Insolvency Practitioners Association

ANNUAL REPORT

2021/22

Insolvency Practitioners Association

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About the IPA

In 2021, the IPA celebrated 60 years of leading the way on professional standards.

The IPA is the UK's largest insolvency regulator by insolvencies covered and the sole body dedicated to the field in the UK.

The IPA is also a membership organisation for Insolvency Practitioners and those in insolvency-related work, offering a suite of professional training and development for professionals at all levels of their career, highly respected qualifications, sought-after publications, best practice sharing, networking and other engagement opportunities.

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

OUR CORE RESPONSIBILITY IS MAINTAINING EXCELLENCE IN PROFESSIONAL INSOLVENCY AND ANTI-MONEY LAUNDERING STANDARDS.

Governance

The Board

The Board is responsible for the management of the IPA, including determining policy and strategy, and business and financial plans. The Board appoints Committees, through which the detailed work of developing and putting forward proposals and implementing Board decisions is undertaken. The Board usually meets four to six times a year. The Board is independent of decision-making relating to individual Insolvency Practitioner regulation.

The President, Vice-President and Deputy Vice-President are chosen by the Board from its elected Board members. The President usually serves for one year. Along with the Immediate Past President, this group within the Board are known as Office Holders.

Office Holders

Kevin Hellard
President

Samantha Keen
Vice-President

Paul Davis
Deputy Vice-President

Carrie James
Immediate Past President

Board members

John Newgas
Neil Bennett
Ken Marland
Simon Underwood
Sean Croston
Joe Colley
Adrian Hyde
Hayley Maddison
Louise Brittain
Maurice Moses
Yin Lee
Lloyd Hinton

Committees

The IPA's six Committees are one of the key ways in which the IPA manages regulatory and policy activity. Committee members are comprised of our members, subject matter and legal experts, and lay member volunteers.

Dedicated Sub-Committees can be created as and when required to consider specific matters.

The IPA's Committees are:

REGULATION AND CONDUCT

DISCIPLINARY AND APPEALS

ANTI-MONEY LAUNDERING

STANDARDS, ETHICS AND REGULATORY LIAISON

FINANCE AND RISK

EXTERNAL AFFAIRS AND MEMBER SERVICES

From my experience, the work of the IPA Committees is invaluable and helps support the integrity of the insolvency profession. As Co-Chair of the R&CC, I have first-hand experience of the work involved and valuable input from so many, including from lay members. The Committee's diversity has increased over the last few years, and lay members help to provide a balance of outside perspective whilst also demonstrating a good understanding of our profession.

Neil Bennett
Partner, Leonard Curtis
Member of the Regulation and Conduct Committee

Committees

The Regulation and Conduct and Disciplinary and Appeals Committees are responsible for decision-making on matters relating to Insolvency Practitioners' conduct, including disciplinary action.

The Regulation and Conduct Committee operates with a lay majority at meetings, and tribunals (undertaken by the Disciplinary and Appeals Committee) are carried out with two IPA members and one lay member. An independent legal assessor, who takes no part in the decision-making, is also present at a tribunal.

I volunteered with the IPA and joined the Personal Insolvency Committee. This Committee merged with the Corporate Insolvency Committee and became the Standards, Ethics and Regulatory Liaison Committee. It is important that we are all given our say on what happens in the profession, and this is the perfect opportunity to do just that.

Clare Lindley
Insolvency Practitioner, StepChange Debt Charity
Member of the Standards, Ethics and Regulatory Liaison Committee

Secretariat

Led by the CEO, 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.

Diversity and Inclusion

The IPA is committed to ensuring that everyone in the organisation feels empowered to come to work as their authentic self, recognise the value to the IPA that this can bring, and know that this view is shared by all.

The IPA assumes an active role in promoting diversity and inclusion in our membership and in the insolvency profession. We do all that we can, in our role as an insolvency regulator and professional body, to ensure equal opportunities for all.

To carry out our work effectively in this area, the IPA has a dedicated working group and a diversity and inclusion policy that is under continual review.

> Diversity encompasses all distinguishing and differentiating factors in society. These include but are not limited to nationality; language; gender, gender expression and identifying as non-binary; religion; atheism; age; abilities and disabilities; working and thinking styles; education; sexual orientation and socioeconomic background.
>
> Inclusion means accepting each individual and their distinguishing and differentiating factors, whilst also recognising the importance of the diversity that this brings.

Who We Work With

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 help ensure confidence in the work of Insolvency Practitioners and the regulatory regime.

FINANCIAL CONDUCT AUTHORITY

The Financial Conduct Authority (FCA) regulates advertising for most financial services, as well as the debt advice sector, with the IPA and FCA therefore working together on areas of shared interest. We collaborate through sharing intelligence and areas of concern in order to help improve the standard and consistency of advice given to people in debt, prior to their referral to an Insolvency Practitioner.

OFFICE FOR PROFESSIONAL BODY ANTI-MONEY LAUNDERING SUPERVISION

The IPA is a Professional Body Supervisor (PBS), responsible for monitoring its members' compliance with the Money Laundering Regulations. The Office for Professional Body Anti-Money Laundering Supervision (OPBAS) is part of the FCA and is responsible for supervising the IPA and the other PBSs.

ADVERTISING STANDARDS AUTHORITY

The Advertising Standards Authority (ASA) is the UK's independent advertising regulator, and its jurisdiction covers all advertising in UK media. It makes sure that advertisements conform to the advertising rules (the Advertising Codes). The IPA has been made aware of a number of scam and copycat websites, and any intelligence is referred to the ASA.

The IPA in 2021

246

Complaints concluded

3rd

Year of the IPA's industry-first Volume Provider Regulation (VPR) Scheme

90

Committee members

48

Committee meetings

253

Inspections carried out

628

Licensed to practise

390

Student members

51%

Decrease in complaints about VPR Scheme members since 2020

Message from the President

Kevin Hellard
President
Partner and Practice Leader, Insolvency and Asset Recovery, Grant Thornton

It has been an honour to lead the IPA as President over the last two years, being only the second President to serve a term longer than one year, owing to Covid-19.

I have been impressed by the dedication of our Board, our various Committees and our Secretariat to serve the public interest through championing a first-class insolvency profession, supporting our members appropriately and continuing to develop the insolvency framework, and responding to wider changes we have seen in 2021. These include the winding down of Government business support measures and personal debt solutions changes, as well as consultations on matters including the insolvency rules, advertising and of course the future of insolvency regulation.

I am delighted by the IPA's expansion of its events and training programme, with the launch of IPA Learning modules and our free-to-member Essential Briefing initiative in 2021, as well as returning to a series of in-person IPA regional Roadshows and an in-person Personal Insolvency Conference, having successfully pivoted these and other events online in the preceding year.

I particularly enjoyed meeting many from the profession, addressing attendees and celebrating a special milestone at the IPA's 60th Anniversary Celebration event in London, alongside Paul Smith, IPA CEO, and former Chief Bankruptcy Registrar Stephen Baister.

As I pass on the reins to the incoming President, Samantha Keen of EY, I am proud to have served the Association through this challenging period, during which the talent of our people and the IPA's valuable oversight of the profession have come to the fore.

Message from the CEO

Welcome to the IPA's 2021/22 Annual Report. I joined the IPA in July 2021, replacing Michelle Thorp, and through Michelle's good work and that of the IPA team collectively, I came aboard an IPA which was performing strongly. I have enjoyed getting to know a great many people in the insolvency sector and leading the Association as it continues its drive to champion a first-class profession. It gives me great pleasure to introduce the following pages detailing our performance and key initiatives in 2021.

Paul Smith
CEO

We were delighted to note the Insolvency Service's 2021 monitoring report on the IPA, which reflects the substantial progress the IPA has made in recent years, recognising the IPA's regulatory innovations and increased efficiency. This includes measures such as risk profiling, issuing advisory notices and new complaints throughput processes.

The 58% reduction in aged complaints compared with 2020 is an excellent development, as is the reduction of 51% in complaints made about the volume Individual Voluntary Arrangement (IVA) providers regulated by the IPA under our industry-first continuous monitoring Scheme, the Volume Provider Regulation (VPR) Scheme.

The VPR Scheme is now in its third year and is producing tangible, positive results in the personal insolvency sector, such as a marked reduction in personal debt solution failures amongst Scheme members. The Insolvency Service reported an 8.4% sector statistic in 2019, whilst the IVA failure rate for VPR Scheme members in 2021 is 5.74%. Read more about the Scheme later in this report, as well as our regulatory and Anti-Money Laundering performance, our significant contributions to the technical framework, the good work of our Committees and other personnel, our qualifications and services to members.

I am proud to lead the UK's regulator and membership body dedicated solely to the insolvency sector, which does so much in pursuit of upholding excellence in the insolvency profession.

Championing Regulatory Standards

During 2021, we have added enhanced capability within Regulation. This includes the onboarding of one CPI and two JIEB qualified Regulation Officers (one as a replacement for an existing headcount that left the IPA in November 2020), all of whom joined us following a number of years of practice experience. The Head of Process continues to meet with each of the Regulation Officers individually on a weekly basis to ensure complaints are being progressed effectively and in a timely manner. In addition to this oversight, group meetings are held on a monthly basis to share knowledge and communicate best practice.

The IPA continues to hold monthly catchups with the Insolvency Service and every other month with the Accountant in Bankruptcy (AiB). There has been an increased focus on training for all Regulation staff on subjects including allegation setting and report writing.

In 2021, we received complaints concerning the following matters:

- Communication issues (inaccurate information, delays and/or failures to respond) continue to be a significant feature of complaints. Insolvency Practitioners are encouraged to ensure that they provide a prompt, comprehensive response to all communications, particularly in cases where stakeholders disagree or have a query.
- Breach of Anti Money Laundering (AML) legislation: two sanctions
- Drawing excessive/unauthorised remuneration: three sanctions
- Dividend delays
- Inadequate consideration given to the debtor's mental health and/or disability
- Failure to progress cases. In Individual Voluntary Arrangements (IVAs), this is also reflected in complaints about post IVA trusts.
- Closure delays: In 2021, there were two sanctions relating to case progression.
- Annual and other reporting (timing and quality): three sanctions
- Failure to carry out Statement of Insolvency Practice (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

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. As at 1 January 2022, there were 19 complaints open for 12 months or more, as opposed to 45 as at 1 January 2021.

Further changes planned for 2022

The IPA has concluded its review of its various rules. However, further steps are currently on hold pending the outcome of the Insolvency Service's consultation on Insolvency Practitioner regulation.

2021 complaints statistics

Complaints and disciplinary matters in hand at 1 January 2021:
152

New complaints and disciplinary matters received during the year:
183

Total concluded during the year:
246

Complaints and disciplinary matters carried forward at 1 January 2022:
89

Number of warnings, cautions or other unpublished sanctions issued during 2021:
1

Number of undertakings, consent orders, reprimands and fines issued during 2021:
27

Number of ongoing complaints and disciplinary matters currently being considered by Regulation and Conduct or Disciplinary and Appeals Committees:
4*

Number of complaints and disciplinary matters referred to the independent reviewer/assessor in 2021:
3

Footnote

**One referral to D&AC c/f into 2022 and three further complaints undergoing pre-D&AC review by external counsel.*

Targeted, Risk-Based Monitoring for Better Oversight

The IPA’s core regulatory activity is through handling complaints and undertaking monitoring to ensure that standards are met.

The monitoring of members continues to be carried out on risk-based approach. 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, they are subject to other forms of monitoring such as ARC (Analysis of Risk and Compliance) submissions, remote focused inspections and desktop monitoring.

The IPA's Volume Provider Regulation (VPR) Scheme covers 68% of the Individual Voluntary Arrangement (IVA) Market and 79% of the Protected Trust Deed (PTD) market. Rather than one visit per year, VPR Scheme members are continuously monitored through monthly data returns as well as being subject to one full visit and up to four focused reviews per year, plus regular call monitoring.

Due to government restrictions in light of the Covid-19 pandemic, monitoring has continued to be predominantly undertaken remotely and, where necessary, the scope of the monitoring has been adjusted.

The shorter, focused inspection reports introduced in 2020 continue to be used and have proved to be beneficial in specifically drawing practitioners' attention to the more serious matters that require addressing. These are highlighted as either allegations for serious regulatory breaches, and advisory notices - warnings which are placed on the practitioner's record. Inspectors' findings focus on major concerns and include recommendations for practitioners 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 refer to the Insolvency Service’s Common Sanctions Guidance to determine the outcome. 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.

Monitoring visits carried out in 2021

IVA Volume Provider figures shown in brackets

Routine: ***248 (103)***
Targeted: ***5***
Total: ***253 (103)***

Action following routine visit

Satisfactory report - no further action: ***143 (36)***
Further visit recommended - not yet done: ***2***
Further visit carried out (include in targeted figure above & result in stats in the right column): ***1***

Licence restricted: ***3 (1)***
Licence withdrawn: ***0 (1)***
Formal Undertakings by practitioners: ***2***
Plans for improvement (Advisory Notice/12 month follow up): ***142 (23)***
Decision not finalised: ***4 (1)***

Other:
Warning: ***2 (1)***
Conditions: ***2 (1)***
Consent orders: ***10 (3)***

Action following targeted visit

Licence withdrawn: ***2***

Findings from monitoring activity

Late statutory filing

Whilst there were a number of isolated instances identified where progress reports were filed with the Registrar a few days late, there were a handful of instances where Insolvency Practitioners had routinely filed progress reports late or not at all.

File reviews

There were a number of instances identified where Insolvency Practitioners are not routinely undertaking file reviews and, as such, the opportunity to ensure cases are handled efficiently and in a compliant manner were missed. In those instances where file reviews were routinely not undertaken, there was a significant identifiable increase in other findings as part of the inspection.

Statement of Insolvency Practice 1

There continues to be a prevalence of a lack of file notes for decisions taken by Insolvency Practitioners that materially affect the case.

Monitoring at Scale and Driving Up Standards in Personal Insolvency

The IPA's 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 functioning correctly, and in response we implemented the Scheme with the co-operation of volume IVA providers (those who conduct more than 2% of the IVA market - current entry level is around 6,500 IVAs) and following additional conversations with Insolvency Practitioners, 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 3,100 PTDs).

68% of the IVA market and 79% of the PTD market is covered by the Scheme. The Scheme is voluntary, but the IPA expects all of its eligible members to join.

The Scheme is the only example of continuous monitoring in insolvency regulation. The IPA believes that it offers as close (or higher) a level of scrutiny of any financial services provider in any sector.

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.

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 the identification of any problem areas.

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

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 Insolvency Practitioners operate, and offer a much higher degree of insight at firm level than in 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 focused 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 information as required
- Monthly meetings between the IPA and each Scheme member
- Quarterly meetings between the IPA and the full group of Scheme members

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

2021 focus areas

Areas of focus in 2021 were advice given to clients, case failures, advertising and marketing, work introducers, case progression, annual reporting, property, IVA Trust cases and variations. The IPA increased the number of cases for which advice calls are reviewed during 2021. A total of 1,010 IVA cases (2.17% of new IVA appointments for Scheme members) and 126 PTD cases (0.51% of new PTD appointments for Scheme members) were reviewed. During 2021, the Scheme inspectors also carried out a focused review across all members on reasons why an IVA/PTD is chosen by a consumer over other available personal insolvency solutions.

Focus areas for 2022

Client advice will continue to be monitored during 2022, as the IPA considers that continuous monitoring is key in this area.

The IPA considers that there are real threats on the horizon for consumers with energy price rises, tax increases and inflation. The increased cost of living has a big potential impact on IVAs and PTDs and the ability of debtors to make their agreed monthly payments. The IPA considers the recent changes will also force more people to seek advice and enter into debt solutions. The IPA will be raising this issue with members, as well as entering into discussions with the Insolvency Service, the IVA Standing Committee and the Accountant in Bankruptcy. The IPA will also be paying particular attention to work introducers/lead generators, case failures and Anti-Money Laundering (AML).

Complaints

In 2021, there were 100 complaints recorded against the firms in the Scheme, of which 94 related to IVAs and 6 related to PTDs.

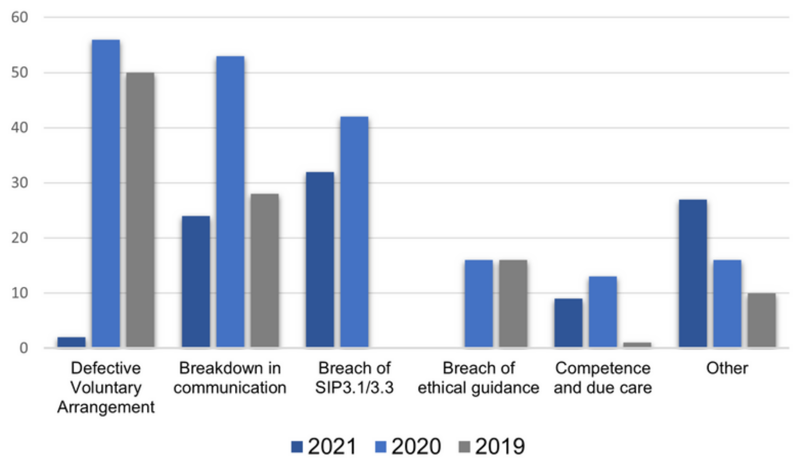
In 2020 there were 205 complaints (196 related to IVAs and 9 related to PTDs) and 109 complaints in 2019 (105 related to IVAs and 4 related to PTDs).

Complaints received in 2021 remain low, representing 0.03% of IVAs and 0.02% of PTDs administered by the Scheme members.

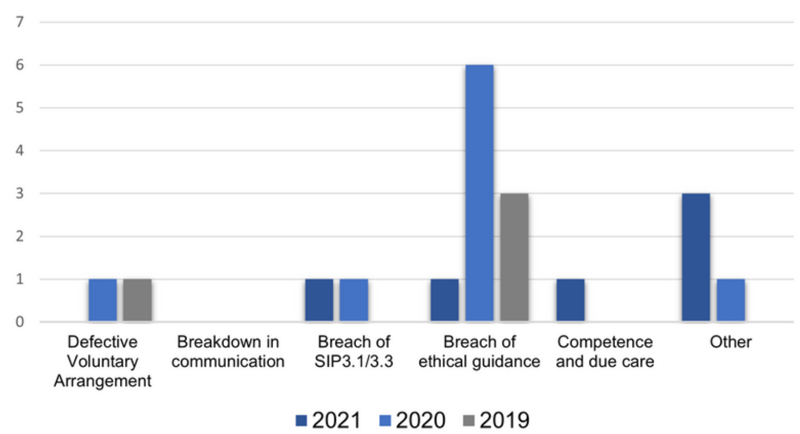
There were 76 complaint closures in 2021.

The charts below show the general themes across complaints.

IVA complaint themes 2019-2021



PTD complaint themes 2019-2021



During 2021, the Scheme covered:

- **222,265** IVAs and **24,594** PTDs, involving **8,376** figures being scrutinised
- **100** complaint investigations
- **44** inspections, reviewing **489** cases
- **1,010** calls reviewed
- **22,397** successfully completed IVAs
- **3,751** successfully completed PTDs
- **£185m** paid in IVA dividends
- **£18m** in PTD dividends

To find out more, you can access the 2021 benchmark report here.

Anti-Money Laundering

The IPA is a Professional Body Supervisor (PBS) as outlined in Schedule 1 of the 2017 Money Laundering Regulations (as amended) (MLR17). The IPA, like all PBSs, is responsible for supervising compliance with MLR17. The IPA is the PBS for 247 Insolvency Practitioners across 152 firms.

The IPA's aim as a PBS is to raise Anti-Money Laundering (AML) awareness and to improve standards of robust and effective compliance with MLR17.

The risk landscape is ever-changing, and members should keep their Regulation 18 MLR17 risk assessments, as well as policies and procedures, under review to ensure that they remain effective. Members must also ensure that their staff are aware of new risk areas and how to effectively control risk issues and report suspicions.

The IPA works with a continuous risk-based approach to AML monitoring and compliance considerations. Our AML visits and reviews consider the content and effectiveness of policies and procedures.

The IPA provided two free lunchtime briefings for members on AML and has worked with Insolvency Support Services (ISS) on providing insolvency-based AML training to assist members with their compliance. The provision of training for members remains a key activity for the IPA in 2022.

AML also features in all IPA roadshows and conferences. We feature AML articles in each edition of the IPA's newsletter, as well as issuing National Crime Agency (NCA) alerts and other guidance to assist members with their AML compliance. Oversight of our role as an AML PBS is carried out by the IPA's Anti-Money Laundering Committee. The IPA is an active member of external AML committees and works closely with the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) on our ongoing supervisory and regulatory role.

The IPA also provides ongoing training on AML matters to members of the Secretariat, and all staff promote compliance with MLR17.

Access the IPA's latest AML annual report here.

In 2021, the IPA carried out:

- *72 full inspections where the IPA is the AML Supervisor for the Insolvency Practitioner/firm and where AML policies and procedures were subject to review*
- *10 visits specifically to review AML policies and procedures and consider their effectiveness with staff and senior management*
- *18 AML compliance reviews to review policies and procedures – compliance reviews are carried out off-site*

The visits and reviews resulted in a formal allegation on breaches of MLR17 and 19 Advisory Notices being issued to members.

The Advisory Notices covered the following (number issued and themes in brackets):

- *Reg 18: firm risk assessment (8; amendment to make Reg 18 more specific to business*
- *Reg 19: policies (2; clarity of policy on when Enhanced Due Diligence (EDD) is due)*
- *Suspicious Activity Reports (SARs) policy (1; did not include matters on what to report, tipping-off)*
- *Client Due Diligence (CDD) /case risk/reviews/ (7; not reviewing CDD during case)*
- *Other (1; notice on transfer of cases and checking AML/ethics etc.)*

IPA Committees, Regulatory Powers and Operations

The IPA's Articles of Association set out the way in which the IPA is organised to achieve its purposes. Article 52 of the Articles gives the Board the power to establish Committees and delegate some of its powers and responsibilities to the Committees for increased efficiency.

The IPA's Committees cover all aspects of our business and play a vital part in ensuring continued high standards of services to our members, as well as promoting high professional standards.

The IPA's six Committees are:

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

The total number of Committee members is 90, a small proportion of whom are members of more than one Committee.

48 Committee meetings were held in 2021. There were also three Disciplinary and Appeal tribunal hearings.

The terms of reference for the Committees detail the scope of their responsibilities and sanctioning powers, and this is reflected in any appropriate by-law change and shared with the Insolvency Service. Committee membership was refreshed in 2020 and five-year term limits apply to every Committee member.

Regulatory Committee and decision-making

It is vital that regulation is robust and efficient in order to be effective. R&CC considers ongoing fitness to practise issues and liability to disciplinary action which arises from complaints, industry intelligence or monitoring visits. The Committee is formed of members who are insolvency professionals, as well as lay members from outside the profession. For balance, R&CC conducts its meetings with a lay majority.

R&CC meetings are usually held every three weeks. There is a pool of no less than 24

Committee members, and smaller groups are selected depending on specialisms and experience to consider the disciplinary and regulatory reports for consideration.

The total number of R&CC meetings in 2021 was 26. The total number of D&AC hearings was three (two disciplinary hearings and one appeals hearing).

For more serious matters, or if the R&CC and the Insolvency Practitioner(s) do not mutually agree the proposed sanction, the matter is referred to the D&AC in order for a tribunal to determine the outcome.

During 2021, a continued focus on improving reports submitted to the Committee was maintained, to ensure clarity and focus on the relevant issues.

The need for a comprehensive note of Committee decisions and follow up actions taken is vital, and therefore the IPA has a thorough process for agreeing minutes.

The main issues sanctioned concerned failures to comply with Statement of Insolvency Practice (SIP) 3.1; statutory breaches and breaches of the fundamental principles.

Developing the Insolvency Framework

Statements of Insolvency Practice

2021 began with the revision of three Statements of Insolvency Practice (SIPs): (3.2 Company Voluntary Arrangements); 7 (Presentation of Financial Information in Insolvency Proceedings); and 9 (Payments to Insolvency Office Holders and their Associates from an Estate). These all came into effect on 1 April 2021.

The reinstated power of the Secretary of State to introduce regulations on pre-pack sales in administrations was soon used; The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations came into force in England, Wales and Scotland on 30 April 2021, and in Northern Ireland on 25 June 2021. The IPA contributed to the pre-publication review of the drafting for these regulations.

These new regulations prompted corresponding revisions to SIPs 13 (Disposal of Assets to Connected Parties in an Insolvency Process) and 16 (Pre-Pack Sales in Administrations), which came into effect in the different jurisdictions on the same date as the corresponding regulations.

Debt Relief Orders: Consultation on Changes to the Monetary Eligibility Criteria

The outcome of the Debt Relief Order Consultation on Changes to the Monetary Eligibility Criteria was announced on 10 May 2021, with changes coming into effect on 29 June 2021.

These were arranged to coincide with the end of the first 60 days of another change, the introduction of the Government's Breathing Space Scheme, which freezes interest, fees and enforcement for people in problem debt, with further protections for those in mental health crisis treatment.

All-Party Parliamentary Group on Fair Business Banking

In April, the IPA made a formal submission to the All-Party Parliamentary Group (APPG) on Fair Business Banking enquiry into the insolvency profession.

Government and FCA consultations

The IPA responded to the Government on its call for evidence on the Insolvency Rules 2016 and to the Scottish Government's consultation on the remaining emergency provisions of the Coronavirus (Extension and Expiry) (Scotland) Bill.

During the year, the IPA made submissions to two FCA consultations: “Guidance for insolvency practitioners on how to approach regulated firms” and “debt packagers: proposals for new rules.”

Standards, Ethics and Regulatory Liaison work in 2021

Key issues dealt with by the Standards, Ethics and Regulatory Liaison (SERL) Committee in 2021 were the introduction of the revised SIPs 3.2, 7, and 9 and a further stakeholder consultation on proposed revisions to SIP 3.1 (Individual Voluntary Arrangements). SERL also contributed to guidance published in February by the National Archive, “How Insolvency Practitioners Can Rescue Records” which is now available on the IPA website.

The SERL Anti-Money Laundering (AML) Sub-Committee continued its work developing insolvency-specific guidance and checklists for Insolvency Practitioners and became a full IPA Committee reporting directly to the Board in November. This change demonstrates the importance of AML regulation and the Committee’s independence.

In being involved with regulatory change, the IPA liaises 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 and HMRC. It develops, improves and maintains insolvency standards from a regulatory, ethical and best practice perspective.

Member Engagement

It is the IPA's goal to provide best-in-class events, training, professional qualifications and other engagement to support our members through every stage of their career and to help them maintain the highest of professional standards in their day-to-day work.

The IPA provides members with a wide range of events and courses which qualify as structured Continuing Professional Development (CPD). Our events cover different aspects of corporate and personal insolvency, as well as related fields.

TRI AWARDS
TURNAROUND, RESTRUCTURING & INSOLVENCY

EDUCATION AND TRAINING PROVIDER OF THE YEAR 2021

The IPA also offers the world-leading Certificate of Proficiency in Insolvency (CPI) and Certificate of Proficiency in Personal Insolvency (CPPI) qualifications, both of which are principal routes to qualification as an Insolvency Practitioner through passing the Joint Insolvency Examination (JIE). The IPA administers the JIE for its members who wish to take it.

IPA events

2021 was a year of two halves. Starting the year still in the grips of the global pandemic, the IPA pivoted its annual events programme online, delivering a new programme of IPA Learning webinars, a successful Annual Conference and the launch of a new free-to-member Essential Briefing Series on Anti-Money Laundering (AML).

Total events held: 23

Total CPD hours: 57

Total attendees: 1,341

Guided by a survey of our members, September 2021 saw a return to live events (65% expressed confidence in returning to an in-person format).

A successful series of live regional Roadshows was delivered in Manchester, Leeds, Cardiff, Birmingham and London, followed by the Personal Insolvency Conference in Manchester in November, with over 110 delegates in attendance.

Key IPA events and training

Roadshows

A series of afternoon events in different locations in the UK, covering the latest in the profession, with regional insights as well as regulatory updates from the IPA, and a range of expert speakers.

Insolvency Practitioners Association

2021 Road Shows

Conferences

Normally held in London (but proceeding online in 2021), the Annual Conference covers the state of the profession on all fronts, with additional updates from key stakeholders and the IPA.

The Personal Insolvency Conference is held in Manchester and covers matters affecting the personal insolvency sector, assisted by a range of expert speakers and panelists.

IPA Learning

IPA Learning is a programme of online lunchtime workshops delivering targeted training on key topics. Listening to member feedback, 2021 saw us launch new free-to-member IPA Learning Essential Briefings on important compliance issues.

2021 marked 60 years of the IPA leading the way on professional insolvency standards.

In celebration of this milestone, we held a special reception at the Institution of Engineering and Technology, Savoy Place, London. The event was attended by many from the insolvency profession and included addresses from former Chief Bankruptcy Registrar Stephen Baister, IPA President Kevin Hellard and CEO Paul Smith.

Communications

Member engagement is at the heart of everything the IPA does and regular communications are key to keeping members informed on important matters. We do this through the monthly Insolvency Practitioner e-newsletter and other regulatory updates and alerts.

World-Leading Qualifications

In 1995, the IPA launched the Certificate of Proficiency in Insolvency (CPI) examination, one of the most respected qualifications in insolvency and recognised as a principal route to qualification as an Insolvency Practitioner through successful completion of the Joint Insolvency Examination (JIE). The IPA later developed the Certificate of Proficiency in Personal Insolvency (CPPI) examination to test candidates in greater detail on personal insolvency.

Examination results and prize winners

CPI
Passed: 76
Failed: 78

CPPI
Passed: 1
Failed: 6

CPCI
Passed: 5
Failed: 3

CPI prize winners (June)

Anthony Young (1st Place Distinction)
Yarima Conway (2nd Place Merit)
Sophie Newcombe (2nd Place Merit)

CPI prize winners (November)

Gabrielle Southern (1st Place Distinction)
Andrea Angelo Terraneo (2nd Place Distinction)

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

Financial Performance and Sustainability

The detailed figures for the year ended 31 December 2021 are set out in the financial statements within the appendix to this report.

The IPA's principal sources of funding are membership; events; training and professional accreditation; licence fees; monitoring and sponsorship. Income for the year totalled £3,493,511 (2020: £3,140,241).

Income across all IPA revenue streams increased in 2021. The IPA had many new members joining, as well as an increase in students taking the Certificate of Proficiency in Insolvency (CPI) exam. We were also pleased to welcome a new sponsor on board and, due to Covid restrictions easing in 2021, more events were able to take place in person.

The IPA's investment portfolio performed extremely well compared to previous years. Whilst the increase in the portfolio has to be recognised as income in the accounts, the market is extremely volatile and therefore the income associated with this is susceptible to change at any time.

Total expenditure in 2021 was £3,188,800 (2020: £2,854,304), an increase of 11%. One of the main increases in expenditure was due to new team members being recruited into the regulation team to meet the KPI requirements of the Insolvency Service. The IPA also invested money in ensuring that all IPA staff were Anti-Money Laundering (AML) compliant and to meet the obligations of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS).

The IPA also made various cost savings throughout 2021, contributing to the increase in surplus at year end. The biggest cost-saving factor was the IPA moving office premises to a shared service space. This meant that various costs could be reduced whilst not jeopardising the quality of the space itself.

Overall, the IPA accounts resulted in a surplus of £437,594 (2020: 317,665) for the year ended 31 December 2021.

The IPA has always viewed it as important to make a surplus year-on year to support a progressive approach to regulation and deliver on member services.

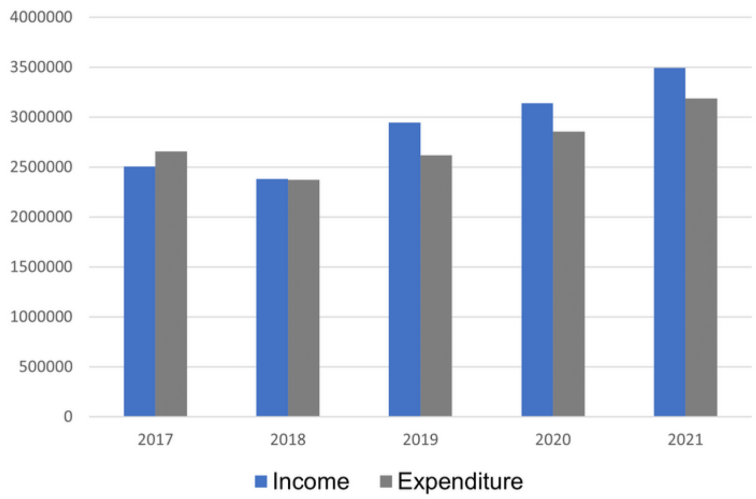
Despite Covid restrictions easing in 2021, many visits continued to be carried out online, hence a reduction in associated costs. Committee meetings also continued to take place online.

The IPA's total net assets as at 31 December 2021 are £2,129,185, which includes cash balances of £3,741,576.

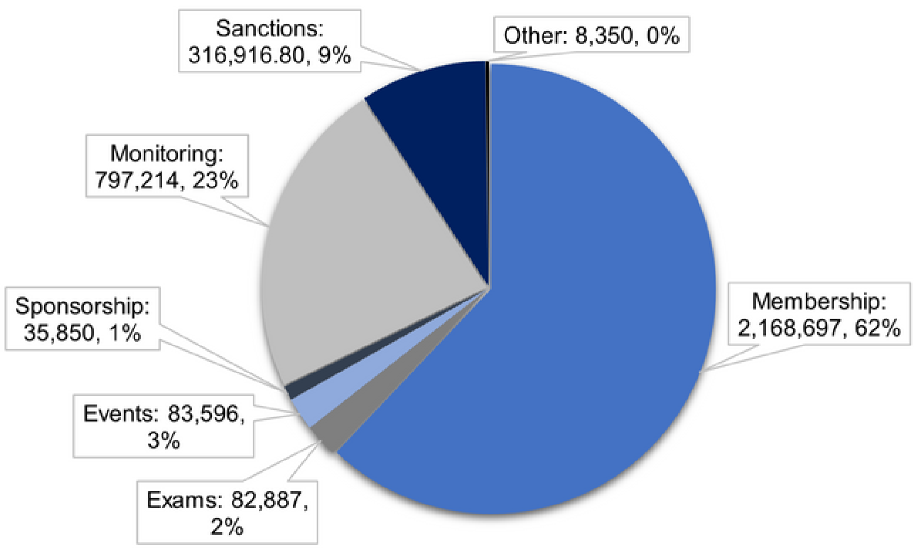
Operations

The IPA once again improved its IT infrastructure. The website was changed to improve some functionality internally, particularly around the reporting aspect. The subscription renewals process was changed to allow the integration between the website and the finance system to become more streamlined. We will seek to improve the IT infrastructure even further in 2022.

IPA income and expenditure - five years



IPA 2021 income split



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 2021

Insolvency Practitioners Association

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Insolvency Practitioners Association

Company Information

Directors	N A Bennett
	L Brittain
	J Colley
	S Croston
	P Davis
	K J Hellard
	L E Hinton
	A Hyde
	C A James
	S J Keen
	Y L Lee
	H Maddison
	K Marland
	M Moses
	J R Newgas
	S J Underwood
Company secretary	P Smith
Registered office	Sovereign House 212-224 Shaftesbury Avenue London WC2H 8HQ
Auditors	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 sixth Annual General Meeting of the Insolvency Practitioners Association ("the Association") will be held at Insolvency Practitioners Association, Royal College of Physicians, 11 St Andrews Place, Regent's Park, London NW1 4LE on 28 April 2022 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 2021.

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

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 to the registered office (above) 48 hours before the meeting.

Insolvency Practitioners Association

Report of the Council for the Year Ended 31 December 2021

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 2021. 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 (resigned 18 May 2021)

J Colley

S Croston

P Davis

J A Goschalk (resigned 28 April 2021)

K J Hellard

L E Hinton (appointed 28 April 2021)

A Hyde (appointed 28 April 2021)

D Hyslop (resigned 28 April 2021)

C A James

S J Keen

Y L Lee

H Maddison

K Marland (appointed 28 April 2021)

M Moses

J R Newgas

S J Underwood

Insolvency Practitioners Association

Report of the Council for the Year Ended 31 December 2021

Reappointment of auditors

The auditors Bourner 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 19/4/22 and signed on its behalf by:

....

P Davis

Director

Insolvency Practitioners Association

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

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 2021, 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 2021 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.

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.

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

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 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 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 Council.

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 Council and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Coucil 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.

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:

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: enquiries 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).

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

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: 17/4/22

Insolvency Practitioners Association

Profit and Loss Account for the Year Ended 31 December 2021

	Notes	2021 £	2020 £
Turnover		3,493,511	3,140,241
Administrative expenses		(3,188,800)	(2,854,304)
Other operating income	5	128,628	31,364
Operating surplus		433,339	317,301
Other interest receivable and similar income		5,253	6,541
Surplus before tax		438,592	323,842
Taxation		(998)	(6,177)
Surplus for the financial year		437,594	317,665

Insolvency Practitioners Association

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
Surplus for the year	437,594	317,665
Total comprehensive income for the year	437,594	317,665

The notes on pages 14 to 23 form an integral part of these financial statements.

Insolvency Practitioners Association

(Registration number: 01151132)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	6	17,875	14,750
Tangible assets	7	8,774	2,709
Other financial assets	8	1,375,998	1,009,975
		1,402,647	1,027,434
Current assets			
Debtors	9	173,403	132,641
Cash at bank and in hand		3,741,576	3,208,884
		3,914,979	3,341,525
Creditors: Amounts falling due within one year	10	(3,103,483)	(2,677,368)
Net current assets		811,496	664,157
Total assets less current liabilities		2,214,143	1,691,591
Provisions for liabilities		(84,958)	-
Net assets		2,129,185	1,691,591
Capital and reserves			
Profit and loss account		2,129,185	1,691,591
Total equity		2,129,185	1,691,591

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 19/4/22 and signed on its behalf by:

....

P Davis
Director

The notes on pages 14 to 23 form an integral part of these financial statements.

Insolvency Practitioners Association

Statement of Changes in Equity for the Year Ended 31 December 2021

	Profit and loss account £	Total £
At 1 January 2021	1,691,591	1,691,591
Surplus for the year	437,594	437,594
Total comprehensive income	437,594	437,594
At 31 December 2021	2,129,185	2,129,185

	Profit and loss account £	Total £
At 1 January 2020	1,373,926	1,373,926
Surplus for the year	317,665	317,665
Total comprehensive income	317,665	317,665
At 31 December 2020	1,691,591	1,691,591

The notes on pages 14 to 23 form an integral part of these financial statements.

Insolvency Practitioners Association

Notes to the Financial Statements for the Year Ended 31 December 2021

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.

The principal place of business is:
46 New Broad Street
London
EC2M 1JH

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.

Notes to the Financial Statements for the Year Ended 31 December 2021

Going concern

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

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	Depreciation method and rate
Computer equipment	3 years straight line
Furniture and fittings	3 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.

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 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.

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.

Provisions

Provisions represent a liability of uncertain timing or amount. Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

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 £8,774 (2020: £2,709).

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 £17,875 (2020: £14,750).

4 Staff numbers

The average number of persons employed by the company during the year was 32 (2020 - 29).

5 Other operating income

	2021 £	2020 £
Other operating income	-	7,500
Dividend income	52,433	16,946
Gain/ (loss) on investments	76,195	6,918
	128,628	31,364

During the year, the company received £nil (2020: £7,500) in relation to Coronavirus Job Rentention Scheme (CJRS) from the government.

6 Intangible assets

	Website and E-Learning development £	Computer software £	Total £
Cost or valuation			
At 1 January 2021	26,466	22,125	48,591
Additions acquired separately	-	15,750	15,750
At 31 December 2021	26,466	37,875	64,341
Amortisation			
At 1 January 2021	26,466	7,375	33,841
Amortisation charge	-	12,625	12,625
At 31 December 2021	26,466	20,000	46,466
Carrying amount			
At 31 December 2021	-	17,875	17,875
At 31 December 2020	-	14,750	14,750

7 Tangible assets

	Computer equipment £	Fixtures and Fittings £	Total £
Cost or valuation			
At 1 January 2021	19,553	55,334	74,887
Additions	11,287	-	11,287
Disposals	(6,184)	(54,636)	(60,820)
At 31 December 2021	24,656	698	25,354
Depreciation			
At 1 January 2021	17,350	54,828	72,178
Charge for the year	4,717	505	5,222
Eliminated on disposal	(6,185)	(54,635)	(60,820)
At 31 December 2021	15,882	698	16,580
Carrying amount			
At 31 December 2021	8,774	-	8,774
At 31 December 2020	2,203	506	2,709

8 Listed investments

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
At 1 January 2021	972,670	972,670
Fair value adjustments	76,129	76,129
Additions	335,092	335,092
Disposals	(62,883)	(62,883)
At 31 December 2021	1,321,008	1,321,008
Cash	54,990	54,990
At 31 December 2021	1,375,998	1,375,998

	2021		2020	
	Cost £	Market value £	Cost £	Market value £
UK listed	513,746	626,553	451,655	508,842
Europe	39,306	57,642	27,979	39,332
Rest of world	552,780	636,813	365,660	424,216
	1,105,832	1,321,008	845,294	972,390

Post balance sheet event

As at 21 March 2022, the latest valuation report available showed a decrease of 5.75% in investments to £1,296,867. This is due to the ongoing Russo-Ukrainian war whereby the conflict escalated significantly on 24 February 2022. The board have been reviewing, and continue to review, the impact of the conflict on the operations of the company on a regular basis and have taken measures to ensure the risks faced are mitigated.

9 Debtors

	2021 £	2020 £
Trade debtors	122,398	91,695
Prepayments	18,601	20,345
Other debtors	32,404	20,601
	173,403	132,641

10 Creditors

Creditors: amounts falling due within one year

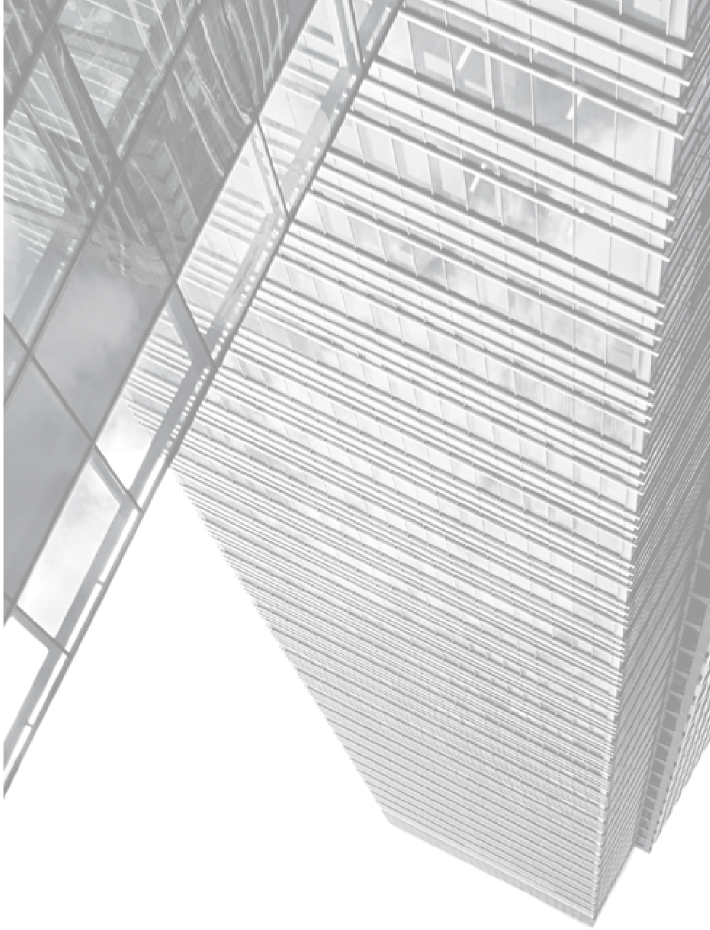
	2021 £	2020 £
Due within one year		
Trade creditors	57,725	136,066
Taxation and social security	63,015	65,334
Other creditors	2,982,743	2,475,968
	3,103,483	2,677,368

Other creditors include deferred income of £2,018,139 (2020: £1,880,596) relating to prepaid subscriptions and other fees.

11 Operating leases

The total of future minimum lease payments is as follows:

	2021
	£
Not later than one year	99,455
Later than one year and not later than five years	5,005
	104,460



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