



Making a Career as an **Insolvency Practitioner**



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Why become an Insolvency Practitioner?

Insolvency is possibly the most demanding career option a professional can undertake. It is certainly one of the most challenging, involving and rewarding. The insolvency profession is also one of the smallest – there are less than 2000 licensed insolvency practitioners in the UK.

Insolvency practitioners need the skills to deal with creditors, anxious directors, concerned employees and a range of other stakeholders in the business.

Insolvency practitioners can find themselves running businesses, constructing and negotiating deals or investigating and advising on the viability of a business and its restructuring (and, sometimes, the integrity of its directors).

The work of the insolvency practitioner affects the lives, prospects and livelihoods of both creditors and debtors. Insolvency work is as much about people as it is about figures. Insolvency practitioners need the skills to deal with creditors, anxious directors, concerned employees and a range of other stakeholders in the business.

The insolvency scene is always changing. In particular, the effects of the Insolvency Act 1986, the Enterprise Act 2002 and the attitudes of banks and other creditors mean that, more than ever, insolvency practitioners are business rescuers be they companies or individuals.

Whilst much of the work done by the profession involves formal insolvency procedures, increasingly insolvency practitioners are using their skills to

restructure and rescue business (both in the UK and abroad) without recourse to formal insolvency procedures. Where an insolvency practitioner is appointed in a formal insolvency, the most

common procedures are administrations, liquidations of companies by a variety of routes and for individuals, either Individual Voluntary arrangements (IVAs) or bankruptcies. Even in these cases, often regarded as the 'end of the line' for

businesses, imagination and determination are still needed to preserve as much of the business (and its associated jobs) as possible, or as a last resort to get the best possible price for its assets.

Even where a formal insolvency procedure is necessary, in many cases a positive approach to the rescue of businesses and jobs can be taken through the application of administrations, administrative receiverships and voluntary arrangements.

In the current environment, with personal debt at record levels, it is vitally important individuals get the correct advice about the options open to them to resolve their difficulties. As licensed insolvency practitioners are trained in all aspects of the law and procedure, they are best placed to provide that advice and only they can act as supervisors of individual voluntary arrangements or as trustees in bankruptcies.

The profession has been able to rescue increasing numbers of jobs and businesses in recent years, both because of legislative changes and the changing attitudes of creditors. Overall, some 20 per cent of insolvent businesses are rescued in part or as a whole and one in every six insolvent individuals enters a voluntary arrangement as an alternative to bankruptcy.

Since 1986, all insolvency practitioners have been required to be licensed by a recognised professional body (RPB) or the Department for Business, Innovation and Skills (BIS) in England and Wales or the Department of Enterprise Trade and Investment (DETI) in Northern Ireland. An individual's licence can be revoked if the holder ceases to be a fit and proper person to act as an insolvency practitioner.

In the current environment with personal debt at record levels, it is vitally important individuals get the correct advice about the options open to them to resolve their difficulties.

Only licensed insolvency practitioners are authorised to take appointments as administrative receivers, Scottish receivers, administrators, liquidators, trustees in bankruptcy or sequestration, supervisors of voluntary arrangements and trustees under deeds of arrangement and trust deeds.

If you have decided to make your career in this area of insolvency, you will first need to choose a route to becoming a licensed insolvency practitioner.



Becoming a Licensed Insolvency Practitioner

There are eight recognised professional bodies who can license insolvency practitioners (listed opposite), as well as the BIS in England and Wales and the DETI in Northern Ireland. Licensing, discipline and ethics are the responsibilities of these bodies and not R3.

Licence holders have considerable responsibilities. Cases are always taken in the name of an individual insolvency practitioner. They are then personally responsible for all the cases taken in their name and for the actions of everyone working on those cases.

Before applying for a licence, you must pass the Joint Insolvency Examination Board (JIEB) examination and satisfy either one of the RPBs, BIS or the DETI that you have the necessary practical experience.

In addition to their responsibilities for the administration of the cases, licence holders are responsible for getting the best possible outcome in each case - whether it is a small liquidation, a large group administration, an IVA or a complicated bankruptcy. In every case their ultimate responsibility is to the creditors, but there are always legal, ethical and moral obligations to employees, directors and other stakeholders to consider. Typically, insolvency practitioners are very proud of their work and thrive on the challenges they face in their chosen profession – most of them wouldn't wish to do anything else!

Recognised Professional Bodies (RPBs)

- The Association of Chartered Certified Accountants (ACCA)
- Insolvency Practitioners Association (IPA)
- The Institute of Chartered Accountants in England and Wales (ICAEW)
- The Institute of Chartered Accountants of Scotland (ICAS)
- The Institute of Chartered Accountants in Ireland (ICAI)
- The Solicitors Regulation Authority (SRA) for The Law Society of England & Wales
- The Law Society of Scotland
- The Law Society of Northern Ireland

The practical experience required differs from body to body. The current requirements for each licensing body are shown overleaf.

Before applying for a licence, you must pass the Joint Insolvency Examination Board (JIEB) examination and satisfy either one of the RPBs, BIS or the DETI that you have the necessary practical experience.

Rules for the Issuing of Licences

ACCA – for existing members, the individual must have been a member of ACCA for a continuous period of at least two years preceding the application for an insolvency licence and must have:

- at least three years of practical experience in a firm of practising accountants or insolvency practitioners, under the supervision of a licensed insolvency practitioner, or in an Official Receiver's office of which at least two years must have been obtained after admission to membership and;
- at least 600 hours of insolvency experience (and at least 150 hours in each of the three calendar years) in the three years immediately preceding the application for an insolvency licence and;
- passed the JIEB

ACCA – for non members (since 2005, ACCA has been able to issue licences to non-members).

A person who is not a member may still be regulated by ACCA solely to act as an insolvency practitioner. For an initial application an individual must meet the following requirements:

- must have completed three years of practical experience under the supervision of a licensed insolvency practitioner or in an Official Receiver's office and;
- have obtained a minimum of 600 hours of insolvency experience (and at least 150 hours in each of the three calendar years) in the three years immediately preceding the application for an insolvency licence and;
- have passed the JIEB.

In addition, non-members must give undertakings to be bound by

- ACCA's Global Practising Regulations,
- ACCA's Authorising Regulations,
- ACCA's Charter, bye-laws and regulations insofar as they are appropriate and applicable and
- ACCA's disciplinary procedures, together with any penalties imposed under such provisions, insofar as such penalties could be applicable to a person who is not a member of ACCA, as if they were members of ACCA.

IPA – Must be an ordinary member of the Association (ordinary membership application and authorisation application forms can be sent in together). The criteria for **Ordinary Membership** is passing the JIEB and not less than 600 hours of higher insolvency administration experience in the last three years or passing the Certificate of Proficiency in Insolvency (CPI – see below) and not less than 1,800 hours including 1,200 hours of higher insolvency administration experience in the last three years. The criteria for **Authorisation** is passing the JIEB and not less than 600 hours of higher insolvency administration experience in the last three years.

ICAEW – ICAEW members and non-members may apply for a licence. Non-members must first apply to become an ICAEW insolvency affiliate before applying for a licence. All applicants must have passed the JIEB exam and have acquired a minimum of 600 hours of insolvency experience over the previous three years, subject to a minimum of 150 hours per annum, of which half must be work of a type reserved to insolvency practitioners under the Insolvency Act.



ICAI – Must have been admitted to a practice, and have a minimum of 600 hours insolvency experience over 3 consecutive years, of which one year only may be pre-qualification.

ICAS – Must hold a practising certificate and have a minimum of 600 hours insolvency experience over 3 consecutive years, of which one year only may be pre-qualification.

The Solicitors Regulation Authority
– Must be a solicitor of England & Wales and hold a current practising certificate or be a European lawyer registered with the SRA. Must have been admitted for at least 3 years and have passed the JIEB and had significant involvement in technical insolvency work in the 3 years immediately preceding the application (in practice this means a minimum of 600 hours). www.sra.org.uk/solicitors/accreditation/licensed-insolvency-practitioners.page

The Law Society of Scotland – Must have been admitted for at least 3 years and be able to demonstrate sufficient experience within the 3 years prior to application.

The Law Society of Northern Ireland
– Must hold a practising certificate, have been admitted as a solicitor for at least 5 years, and satisfy the Society that knowledge and experience of insolvency is adequate and satisfactory to justify authorisation.

The Department for Business, Innovation and Skills (BIS) – There are a range of requirements for those who have not been authorised before and these are set out in Regulation 7 of the IP Regulations 2005 (SI 2005/524) these can

be found on www.opsi.gov.uk and can best be summarised as passing the JIEB examination plus at least 7,000 hours of insolvency experience. An applicant must have a good command of the English language.

The Department of Enterprise Trade and Investment (DETI) –

Must satisfy the relevant educational, training and experience criteria as set out in the Insolvency Practitioners Regulations (Northern Ireland) 2006. www.opsi.gov.uk

The Routes to Qualification

Candidates for the JIEB exam must be either registered students of the IPA, a member of / or registered with ICAEW, a member of one of the other six RPBs or sponsored by the BIS or DETI.

The requirements for student membership of the IPA and to register with ICAEW are set out in Appendix 1. The membership requirements of the other RPBs can be obtained by writing to their secretaries. The requirements of the BIS and the DETI for sponsorship can be obtained from them.

RPB rules and the JIEB examination syllabus may change. Please be sure to check these details with your RPB.

Details of the JIEB examination are given in Appendix 2.

A list of useful contact addresses and telephone numbers can be found in Appendix 3.

Studying for the JIEB Examination

The JIEB examination sets out to assess the professional competence of those seeking to carry out the functions of a licensed insolvency practitioner. The papers are demanding in both the depth and breadth of practical and technical knowledge required. Undertaking the JIEB examination represents a considerable commitment by the candidate and one where substantial practical experience is a clear advantage. R3 recommends that candidates do not attempt the examination without at least three years' practical experience covering all the areas examined.

The examination, consisting of three papers each of three and a half hours, is held annually at a number of centres in England, Wales and Scotland. More details of the examination can be found in Appendix 2.

Details of tutorial organisations are listed in Appendix 3. In addition, R3 provides suitable courses to help students studying for the JIEB.

ICAEW Certificate in Insolvency

This certificate will provide you with the UK's most up-to-date and relevant corporate and personal insolvency principles. ICAEW has used their expertise as the UK's largest insolvency regulator to develop a syllabus which is based on current legislation. Your study and assessment can be planned to fit in with

your other commitments as you can choose your preferred study option (self-study or classroom tuition) and where and when you take the assessment from a selection of UK venues and dates throughout the year. The certificate will also give you a solid foundation to study towards the JIEB exams. ICAEW also offers support at every stage including registration for the JIEB exams through to becoming insolvency licence holders. The certificate is available for members and non-members of ICAEW and no previous qualifications are required.
www.icaew.com/insolvencycertificate

The Certificate of Proficiency in Insolvency

The IPA also conducts examinations leading to the issue of the Certificate of Proficiency in Insolvency (CPI). The exam is a test at a lower level than the JIEB exam and is designed for staff working full-time in insolvency who do not necessarily intend to become licensed insolvency practitioners.

The exam is a basic test of insolvency competence and comprises a single three hour paper held in June each year. Approximately 40 per cent of the paper is allocated to multiple choice questions and 60 per cent to essay type questions. Personal insolvency aspects account for approximately one third of the marks and corporate insolvency about two thirds.

Entry is open to any individual provided that he or she is a registered IPA student.



R3 – The Association of Business Recovery Professionals

You should strongly consider applying for student membership of R3. Student members are eligible to attend its regional meetings, courses and conferences as well as to receive the quarterly magazine Recovery and all its technical publications.

All licensed insolvency practitioners in the UK are eligible for membership. In practice, 97 per cent of all licensed practitioners have taken up membership of R3, which has become the voice of the insolvency and business rescue community.

R3 provides more than just a unified and influential voice for insolvency professionals, it also plays a major role in constantly improving already high standards of insolvency and business rescue expertise.

It is becoming a vital forum for anyone who needs to network with the insolvency profession, either at a national level or within their own business community. Increasingly, R3 is being seen as an effective lobbyist on behalf of the profession with both Government and the media.

There are many benefits to membership, not least to students. R3 offers an unparalleled variety of courses and conferences for members and students alike. R3 publishes a wealth of technical literature:

Technical Bulletins – technical reminders, updates and news of legislative developments.

Statements of Insolvency Practice – best practice guidelines issued for the benefit of all practitioners.

Recovery – the quarterly magazine of the Association, featuring technical articles, news for and from members, student and committee issues, recent publications and courses and conference updates.

Understanding Insolvency – a basic guide for non experts. Often distributed by members' firms as an introduction to the jargon surrounding insolvency.

The R3 Directory – annual directory of members sent to all members, students and subscribers free of charge. Now in its 16th year, this is the essential guide to Professionals who work with underperforming businesses and individuals in financial difficulties.

Is a voluntary arrangement right for me? – an important guide for individuals on the implications of entering into an IVA. Until recently, individuals proposing an IVA were required to sign an acknowledgement at the back of this publication acknowledging that they had read and understood the commitments they would undertake when entering into an IVA.

Creditors' Guides - a set of guides suitable for distribution to unsecured creditors which explain the rights of creditors during an insolvency process.

Debt Crisis - R3's guide to your options and some of the places you can go for advice.

Setting yourself up in Practice - This guide has been produced for those who are intending to practice as licensed insolvency practitioners taking insolvency appointments.

In addition, much of this material is also published on the R3 website:
www.r3.org.uk

For those who are not eligible for Full membership, Associate status offers individuals key benefits and enables opportunity to engage within the sector.

Objectives of R3

These are to:

- Represent the insolvency and business rescue profession; to the government, the media and the public at large;
- Advance the theory and practice of insolvency administration and business rescue;
- Promote high standards of practice and professional conduct of insolvency practitioners;
- Recruit a body of persons who are skilled and experienced in insolvency administration and to train those who wish to attain skill and experience in this area;

- Facilitate an exchange of views and opinions on, to promote a better understanding of, and to inform public and professional opinion on, the subject of business rescue, insolvency administration and connected problems.

Membership of R3

Membership of R3 is on an individual basis.

Membership categories are as follows:

Full Members

Individuals entitled to hold a licence or who are licensed to act as insolvency practitioners by one of the following RPBs:

- The Association of Chartered Certified Accountants
- Insolvency Practitioners Association
- The Institute of Chartered Accountants in England & Wales
- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants of Scotland
- The Solicitors Regulation Authority for The Law Society of England & Wales
- The Law Society of Northern Ireland
- The Law Society of Scotland
- Members of the Institute for Turnaround (an independent body, membership of which confers eligibility for membership of R3) and
- Full members of the Insolvency Lawyers Association



Fellows

R3 members who have had five years of membership.

New Professionals

Are divided into two categories: New Professional (Student) and New Professional (Networking). New Professional (Student) is available to any member of a recognised professional body currently studying for the JIEB examination or students of the Insolvency Practitioners Association (IPA) who are preparing to take or have passed the Certificate of Proficiency of Insolvency (CPI). New Professional (Networking) is available to individuals who have recently joined their firm, and/or new to the business recovery sector and wish to network with R3 members.

Associates

Individual members who work substantially within the business recovery sector and who do not meet the eligibility requirements for Full membership.

Regional Meetings

R3 has a thriving network of regional and national groups, representing the following areas:

- Eastern
- Midlands
- North West
- R3 in Scotland
- South West & South Wales
- London
- North East
- Northern Ireland
- Southern
- Yorkshire

These regional groups have an extensive programme of technical and social meetings, sometimes with special sessions for students. Guest speakers are invited and a high standard of technical debate is encouraged.

Student Courses

R3 organises a wide range of courses and conferences suitable for student members throughout the UK. Courses range from half days covering one specific topic to two-day residential courses. Specific workshops are run for both the JIEB & CPI exams. The course programme is set annually in advance and full details may be obtained from the Courses and Conferences team at 120 Aldersgate Street.

Regional meetings, held regularly by all ten of R3's regions, cover general technical issues some of which will be relevant to students. Details of the regional programmes can be obtained from the Head of Marketing & Member Services at 120 Aldersgate Street.

Annual Conference

The R3 Annual Conference is held in Europe each year and features a wide range of topical issues and provides unique networking opportunities for the delegates. Elements of the Annual Conference are also mounted in the UK sometime later in the year for the benefit of the members generally.

Appendix 1: IPA Students –

Registration Requirements

ICAEW registration

Non members may register with ICAEW to sit the JIEB exams on payment of a one off fee. There is no registration fee for ICAEW members or those who have already registered with ICAEW for either the Certificate in Finance, Accounting and Business or The ICAEW Certificate in Insolvency.

You must register as a student with the Insolvency Practitioners Association (IPA) if you want to take the IPA's exams. There are no academic or experience requirements for any of the IPA's examinations.

A fee is payable when you register. You must renew your registration on 15 September each year, when a renewal fee is payable. Application forms and a scale of fees can be obtained from the Membership & Authorisations Secretary of the IPA (see appendix 3 for the address).

Appendix 2: The JIEB Examination

The JIEB examination is held annually in November at a number of centres in England, Wales and Scotland. The examinations consists of three papers each of three and half hours; covering the following syllabus areas:

- Liquidations
- Administrations, Company Voluntary Arrangements and Receiverships
- Personal Insolvency

Undertaking the JIEB examination represents a considerable commitment by the candidate and one where substantial practical experience is a clear advantage.

There are four compulsory questions to each paper. Questions 1 & 2 carry 20 marks each and questions 3 & 4 carry 30 marks each.

The overall emphasis of the papers is practical.

Candidates who have not passed any of the papers may opt to sit one, two or three of the papers at one sitting.

Candidates who have passed a single paper at any sitting of the examination from 2007 onwards (but not before) will be allowed to carry forward that pass but, must pass the remaining two papers at the same sitting. They will have five years in which to pass the other two papers.

Candidates who have passed two papers at a single sitting will be allowed five years in which to pass the third.

The pass mark in each paper is 50%.

The overall standard required is broadly consistent with that required in the final qualifying examinations of the RPBs.



Appendix 3: Useful Contacts

Chief Executive Officer
Association of Business Recovery
Professionals
8th Floor,
120 Aldersgate Street
London EC1A 4JQ
Tel: +44 (0) 20 7566 4200

Head of Insolvency Practitioner Regulation
The Insolvency Service
21 Bloomsbury Street
London WC1B 3QW
Tel: +44 (0) 20 7291 6772

Authorisation Unit
Professional Standards
The Association of Chartered Certified
Accountants
2 Central Quay
89 Hydepark Street
Glasgow G3 8BW
Tel: +44 (0) 141 534 4175
authorisation@accaglobal.com

Membership & Authorisation Secretary
Insolvency Practitioners Association
Valiant House
4 – 10 Heneage Lane
London EC3A 5DQ
Tel: +44 (0) 20 7623 5108

Insolvency Regulation
The Institute of Chartered Accountants in
England and Wales
Metropolitan House
321 Avebury Boulevard
Milton Keynes MK9 2FZ
Tel: +44(0)1908 546 327
icaew.com/insolvency

Director of Insolvency
Institute of Chartered Accountants of Scotland
CA House
21 Haymarket Yards
Edinburgh EH12 5BH
Tel: +44 (0) 131 347 0100

The Contact Centre
The Solicitors Regulation Authority
Ipsley Court
Berrington Close
Redditch
Worcester B98 0TD
www.sra.org.uk
Tel: 0870 606 2555

The Institute of Chartered Accountants
in Ireland
Burlington House
Burlington Road
Dublin 4
Tel: 00 353 1 637 7200

Insolvency Practitioner Licensing Section
The Insolvency Service
Department of Enterprise Trade and
Investment
Fermanagh House
28 Ormeau Avenue
Belfast BT2 8NJ
Tel: +44 (0) 2890 548531

The Society's Registrar
The Law Society of Scotland
26 Drumsheugh Gardens
Edinburgh EH3 7YR
Tel: +44 (0) 131 226 7411

BPP Professional Development
1 Procter Street
Holborn
London WC1V 6DW
insolvency@bpp.com
Tel: 0845 226 2422

Deputy Chief Executive/ Deputy Secretary
Law Society of Northern Ireland
40 Linenhall Street
Belfast
BT2 8BA
Tel: +44 (0) 28 9023 1614



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