

Registration number: 01151132

Insolvency Practitioners Association

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2018

Insolvency Practitioners Association

Contents

Company Information	1
Notice of Annual General Meeting	2
Report of the Council	3 to 8
Statement of Council Members' Responsibilities	9 to 10
Independent Auditor's Report	11 to 14
Profit and Loss Account	15
Statement of Comprehensive Income	16
Balance Sheet	17 to 18
Statement of Changes in Equity	19
Notes to the Financial Statements	20 to 28
Non-statutory pages	29 to 32

Insolvency Practitioners Association

Company Information

Directors	P Davis R E Duncan J A Goschalk K J Hellard L E Hinton D Hyslop C A James S J Keen N Myers M Moses S J Underwood J Westerman C G Wiseman J S Wright
Company secretary	M Thorp
Registered office	Valiant House 4-10 Heneage Lane London EC3A 5DQ
Auditors	Bourner Bullock Sovereign House 212-224 Shaftesbury Avenue London WC2H 8HQ

Insolvency Practitioners Association

Notice of Annual General Meeting

Notice is hereby given that the forty fourth Annual General Meeting of the Insolvency Practitioners Association ("the Association") will be held at Insolvency Practitioners Association, Valiant House, 4 - 10 Heneage Lane, London, on 25 April 2019 at 4.15pm, for the following purposes:

1. To receive and adopt the Report of the Council and the Financial Statements of the Association for the year ended 31 December 2018.
2. To receive the result of the ballot for the election of members of the Council.
3. To re-appoint auditors.
4. To transact any other business, which may properly be transacted at an Annual General Meeting, including co-option of members to Council.



By order of the Council

P Davis

Valiant House
4 - 10 Heneage Lane London
EC3A 5DQ

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

Insolvency Practitioners Association

Report of the Council

The Council 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 2018. This also represents the Directors' Report under the Companies Act 2006.

PRINCIPAL OBJECTS

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

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

COUNCIL

The following have been members of the Council of the Association during the year ended 31 December 2018.

President

L Hinton (from April 2018)

Vice-President

C-A James (from April 2018)

Deputy Vice-President

K Hellard (from April 2018)

Immediate Past President

R E Duncan (from April 2018)

Insolvency Practitioners Association

Report of the Council

Elected members (statutory directors)

P Bird (resigned 10 May 2018)
P Brazzill (resigned 10 April 2018)
P Davis
R E Duncan
N Fisher (resigned 10 May 2018)
J Goschalk
K Hellard
L Hinton
D Hyslop (appointed 16 May 2018)
C-A James
S Keen
M Leslie (resigned 10 May 2018)
D Standish (resigned 10 May 2018)
S Underwood
J Westerman
C G Wiseman
J S Wright

Co-opted members to AGM 2019

M Moses
N Myers (appointed 16 May 2018)

ELECTIONS TO THE COUNCIL

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

R E Duncan, J Westerman, C G Wiseman and J Wright (R E Duncan, C G Wiseman and J Wright are not eligible for re-election).

COUNCIL AND COMMITTEE MEETINGS

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

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

Insolvency Practitioners Association

Report of the Council

SUMMARY OF ACTIVITIES DURING THE YEAR

MEMBERSHIP

At 31 December 2018, the Association had approximately 1,500 Individual Members, Affiliates, and Student Members. It had in issue at that date 610 insolvency authorisations granted to insolvency practitioners (IPs).

STANDARDS

The Association continues to play an active part in the work of the Joint Insolvency Committee (JIC), comprising representatives of the Recognised Professional Bodies (RPBs) and the government's Insolvency Service (part of the Department for Business, Energy & Industrial Strategy (BEIS)). The JIC is responsible for the development of insolvency standards, and professional and ethical guidance. This is an area in which the Association has played and continues to play a significant role, not least through a number of sub-groups drafting new Statements of Insolvency Practice, on behalf of IPs to ensure that standards-setting in the profession is practical and relevant to IPs' work. Standards, Ethics and Regulation Liaison Committee, through its secretariat support, continues to handle a significant number of requests from the Association's IPs and other members on regulatory and ethical issues, and provides a valuable service to members. We produced the sixth edition of our now annual handbook containing the code of ethics, practice statements, guidance and regulations for members, with both England & Wales and Scotland versions in publication, in hard copy and on-line.

PUTTING BETTER REGULATION INTO PRACTICE

The Association's approach to monitoring, combining an appropriate degree of robustness and an outcome-focused method of review incorporating constructive dialogue with IPs, has proved to be a winning formula. Practitioners value the practical and constructive review process and the value it can add to their practices.

In 2018 the Association implemented a collaboration agreement with the Association of Chartered Certified Accountants (ACCA). This saw the Association regulate around 100 IPs licensed by ACCA from 1 January 2018.

The Association continued to lead on granting partial licences in 2018 to personal insolvency specialists.

REGULATORY OVERSIGHT AND RELATED MATTERS

The Association is accountable to the Secretary of State for BEIS and to the Department of Enterprise, Trade & Investment in Northern Ireland by whom it is recognised as a professional body for the purposes of authorising and regulating IPs. Those government departments carried out an oversight visit to the Association during 2016 and published their findings.

Insolvency Practitioners Association

Report of the Council

The Association has responded to a number of regulatory reviews by BEIS.

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

The Association continued its monitoring of property receivers under a scheme operated jointly with the Royal Institution of Chartered Surveyors

The Association published a number of disciplinary orders as a consequence of proceedings concluded during 2018.

The Association is also in the process of becoming an official Anti-money laundering regulator.

Insolvency Practitioners Association

Report of the Council

EDUCATION

The Association's established and well recognised Certificate of Proficiency in Insolvency (CPI), Certificate of Proficiency in Personal Insolvency (CPPI) and Certificate of Proficiency in Corporate Insolvency (CPCI) examinations had solid support in 2018.

Prizes were presented to the top candidates at events throughout the year. The Association also sponsors the overall first- placed JIE candidate; this prestigious prize is given at the JIE presentation ceremony in June each year.

CONSUMER DEBT SOLUTIONS

Throughout 2018 the Association participated in the Individual Voluntary Arrangement (IVA) Standing Committee chaired by BEIS and worked on enhancements to the Protocol for straightforward (or Protocol compliant) IVA cases (PCIVAs), which are designed to improve processes, efficiency and transparency, acceptability and returns to creditors. The Association also worked with leading providers of volume IVAs, BEIS and creditors, to develop a new regulatory framework of continuous monitoring to enhance confidence in this sector.

COMMUNICATIONS & MEMBER SERVICES

The Association's Insolvency Practitioner monthly newsletter is received by all members and partners who are interested in receiving updates from us. The newsletter covers content from IPA events and training, to a range of technical, practical and ethical and regulatory issues. In 2018 we moved circulation to once a month from quarterly editions.

The Association's annual lecture and insolvency conference were held in January and April 2018 respectively. The conference was well attended and addressed a number of topical issues with contributions from guest speakers and delegates. A successful series of regional roadshows were held in five locations throughout the UK in 2018 with over 200 attendees, and a ninth Personal Insolvency Conference was held successfully in Manchester, maintaining strong attendance.

Insolvency Practitioners Association

Report of the Council

FINANCIAL RESULTS

The Association's activities have resulted in deficit of £928 after tax for the year ended 31 December 2018 (2017 - £99,417). It is the policy of the Association that there should be sufficient reserves to cover all reasonably foreseeable eventualities, particularly relating to any adverse costs that might be incurred in relation to disciplinary and regulatory matters (backed up by appropriate insurance). The Association aims to budget for modest surpluses to maintain the value of its reserves.

Variances in key income and expenditure areas between 2017 and 2018 include:

- Supplier contracts were reviewed and re-negotiated in the year which brought in significant savings of 46%.
- Events income reduced in the year by 35% due to the insolvency rules training that took place in 2017 not taking place in 2018 due to it being a one off event.
- Sponsorship income increased by 69% due to new sponsorships deals agreed in the year.
- Legal costs reduced significantly by 80% in the year due a decrease in disciplinary action when compared to 2018.
- Salary costs decreased by 12% due to a member of the inspection team resigning and not being replaced.
- Audit and Accounting fees decreased by 47% due to additional accounting services not being required in the year.
- Non recoverable VAT showed a saving of 56% in 2018.
- Consultant fees increased by 52% due to an external consultant working with the IPA for a full year whereas in the previous year, the consultant had only worked for a few months at the time of year end.
- Penalties and recoverable cost income reduced by 18% due to fewer visits taking place in the year.

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

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.

Insolvency Practitioners Association

Report of the Council

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Council members, who are also the directors for the purpose of company law, are responsible for preparing the report of the Council and the financial statements in accordance with applicable law and regulations.

Company law requires the Council members to prepare financial statements for each financial year. Under that law Council members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Council members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these financial statements the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures there from being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

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

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

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

Insolvency Practitioners Association

Report of the Council

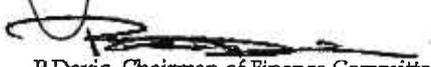
AUDITORS

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

Approved by Order of the Council and signed on their behalf by:



L. Hinton, President



P Davis, Chairman of Finance Committee

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

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 2018, 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 2018 and of its loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report 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 Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Directors' report and from the requirement to prepare a Strategic Report.

Insolvency Practitioners Association

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

Responsibilities of directors

As explained more fully in the Directors' report set out on page 3, 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.

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.

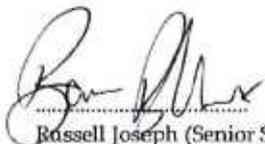
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Insolvency Practitioners Association

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

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.



Russell Joseph (Senior Statutory Auditor)

For and on behalf of Bourner Bullock, Statutory Auditor

Sovereign House
212-224 Shaftesbury Avenue
London
WC2H 8HQ

Date: 18/4/17

Insolvency Practitioners Association

Profit and Loss Account for the Year Ended 31 December 2018

	(As restated)	
	2018	2017
	£	£
Turnover	2,379,332	2,507,115
Administrative expenses	(2,374,740)	(2,658,846)
Gains/ (loss) on investment	<u>(29,473)</u>	<u>36,644</u>
Operating deficit	<u>(24,881)</u>	<u>(115,087)</u>
Other interest receivable and similar income	8,712	3,872
Interest payable and similar expenses	<u>-</u>	<u>(1,742)</u>
	<u>8,712</u>	<u>2,130</u>
Deficit before tax	(16,169)	(112,957)
Taxation	<u>15,241</u>	<u>13,540</u>
Deficit for the financial year	<u><u>(928)</u></u>	<u><u>(99,417)</u></u>

The notes on pages 20 to 28 form an integral part of these financial statements.

Insolvency Practitioners Association

Statement of Comprehensive Income for the Year Ended 31 December 2018

	(As restated)	
	2018	2017
	£	£
Deficit for the year	<u>(928)</u>	<u>(99,417)</u>
Total comprehensive income for the year	<u><u>(928)</u></u>	<u><u>(99,417)</u></u>

The notes on pages 20 to 28 form an integral part of these financial statements.

Insolvency Practitioners Association

(Registration number: 01151132)

Balance Sheet as at 31 December 2018

		(As restated)	
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	5	32,037	44,642
Tangible assets	6	33,179	49,064
Other financial assets	7	<u>670,867</u>	<u>689,383</u>
		<u>736,083</u>	<u>783,089</u>
Current assets			
Debtors	8	191,385	182,293
Cash at bank and in hand		<u>2,508,655</u>	<u>2,314,214</u>
		2,700,040	2,496,507
Creditors: Amounts falling due within one year	9	<u>(2,422,740)</u>	<u>(2,243,599)</u>
Net current assets		<u>277,300</u>	<u>252,908</u>
Total assets less current liabilities		1,013,383	1,035,997
Creditors: Amounts falling due after more than one year	9	<u>(24,028)</u>	<u>(45,714)</u>
Net assets		<u>989,355</u>	<u>990,283</u>
Capital and reserves			
Profit and loss account		<u>989,355</u>	<u>990,283</u>
Total equity		<u>989,355</u>	<u>990,283</u>

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.

Insolvency Practitioners Association

(Registration number: 01151132)

Balance Sheet as at 31 December 2018

Approved and authorised by the Board on 18 April 2019 and signed on its behalf by:



P Davis
Director

Insolvency Practitioners Association

Statement of Changes in Equity for the Year Ended 31 December 2018

	Profit and loss account	Total
	£	£
At 1 January 2018	990,283	990,283
Deficit for the year	(928)	(928)
Total comprehensive income	(928)	(928)
At 31 December 2018	<u>989,355</u>	<u>989,355</u>
	Profit and loss account	Total
	£	£
At 1 January 2017	1,089,700	1,089,700
Deficit for the year	(99,417)	(99,417)
Total comprehensive income	(99,417)	(99,417)
At 31 December 2017	<u>990,283</u>	<u>990,283</u>

The notes on pages 20 to 28 form an integral part of these financial statements.
Page 19

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

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:

Valiant House
4-10 Heneage Lane
London
EC3A 5DQ

Principal objects

The Association is a Recognised Professional Body (RPB) under the Insolvency Act 1986 and empowered to grant and renew insolvency authorisations (licences). The principal objects of the Association are: to encourage the recruitment of a body of persons skilled in insolvency administration; to maintain and improve standards of performance and conduct of Insolvency Practitioners (IPs) and their staff; and to regulate and monitor its licensed IPs' practices and where appropriate to discipline those members who bring discredit upon themselves, the Association or the profession by way of misconduct.

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. Although there was a deficit before tax this year and in the previous year, the Council Members believe the company holds sufficient reserves to cover all reasonably foreseeable eventualities as mentioned in the Report of the Council. Additionally, Council 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 2018

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.

Barbican Grants

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

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	Depreciation method and rate
Computer equipment	3 to 10 years straight line
Furniture and fittings	3 to 5 years straight line

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

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.

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.

Asset class	Amortisation method and rate
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 customers for services performed in the ordinary course of business.

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

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.

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 2018

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. In the Directors' opinion, there are no significant judgements or key sources of estimation uncertainty.

4 Staff numbers

The average number of persons employed by the company during the year, was 25 (2017 - 28).

5 Intangible assets

	Website and E-Learning development £	Computer software £	Total £
Cost or valuation			
At 1 January 2018	39,868	152,541	192,409
Disposals	<u>(13,403)</u>	<u>(83,057)</u>	<u>(96,460)</u>
At 31 December 2018	<u>26,465</u>	<u>69,484</u>	<u>95,949</u>
Amortisation			
At 1 January 2018	37,043	110,724	147,767
Amortisation charge	2,113	10,492	12,605
Amortisation eliminated on disposals	<u>(13,403)</u>	<u>(83,057)</u>	<u>(96,460)</u>
At 31 December 2018	<u>25,753</u>	<u>38,159</u>	<u>63,912</u>
Carrying amount			
At 31 December 2018	<u>712</u>	<u>31,325</u>	<u>32,037</u>
At 31 December 2017	<u>2,825</u>	<u>41,817</u>	<u>44,642</u>

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

6 Tangible assets

	Computer equipment £	Fixtures and Fittings £	Total £
Cost or valuation			
At 1 January 2018	87,001	97,405	184,406
Additions	12,989	408	13,397
Disposals	<u>(13,278)</u>	<u>(26,033)</u>	<u>(39,311)</u>
At 31 December 2018	<u>86,712</u>	<u>71,780</u>	<u>158,492</u>
Depreciation			
At 1 January 2018	78,122	57,221	135,343
Charge for the year	9,297	19,985	29,282
Eliminated on disposal	<u>(13,280)</u>	<u>(26,032)</u>	<u>(39,312)</u>
At 31 December 2018	<u>74,139</u>	<u>51,174</u>	<u>125,313</u>
Carrying amount			
At 31 December 2018	<u>12,573</u>	<u>20,606</u>	<u>33,179</u>
At 31 December 2017	<u>8,879</u>	<u>40,185</u>	<u>49,064</u>

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Listed investments

	Financial assets at fair value through profit and loss	Total
	£	£
Non-current financial assets		
Cost or valuation		
At 1 January 2018	616,008	616,008
Fair value adjustments	(29,472)	(29,472)
Additions	59,928	59,928
Disposals	(22,962)	(22,962)
At 31 December 2018	623,502	623,502
Cash	47,365	47,365
At 31 December 2018	670,867	670,867
	2018	2017
	£	£
Investments at 31 December	623,502	616,008
Cash	47,365	73,375
Total at 31 December	670,867	689,383

	2018		2017	
	Cost	Market value	Cost	Market value
	£	£	£	£
UK listed	316,192	347,460	303,634	358,495
Europe	22,980	27,283	22,980	30,292
Rest of world	212,368	248,759	189,537	227,221
	551,540	623,502	516,151	616,008

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

8 Debtors

	2018	2017
	£	£
Trade debtors	139,784	110,553
Prepayments	43,701	47,565
Other debtors	7,900	24,175
	<u>191,385</u>	<u>182,293</u>

9 Creditors

Creditors: amounts falling due within one year

	2018	2017
	£	£
Due within one year		
Trade creditors	60,151	206,014
Taxation and social security	60,524	55,945
Other creditors	2,302,065	1,981,640
	<u>2,422,740</u>	<u>2,243,599</u>

Other creditors include deferred income of £1,900,158 (2017: £1,555,949) relating to prepaid subscriptions and other fees.

Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Due after one year		
Accruals and deferred income	<u>24,028</u>	<u>45,714</u>

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	66,395	76,947
Later than one year and not later than five years	68,040	213,354
	<u>134,435</u>	<u>290,301</u>

11 Prior period restatements

Included within fixed asset investments, is a cash balance which is used to facilitate the management of the investment portfolio. Whilst the cash is readily available to the company, it is the Directors' intention that the cash be used for the management of the portfolio and not for the company's operational management and so it is deemed appropriate to reclassify this balance from cash to fixed asset investments in the year. To ensure comparability, the prior year figures have been restated to reduce cash by £73,375 and increase investment additions by the same value. Cash is therefore reduced from £2,387,589 to £2,314,214 and fixed asset investments have increased from £616,008 to £689,383. There is no impact on the Profit and Loss Account as a result of this restatement.

The company collects subscription levies from its members on behalf of other entities. In the previous period these were included as both income and expenditure and amounted to £259,303. In the Directors' opinion, these do not represent income or expenditure for the company as they are collected in capacity as agent only, and so therefore should be excluded from the Profit and Loss Account. The comparatives have been restated to reduce both income and expenditure by £259,303 to reflect this change. Total turnover has therefore decreased from £2,766,418 to £2,507,115 and total administrative expenses have decreased from £2,918,149 to £2,658,846. The correct amount of £259,303 had been included in other creditors and so no restatements have been required for the Balance Sheet.

Insolvency Practitioners Association

Detailed Profit and Loss Account for the Year Ended 31 December 2018

	(As restated)	
	2018	2017
	£	£
Turnover	<u>2,379,332</u>	<u>2,507,115</u>
Administrative expenses		
Employment costs	(1,539,359)	(1,739,196)
Establishment costs	(109,330)	(112,915)
General administrative expenses	(674,656)	(761,022)
Finance charges	(9,508)	(4,859)
Depreciation costs	(41,446)	(37,854)
Other expenses	<u>(441)</u>	<u>(3,000)</u>
	(2,374,740)	(2,658,846)
Other operating income	<u>(29,473)</u>	<u>36,644</u>
Operating deficit	<u>(24,881)</u>	<u>(115,087)</u>
Other interest receivable and similar income	8,712	3,872
Interest payable and similar expenses	<u>-</u>	<u>(1,742)</u>
	<u>8,712</u>	<u>2,130</u>
Deficit before tax	<u>(16,169)</u>	<u>(112,957)</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 2018

	2018 £	2017 £
Turnover		
Income	2,345,640	2,492,116
Investment income	17,559	12,355
Other income	16,133	-
Interest received	-	2,644
	2,379,332	2,507,115
Employment costs		
Wages and salaries	1,298,652	1,414,312
Staff NIC (Employers)	139,977	157,893
Staff pensions (Defined contribution)	57,058	97,563
Private health insurance	18,861	27,301
Other staff costs	15,347	26,878
Staff training	9,464	15,249
	1,539,359	1,739,196
Establishment costs		
Rent and rates	106,823	110,174
Light, heat and power	2,507	2,741
	109,330	112,915
General administrative expenses		
Rent	24,506	31,063
Examination costs	38,093	24,587
Insurance	14,075	15,370
Repairs and renewals	47	-
Conferences and events	48,258	70,588
Telephone and fax	9,932	11,507
Office expenses	5,042	6,797
Computer software and maintenance costs	46,957	45,154
Printing, postage and stationery	5,081	3,262
Courier services	247	297
Trade subscriptions	249	276

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Insolvency Practitioners Association

Detailed Profit and Loss Account for the Year Ended 31 December 2018

	2018	2017
	£	£
Charitable donations	250	-
Sundry expenses	1,469	5,971
Cleaning	7,305	8,032
Travel and subsistence	70,222	78,110
Grant related expenses	2,100	207
Advertising	-	3,422
Staff entertaining	3,967	4,074
Customer entertaining	144	-
Accountancy fees	14,045	24,213
Legal and other regulatory costs	94,906	106,929
Consultancy fees	148,105	60,422
Legal and professional fees	26,931	18,914
Council and committee expenses	57,504	141,089
Bad debts written off	2,448	7,002
Irrecoverable VAT	<u>52,773</u>	<u>93,736</u>
	<u>674,656</u>	<u>761,022</u>
Finance charges		
Bank charges	<u>9,508</u>	<u>4,859</u>
Depreciation costs		
Amortisation of intangible assets	12,164	18,559
Depreciation of office equipment	<u>29,282</u>	<u>19,295</u>
	<u>41,446</u>	<u>37,854</u>
Other expenses		
(Profit)/loss on disposal of intangible fixed assets	441	-
Gain/(loss) from changes in provisions	<u>-</u>	<u>3,000</u>
	<u>441</u>	<u>3,000</u>
Other operating income		
Gain/ (loss) on investments	<u>(29,473)</u>	<u>36,644</u>

This page does not form part of the statutory financial statements.
Page 31

Insolvency Practitioners Association

Detailed Profit and Loss Account for the Year Ended 31 December 2018

	2018 £	2017 £
Other interest receivable and similar income		
Bank interest receivable	<u>8,712</u>	<u>3,872</u>
Interest payable and similar expenses		
Bank interest payable	-	1,422
Credit card charges	<u>-</u>	<u>320</u>
	<u>-</u>	<u>1,742</u>