

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

Company Registration Number: 1151132

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

PRESIDENT R E Duncan

VICE-PRESIDENT L Hinton

SECRETARY D A Kerr

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

REGISTERED NUMBER 1151132

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS	PAGE
Notice of Annual General Meeting	1
Report of the Council	2 - 7
Independent Auditor's Report	8-9
Income and Expenditure Account	10
Balance Sheet	11
Notes to the Financial Statements	12 - 18
Detailed Income and Expenditure Account (which does not form part of the statutory accounts)	19

Notice of Annual General Meeting

Notice is hereby given that the thirty ninth 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 10 April 2018 at 1 pm, for the following purposes:

1. To receive and adopt the Report of the Council and the Financial Statements of the Association for the year ended 31 December 2017.
2. To receive the result of the ballot for the election of members of the Council.
3. To delegate the appointment of auditors to Council.
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

D A Kerr
Secretary

20 March 2018

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) by noon the day before the meeting.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

The Council has pleasure in submitting its Report and the Financial Statements of the Association for the year ended 31 December 2017.

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 2017.

President

R E Duncan (from April 2017)

Vice-President

L Hinton (from April 2017)

Deputy Vice-President

Carrie-Ann James (from April 2017)

Immediate Past President

M E Leslie (from April 2017)

Elected members (statutory directors)

P Brazzill

S Keen

J Westerman

R E Duncan

N Fisher

J S Wright

**Co-opted members to
AGM 2017**

M Moses

P M Peel

C G Wiseman

K Hellard

D J Standish

S Underwood

L Hinton

Carrie-Ann James

M R Sands (retired April 2017)

J Goschalk (appointed April 2017)

P Davis (appointed April 2017)

M E Leslie

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

ELECTIONS TO THE COUNCIL

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

P Brazzill, N Fisher, M E Leslie, P Peel, and D Standish (P Peel, N Fisher and M E

Leslie are not eligible for re-election).

COUNCIL AND COMMITTEE MEETINGS

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

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

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF ACTIVITIES DURING THE YEAR

MEMBERSHIP

At 31 December 2017, the Association had approximately 1,600 Individual Members, Affiliates, and Student Members. It had in issue at that date 557 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. The Practice Guidance, Ethics & Standards Committee, through its secretariat support, continues to handle a significant number of requests from the Association's IPs and other members on regulatory and ethical issues, and provides a valuable service to members. We produced the fifth 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 2017 the Association implemented a collaboration agreement with the Association of Chartered Certified Accountants (ACCA). This saw the Association regulate more than 100 IPs licensed by ACCA from 1 January 2017.

The Association continued to lead on granting partial licences in 2017 to personal insolvency specialists.

REGULATORY OVERSIGHT AND RELATED MATTERS

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

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

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 2017.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017, albeit in a declining market, as fewer students are studying for and entering insolvency exams at all levels.

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 2017 the Association participated in the IVA Standing Committee chaired by BEIS and worked on enhancements to the Protocol for straightforward (or Protocol compliant) Individual Voluntary Arrangement (IVA) cases (PCIVAs), which are designed to improve processes, efficiency and transparency, acceptability and returns to creditors. The Association also worked with leading providers of volume IVAs, BEIS and creditors, to develop a programme of supplementary monitoring to enhance confidence in this sector.

COMMUNICATIONS & MEMBER SERVICES

During the year, the Association's *Insolvency Practitioner* magazine was delivered in digital form, covering a range of technical, practice and ethical and regulatory issues.

The Association's annual lecture and insolvency conference were held in January and April 2017 respectively. The conference was well attended and addressed a number of topical issues with contributions from guest speakers and delegates. A successful series of regional roadshows were held in six locations throughout the UK in 2017 with over 200 attendees, and an eighth Personal Insolvency Conference was held successfully in Manchester, maintaining strong attendance. Meetings in the IP Introduction Programme continued to be held during 2017.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL RESULTS

The Association's activities have resulted in an operating loss of £99,417 after tax for the year ended 31 December 2017 (2016 -surplus £105,085). 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 2016 and 2017 include:

- Membership subscriptions had decreased in 2017 however we had an increase in insolvency authorisations.
- Event income increased during the year partly due to the rules training event in respect to the new Insolvency Rules.
- An increase in revenue with regards to services to other bodies was due to the ACCA collaboration agreement being fully operative in 2017.
- Legal costs increased significantly due to ongoing regulation matters which may be concluded in 2018.
-
- Audit and Accounting fees increased due to temporary staff being recruited within the finance department and some aspects of the finance departments work being outsourced.
- Salaries increased significantly due to a number of ACCA employees being transferred to the IPA in accordance with the collaboration agreement referred to as above. There were also additional costs with respects to two severance payments.
- Consultant fees increased due to the appointment of a consultant in the last quarter of the year to assist council and support the CEO, management team and staff.
- Printing, postage and other office expenses decreased significantly as a result of the increased use of electronic communication.
- Depreciation decreased due to less assets being purchased 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.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

AUDITORS

A resolution relating to the appointment of auditors will be submitted at the Annual General Meeting.

Signed by Order of the Council

R Duncan, President

P Davis, Vice Chairman of Finance Committee

19 March 2018

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

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

Opinion

We have audited the financial statements of Insolvency Practitioners Association (the "Association") for the year ended 31 December 2017 which comprise Income and Expenditure Account, the Balance Sheet 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, 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 Association 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 Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association'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.

Other information

The other information comprises the information included in the Report of the Council, other than the financial statements and our auditor's report thereon. The Council members are responsible for the other information. 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.

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

Opinions on other matters 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 Council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Council has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 Council.

We have nothing to report in respect of the following matters in relation to which 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 Council members 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 Members' report and from the requirement to prepare a strategic report.

Responsibilities of Council Members

As explained more fully in the Council members' statement, the members 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 members 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 members are responsible for assessing the Association'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 members either intend to liquidate the Association 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: <http://www.frc.org.uk/auditorsresponsibilities>[http://www.frc.org.uk/auditors/audit-assurance/auditors-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-forhttps://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-\(1\).](http://www.frc.org.uk/auditors/audit-assurance/auditors-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-forhttps://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1).) This description forms part of our auditor's report.

Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
2018

1 Westferry Circus
Canary Wharf
London E14 4HD

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
TURNOVER	3		
Subscription income and fees from members and students		559,049	617,492
Insolvency Authorisation fees		1,216,776	1,145,860
Other income	4	<u>978,239</u>	<u>648,790</u>
		2,754,064	2,412,142
Interest receivable and similar income		<u>16,226</u>	<u>26,128</u>
		2,770,290	2,438,270
 ADMINISTRATIVE EXPENSES		 <u>(2,919,891)</u>	 <u>(2,413,633)</u>
OPERATING (DEFICIT)/SURPLUS	5	(149,601)	24,637
 Gains on investments	9	 <u>36,644</u>	 <u>89,040</u>
(DEFICIT)/SURPLUS BEFORE TAXATION		<u>(112,957)</u>	<u>113,677</u>
 TAXATION	6	 <u>13,540</u>	 <u>(8,592)</u>
(DEFICIT)/ SURPLUS AFTER TAXATION		<u>(99,417)</u>	<u>105,085</u>

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

The accounting policies and notes on pages 12 to 18 form part of these financial statements.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

BALANCE SHEET
AS AT 31 DECEMBER 2017

Company number
1151132

	Notes	£	2017	£	£	2016	£
FIXED ASSETS							
Intangible assets	7			44,642			61,063
Tangible assets	8			49,064			58,781
Listed investments	9			616,008			597,388
				<u>709,714</u>			<u>717,232</u>
CURRENT ASSETS							
Debtors	10		182,293			204,111	
Cash and bank balances			1,141,108			434,753	
Treasury Deposit			<u>1,246,480</u>			<u>1,850,000</u>	
			2,569,881			2,488,864	
CREDITORS: amounts falling due within one year							
Corporation Tax			8,580			8,800	
Prepaid subscription and fees			1,808,922			1,819,979	
Other Creditors	11		<u>426,096</u>			<u>238,786</u>	
			2,243,598			2,067,565	
NET CURRENT ASSETS				<u>326,283</u>			<u>421,299</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				1,035,997			1,138,531
CREDITORS: amounts falling due after more than one year	12			<u>(45,714)</u>			<u>(48,831)</u>
TOTAL NET ASSETS				<u>990,283</u>			<u>1,089,700</u>
RESERVES							
Balance brought forward				1,089,700			984,615
(Deficit)/Surplus for the year				<u>(99,417)</u>			<u>105,085</u>
Balance carried forward				<u>990,283</u>			<u>1,089,700</u>

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

The financial statements were approved and authorised for issue by the Council on 19 March 2018 and signed on its behalf by

R Duncan, President & Chairman of Finance and General Management Committee

The accounting policies and notes on pages 12 to 18 form part of these financial statements.

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

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

a) Basis of Accounting

The financial statements have been prepared in accordance with FRS102 (Section 1A.), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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

b) Cash Flow Statement

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

c) Depreciation

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

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

d) Intangible assets

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

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

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

e) Taxation

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

f) VAT

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

g) Subscriptions

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

h) Disciplinary and Investigation Costs Recoveries

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

i) Leasing Transactions

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

j) Fixed Asset Investments

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

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

k) Barbican Grants

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

l) Holiday Pay Accrual

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

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

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

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

Other key sources of estimation uncertainty

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

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

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by shares)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. CONSTITUTION

The Association is a company limited by guarantee. The liability of members in the event of a winding up is £1 per member. There were 1,546 members as at 31 December 2017.

3. TURNOVER

Turnover represents subscription income from members, authorisation fees, Fixed Charge Receiver scheme fees, students' examination fees, and income received from bodies for which we provide a service. Included within turnover is an amount of £259,303 (2016 £260,820) which represents levies collected from members to meet the IPA's fee due to the Insolvency Service, which is included within expenditure.

4. OTHER INCOME	2017	2016
	£	£
Grant income	14,337	19,452
Events	197,560	155,696
Services to other bodies	363,593	109,945
Regulatory fines and cost recoveries	140,777	102,777
Levies collected and paid to Insolvency Service	259,303	260,820
Sundry income	2,669	100
	<u>978,239</u>	<u>648,790</u>

5. OPERATING SURPLUS	2017	2016
	£	£
Operating surplus is stated after charging:		
Auditors' remuneration – audit	8,880	6,416
Auditors' remuneration – other	1,800	-
Amortisation and depreciation	37,854	54,064
	<u>47,534</u>	<u>60,480</u>

6. TAXATION	2017	2016
	£	£
UK Corporation tax payable for the year	8,460	8,592
Tax credit in relation to research and development expenditure in prior years	(22,000)	-
	<u>(13,540)</u>	<u>8,592</u>

The tax assessed in the year is lower than the small companies rate of tax in the UK of 20% (2016: 20%). The differences are explained below:

Surplus/(deficit) on ordinary activities before tax	(99,417)	113,677
Surplus/(deficit) on ordinary activities before tax multiplied by the small companies rate of tax in the UK of 20% (2016:20%)	(19,883)	22,735
Effects of:		
Expenses not deductible for tax purposes	28,343	(14,143)
Under/(over) provision in prior year	-	-
UK Corporation tax payable for the year	<u>8,460</u>	<u>8,592</u>

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by shares)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

7. INTANGIBLE ASSETS

	Computer Software £	E- Learning & Website £	Total £
COST			
As at 1 January 2017	152,541	37,730	190,271
Additions	-	2,139	2,139
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2017	152,541	39,869	192,410
	<hr/>	<hr/>	<hr/>
AMORTISATION			
As at 1 January 2017	100,227	28,981	129,20
Charge for the year	10,496	8,063	18,559
	<hr/>	<hr/>	<hr/>
As at 31 December 2017	110,723	37,044	147,767
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2017	41,818	2,825	44,643
	<hr/>	<hr/>	<hr/>
At 31 December 2016	52,314	8,749	61,063
	<hr/>	<hr/>	<hr/>

8. TANGIBLE ASSETS

	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
COST			
As at 1 January 2017	97,056	77,773	174,829
Additions	350	9,228	9,578
	<hr/>	<hr/>	<hr/>
As at 31 December 2017	97,406	87,001	184,407
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
As at 1 January 2017	45,097	70,951	116,048
Charge for the year	12,124	7,171	19,295
	<hr/>	<hr/>	<hr/>
As at 31 December 2017	57,221	78,122	135,343
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2017	40,185	8,879	49,064
	<hr/>	<hr/>	<hr/>
At 31 December 2016	51,959	6,822	58,781
	<hr/>	<hr/>	<hr/>

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by shares)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

9. LISTED INVESTMENTS

Fixed asset investments are measured at fair value through profit or loss as at 31 December 2017.

	£
Valuation at 1 January 2017	597,388
Additions	43,395
Disposals	(61,419)
Gains on investments	36,644
Valuation at 31 December 2017	<u>616,008</u>

	2017		2016	
	Cost £	Market Value £	Cost £	Market Value £
UK Listed	303,634	358,495	393,693	419,272
Europe	22,980	30,292	22,980	25,977
Rest of the world	189,537	227,221	122,542	152,139
	<u>516,151</u>	<u>616,008</u>	<u>539,215</u>	<u>597,388</u>

10. DEBTORS DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	110,552	91,293
Other debtors	24,174	7,957
Prepayments and accrued income	47,567	104,861
	<u>182,293</u>	<u>204,111</u>

11. CREDITORS DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	206,014	61,517
Other creditors	6,395	19,344
Social security and other taxation	55,936	60,590
Accruals and deferred income	154,835	94,419
Provisions (including rent-free period)	2,916	2,916
	<u>426,096</u>	<u>238,786</u>

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by shares)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

12. CREDITORS DUE AFTER MORE THAN ONE YEAR	2017	2016
	£	£
Accruals and deferred income	19,050	25,400
Provisions including rent-free period	26,664	23,431
	<u>45,714</u>	<u>48,831</u>

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

13. SALARIES	2017	2016
	£	£
Gross salaries	1,408,406	1,129,974
Social security costs	157,893	132,305
Pension costs	130,348	62,399
Private medical insurance	27,301	17,330
	<u>1,723,948</u>	<u>1,342,008</u>

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

The average number of employees during the year was 28 (2016: 26).

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

KEY MANAGEMENT PERSONNEL COMPENSATION:	2017	2016
	£	£
Aggregate Remuneration	414,771	342,489
Pension costs	22,313	16,702
Private medical insurance	5,322	2,176
Employer National Insurance Contribution	51,459	72,695
	<u>493,865</u>	<u>434,062</u>

INSOLVENCY PRACTITIONERS ASSOCIATION
(A company limited by shares)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

14. OPERATING LEASES

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

	2017		2016	
	Land & Buildings £	Other £	Land & Buildings £	Other £
< 1 year	58,160	18,787	33,234	32,250
2-5 years	183,269	30,085	241,429	48,872
	<u>241,429</u>	<u>48,872</u>	<u>274,663</u>	<u>81,122</u>

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017		2016	
	£	£	£	£
INCOME				
Subscription income and fees from members and students		559,049		617,492
Insolvency authorisation fees		1,216,776		1,145,860
		<u>1,775,825</u>		<u>1,763,352</u>
Other				
Grant income	14,337		19,452	
Events	197,560		155,696	
Services to other bodies	363,593		109,945	
Regulatory fines and cost recoveries	140,777		102,777	
Levies collected and paid to Insolvency Service	259,303		260,820	
Sundry income	2,669	978,239	100	648,790
		<u>2,754,064</u>		<u>2,412,142</u>
Interest receivable and similar income				
Bank interest	3,871		9,232	
Income from listed securities	12,355	16,226	16,896	26,128
		<u>2,770,290</u>		<u>2,438,270</u>
EXPENDITURE				
Administration etc				
Salaries	1,723,948		1,342,008	
Consultants	59,276		30,787	
Printing, postages and other office expenses	80,776		106,159	
Insurance	15,370		20,868	
Council and committee expenses	57,089		45,266	
Public relations and press cuttings	2,724		1,886	
Depreciation	37,854	1,977,037	54,064	1,601,038
Direct costs of events		74,489		78,920
Other expenses				
Levies collected and paid to Insolvency Service	259,303		260,820	
Legal and other Regulatory costs	183,141		83,541	
Audit, accountancy and book-keeping fees	24,212		6,416	
Other professional fees	7,784		(1,735)	
Unrecoverable VAT	93,736		80,903	
Examination costs	24,587		33,096	
Inspection expenses	67,372		83,541	
Rent, service charge and rates	110,174		118,942	
IT expenses	40,930		33,103	
Website	4,224		3,273	
Staff travel costs	8,503		2,110	
Sundry expenses	10,908		28,390	
Bad debt provision and write off	7,002		7,060	
Dilapidation provision	3,000		(3,000)	
Entertainment, subscriptions, training and payroll	23,282		25,417	
Grant related expenditure	207	868,365	1,822	733,675
		<u>2,919,891</u>		<u>2,413,633</u>
Operating (deficit)/surplus for the year before tax		<u>(149,601)</u>		<u>24,637</u>
Gains on investments		<u>36,644</u>		<u>89,040</u>
(Deficit)/surplus before taxation		(112,957)		113,677
Corporation tax		13,540		(8,592)
(Deficit)/surplus for the year after taxation		<u><u>(99,417)</u></u>		<u><u>105,085</u></u>

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