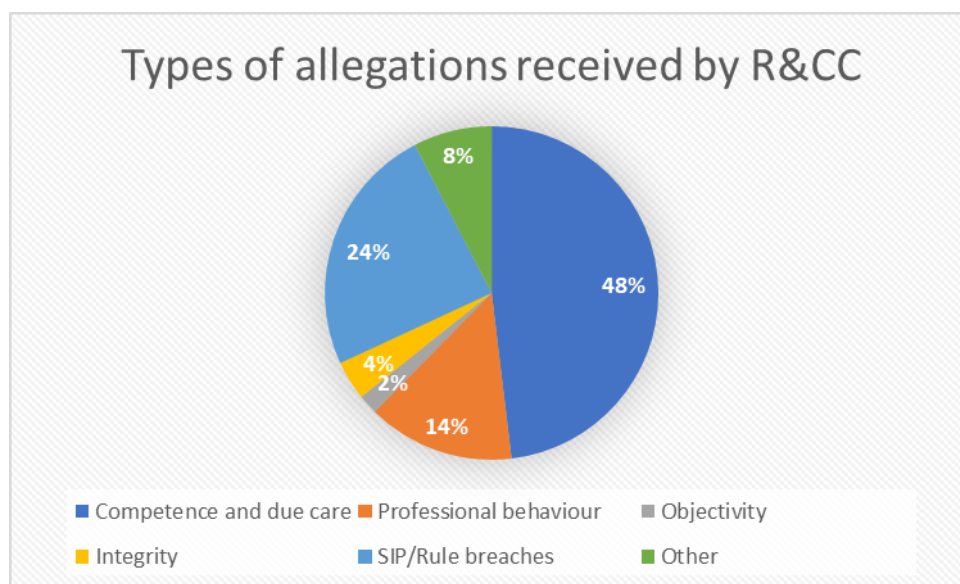
**The IPA can receive complaints about any aspect of an IP's work. During the past year, we received complaints concerning the following matters:**

- Compliance with Statement of Insolvency Practice (SIP) 3.1 (Individual Voluntary Arrangements (IVAs)) in relation to initial advice given and mis-sold IVAs (in 2020 there were 13 sanctions relating to case failure to comply with SIP 3.1)
- Communication issues (inaccurate information, delays and/or failures to respond) continue to be a significant feature of complaints. IPs are encouraged to ensure that they provide a prompt comprehensive response to all communications, particularly in cases where stakeholders disagree or are querying something on a case. In 2020, there were four sanctions concerning IP communications.
- Drawing unauthorised remuneration: In 2020, there were six sanctions relating to drawing remuneration without proper authorisation.
- Dividend delays
- Inadequate consideration given to the debtor's mental health and/or disability
- Failure to progress cases: In IVAs, this is also reflected in complaints about post IVA trusts. In 2020, there were three sanctions relating to case progression.
- Closure delays: In 2020, there were four sanctions in relation to closure delays.



- Annual and other reporting (timing and quality): In 2020, there were three sanctions in this respect.
- Failure to carry out SIP 2 investigations (investigations by office holders in administrations and insolvent liquidations and the submission of conduct reports by office holders)
- Concerns about the creditor meeting process
- Concerns about connected party transactions
- Concerns about SIP 9 requirements (disclosures around fees)
- Breaches of advertising rules (the inclusion of misleading statements on websites)

The total number of allegations referred to the Regulation and Conduct Committee (R&CC) in 2020 was 210. The following chart gives a breakdown of the types of allegations received by the Committee. Please note that not all allegations received by the Committee are upheld.



## Aged complaints

While the majority of complaints are resolved in 3-6 months, occasionally some complaints will be more complex or require a greater level of communication with the parties and therefore may take longer to conclude. Very occasionally, disciplinary matters may escalate to tribunal level and may take longer to resolve.

There continues to be a focus on efforts to finalise complaints that are over 12 months old, ensuring that complaints only remain open for extended periods where there are valid procedural reasons.

## Further changes planned for 2021

- The IPA is conducting a review of its various rules to ensure they are modern, consistent and clear.

- The IPA is taking part in a review of the Common Sanctions Guidance 2016 with the purpose of improving consistency in the application of the guidance.
- Hiring new capability in the complaints handling team
- The implementation of new training initiatives, including allegation setting and report writing

## 2020 complaints statistics

		Notes
Complaints and disciplinary matters in hand at 1 January 2020	300	1
New complaints and disciplinary matters received during the year	257	-
Total concluded during the year	401	-
Complaints and disciplinary matters carried forward at 1 January 2021	156	-
Number of warnings, cautions or other unpublished sanctions issued during 2020	2	-
Number of undertakings, consent orders, reprimands and fines issued during 2020	37	-
Number of ongoing complaints and disciplinary matters currently being considered by Regulation and Conduct or Disciplinary and Appeals Committees	40	-
Number of complaints and disciplinary matters referred to the independent reviewer/assessor in 2020	3	-
Number of appeals made by Insolvency Practitioners in 2020	-	-
Number of appeals successful	-	-
Number of appeals rejected	-	-
<b>Notes</b>		
1) Restated due to reopened matters and inclusion of 16 ACCA complaints being handled by the IPA as at 1 Jan 2020		

## Targeted, risk-based monitoring for better oversight

The IPA's core regulatory activity is through handling complaints and undertaking monitoring.

The monitoring of members is handled through a continuous risk-based approach, where monitoring focuses on inherent risks identified from case profiles, prior monitoring, complaints and other intelligence. The monitoring cycle can be extended up to six years for low-risk practitioners, but in the intervening periods, Insolvency Practitioners (IPs) will be subject to other forms of monitoring such as ARC Submissions (Analysis of Risk and Compliance), remote monitoring and desktop monitoring.

The Volume Provider Regulation (VPR) Scheme continues to cover 68% of the Individual Voluntary Arrangement (IVA) market and 54% of the Protected Trust Deed (PTD) market. Rather than one annual visit, scheme members are continuously monitored through monthly data returns and are subject to one full visit and up to four focused reviews per year, as well as regular call monitoring.

During the pandemic, and in light of government restrictions, monitoring has been undertaken remotely and, where necessary, the scope of the monitoring has been adjusted. The same continuous risk-based approach is employed. Monitoring is conducted by way of virtual visits.

Inspection reports are shorter and focussed, specifically drawing IPs' attention to the more serious matters that require addressing. These are highlighted as either allegations (for serious regulatory breaches) and advisory notices (warnings that are placed on the practitioner's record. Inspectors' findings therefore focus on major concerns, with the inclusion of recommendations and details of next monitoring steps.

Every inspection report and review outcome is referred to the Regulation and Conduct Committee (R&CC) for consideration. Should the Committee find a prima facie case of misconduct, it will deal with the matter in accordance with the Insolvency Service's Common Sanctions Guidance. This allows for matters to be progressed more quickly through the committee process so that outcomes are consistent and are delivered in a timely manner.

## Inspections in focus

The format of the IPA's new monitoring report is designed to be shorter and more targeted. Themes from inspections in 2020 included issues with correct fee approval, case progression, statutory reporting, and dealing with vulnerability amongst stakeholders.

It is important to mention that if any member has concern about vulnerability, whether in relation to themselves or others that they are working with, they can speak to Alan Limb, the IPA's vulnerability point of contact, in confidence. In the first instance, please email [alanl@ipa.uk.com](mailto:alanl@ipa.uk.com).

Areas of focus in the IPA's monitoring include checking that work is in line with the regulatory objectives issued by the Insolvency Service; protecting the public interest; fees and remuneration; ethical considerations; and compliance with the Statements of Insolvency Practice (SIPs).

In particular, the IPA would like to highlight the importance of Anti-Money Laundering (AML) compliance in practitioners' work. We are paying particular attention to ensuring that firms understand proper risk assessment and documentation of AML risks (e.g. Bounce Back Loan fraud or

furlough fraud), and that they ensure their teams are confident in meeting their responsibilities. AML risk assessments should not focus on Customer Due Diligence only.

In terms of sanctions arising from IPA monitoring, the IPA takes the responsibility of issuing sanctions very seriously, as well as ensuring standards are maintained and raised. Accordingly, the IPA has moved to issuing Advisory Notices for less serious matters so that any serious issues emerging later on can be avoided.

Sanctions are imposed on IPs in accordance with the Insolvency Service Common Sanctions Guidance. Key matters drawing sanction in 2020 were failure to comply with SIP 3.1; IP communications; drawing remuneration without proper authorisation; failure to progress cases; closure delays; and timing and quality of annual reporting.

## Monitoring visits carried out in 2020

### Total

### Of which IVA volume providers

Routine  
Targeted  
Total

172	67
8	1
181	68

### Action following routine visit

Satisfactory report - no further action	114	45
Further visit recommended - not yet done	3	0
Further visit carried out (include in targeted figure above & result in table below)	1	1
Licence restricted	1	0
Licence withdrawn	0	0
Confirmations	0	0
Formal Undertakings by practitioners	0	0
Plans for improvement (Advisory Notice/12 month follow up)	108	40
Compliance review requested	0	0
Decision not finalised	55	20
Other (please detail)		
Warning	2	0
Conditions	0	0
Progress reports	0	0
Disciplinary referrals	10	0
Consent orders	7	1
IVA Volume Provider Scheme additional monitoring	1	0

### Action following targeted visit

Satisfactory report - no further action	4
Further visit recommended - not yet done	
Further visit carried out (include in targeted figure above)	
Licence restricted	
Licence withdrawn	
Confirmations	
Undertakings	
Plans for improvement	
Compliance review requested	
Decision not finalised	3
Other (please detail) Consent orders	1



## Monitoring at scale and driving up standards in the personal insolvency market

The Volume Provider Regulation (VPR) Scheme was incorporated in late 2018 and came into effect on 1 January 2019, in response to the rapid development of the Individual Voluntary Arrangement (IVA) market. It was clear to the IPA that the market needed a new form of regulation to provide assurance that it was



**Implementing change  
Improving quality**

functioning as it should, and in response we implemented the VPR Scheme with the co-operation of volume IVA providers (those who conduct more than 2% of the IVA market; entry level is currently around 5,000 IVAs) and following additional conversations with Insolvency Practitioners (IPs), the Government, debt charities and creditors.

In July 2019, the Scheme was extended to cover Scottish Protected Trust Deeds (PTDs) administered at volume (defined as controlling more than 10% of the PTD market; entry level is currently around 2,800 PTDs).

Now, with two years since it was implemented, 68% of the IVA market and 54% of the PTD market is covered by the Scheme. Whilst the Scheme is voluntary, the IPA expects all of its eligible members to join.

The Scheme is the only example of continuous monitoring in insolvency regulation and, the IPA believes, offers as close a level of scrutiny of any financial services provider.

Under the VPR Scheme, the IPA provides additional monitoring services to Scheme members. The additional monitoring covers the principles outlined in the following guidance: [www.gov.uk/guidance/monitoring-individual-voluntary-arrangement-providers](http://www.gov.uk/guidance/monitoring-individual-voluntary-arrangement-providers). Scheme members are subject to one full visit every 12 months, regular call monitoring and up to four focused reviews per year.

At the full visit, the inspection team will cover all areas of the firm's operations. The key areas of a focused review will depend on any matters identified during routine monitoring and/or intelligence from different sources. Scheme members are required to submit monthly data returns to allow for statistical review and identification of any problem areas.

The Scheme provides the IPA with more detailed and real-time insight into the operation of firms' practices. Inspection reports and visits are more focused, targeting key areas and enabling the IPA to get to the heart of any concerns immediately – including, where necessary, issuing sanctions.

Scheme members are defined as volume providers and agree to pay for the ongoing additional VPR monitoring service. Whilst the IPA does not have formal powers to regulate firms, the Scheme members acknowledge the role of their firms in providing the environment in which their IPs operate, and offer great insight at firm level than other regulatory activity.

The key features of the Scheme are as follows:

- Continuous monitoring through monthly data returns
- One full visit and up to four focussed reviews a year
- Regular call monitoring
- Bespoke investigations into identified areas of concern

- Scheme members provide annual accounts, detail of their corporate structures and other data as required
- Monthly meetings between the IPA and each Scheme member
- Quarterly meetings between the IPA and the Scheme member group

The Scheme is overseen by the IPA's Chief Inspector and carried out by a dedicated team.

2020 was a very difficult year due to the challenges presented by Covid-19. The Scheme members responded quickly to the fast-changing environment, moving to remote working and ensuring that service levels to clients had as minimal disruption as possible. Weekly working group meetings were held with the Scheme members, and the members contributed to the rapid development and release of the IVA Covid Protocol.

### **Focus areas in 2020**

Areas of focus in 2020 were client advice; case failures; advertising and marketing; work introducers; case progression; annual reporting; property; IVA Trust cases; treatment of proxies in IVAs; and IVA case registrations.

### **Focus areas for 2021**

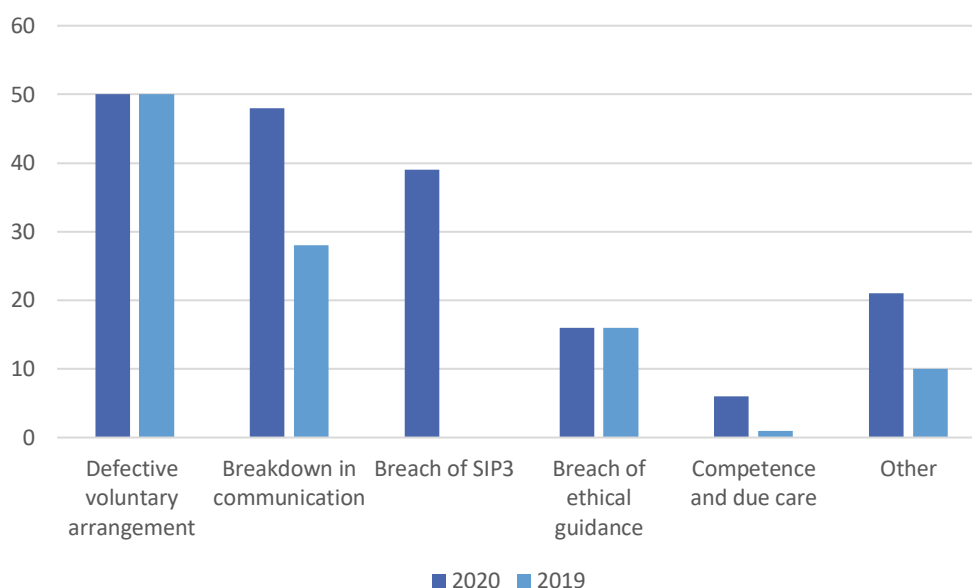
Client advice will continue to be monitored during 2021, as the IPA considers that continuous monitoring is key in this area. The IPA will increase the number of cases for which the advice calls are reviewed. The aim is that 1% of all new cases will be reviewed in 2021. In 2021, the IPA will also be paying particular attention to disbursements and expenses charged on cases, both current and historical, work introducers/lead generators, case failures and Anti-Money Laundering (AML).

### **Complaints**

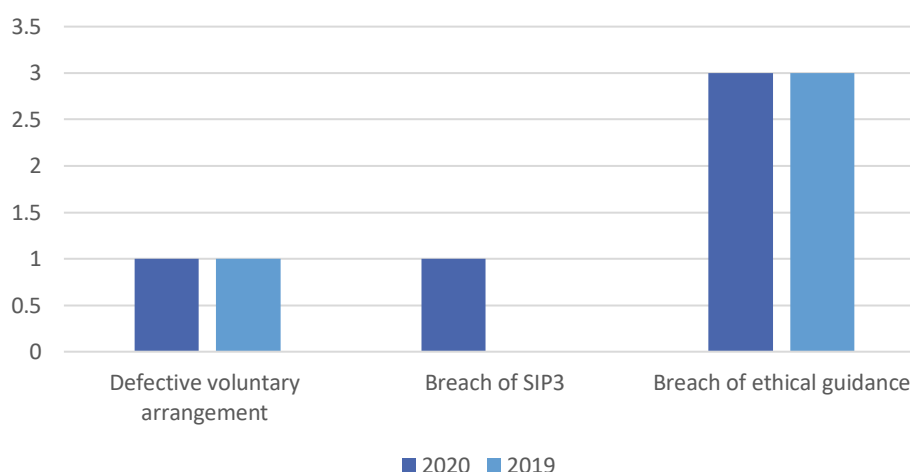
In 2020, there were 185 complaints (compared to 131 in 2019) recorded against the firms in the Scheme, of which 180 related to IVAs and five related to PTDs. There were 132 complaint closures in 2020.

The charts overleaf show the general themes across complaints.

### IVA Complaint Themes 2020 vs 2019



### PTD Complaint Themes 2020 vs 2019



## During 2020, the Scheme covered:

202,823 IVAs and 17,171 PTDs, involving 7,560 figures being scrutinised; 185 complaint investigations; 32 inspections, reviewing 466 cases; 152 call reviews; 33,399 cases closed; £151m paid in dividends; 40,575 nominee appointments, 18 IPs and 840 staff.

To find out more, you can access the benchmark report via: [www.insolvency-practitioners.org.uk/news-and-notifications/](http://www.insolvency-practitioners.org.uk/news-and-notifications/)

## **Registered Property Receivers Scheme: A distinguished mark of accreditation**

The Registered Property Receivers (RPR) Scheme was launched in 1999, with the objective of accrediting professionals who carry out fixed charge or Law of Property Act receivership work, and also to offer assurance on professional standards to those making such appointments – as well as other stakeholders such as creditors and the wider public.

The IPA delivers the Scheme in partnership with the Royal Institution of Chartered Surveyors (RICS) and the Association of Property and Fixed Charge Receivers (Nara), under a Memorandum of Understanding between the three organisations. In its role, the IPA carries out Scheme administration and the monitoring and inspection of RPRs.

Membership of the Scheme is voluntary, and it can only be granted to those who demonstrate the correct level of skill, knowledge and experience to meet the expected standards.

Scheme members are subject to an ongoing risk-based monitoring regime and Continuing Professional Development (CPD) requirements.

There are currently around 200 RPRs registered in the Scheme. Indications are that a number of leading banks will now only consider appointing those who are RPRs.

In 2020, the IPA visited nine RPR members as part of our ongoing monitoring.

For further details on the RPR Scheme, visit [www.registeredpropertyreceivers.org](http://www.registeredpropertyreceivers.org).

# 7. Embedding Anti-Money Laundering standards

The IPA was listed as a Supervisory Authority (SA) in Schedule 1 of the 2017 Money Laundering Regulations. Organisations that are SAs are responsible for supervising compliance with the 2017 regulations. The IPA is the SA for 247 of our licensed Insolvency Practitioners (IPs) across 156 firms and works with the other bodies who act as SA for our remaining IPs.

All inspection visits have included a check on Anti-Money Laundering (AML) policies and procedures, as well as checks to ensure that the firm's policies are being adhered to and are effective. The IPA undertook four specific AML inspection visits, which were flagged from prior findings in inspection visits.

The IPA works with a continuous risk-based approach to AML monitoring and will be increasing the use of visits and compliance reviews checks in the coming 12 months in order to deal with the changing landscape of AML risks in insolvency work, some of which arising from fraudulent use of Covid-19 relief schemes. Visits and reviews will also be looking at the effectiveness of policies and procedures, as well as the understanding and knowledge of an IP's teams in dealing with and considering AML matters.

Our IPs are asked to provide increased information as part of the membership and licence renewals process to assist in our monitoring of AML matters. It remains key for all members to ensure that there is a current AML risk assessment for their firm which covers (at least):

- Customers/clients
- Countries and geographical areas
- Types of services/appointments, as well as case types such as Members' Voluntary Liquidations (MVLs), higher risk areas such as cash businesses (e.g. takeaways), nail bars/salons, temporary employment companies, property developers and companies that are relatively new but have built up large debts with minimal assets
- Transactions
- Size and nature of business for which work is sought and obtained

Disciplinary action was commenced against a small number of IPs who had failed to provide a current firm risk assessment, but no sanctions were applied as corrective action was undertaken by the IPs involved.

The IPA regularly provides members with AML updates from the National Crime Agency (NCA), Financial Conduct Authority (FCA) and Accountancy AML Supervisors Group (AASG), as well as guidance updates via the monthly newsletter. AML is a subject that is covered at the IPA roadshows and conferences to highlight the importance to our members of compliance with the Money Laundering Regulations.



You can access the AML section of the IPA website, where there are several guidance documents, checklists and links to the Money Laundering Regulations at [insolvency-practitioners.org.uk/regulation-and-guidance/anti-money-laundering-strategy/](https://insolvency-practitioners.org.uk/regulation-and-guidance/anti-money-laundering-strategy/).

The IPA's aim is to raise awareness of AML risks with its members. The risk landscape has changed in the last year, and all members should be reviewing their risk assessments and ensuring that they have effective policies and procedures. Importantly, members must be able to demonstrate that staff are aware of new risks, the importance of effective controls and how to report any suspicions.

The IPA continues to participate in external committees on AML and supports the Government's Flag It Up campaign to raise awareness around money laundering.

# 8. Helping our members achieve

Since the IPA was formed in 1961, members have remained our most important concern.

We are proud of the services and benefits that we offer to our members. These include:

- The prestige of the IPA's designatory letters after your name
- The right to use IPA branding on your firm's communications
- The opportunity to sit on our Committees and/or Board and influence strategy and policy, as well as grow your network and complement your career
- A proactive continuing professional development (CPD) offering
- A distinguished calendar of events (with discounted rates)
- Plenty of networking opportunities
- Access to the IPA's panel of insolvency solicitors, conferring savings on legal fees
- Preferential rates on employment and health & safety law

The IPA's External Affairs and Member Services Committee oversees our membership strategy, also considering matters such as content for IPA events, important topics in the profession to communicate with our members about, parliamentary work undertaken on behalf of members and benefits for membership, including for particular segments such as students and firms.

In 2020, people from the Committee and the Secretariat collaborated on matters including the IPA's online courses, student-only events, advertising opportunities at IPA events and their accompanying literature, and editorial opportunities for firms in the IPA newsletter.

In respect of the IPA's Individual (previously Ordinary) and Affiliate levels of membership and the criteria to join, we have made our requirements more streamlined so that prospective members can more readily access insolvency knowledge, as well as the IPA's services and benefits.

## **Student membership**

Student membership is open to anyone, for example those looking to enter or advance their career in insolvency practice, or related business, by taking our examinations.

## **Individual Membership (MIPA)**

Individual membership is available to those who have passed the Joint Insolvency Examination (JIE) or the IPA's Certificate of Proficiency in Insolvency (CPI), Certificate of Proficiency in Personal Insolvency (CPPI) or Certificate of Proficiency in Corporate Insolvency (CPCI) examinations, have sufficient insolvency experience or are working in insolvency practice.

### **Affiliate membership (AIPA)**

Those who have passed the IPA's CPI, CPPI or CPCI examinations and the JIE, or are working in insolvency related fields, or who have made a contribution to insolvency practice and/or knowledge, are entitled to become an Affiliate member.

### **Fellow membership (FIPA)**

Those who have been an Individual member of the IPA for at least five years qualify for Fellow membership.

### **Retired membership**

Retired membership is available to individuals who have retired from insolvency practice or insolvency-related work.








### **Honorary membership**

The IPA Board awards Honorary membership to individuals deemed suitable and appropriate.

### **Member firms**

Partnerships, incorporated bodies or sole proprietorships engaged in insolvency practice can become a member firm.

## **Member numbers in 2020**

	Student:	266
	Individual:	750
	Affiliate:	50
	Fellow:	134
	Retired:	42
	Honorary:	18
	Firms:	72

## 9. Raising standards by sharing best practice and training

In spite of the circumstances, the IPA, through leveraging modern technology and carefully thought-out curation, was able to pivot to online events for much of 2020, hosting a range of workshops, roadshows and other events, with high numbers of attendance. Cancelled or postponed events included the 2020 Annual Conference, due to be hosted at County Hall in central London.



The IPA ran a great series of events chaired by Kevin Hellard, updating members on the Corporate Insolvency and Governance Act and engaging them in discussions about its potential ramifications to insolvency stakeholders.

Frances Coulson, Partner at Moon Beever and Roadshow panellist



### Roadshows

Four roadshows went ahead online, including regional events for Scotland and Northern Ireland, and two UK-wide events.

A panel of lawyers joined each roadshow, examining the impact of the Corporate Insolvency and Governance Act. Topics covered at the events included the new Ethics Code, Anti-Money Laundering (AML), notable bankruptcies and an update on IPA inspections. Amongst the bill of speakers were Tony Fitzpatrick of the National Crime Agency; Richard Dennis of the Accountant in Bankruptcy; Prof. John Tribe of the University of Liverpool; and Jack Reid of the Insolvency Service, Northern Ireland.



Part of representing the practitioner community to wider stakeholders has to be reaching out in dialogue to gain perspectives from other sectors. I found the IPA lecture series extremely interesting. I learned a great deal about new aspects of the credit cycle, and it was a pleasure to take part.

Chris Leslie, former Government Minister and CEO of the Credit Services Association. Personal Insolvency Lecture Series speaker.



## Personal Insolvency Lecture Series

The Personal Insolvency Conference, originally planned for its usual home in Manchester, went ahead as a series of online lunchtime lectures on important matters in today's personal insolvency world. The series covered topics including personal insolvency solutions, marketing, advertising and scam activity. Speakers included Prof. David Milman of Lancaster University; Rachel Lai of insolvency firm Menzies; and David Hawke of debt advice Charity AdviceUK. The series culminated in a special guest lecture from Chris Leslie, former Government Minister and CEO of the Credit Services Association.

“

ISS have been delighted to partner with the IPA in providing essential CPE training for its members during the pandemic period. The last 12 months have seen a number of important legal and regulatory developments, and it has been vital that insolvency professionals stay abreast of these so that they are fully equipped to play their critical role in the recovery of the UK economy. The IPA membership have embraced the flexibility and convenience of remote learning channels, and we are looking forward to continuing to offer high quality, focussed training, in collaboration with the IPA team.

Alison Curry, Director at Insolvency Support Services, speaker at various IPA events and training



## Training

IPA training workshops were provided in 2020, focusing on the Corporate Insolvency and Governance Act. Individual Voluntary Arrangement (IVA) provider regulations workshops were also run, with Alison Curry and Eileen Maclean of Insolvency Support Services. These paved the way for our new series of training events, IPA Learning, with Insolvency Support Services as our lead partner. At the time of writing, there are six planned sessions for 2021.

IPA staff and members alike have discovered the benefits and flexibility offered by online events, and so it's highly likely that these will remain a familiar feature of our training and events calendar.

“

Feedback from event attendees...

“Just to say well done to you and the team for the recent online series - no doubt took a great deal of team effort, and in the current climate, that is even more difficult.”

“Many thanks, please pass on that I thought it was a great seminar, probably the most useful one for me personally, that I have attended.”



## Communications

The IPA communicates matters of importance to members through regular email updates, as well as the IPA's newsletter, *Insolvency Practitioner*.

The IPA represents members' interests in the press and in 2020 commented on matters such as the Corporate Insolvency and Governance Act, IVAs, wrongful trading, marketing, lead generation and debt advice.

Michelle Thorp, CEO of the IPA, writes for *Credit Management*, the magazine of the Chartered Institute of Credit Management (CICM), every two months. Topics covered by Michelle in 2020 included the legislative change in insolvency, vulnerability amongst stakeholders in insolvency processes, and the IPA's Volume Provider Regulation (VPR) Scheme.

Kevin Hellard, IPA President, provided comment to the *Federation of Small Businesses (FSB)* magazine, on the subject of corporate insolvency processes and the outlook for businesses in 2020 and beyond.

## Charity of the Year

The homelessness charity Crisis became the IPA's Charity of the Year in 2020, selected by Kevin Hellard, IPA President. Owing to the extension of the President's term to include the 2021/22 period in light of Covid-19, Crisis will remain the IPA's Charity of the Year in 2021/22, meaning that we will be fundraising for Crisis for two years in total. In 2020, we raised £1605.82 for Crisis.



## Race to End Homelessness

In 2020, IPA staff members took part in the Race to End Homelessness for Crisis, with the team clocking up a very impressive amount of steps in just two weeks!



**When: 20-31 July 2020**



**Participants: 8**



**Distance: 720 km**



**Money raised: £1,580.82**



*Lisa O'Hara, Monitoring Inspector [top] and Stephanie Miles, Events and Marketing Co-Ordinator*

# 10. Developing the Insolvency Practitioners of tomorrow

The IPA's world-leading Certificate of Proficiency in Insolvency (CPI), Certificate of Proficiency in Personal Insolvency (CPPI) and Certificate of Proficiency in Corporate Insolvency (CPCI) examinations are open to anyone who wishes to take them, as part of the IPA's move to widen understanding and knowledge of insolvency.

The IPA first launched an insolvency-specific examination in 1981. In 1989, it became the basis of the UK's profession-wide Joint Insolvency Examination (JIE), the standard qualification to become an Insolvency Practitioner (IP), which we also administer. Successful attainment of the CPI, CPPI and CPCI can lead to membership of the IPA and entitlement to use its designatory letters 'MIPA'.

As well as our examinations, we have recently established the IPA Young Professionals Network, offering tailored content and networking opportunities to nurture careers. The IPA has 266 active students.

In 2020, the IPA took the careful decision to move the examinations to an online-only setting – the first time this has ever been done. The decision was made with Student safety a number one priority. Running the examinations in this way also presented the best option for ensuring minimal disruption to candidates' studies and avoiding the possibility of cancelled examinations. The June 2021 examinations are planned to run online for the same reasons.

## Examination results and prize winners

### CPI

Applied: 141

Passed: 91

Failed: 36

Absent: 14

### CPPI

Applied: 10

Passed: 8

Failed: 1

Absent: 1

### CPI prize winners:

**Ruth Bromley** (1<sup>st</sup> Place Distinction)

**Oscar Mullins** (1<sup>st</sup> Place Distinction)

**Luke McGread** (2<sup>nd</sup> Place Distinction)



As 10 candidates are required to sit an examination for any prizes to be awarded, there were no awards for this year's CPPI as there were eight candidates.

# 11. The work of the IPA's Committees

The IPA Articles of Association set out the way in which the IPA is organised to achieve the purposes set out in the Memorandum of Association.

Article 52 of the Articles gives the Board the power to establish Committees and delegate some, but not all, of its powers and responsibilities to the Committees, for increased regulatory efficiency. Our Committees cover all aspects of the IPA's business and play a vital part in ensuring continued high standards of services to our members, as well as promoting high professional standards in the profession.

The IPA's five committees are:

- Regulation and Conduct Committee (R&CC)
- Disciplinary and Appeals Committee (D&AC)
- Finance and Risk Committee
- Standards, Ethics and Regulatory Liaison Committee (SERL) (includes Anti-Money Laundering (AML) Sub-Committee)
- External Affairs and Member Services Committee (includes Examinations Sub-Committee and Young Professionals Networking Sub-Committee)

The total number of Committee members is 95, a small proportion of whom are members of more than one Committee. The total number of Committee meetings in 2020 was 48. There were also two Disciplinary Tribunal hearings.

Committee training was held for new Committee members (and those that had not received it the previous year).

R&CC meetings are generally held twice a month. There is now a bigger pool of Committee members, and smaller groups are selected depending on specialisms and experience to consider the reports for consideration.

“

Within insolvency, we are in the unique position of having a voice in how the regulator is run and its strategic direction to ensure that it is achieving its objectives. Sitting on the Committee has given me the opportunity to see the challenges that the regulator faces on a day-to-day basis and what can be done in order to overcome such challenges.

Hanh Nguyen, member of the Finance and Risk Committee



## Regulatory Committee decision-making

In its role as regulator, the IPA believes it is vital that regulation is robust and efficient. Since 2019, a single regulatory committee structure has been operating in the form of the R&CC. R&CC deals with ongoing fitness to practise issues and liability to disciplinary action from complaints or monitoring visits. The Committee meets bimonthly, with agendas being split between IVAs and all other procedures. The Committee is formed of members who are insolvency professionals, as well as lay members from outside insolvency. For balance, R&CC conducts its meetings with a lay majority.

For more serious matters, or if the IP does not accept R&CC's settlement, the matter is referred to the D&AC to carry out a Tribunal.

Committee membership was refreshed in 2020 and five-year term limits introduced. Further Committee training was held in November 2020 to address the needs of its new members and new and existing IPA staff.

The terms of reference for the Committees detail the parameters of their responsibilities and sanctioning powers, and this is reflected in any appropriate by-law change and shared with the Insolvency Service.

During 2020, standard templates have been implemented for reports, with a continued focus on making them clear and concise.

The IPA has a very thorough process for agreeing minutes and is acutely aware of the need for clarity and a comprehensive note of decisions taken. The next steps to be taken are clearly identified in minutes, usually in the form that the Secretariat is instructed.

In 2020, the total number of R&CC meetings was 22, and the total number of D&AC hearings was three. The main types of matter which led to a sanction being imposed on an Insolvency Practitioner (IP) were failure to comply with Statement of Insolvency Practice (SIP) 3.1; IP communications; drawing remuneration without proper authorisation; failure to progress cases; closure delays; and timing and quality of annual reporting.

“

The integrity of the insolvency profession is constantly being challenged, either in the press, by MPs or others. It is therefore of paramount importance that our standards are second to none... The Committee is made up of insolvency practitioners, solicitors, barristers and other stakeholders, who, when sitting as a Tribunal, ensure that our members' views and explanations are taken into careful and fair consideration.

Richard Long, member of the Disciplinary and Appeals Committee



# 12. Developing the insolvency framework

2020 has been an eventful year, not least in the area of insolvency regulation and practice. The year has seen the fruition of long-planned changes such as the publication and implementation of the new insolvency Code of Ethics in May 2020, contrasting with the rapid development and introduction of new changes in the legislative framework exemplified by the Corporate Insolvency and Governance Act 2020 – which sped from first publication on 20 May 2020 to Royal assent on 25 June 2020 in just over five weeks.

The Act introduced three permanent measures:

- a new free standing moratorium;
- a restructuring plan process (building on the tried and tested processes of schemes of arrangement but with the addition of a cross-class cram-down); and
- restrictions on termination of contracts for the supply of goods and services in insolvency situations.

It also included temporary measures in response to the Covid-19 pandemic, which are:

- restrictions on using winding-up processes;
- temporary changes to wrongful trading rules; and
- relaxation of meetings and filing requirements to give companies greater flexibility.

The temporary measures have since been extended into 2021 and may be extended again depending on the pandemic.

The Act also saw the reinstatement until June 2021 of the power of the Secretary of State to introduce regulations re pre-pack sales in administrations, which had expired in June 2020.

This, in turn, led to the publication on 8 October 2020 by the Insolvency Service of their Report *“Pre-Pack Sales in Administration – Outcome of review of industry reforms to pre-pack sales in administration”*, together with the associated draft Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2020. These have since been approved by Parliament and come into force on 30 April 2021.

The introduction of secondary preferential status for certain Crown claims, first mooted in the 2018 Budget, was intended to begin on 6 April 2020, but this was delayed until 1 December as part of the UK Government’s early Covid-19 business support measures to help businesses through the challenging lockdown period.

This year, the IPA responded to Government consultations on the Financial Services Future Regulatory Framework Review; the Corporate Insolvency & Governance Bill 2020 (now the Act); the regulation of connected party sales in Administrations; and the Scottish Parliament’s consultation on the review of changes introduced by Bankruptcy and Debt Advice (Scotland) Act 2014.

## **Standards, Ethics and Regulatory Liaison work in 2020**

Key issues dealt with by the Standards, Ethics and Regulatory Liaison (SERL) Committee in 2020 were the introduction of the revised Insolvency Code of Ethics; a consultation with the profession on proposed revisions to Statements of Insolvency Practice (SIPs) 3.1, 3.2, 7, and 9; guidance on implementing the Fifth Money Laundering Directive; light touch administrations; the IPA's vulnerable IP policy; the future of the Pre-Pack Pool; the mutual recognition of professional qualifications post-Brexit; Scottish personal insolvency matters, which included making submissions to the Scottish Parliament's Economy, Energy and Fair Work (EE&FW) Committee; and the Financial Conduct Authority (FCA) "Guidance for Insolvency Practitioners on how to approach regulated firms". Further afield, the Committee contributed to an Enquiry by the Australian Small Business and Family Enterprise Ombudsman into insolvency reconstruction and recovery procedures.

In being involved with regulatory change, the IPA communicates directly with the Insolvency Service, other Government departments and Parliament (including the gathering and consideration of our members' views), as well as our participation in the Joint Insolvency Committee (JIC). The JIC is formed of the UK's four insolvency Recognised Professional Bodies (RPBs), plus lay members from the business world and representatives from the Insolvency Service. It develops, improves and maintains insolvency standards from a regulatory, ethical and best practice perspective.

All of the aforementioned activity contributed to the development of professional standards on behalf of the IPA's members. Against this background of change, the IPA has continued to develop its inspection and monitoring processes to work remotely and to support our membership.

# 13. Ensuring a sustainable future

The detailed figures for the year ended 31 December 2020 are set out in the financial statements that are in the annex to this report.

The IPA's principal funding sources are membership, events, training and professional accreditation, licence fees and monitoring. Income for the year totalled £3,157,187 (2019: £2,945,653).

Covid-19 had a negative impact on other income areas such as events. However, events were still able to continue online. In 2020, we also ventured into other event areas such as webinars, which have so far been successful. Other areas of income were fairly consistent, considering the circumstances of the year.

The IPA's investments performed relatively stagnantly compared to 2019. However, the IPA was able to inject an additional £250,000 cash into the portfolio, which should in turn see an increase in the unrealised gain over time.

Total expenditure in 2020 was £2,854,304 (2019: £2,616,654), an increase of 9%. The main increase in expenditure was due to the IPA investing in some additional team members to meet the additional resources required by the VPR Scheme. This therefore allowed the IPA to continue to focus on ensuring that its members get the best service possible. It should be noted that the fees paid by the VPR Scheme members are to cover the costs of the VPR Scheme monitoring.

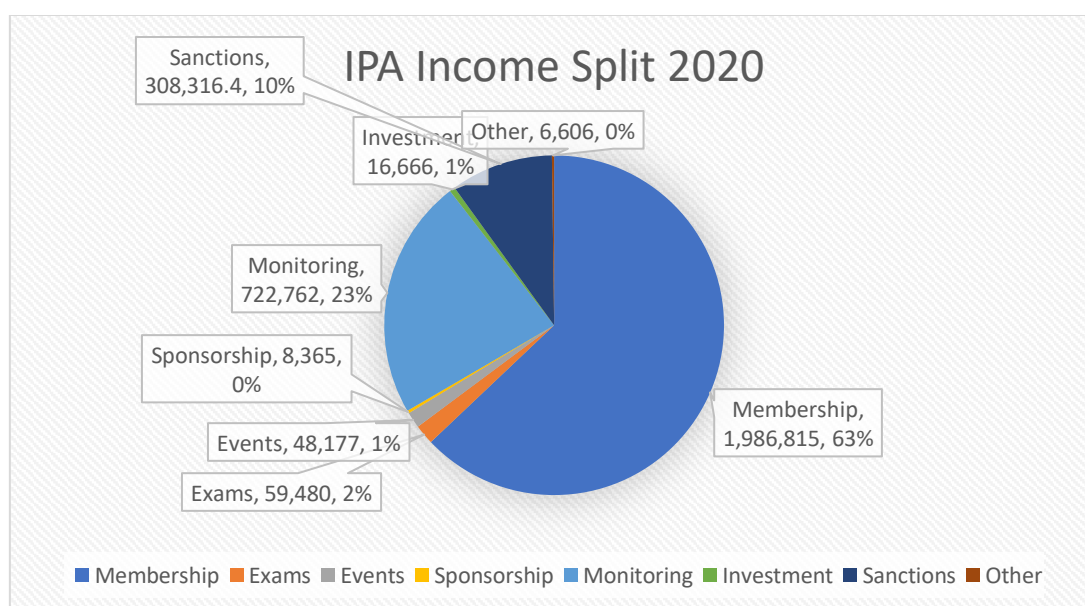
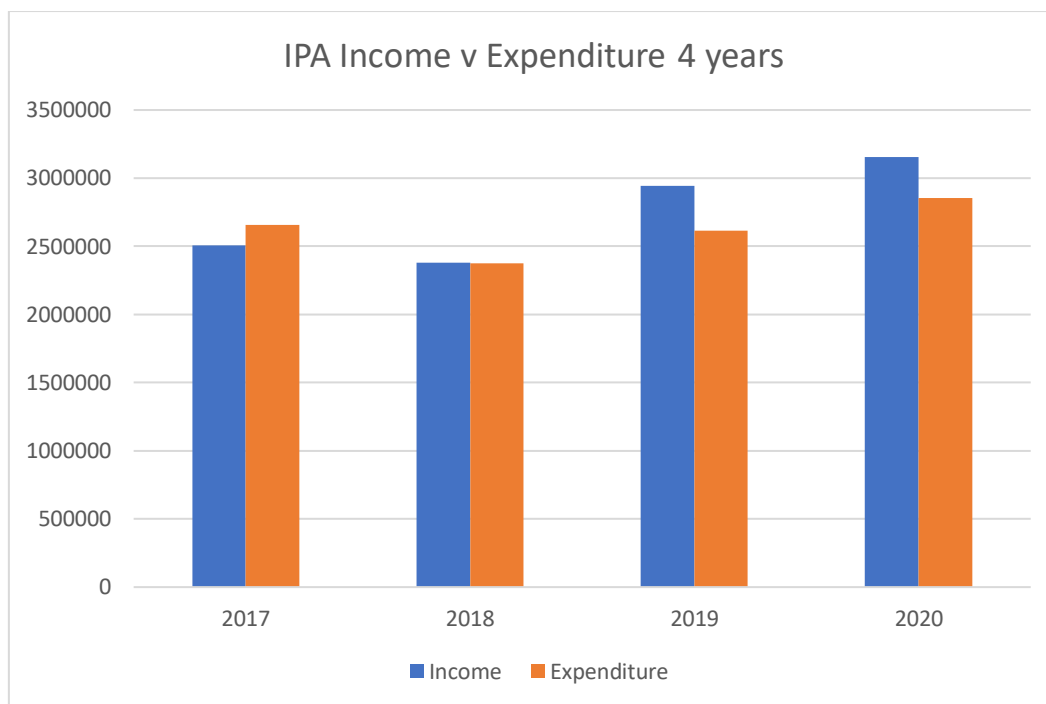
Overall, the IPA accounts resulted in a surplus of £317,665 (2019: 384,571) for the year ended 31 December 2020.

A surplus at year end is always vital to help sustain business growth and stability. It also protects the IPA against any future regulatory challenges. Covid-19 restrictions had an impact on the IPA surplus this year, especially with tasks that would have normally taken place onsite such as inspection visits, Committee meetings and events. The delay to courts also meant that there were legal fees that have been expected but were not incurred, and we were able to make savings on estate and other operational costs.

Therefore, even though the surplus was unexpected at the beginning of the year, we are now able to use this surplus to assist in additional resources and also to pay for events taking place in 2021 that should have taken place in 2020. The surplus was supported from the additional income generated through financial prudence, careful commercial decision-making, and decommissioning some technology.

The IPA's total net assets as at 31 December 2020 are £1,691,591, which includes cash balances of £3,208,884.





## Operations

The IPA oversaw a considerable transition in 2020 in respect of the organisation's IT infrastructure.

The previous IT system, including the website, was decommissioned to make way for more effective technology. A new website and online cloud-based membership database was integrated. This has, for example, enabled significant improvement to the operability of the membership database, including having a more flexible system to adapt to members' requirements.

We are now in the final phase of the IT project, and we expect to see even further integration of systems, including the automation of bordereau.

At the end of 2020, the IPA parted ways with its office at Valiant House in the City of London. While we are currently operating remotely, the IPA's office is now based at Working From Southwark, near Waterloo in central London.

# 14. Working with stakeholders to raise standards

## **Insolvency Service**

The Insolvency Service is the UK Government agency responsible for oversight of the insolvency profession and the supervision of the IPA and the other Recognised Professional Bodies (RPBs). The IPA works with the Insolvency Service to ensure confidence in the work of Insolvency Practitioners (IPs) and that the regulatory regime encourages best practice, dealing effectively and consistently with any poor performance or misconduct. The Common Sanctions Guidance is followed by all of the RPBs and was introduced to ensure consistency of sanctions imposed on IPs through disciplinary action. The Insolvency Service has overall responsibility for ensuring that the activities of the RPBs are in line with the regulatory objectives set out in part 13 of the Insolvency Act 1986. The regulatory objectives promote fair and consistent outcomes, maximum returns to creditors and the protection of the public interest.

The IPA actively supports the Insolvency Service. In 2020, our work in this area included providing feedback on the Corporate Insolvency and Governance Bill and the new rules for pre-pack sales to connected parties.

## **Financial Conduct Authority**

The Financial Conduct Authority (FCA) is the conduct regulator of nearly 60,000 financial services firms and financial markets in the UK. The scope of the FCA's regulation does not include IPs. However, the FCA regulates introducer firms that some IPs use, as well as the debt advice sector, with the IPA and FCA therefore working together on areas of shared interest. For example, the IPA and FCA have collaborated through sharing intelligence and training to improve the advice given by introducer firms to clients, prior to the client's referral to an IP.

## **Office for Professional Body Anti-Money Laundering Supervision**

The Office for Professional Body Anti-Money Laundering Supervision (OPBAS) is a relatively new regulator, housed within the FCA and set up in January 2018 by the Government to strengthen the UK's Anti-Money Laundering (AML) supervisory regime. OPBAS works to ensure that professional body AML supervisors, such as the IPA, provide consistently high standards of AML supervision.

## **Advertising Standards Authority**

The Advertising Standards Authority (ASA) is the UK's independent advertising regulator. Its jurisdiction includes all advertising in UK media. The ASA ensures that advertisements are compliant with the Advertising Codes. The IPA works with the ASA in order to improve the advertising and marketing elements of IPs' work.



**Insolvency  
Practitioners  
Association**

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# **Appendix**

## **Statutory Annual Report and Financial Statements**

Registration number: 01151132

# Insolvency Practitioners Association

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2020

# **Insolvency Practitioners Association**

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# **Insolvency Practitioners Association**

## **Company Information**

<b>Directors</b>	N A Bennett
	L Brittain
	C Clark
	J Colley
	S Croston
	P Davis
	J A Goschalk
	K J Hellard
	D Hyslop
	C A James
	S J Keen
	Y L Lee
	H Maddison
	M Moses
	J R Newgas
	S J Underwood
<b>Company secretary</b>	M Thorp
<b>Registered office</b>	Sovereign House
	212-224 Shaftesbury Avenue
	London
	WC2H 8HQ
<b>Auditors</b>	Bourner Bullock
	Chartered Accountants
	Sovereign House
	212-224 Shaftesbury Avenue
	London
	WC2H 8HQ

## **Insolvency Practitioners Association**

### **Notice of Annual General Meeting**

Notice is hereby given that the forty fifth Annual General Meeting of the Insolvency Practitioners Association ("the Association") will be held at Insolvency Practitioners Association, 32 Blackfriars Road, Southwark, London, SE1 8PB, on 28th April 2021 for the following purposes:

1. To receive and adopt the Report of the Board and the Financial Statements of the Association for the year ended 31 December 2020.
2. To receive the result of the ballot for the election of members of the Board.
3. To re-appoint auditors.
4. To transact any other business, which may properly be transacted at an Annual General Meeting, including co-option of members to Board.

By order of the Board

P Davis



Sovereign House  
212-224 Shaftesbury Avenue  
London  
WC2H 8HQ

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 by e-mail to [membership@ipa.uk.com](mailto:membership@ipa.uk.com) by 12 midday on the 27th April 2021

## **Insolvency Practitioners Association**

### **Report of the Board for the Year Ended 31 December 2020**

The Board members, who are also Directors for the purpose of company law, have pleasure in submitting its Report and the Financial Statements of the Association for the year ended 31 December 2020. This also represents the Directors' Report under the Companies Act 2006.

Further details can be found in the Annual Members Report which can be found at <https://www.insolvency-practitioners.org.uk/>.

#### **Directors of the Company**

The directors who held office during the year were as follows:

N A Bennett

L Brittain

C Clark

J Colley (appointed 1 April 2020)

S Croston (appointed 1 April 2020)

P Davis

J A Goschalk

K J Hellard

D Hyslop

C A James

S J Keen

Y L Lee (appointed 1 April 2020)

H Maddison

M Moses

J R Newgas

S J Underwood

P Brazzill (ceased 31 March 2020)

L E Hinton (ceased 31 March 2020)

## Insolvency Practitioners Association

### Report of the Board for the Year Ended 31 December 2020

#### Developments during the period

On 30 January 2020 the World Health Organisation declared the outbreak of the Coronavirus (Covid-19) pandemic to be a public health emergency of international concern.

The Covid-19 Restrictions have impacted the IPA during the year. Mitigations in place include:

- Office - working from home arrangements in place for all staff - most working from home at 90% capacity, some impacts on mental health and productivity, due to difficulties of social distancing;
- Inspections going ahead virtually, leading to some but not much delay;
- Complaints are largely being progressed; committees and Board work continues remotely;
- Events are now taking place remotely and exams will also be put in place remotely - some investigation of alternatives under way, but income likely.


#### Reappointment of auditors

The auditors Bournier Bullock are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on <sup>31/3/2021</sup>..... and signed on its behalf by:



P Davis  
Director

## **Insolvency Practitioners Association**

### **Independent Auditor's Report to the Members of Insolvency Practitioners Association**

#### **Opinion**

We have audited the financial statements of Insolvency Practitioners Association (the 'company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Insolvency Practitioners Association**

### **Independent Auditor's Report to the Members of Insolvency Practitioners Association**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Insolvency Practitioners Association**

### **Independent Auditor's Report to the Members of Insolvency Practitioners Association**

#### **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 Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

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; 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' exemptions in preparing the Report of the Board and from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Statement of Council Members' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## **Insolvency Practitioners Association**

### **Independent Auditor's Report to the Members of Insolvency Practitioners Association**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## **Insolvency Practitioners Association**

### **Independent Auditor's Report to the Members of Insolvency Practitioners Association**

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting regulations, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include Insolvency Service regulations and Insolvency Act 1986.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.

**Insolvency Practitioners Association**

**Independent Auditor's Report to the Members of Insolvency Practitioners  
Association**

*Bourner Bullock*  
.....

Russell Joseph (Senior Statutory Auditor)

For and on behalf of Bourner Bullock, Statutory Auditor

Chartered Accountants

Sovereign House

212-224 Shaftesbury Avenue

London

WC2H 8HQ

Date: 31.03.21 .....

# Insolvency Practitioners Association

## Profit and Loss Account for the Year Ended 31 December 2020

	2020 £	2019 £
Turnover	3,157,187	2,945,653
Administrative expenses	(2,854,304)	(2,616,654)
Other operating income	14,418	59,768
Operating surplus	317,301	388,767
Other interest receivable and similar income	6,541	6,481
Interest payable and similar expenses	-	(13)
	6,541	6,468
Surplus before tax	323,842	395,235
Taxation	(6,177)	(10,664)
Surplus for the financial year	317,665	384,571

The notes on pages 16 to 24 form an integral part of these financial statements.

## Insolvency Practitioners Association

### Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £	2019 £
Surplus for the year	<u>317,665</u>	<u>384,571</u>
Total comprehensive income for the year	<u><u>317,665</u></u>	<u><u>384,571</u></u>

The notes on pages 16 to 24 form an integral part of these financial statements.

# Insolvency Practitioners Association

(Registration number: 01151132)

## Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	5	14,750	-
Tangible assets	6	2,709	16,998
Other financial assets	7	1,009,975	743,562
		<u>1,027,434</u>	<u>760,560</u>
<b>Current assets</b>			
Debtors	8	132,640	107,417
Cash at bank and in hand		3,208,884	2,699,477
		<u>3,341,524</u>	<u>2,806,894</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(2,677,367)</u>	<u>(2,171,995)</u>
<b>Net current assets</b>		<u>664,157</u>	<u>634,899</u>
<b>Total assets less current liabilities</b>		1,691,591	1,395,459
<b>Creditors: Amounts falling due after more than one year</b>	9	<u>-</u>	<u>(21,533)</u>
<b>Net assets</b>		<u>1,691,591</u>	<u>1,373,926</u>
<b>Capital and reserves</b>			
Profit and loss account		<u>1,691,591</u>	<u>1,373,926</u>
<b>Total equity</b>		<u>1,691,591</u>	<u>1,373,926</u>

The notes on pages 16 to 24 form an integral part of these financial statements.

**Insolvency Practitioners Association**

**(Registration number: 01151132)**

**Balance Sheet as at 31 December 2020**

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on ~~31/3/2021~~ <sup>31/3/2021</sup> and signed on its behalf by:



P Davis  
Director

The notes on pages 16 to 24 form an integral part of these financial statements.



# Insolvency Practitioners Association

## Statement of Changes in Equity for the Year Ended 31 December 2020

	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
At 1 January 2020	1,373,926	1,373,926
Surplus for the year	<u>317,665</u>	<u>317,665</u>
Total comprehensive income	<u>317,665</u>	<u>317,665</u>
At 31 December 2020	<u><u>1,691,591</u></u>	<u><u>1,691,591</u></u>
	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
At 1 January 2019	989,355	989,355
Surplus for the year	<u>384,571</u>	<u>384,571</u>
Total comprehensive income	<u>384,571</u>	<u>384,571</u>
At 31 December 2019	<u><u>1,373,926</u></u>	<u><u>1,373,926</u></u>

The notes on pages 16 to 24 form an integral part of these financial statements.

# **Insolvency Practitioners Association**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **1 General information**

The company is a company limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is:

Sovereign House  
212-224 Shaftesbury Avenue  
London  
WC2H 8HQ

### **Principal activity**

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.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Going concern**

The financial statements have been prepared on a going concern basis. Board Members make every effort to ensure reserves held are at an appropriate level.

## **Insolvency Practitioners Association**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Turnover recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

#### **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.

#### **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.

#### **Tax**

The Association is only liable to tax on its investment income and any profits earned from non-members.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as shown below. A full year's worth of depreciation is charged in the year in which the asset is purchased.

##### **Asset class**

Computer equipment

Furniture and fittings

##### **Depreciation method and rate**

3 to 10 years straight line

3 to 5 years straight line

#### **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 that the asset will generate probable future economic benefits and can be reliably measured.

## **Insolvency Practitioners Association**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Amortisation**

Intangible assets are amortised on a straight line basis over their estimated useful lives at the rates shown below. A full year's worth of amortisation is charged in the year in which the asset is purchased.

<b>Asset class</b>	<b>Amortisation method and rate</b>
Computer software	3 to 10 years straight line
Website development and E-Learning development	3 years straight line

#### **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 Profit and Loss Account.

#### **Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Debtors**

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade debtors are amounts due from members for services performed in the ordinary course of business.

Subscription debtors become due from 1 January when the subscription period commences.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash held in investment portfolios which is not for the company's operational management is included within fixed asset investments.

## **Insolvency Practitioners Association**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Creditors**

Basic financial liabilities, including trade and other creditors, loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## **Insolvency Practitioners Association**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **3 Significant judgements and estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

##### **Depreciation:**

The annual depreciation charge for any fixed assets is sensitive to changes in the useful economic lives and residual values of the assets. The useful lives and residual values are re-assessed annually. The carrying amount of tangible fixed assets at the year end is £17,459 (2019: £16,998).

##### **Amortisation:**

The company amortises its intangible assets over their estimated useful economic life. The useful lives and residual values are re-assessed annually. The carrying amount of intangible fixed assets at the year end is £14,750 (2019: £0).

#### **4 Staff numbers**

The average number of persons employed by the company during the year was 29 (2019 - 27).

# Insolvency Practitioners Association

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 5 Intangible assets

	Website and E-Learning development £	Computer software £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	26,466	-	26,466
Additions acquired separately	-	22,125	22,125
At 31 December 2020	26,466	22,125	48,591
<b>Amortisation</b>			
At 1 January 2020	26,466	-	26,466
Amortisation charge	-	7,375	7,375
At 31 December 2020	26,466	7,375	33,841
<b>Carrying amount</b>			
At 31 December 2020	-	14,750	14,750
At 31 December 2019	-	-	-

# Insolvency Practitioners Association

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 6 Tangible assets

	Computer equipment £	Fixtures and Fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	89,974	72,479	162,453
Additions	3,303	-	3,303
Disposals	<u>(73,724)</u>	<u>(17,145)</u>	<u>(90,869)</u>
At 31 December 2020	<u>19,553</u>	<u>55,334</u>	<u>74,887</u>
<b>Depreciation</b>			
At 1 January 2020	82,142	63,313	145,455
Charge for the year	8,932	8,660	17,592
Eliminated on disposal	<u>(73,724)</u>	<u>(17,145)</u>	<u>(90,869)</u>
At 31 December 2020	<u>17,350</u>	<u>54,828</u>	<u>72,178</u>
<b>Carrying amount</b>			
At 31 December 2020	<u>2,203</u>	<u>506</u>	<u>2,709</u>
At 31 December 2019	<u>7,832</u>	<u>9,166</u>	<u>16,998</u>



# Insolvency Practitioners Association

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 7 Listed investments

		Financial assets at fair value through profit and loss £	Total £
<b>Non-current financial assets</b>			
<b>Cost or valuation</b>			
At 1 January 2020		698,716	698,716
Fair value adjustments		6,638	6,638
Additions		462,218	462,218
Disposals		(194,902)	(194,902)
At 31 December 2020		972,670	972,670
Cash		37,305	37,305
At 31 December 2020		1,009,975	1,009,975
	<b>2020</b>	<b>2019</b>	
	<b>Cost</b>	<b>Cost</b>	<b>Market value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
UK listed	451,655	324,548	374,391
Europe	27,979	22,980	31,890
Rest of world	365,660	225,513	292,435
	845,294	573,041	698,716

### 8 Debtors

	2020 £	2019 £
Trade debtors	91,695	37,060
Prepayments	20,343	48,581
Other debtors	20,602	21,776
	132,640	107,417

# Insolvency Practitioners Association

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 9 Creditors

#### Creditors: amounts falling due within one year

	2020 £	2019 £
<b>Due within one year</b>		
Trade creditors	136,066	60,303
Taxation and social security	59,035	50,002
Other creditors	<u>2,482,266</u>	<u>2,061,690</u>
	<u>2,677,367</u>	<u>2,171,995</u>

Other creditors include deferred income of £1,946,175 (2019: £1,701,123) relating to prepaid subscriptions and other fees.

#### Creditors: amounts falling due after more than one year

	2020 £	2019 £
<b>Due after one year</b>		
Other creditors	<u>-</u>	<u>21,533</u>

### 10 Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	-	63,910
Later than one year and not later than five years	<u>-</u>	<u>11,118</u>
	<u>-</u>	<u>75,028</u>

## Insolvency Practitioners Association

### Detailed Profit and Loss Account for the Year Ended 31 December 2020

	2020 £	2019 £
Turnover	<u>3,157,187</u>	<u>2,945,653</u>
<b>Administrative expenses</b>		
Employment costs	(2,008,636)	(1,670,517)
Establishment costs	(121,924)	(110,637)
General administrative expenses	(682,845)	(766,910)
Finance charges	(15,932)	(16,410)
Depreciation costs	(24,967)	(20,854)
Other expenses	<u>-</u>	<u>(31,326)</u>
	(2,854,304)	(2,616,654)
Other operating income	<u>14,418</u>	<u>59,768</u>
Operating surplus	<u>317,301</u>	<u>388,767</u>
Other interest receivable and similar income	6,541	6,481
Interest payable and similar expenses	<u>-</u>	<u>(13)</u>
	<u>6,541</u>	<u>6,468</u>
Surplus before tax	<u><u>323,842</u></u>	<u><u>395,235</u></u>

This page does not form part of the statutory financial statements.

# Insolvency Practitioners Association

## Detailed Profit and Loss Account for the Year Ended 31 December 2020

	2020 £	2019 £
<b>Turnover</b>		
Income	3,140,241	2,925,822
Investment Income	16,946	19,831
	<u>3,157,187</u>	<u>2,945,653</u>
<b>Employment costs</b>		
Wages and salaries	1,678,191	1,409,386
Staff NIC (employers)	193,954	153,074
Staff pensions (defined contribution)	85,016	78,567
Private health insurance	7,512	13,143
Other staff costs	192	8,481
Staff training	8,800	7,866
Employee Recruitment & HR	34,971	-
	<u>2,008,636</u>	<u>1,670,517</u>
<b>Establishment costs</b>		
Rent and Rates	120,893	108,649
Light, heat and power	1,031	1,988
	<u>121,924</u>	<u>110,637</u>
<b>General administrative expenses</b>		
Equipment Hire & Lease	10,551	18,857
Examination costs	40,805	32,385
Insurance	27,661	13,141
Conferences and events	1,186	45,773
Telephone and fax	8,339	8,691
Office expenses	3,372	4,941
231 Website support/Maintenance	59,104	48,068
Printing & postage	3,051	2,753
Courier services	-	985
Trade subscriptions	-	53
Charitable donations	1,425	345
Sundry expenses	6,539	3,158

This page does not form part of the statutory financial statements.

## Insolvency Practitioners Association

### Detailed Profit and Loss Account for the Year Ended 31 December 2020

	2020	2019
	£	£
Cleaning	10,723	5,613
Travel and subsistence	40,993	83,683
Advertising	10,200	523
Staff entertaining	5,357	2,678
Accountancy fees	(1,664)	2,518
Auditor's remuneration - The audit of the company's annual accounts	6,000	5,700
Auditors' remuneration - non audit work	3,075	1,575
Legal and other regulatory costs	205,007	202,287
Consultancy fees	111,407	93,288
Legal and professional fees	6,984	18,180
Board and committee expenses	84,879	83,001
Bad debts written off	(2,450)	-
Unrecoverable VAT	40,301	88,714
	<u>682,845</u>	<u>766,910</u>
<b>Finance charges</b>		
Credit card charges	<u>15,932</u>	<u>16,410</u>
<b>Depreciation costs</b>		
Depreciation of website	7,375	712
Depreciation of fixtures and fittings	<u>17,592</u>	<u>20,142</u>
	<u>24,967</u>	<u>20,854</u>
<b>Other expenses</b>		
(Profit)/loss on disposal of intangible fixed assets	<u>-</u>	<u>31,326</u>
<b>Other operating income</b>		
Other operating income	7,500	-
Gain/ (loss) on investments	<u>6,918</u>	<u>59,768</u>
	<u>14,418</u>	<u>59,768</u>
<b>Other interest receivable and similar income</b>		
Bank interest received	<u>6,541</u>	<u>6,481</u>

This page does not form part of the statutory financial statements.

## Insolvency Practitioners Association

### Detailed Profit and Loss Account for the Year Ended 31 December 2020

	2020	2019
	£	£
<b>Interest payable and similar expenses</b>		
Bank interest payable	<u>-</u>	<u>13</u>

This page does not form part of the statutory financial statements.