



Annual Review 2009

Association of Business Recovery Professionals





A recent study indicates that the insolvency industry in the UK*:

- **Employs 12,700** people directly including 1,735 licensed insolvency practitioners, in 714 firms;
- **Helped to save 1,951,743 jobs** in businesses that were suffering from solvency problems in 2009;
- **Is ranked 8th out of 127 countries** for speed with which it deals with troubled businesses and 9th out of 175 countries for the amount it recovers for creditors. On these criteria it ranks above the US;
- **Plays a vital role** in maintaining a business environment in which creditors are willing to lend, entrepreneurship is encouraged and the economy can flourish;
- **67%** of insolvency practitioners' organisations were involved in restructuring or turnaround of companies
- According to World Bank data, insolvency practitioners **recover 84 cents in the dollar** for creditors at a cost of 6% of the value of the estate.

*Source, research by ComRes in March 2010 in a report entitled, 'the value of the insolvency industry.'

What R3 does

R3, The Association of Business Recovery Professionals is the UK's leading trade body for insolvency, business recovery and turnaround specialists in the UK. Known also by its brand name 'R3', it promotes best practice for professionals working with financially troubled individuals and businesses. R3 has representation around the UK and provides a forum for debate on key issues facing the profession.

R3 members are experienced, professionally qualified and highly regulated to help financially distressed individuals and businesses. They are active at all points in the 'decline curve' and work with all kinds of individuals and business types and sizes.

What they have in common as insolvency practitioners (IPs) is that they do their best to sort out the problems. Individuals who have taken on too much credit are advised how best to deal with creditors in a way that is fair to those that lent them money. Where businesses cannot be saved the IP tries to get the best price for stakeholders and creditors while saving the parts of the business that can be saved.



Message from the President

I became President of R3 just as the full force of the recession swept across the country. Just to keep up with the pace of things I had to hit the ground running.

The first task was to deal with the Insolvency Service's Annual Review of IP regulation, followed in quick succession by the report on the first six month's policing of SIP 16 by the Insolvency Service; then came Parliament's own review of the (then) BERR select committee report on the Insolvency Service and finally by the Insolvency Service's Annual Report.

As the recession took a firm grip of the economy IPs were perceived to be benefiting from other's misfortune. R3's Communications team working with the Insolvency Service, the RPBs, trade and business associations, and Parliamentarians set about dispelling this myth and strove to get across the positive message about the work IPs do in saving jobs, saving businesses and keep financial distressed individuals on the straight and narrow. R3's message continues to be positive.

To this end, R3 joined with Jobcentre Plus and the Insolvency Service to sign a Memorandum of Understanding on 22 October 2009 detailing how we will work together to share information about possible job losses in struggling companies, helping to ensure that people threatened with redundancy are offered support.

In November the OFT launched a market study into the corporate insolvency industry which they expect to complete by the end of 2010. R3 have welcomed the opportunity to demonstrate IPs' value to the economy and hope this report will dispel many of the 'myths' surrounding insolvency.

R3 is a great team of people striving to promote and support the profession, running courses and technical support help keep IPs up-to-date and enable us to provide best advice. In addition, the Communications team have increased PR coverage both at the national and regional level resulting in improved brand recognition generally for R3 and its members.

Being President means working with the R3 team and also continuing the good work of earlier presidents. This was most evident at the launch of the APPG on Insolvency when the work of past Presidents Patricia Godfrey and Nick O'Reilly came to fruition. I had the pleasure of launching the APPG with Natascha Engel MP. It is hoped the group will act as a resource to Parliamentarians on all aspects of insolvency.

As President I have visited all of the R3 regions, either to attend events or speak at conferences and regional meetings. It would be unfair to pick out any one event as being the best; I have enjoyed them all, meeting members across the country. I would like to thank all committee members and event organisers for their hard work; without you R3 would not be able to operate to such a high standard.

I have not been allowed to develop any airs and graces as President, my office staff and family have kept my feet firmly on the ground. I would like to thank everyone at Begbies Traynor, especially the Halifax office, and my family, especially my wife and daughters, for their support.

Finally thank you to you all for your support.

Peter Sargent
R3 President



Message from the Chief Executive Officer

R3 continued to work to raise the profile of and support for its members in 2009 - a year when insolvency, turnaround and restructuring became increasingly more important to the UK and was high on the political and media agenda.

The insolvency industry was pushed into the spotlight by the numerous reports and reviews on the insolvency industry that were launched or published during the year.

To address the increased interest in the world of insolvency, our Communications department grew with the addition of a Policy Manager to manage the research used for press and public affairs purposes. The team continued to raise awareness of R3 and bolster the image of the industry – and has effectively and vigourously defended the industry on issues such as pre-packs and fees – amongst key decision makers, journalists and opinion formers. R3 were able to introduce the All-Party Parliamentary Group on Insolvency to all the Parliamentarians and insolvency stakeholders.

The financial assistance provided by our sponsors was an invaluable part of our funding and I would like to thank our national sponsors, Insolvency Risk Services and Willis, as well as our other sponsors of individual national and regional events.

R3 is eligible for grants awarded by the Trustees of the Barbican settlement to finance specific projects for the benefit of members and the enhancement of the profession. The trustees also award the sums allocated to the Farringdon Voucher training scheme, and in 2009 we were allocated £195,000.

Our policy of building up and maintaining suitable reserves to underpin and maintain our activities in the event of a significant fall in income remains justified, even more so as we continue to exist in a low interest rate environment, where we cannot assume that grant or sponsorship levels will remain the same. Over the last three years our target has been to break even, however this year there was a £20,000 increase in reserves which can be attributed in part to our decision not to commission planned research into CVAs as it was overtaken by an unexpected government consultation into CVAs.

R3 continues to develop its offerings in response to its members' demands. I would like to express my thanks to the full-time staff for their work; also the local committees, women's and student groups for all their hard work, ensuring the smooth and successful running of local activities; and to the Executive and Council for the support and direction they continue to provide me and the staff.

A handwritten signature in black ink, appearing to read 'Graham Rumney'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Graham Rumney
Chief Executive Officer



Membership & Member Services Committee

We are pleased to report a continued upward trend throughout 2009 in attracting new members into the Association.

We are pleased to report a 2.5% increase across all membership categories during 2009, with a total of 246 new member applications received directly throughout the year.

The Membership and Member Services Committee have spent considerable time listening to members and discussing new ideas to improve and enhance member benefits.

We are delighted that the new membership category of New Professionals (Networking) has been well received, with new recruits enjoying the benefits and opportunities available.

In addition, Associates with significant knowledge and experience within the sector (subject to application and references) are awarded the designatory letters 'AABRP'.

The Committee remains proactive and will continue to seek views across the full spectrum of the membership and will actively engage with members to identify key issues affecting members nationally.

Objectives remain:

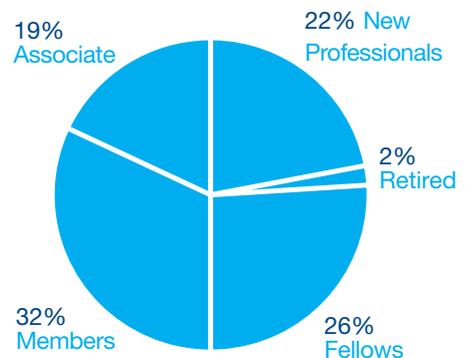
- The enhancement of member benefits for all categories of membership
- The promotion of R3 as the UK's leading network of business recovery professionals
- Active engagement with members to understand and meet expectations of the membership

As we enter 2010, new initiatives such as the website overhaul and the enhancement of R3's technical offering, demonstrably reflect R3's commitment to improving the benefits of membership for all.

Lee Manning
Chair, Membership & Member Services Committee

Cynthia Matthews
Head of Marketing & Member Services

Membership breakdown 2009*



* figures are rounded up to the nearest whole number



Technical Committees

The Technical Committees continue to be kept busy by legislative reform, both actual and prospective. Radical changes to the Insolvency Rules in both England, Wales and Scotland have required extensive analysis and discussion with Government so that detailed guidance can be issued to members.

The Committees have also responded to the Government's consultation on encouraging business rescue by introducing extended moratorium provisions, and other possible changes which might be made to insolvency law if a suitable legislative vehicle arises. In Scotland, the Home Owner and Debtor Protection Bill has been a particular concern.

Among other subjects on which the Committees have responded to consultations are: resolution arrangements for investment banks; special resolution regimes for building societies; and reform of the debtor petition processes in England and Wales.

Representatives of the Committees remain active on the Banking Liaison Panel.

The Committees have a programme of regular liaison with HM Revenue and Customs to discuss insolvency related tax issues, and this has resulted in proposed modifications to the rules relating to the online filing for corporation tax returns in insolvencies.

The Committees have been active in the re-drafting of Statement of Insolvency Practice 2 in conjunction with the Joint Insolvency Committee.

Quarterly technical bulletins have been issued to members to keep them informed of topical developments in insolvency law and practice.

As ever the Committees are indebted to their members for giving generously of their time and expertise.

Richard Heis
Chair, General Technical Committee

John Francis
Technical Director

Rachel Grant
Chair, Scottish Technical Committee



Left to right: Alison Goldthorp, Peter Sargent and Sandra Frisby at the Parliamentary Reception

Education & Training

In 2009, we ran 85 training events and sold 4,053 places to members and their employees. We ran a mix of courses throughout the year.

We ran courses in the North East, but these courses were not well supported. We have consulted with our members and will in future offer York as a compromise location for courses in that area. Overall, our courses were well supported in 2009 and we exceeded our budget for our regular courses.

The 19th Annual conference in Geneva was attended by a total of 184 delegates; the lowest total since 1997. Its timing, which was predicated by the INSOL Quadrennial in June 2009, meant that for some firms there were two R3 Annual conferences in the same financial year. Despite this, the conference made a small surplus. Dennis Turner of HSBC opened the conference in his inimitable style and the highlights on the first day included a review of the banking rescues that have taken place and a fascinating insight into collecting assets in Switzerland.

The 3rd Lite Conference was held in May and it featured the key technical sessions from the Annual Conference. 83 delegates attended - well down on the previous year's total of 121. In contrast, the SPG forum was extremely popular and we had a delegates' waiting list. As result the 2010 SPG forum will be held at a larger venue.

The breakfast briefings covered issues such as property, plant and equipment, tax in insolvency and SIP 16 feedback from the Insolvency Service.

It is clear that members appreciate the convenience of having our courses on DVD as sales took off this year. We will be looking at other means of electronic course delivery during 2010 to enhance the options available for our members.

In 2009, we saw an increase in the take up of the Farringdon voucher scheme amongst firms, but the redemption rate was lower. However, the unclaimed balance has been rolled over and divided up amongst the firms entitled to receive the vouchers in 2010.

In 2010, if a firm has not used its allocation by the end of September it will be divided up amongst those firms that have used up their allocations. All beneficiaries have been advised of this change. We cannot emphasise enough the benefit of these vouchers as they could reduce the cost of training to the VAT element which can then be offset against the firm's outputs.

We are always open to suggestions for course topics and if there are any particular issues that you would like covered, please email David White - on dwhite@r3.org.uk.

Finally, we would like to thank all the speakers who have given their time over the past year to ensure the course programme meets members' needs.

Jane Moriarty
Chair, Education, Courses & Conferences Committee

David White
R3 Training Director



Smaller Practices Group

We continue to ensure that the voice of smaller practices is heard in these times of change and review which can be particularly challenging in the environment of the small practice.

Throughout 2009, we have tried to ensure that the interests of smaller practices are widely represented in the lobbying being undertaken by R3, and within the new R3 Policy Group, as well as at the newly formed All-Party Parliamentary Group on Insolvency. It is key that politicians are engaged at a high level, at a time when change appears unavoidable.

We continue to liaise with our colleagues who work within Education & Courses, Membership and the General Technical Committee (GTC) to raise issues of concern and I hope that our members will continue to raise with me, or with any other member of the SPG Committee, any specific concerns they believe should be addressed, be they technical or educational. As the voice of the smaller practices in the industry, we need to be aware of all the issues smaller practices face across the spectrum, now and for the future.

In 2009 we saw the retirement from SPG Committee, of Steven Law, owing to his "elevation", and also of Jim James, now on Council, and of Ian Holland, and I thank them for their long service. New members joining the Committee in 2009 were Theo Anderton of Blake Lapthorn, Alison Byrne of Alison Byrne & Co, and Liz Pywowarczuk of Liberta Financial Ltd. We hope to continue to attract new blood in 2010.

The 2009 Forum, again held at Chesford Grange, was extremely successful, mainly thanks to the course directors, Fiona Monson and Amanda Ireland, and to the marvellous organisation of Angela Stannard and the R3 team, as well as some excellent speakers. The theme was "Survival" and apart from the thrills of Benedict Allen the explorer speaking at the dinner to a rapt (unusually quiet for IPs and lawyers) audience we had a mixture of technical and soft skills presentations and discussions, which got very good feedback from delegates. These courses go some way to fill in the training gaps smaller firms have which larger firms fill in-house – 260 or so attendees certainly thought so.

We anticipate very challenging times ahead and are firmly committed to speaking up on behalf of smaller practices and ensuring they have the best chance of competing in the market place. In the coming year, I would also like to improve the SPG by expanding and making more regular communication with the SPG constituency.

Frances Coulson
Chair, Smaller Practices Group

Communications & Public Affairs

R3's press and public affairs strategy moved into its second year with excellent results. An All-Party Parliamentary Group (APPG) on Insolvency was set up in May while the press office secured nearly fifty articles in the Times, the Daily Telegraph and the Financial Times alone and coverage remained high throughout the year. The team faced their largest challenge to date with the announcement by the OFT of a market study into corporate insolvency and we were able to influence the way the story was covered in the Financial Times and other key nationals.

We produced a raft of policy and research papers covering topics such as pre-packs and the role of flexible employees as the 'Unsung heroes of the recession'. We continued to use invaluable information from R3 members' surveys for both press and public affairs work.

The team was joined by Esme Harwood as Policy Manager in September. Prior to her appointment Esme had worked at ComRes. Camilla Jury, our Communications Executive, returned to Australia at the end of 2009 and her replacement, Addy Frederick, started in early 2010.

Victoria Jonson
Director of Communications

Press key achievements:

- 78 pieces of national coverage

- 233 pieces of regional coverage

- 93 trade pieces; 15 national broadcasts; 8 regional broadcasts; and 240 pieces of online coverage.

- Briefings with 20 national print journalists with the Communications team and Executive

National PR

The press office was required to respond to challenges such as the OFT market study into corporate insolvency (The Times 'Accountants in the spotlight as OFT turns its focus on cost of corporate insolvency' 13.11.09) while maintaining consistently high levels of media coverage throughout the year. Highlights included work on Director Disqualification (The Sunday Times, 'Failed Directors may go to boot camp say Tories' 11.10.09), the launch of the APPG (the Daily Telegraph 'Parliament to set up insolvency task force' 15.07.09) and longer features such as The Sunday Times 'Swamped by a wave of debt' 02.08.09 and the Financial Times 'That empty feeling' on 05.08.09.

There were challenging interviews for Peter Sargent on the cost of IP's work on More 4 News on 14.12.09 and for Steven Law on the Nortel case and consultation for Channel 4 News on 22.12.09. Frances Coulson appeared on Sky News on 19.12.09 discussing Christmas spending and Nick O'Reilly discussed the Insolvency Service's statistics on the Today Programme on 06.02.09.

Accountants in spotlight as OFT turns its focus on cost of corporate insolvency

Regional PR

The majority of regional papers do not have a dedicated personal finance or business page, so the Communications team have worked closely with the appointed regional PR providers to issue strong, newsworthy stories that would be well received by journalists in the regions. Regionalising R3 stories has been a success. We have strengthened R3's relationship with the regional press and we have seen a considerable increase in the volume of R3 coverage in the regions.

R3's prediction that eleven household names would disappear from the High street gained extensive regional coverage. However, it was our release stating the benefits of a pre-pack that proved the most popular. This story was picked up by numerous regional papers including the Birmingham Post, the Liverpool Daily Post, the Manchester Evening News and the South East Business magazine.

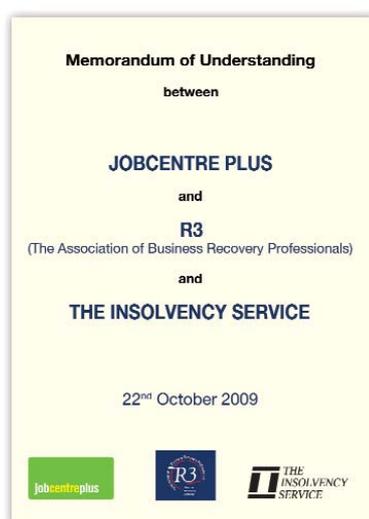
Public Affairs

The first formal All-Party Parliamentary Group (APPG) meeting was staged in May 2009 followed by a reception to launch the Group in the House of Commons in July. Natascha Engel MP, the APPG Chair, welcomed MPs, including Ian Lucas, Minister for Insolvency and Vince Cable, Shadow Chancellor, and Peers to the reception. At the event, an online 'toolkit' for MPs on Insolvency was made available, representing the first step towards the APPG becoming a resource for Parliamentarians interested in understanding how insolvency can affect their constituents. R3 provides the secretariat for the Insolvency APPG.

Continued >

Below: Steven Law, Natascha Engel MP and Peter Sargent at the launch of the APPG

Bottom: The Memorandum of Understanding



In October 2009, R3, Jobcentre Plus, and the Insolvency Service joined forces to sign a Memorandum of Understanding to establish an information-sharing system to ensure that people threatened with redundancy are offered support quickly and efficiently. This initiative came about as a result of an Early Day Motion (EDM) tabled by Phil Wilson MP criticising the way administrators worked with Jobcentre

Plus. R3 worked with Phil Wilson MP to avoid regulation and ensured a voluntary system was introduced, which continues to work successfully.

R3 hosted fringe events at the Labour and Conservative party conferences in partnership with thinktank The Smith Institute in the autumn that built on a roundtable discussion earlier in the year. The topic for discussion was "Bankrupt Britain - Do we need a new insolvency system?". We welcomed views from a range of interesting contributors including Ian Lucas MP, Minister for Insolvency; John Penrose MP, Shadow Insolvency Minister; and Jonathan Guthrie, the Enterprise Editor for the Financial Times. We were pleased to be able to meet with a range of Parliamentarians, Prospective Party Candidates and representatives from other organisations throughout the party conference season.

R3 continued to stage meetings, events and dinners with Parliamentarians in 2009 in order to communicate practitioners concerns and address issues raised by MPs. R3 staged its annual parliamentary reception in November 2009 which was attended by a wide range of parliamentarians and stakeholders.

Policy

R3 continues to work with academics and insolvency experts to produce technically robust material that underpins our communications work. R3's Policy Group, chaired by Mark Andrews QC, was established in September 2009 to inform policy-making. Comprising a panel of insolvency experts, the group meets on a quarterly basis to discuss issues affecting the industry. The group has provided valuable input into a number of R3 'policy papers' which have been used to engage Parliamentarians and journalists on key insolvency issues.

The R3 membership survey continues to receive high response rates, and the introduction of 'snap polls', on pertinent issues has increased R3's ability to respond effectively to policy developments and generate media coverage. Our research work formed the backbone of R3's submission to the Government's consultation into Debt Management Plans (DMPs), to which the Government is due to respond in 2010.

R3 has continued to work with external organisations to raise the profile of Insolvency practitioners. In July, in conjunction with the Smith Institute, we held a roundtable discussion on the effectiveness of the UK's insolvency regime which gave rise to a summarising policy report. Furthering our external engagement work, a total of 125 insolvency practitioners volunteered for R3's financial education initiative with the ifs School of Finance which sees insolvency practitioners visiting schools across the UK to talk to young people about managing their finances.

Public affairs and policy key achievements:

- Establishment of the All-Party Parliamentary Group on Insolvency
- Produced an on-line insolvency 'toolkit' for Parliamentarians
- Effective containment of Parliamentary concerns surrounding redundancy
- A successful range of events staged, including fringe events at the political party conferences and the annual parliamentary reception attended by a range of Parliamentarians
- Establishment of the R3 Policy Group and production of key policy papers to further political and media engagement with R3
- Working with the thinktank the Smith Institute, roundtable discussion on the UK's insolvency regime staged and policy report produced
- A total of 125 insolvency practitioners volunteered to visit schools to talk to young people about how to manage their finances.



R3 in London and the South East

With refinancing for businesses from banks and financial institutions remaining difficult and with buyers for assets remaining thin on the ground, many businesses in London and the South East have continued to have financial difficulties in 2009. It is therefore unsurprising that our members registered an increase in the use of pre-packs and CVAs.

In terms of press coverage, when it comes to London, it is difficult to differentiate between regional and national coverage as many of the national newspapers are based in London. The issues that were high on the media agenda continued to be the use of pre-packs and the rise in personal and corporate insolvencies.

We are keen to ensure that our regional meetings provide our members with a forum that allows them to address topical and technical issues, whilst also providing them with networking opportunities. In March, Dr Sandra Frisby discussed SIP 16 and pre-packs and their benefits to creditors. In March and the IPA's David Kerr gave a presentation on the 'new' code of ethics in the insolvency profession. This was very well received by those attending the event at a near full Plaisterers Hall.

In November KPMG's Richard Fleming looked at the use of a CVA in the case of JJB Sports and PwC's Mike Jervis talked about lessons learnt from the collapse of Lehman's Brother the investment bank. We moved to a new venue, the Stationers Hall for this event, which again was well attended by the members.

Notwithstanding the fact that the economic downturn has meant an increase in the demands on IP's time, R3's events in the region continue to be well-attended. Our Annual Dinner on 30 April was a sell out and the Helen Sutcliffe Band kept members entertained after dinner until late in the evening.

The Women's Group, chaired by Vivienne Oliver has been extremely active this year, kicking off with a Talent night in January and ending with the ever popular Ladies Lunch in November.

2009 was a challenging year for many in terms of the demands on time, yet the support of the committee never wavered and I would like to thank everyone for their hard work and for making my first year as regional Chair so enjoyable.



Alison Goldthorp
London and South East
region chair

Highest numbers of R3 members:

- London
- Reading
- Brighton

Membership snapshot at April 2009

- 17 Honorary Members
- 306 Fellows
- 492 Ordinary Members
- 309 Associates
- 20 New Professional - Networking
- 214 New Professional - Student
- 31 Retired
- 1389 Total Members



R3 in the South

Regional activity is still largely focused within the M3/M4 corridor so meetings were held in Gatwick in response to demand. Although heavy workloads can impact on attendance, we have enjoyed some lively meetings and a broad range of events.

Highest numbers of R3 members:

- **Southampton**
- **Eastleigh**
- **Reading**

Membership snapshot at April 2009

- **44 Fellows**
- **46 Ordinary Members**
- **20 Associates**
- **1 New Professional - Networking**
- **35 New Professional - Student**
- **4 Retired**
- **150 Total Members**

Our technical programme covered a wide range of topics and included a presentation by Dr Sandra Frisby, from Nottingham University about her recent findings of her unique R3-commissioned study into the effectiveness of pre-packs, as well as a look at how to make best use of corporate insolvency procedures.

The Women's Group Committee, under the joint chairs of Susie Meikle and Melia Hirst, delivered a series of well-run events throughout the year. This included a presentation by PwC's Alex Baker on the economy and the outlook for the South and a workshop with an image consultant from the House of Colour which detailed the 'Power of Silent Presentation'.

Susie and Melia also organised the social highlight of the year, the 'A night at the Oscars' themed black tie dinner held in October at the De Vere Grand Harbour in Southampton.

I would like to thank all the committee members for all their hard work as none of it would be possible without them and I would also like to take the opportunity to congratulate Julie Palmer who has been appointed to National Council.



Andy Beckingham
Southern region chair



R3 in the East

R3's profile in the eastern region continues to grow, backed up by solid membership figures and a dedicated regional committee. Covering Norfolk, Suffolk, Cambridgeshire and parts of Essex, we remain strongly supported in key regional centres such as Cambridge, Peterborough and Norwich.

Highest numbers of R3 members:

- **Norwich**
- **Cambridge**
- **Ipswich**

Membership snapshot at April 2009

- **19 Fellows**
- **33 Ordinary Members**
- **25 Associates**
- **1 New Professional - Networking**
- **17 New Professional - Student**
- **2 Retired**
- **97 Total Members**

Crucially, R3's regional 'movers and shakers' are actively encouraging membership from outside of these cities, making R3's eastern region presence truly regional.

The quarterly meetings have all been well supported and have been held at a variety of interesting and easily accessible venues, including Ravenswood Hall and The Imperial War Museum. Topics discussed by a wide variety of speakers have covered areas such as health and safety, asset disposals and the new insolvency rules.

On the publicity front, R3's eastern region has been at the forefront of some significant local media coverage on a vast range of industry topics, from predictions of corporate and personal insolvency levels and the impact of the recession; to the need for businesses and individuals to seek timely professional advice.

It is absolutely crucial that R3, as the body representing the insolvency profession, should have a view on key industry topics and legislation and that we are recognised as opinion formers for important insolvency and restructuring issues.

With this aim in mind, the committee has been particularly proactive in meeting with local media and in working closely with our regional R3 PR representative, Judy Hanley, as well as the national communications team at 120. The ensuing media coverage has been outstanding and a just reward for everyone's efforts.

The final and defining comment in this review is reserved, of course, for my industrious eastern region committee. I am ever grateful for the input of my colleagues into growing R3's local profile and activity levels. In the current climate, with expanding workloads, I recognise that this has not been easy.

Long may our programme of regional initiatives continue to be well supported and thank you to everyone in the eastern region for your interest, ideas and enthusiasm.



Laurence Weeks
Eastern region chair



R3 in the Midlands

This, without doubt, has been a busy twelve months for R3 and its members, not least in the Midlands where the advice and support of our professionals is as crucial as ever to the financial wellbeing of the region's businesses and individuals.

Highest numbers of R3 members:

- **Birmingham**
- **Nottingham**
- **Leicester**

Membership snapshot at April 2009

- **1 Honorary Members**
- **103 Fellows**
- **144 Ordinary Members**
- **79 Associates**
- **10 New Professional - Networking**
- **49 New Professional - Student**
- **4 Retired**
- **390 Total Members**

However, even though we continue to be immersed in giving invaluable advice to both clients and intermediaries, the R3 Midlands committee has conjured up the time to ensure our regional members receive our fullest support.

On the PR front, R3 Midlands has gained significant publicity through the implementation of a local communications plan which highlights the legislative and financial issues facing our marketplace. It also emphasises the crucial work that R3 members carry out on behalf of businesses and individuals throughout the whole of the region.

Once again, we saw the year culminate in the publishing of an R3-branded supplement in the *Birmingham Post*, which included several authoritative articles from R3 Midlands committee members and associated professional firms.

The committee has also been active on the social and networking front, with R3's events in the region continuing to enjoy a strong turnout. The 2009 R3 Women In Business Spring Ball at the Hyatt hotel in Birmingham was a sell-out, as usual, as was our annual fundraising quiz, held in November.

The regional meetings have also been well attended and topics covered have included an economic overview by HSBC senior economist Mark Berrisford-Smith; construction, planning, manufacturing and legal updates; news from the Advantage Transition Bridge Fund as well as Job Centre Plus on the new working relationship with insolvency practitioners.

In February, there was standing room only for one of our regular legal updates, which included views on HMRC attitudes, First Title on legal title protection; and Peter Sargent's star turn with an infectiously enthusiastic 'view from the top'.

Whilst writing this review, my last one as Chairman of the Midlands region, it is once again obvious how much time and effort the R3 Midlands committee contributes on behalf of our local members. I would like to give each one of them my sincere thanks for their willingness to balance increasing workloads and their voluntary R3 responsibilities.

I would also like to thank the committee, something I will also do personally, for their incredible support during my tenure as their regional Chair. They are a fantastic bunch of people to work with, which is why I am looking forward to continuing in an R3 Midlands committee role once I have relinquished my Chairmanship.

It only remains for me now to wish everyone involved with R3, both regionally and nationally, the best of luck for the year ahead. There is no doubt it will be challenging, but we have the skills and experience to do the very best possible for our clients and for our regions.



James Martin
Midlands region chair



R3 in Yorkshire

Yorkshire has fared as well as any region in the recession, and unemployment and insolvencies are both far lower than had been feared at this time last year.

Highest numbers of R3 members:

- Leeds
- Sheffield
- York

Membership snapshot at April 2009

- 1 Honorary Members
- 90 Fellows
- 104 Ordinary Members
- 53 Associates
- 7 New Professional - Networking
- 58 New Professional - Student
- 3 Retired
- 316 Total Members
- 316 Total Members

Much of this is down to the willingness of employees to accept pay freezes, work part-time and forego overtime. The economy owes a lot to the flexibility of employees.

Financing is still very tough – nothing new in that. In the early days of the economic dive, the businesses going under had made money in the good times, despite their owners' lack of business acumen.

Now we are seeing quality businesses that cannot get the finance to trade through. It is heart-breaking to see some of these shut down – just a bit of flexibility from the finance houses should have been able to sort them for the next ten or twenty years.

The use of 'Time to Pay' still concerns us. I know Yorkshire is not alone in seeing far too many businesses offered a lifeline they should not have had. We have seen many businesses being given extensions without any kind of review or action plan as to how they are eventually going to repay the debt. We'd estimate that it was absolutely right to help around a third of those on 'Time to Pay', but it is just delaying the death knell for many businesses.

As always, our Yorkshire region has had a very supportive committee and events with good turnout, typically 100 or more at our quarterly meetings.

The quality of our speakers has been a strong draw. Tanveer Hussain from the Bank of England gave a stimulating update on the economy in June. Dr Sandra Frisby joined us in September to outline her conclusions on how pre-packs have been used in administrations. In November, Stephen Speed from the Insolvency Service covered the changes in corporate rescue legislation.

Our social events have been well attended with 250 at our January dinner dance at the York Railway Museum, Johnny Abrahams is doing a great job in relaunching the popular young professionals group and the ladies group goes from strength to strength.

My thanks to the committee for their help in delivering such a successful year – and good luck to Andrew Walker who takes over the reins in June 2010.



Andy Wood
Yorkshire region chair



R3 in the North East

In my second and final year as North East regional chairman, it has been extremely satisfying to see the health and vitality of the region's insolvency community demonstrated by the high levels of attendance at our member events.

The year has clearly been dominated by the impact and repercussions of a property-led recession, and our first two speakers examined pertinent property-related matters.

Robyn Peat of George F White & Co lead the first event of the year, presenting on agricultural realisations, and was followed in April by a speaker from BNP Paribas, who discussed a range of issues relating to the problems in the property market.

This latter event also saw something of a homecoming for a 'prodigal son' of Newcastle, in the shape of our new national president, who had graduated from the city's then only University more than 30 years ago with a degree in Geography, and who returned to what he felt was a much changed, vibrant and exciting city.

We then welcomed Eugene Walsh of HMRC to our September event, to hear about ways in which they can assist IPs in pursuing errant company directors, and finished off the year's programme with contributions from regional development agency One North East, Jobcentre Plus and funding body ENTRUST.

This final event covered the ways in which the three public bodies can assist both IPs and the distressed businesses with which they are working, and how Jobcentre Plus can help in situation where large numbers of redundancies from a failing firm become unavoidable.

All of our events were extremely well patronised by the regional membership, and all provided very useful information, insight and food for thought for the attendees.

Throughout the year, R3's profile in the regional media has continued to grow with the support of our central communications team and north east agency Footprint Public Relations, thus providing more and better opportunities to explain the work that we do and give our views on the issues that shape the corporate and personal insolvency landscape.

North East England is still facing a tough economic situation, especially as all the spending cuts that are inevitably coming after the general election begin to impact on an area which has a very high proportion of people employed by the public sector.

A great deal of uncertainty remains, but there is also good reason for optimism in many market sectors, especially given the entrepreneurial spirit that my region has always encompassed.

The north east's insolvency practitioners will need to continue to play a key role in safeguarding companies and jobs as we battle our way back towards economic normality, whatever that turns out to be, and the region is indeed lucky to have such a high-quality community of committed, skilled industry professionals.

I would like to thank all the region's members for making my time as their chair an extremely enjoyable and stimulating one.



Jim James
North East region chair

Highest numbers of R3 members:

- Newcastle
- Sunderland
- Stockton-On-Tees

Membership snapshot at April 2009

- 18 Fellows
- 23 Ordinary Members
- 11 Associates
- 3 New Professional - Networking
- 9 New Professional - Student
- 1 Retired
- 65 Total Members



R3 in the North West

As the chill wind of recession has blown through the region's economy, North West practitioners have been playing a vital role in helping to save businesses and jobs.

Highest numbers of R3 members:

- Manchester
- Liverpool
- Bolton

Membership snapshot at April 2009

- 1 Honorary Members
- 108 Fellows
- 139 Ordinary Members
- 57 Associates
- 5 New Professional - Networking
- 99 New Professional - Student
- 7 Retired
- 416 Total Members

The downturn has not just hit the region's manufacturing base, it has decimated the retail sector and its effects have even been felt in professional and financial services. The North West has one of the largest economies outside London and is a key centre for insolvency services, so it's no surprise that some of the headline events have taken place here.

The CVA of Wigan-based JJB Sports has encouraged a marked rise in the number of CVAs. Meanwhile pre-packs have remained a popular rescue tool and have helped save a number of high-profile regional businesses.

In terms of personal insolvency, the North West has long been a major hub for IVA services. While providers have faced challenges in recent years due to tighter bank criteria, the IVA protocol has helped by laying down guidelines. However firms that have continued to operate have had to be more efficient than ever and now focus heavily on quality in terms of both service to clients and returns to stakeholders.

Insolvency has been high on the media agenda and R3 has played a key role in liaising with the media to put forward the profession's point of view. The North West has arguably the best business coverage of any region in the UK, with web and print publications such as North West Business Insider, TheBusinessDesk.com and Crain's Manchester Business in addition to regional evening newspapers.

Throughout the year we've achieved regular coverage in these channels. In particular we've been highlighting the need for businesses to identify problems at an early stage and seek professional advice from an insolvency practitioner.

However, we have also been proactive in engaging with the media on controversial issues, with pre-packs being a case in point. We've briefed journalists on the issues, provided comment for articles, challenged stories we felt were unbalanced and engaged in open media debates with politicians - generally with very positive results.

A recession brings with it the chance to acquire businesses and assets at low prices. As the North West is a major centre for corporate finance deals, we've been keen to raise awareness of these opportunities and encourage buyers to bring in an independent IP for advice.

The subject has been covered in depth by the regional media and in addition, an R3 seminar on distressed deals, organised jointly with professional services body pro-manchester, attracted over 50 advisers.

Throughout the year we've also worked hard to maintain an active social calendar. Although we decided to cancel the annual dinner dance given the budget constraints facing many businesses, the ladies' lunch once again proved successful with almost 200 attendees, while the annual golf day raised £600.

Finally I would like to thank all our committee members for their work and wish members all the best for the year ahead.



Matt Dunham
North West region chair



R3 in the South West and Wales

The South West and Wales region again had an active programme of technical and social events that were well supported by members.

Highest numbers of R3 members:

- Bristol
- Cardiff
- Exeter

Membership snapshot at April 2009

- 58 Fellows
- 96 Ordinary Members
- 45 Associates
- 4 New Professional - Networking
- 34 New Professional - Student
- 6 Retired
- 243 Total Members

We started 2009 with an update on personal insolvency developments and policy issues from Nick Howard, a Director of Policy at the Insolvency Service and Stephen Lawson of Michelmores. A timely presentation followed on pre-packs when Dr Sandra Frisby gave a presentation updating members on her pre-pack research and there was a lively Q&A session that included contributions from Ross Connock of PricewaterhouseCoopers and David Hall of Burges Salmon. There was a strong feeling that pre-packs are an important tool available to IPs but that attempts to “win over” the media are incredibly difficult.

In June, Richard Hawes of Deloitte chaired an excellent case study on the “Wonder of Woolies” and a panel discussion which focused on the administration of Woolworths and Entertainment (UK) Ltd. The team of panelists who had worked on the administration addressed the operational and legal issues that they faced. In September, Morgan Cole presented an informative legal update and the last technical session of the year was led by the Deputy Agent to the Bank of England for the South West, Geoff Harding, who provided an economic update that included a particular focus on the South West and Wales. Ann Pavey from Jobcentre Plus also gave a presentation on the positive work her organisation had done with IPs over the last year.

The women’s group has been extremely active this year. In March, Barry Knight from Smith and Williamson gave a presentation on maximising recoveries when closing down a retail business. They also organised another popular Summer Ball at the Council House in Bristol in June that again was over subscribed. At the last women’s group meeting of the year, in November, Gemma O’Brien, Sarah Reynolds and Hannah Bartlett of KPMG in Reading provided a review on taxation in insolvency.

I would like to thank Willis who sponsored our 14th annual Golf Day at Bowood whose support is a key to the success of the event.

The last meeting of the year was attended by Peter Sargent, R3 President who provided an update on the work of R3 and current issues.

Finally, thanks are due to Richard Hill of KPMG, our regional member on Council and until recently the Chair of the Regional Communications Committee. Thanks also to the hard work of the regional committee and women’s programme who were responsible for the 2009 programme and who have supported my period as chairman of the region. I have thoroughly enjoyed representing my colleagues and wish Andrew Sheridan all the best in his period as Chairman. Lastly and most importantly, thank you to all the members in the region for their continued support.



Nigel Boobier
South West and
Wales region chair



R3 in Northern Ireland

Within the Northern Ireland region, the R3 networking events continued to be well attended during the past year. These events were held to provide members and guests with a forum to mix and exchange views with presentations on the latest hot topics and perspectives from leading professionals across a range of disciplines. Ladies organised events are also arranged on a more social basis, providing alternative more relaxed networking opportunities.

Highest numbers of R3 members:

- **Belfast**
- **Dungannon**
- **Newry**

Membership snapshot at April 2009

- **19 Fellows**
- **16 Ordinary Members**
- **8 Associates**
- **1 New Professional - Networking**
- **7 New Professional - Student**
- **6 Retired**
- **51 Total Members**

At the start of the year, Nick O'Reilly, who was then President of R3, attended an evening event to meet members and guests and present on some of the key market issues – covering pre-pack administrations and experiences across the UK from high profile appointments.

One of our Hot Topic events included a presentation from Paul McGowan, Chief Executive of Hilco UK Limited, on developments from the perspective of distressed investors. We also had a very well attended Legal Update, held in the old Bar Library in the Northern Ireland Courts, from two leading barristers in the field of insolvency, Moyne Anyadike–Danes, QC and William Gowdy, BL, who covered aspects of local court practice and procedure and recent developments in Insolvency Law.

Notwithstanding the relevance in the current market environment, it has been particularly pleasing to have had excellent attendance at these events and positive feedback from members as to format.

The R3 Ladies events in NI have also continued to be well supported - and not just by the Ladies! Wendy McGuire from Windrush Cuisine provided members and guests (male and female) with an entertaining evening of cookery demonstration and participation at the Black Box in Belfast, which proved to be a very popular event, kindly sponsored by Cleaver Fulton Rankin solicitors.

In the local market both private and public sectors are under significant financial pressures. The current climate has brought insolvency into the spotlight and where possible R3 in the region has provided commentary to ensure a better understanding of what services insolvency professionals offer and the value we can provide.

An excellent opportunity to showcase R3 in the region was provided at our formal regional dinner which was held in The Great Hall in Queens University Belfast. Sponsorship was kindly provided for the event from Jardines, A&L Goodbody and McGrigors. Over 170 members and guests attended the event with addresses from Garth Calow, NI Regional Chair, Peter Sargeant, UK R3 President, and guest speaker Gerald Ratner.

I would like to thank all those in the Northern Ireland region who have supported R3 by their attendance at events and activities during the past year.



Garth Calow
Northern Ireland region chair



R3 in Scotland

R3 in Scotland continued to monitor and highlight the increasing personal insolvency figures and those in the corporate sector.

There was an increase in public affairs activity in Scotland with R3 further stepping up its engagement with the devolved Scottish Government, Scottish Parliament, its committees and individual MSPs.

Working with Ken Symon of Symon Media, R3 continued to engage on the issue and made representations as the resulting Bill, The Home Owner and Debtor Protection (Scotland) Bill was drafted and introduced to Parliament with strong representations being made to the Scottish Parliament Local Government and Communities Committee which discussed the proposals in detail.

Throughout the year we continued to highlight our concerns about the economy and the rising number of both personal and corporate insolvencies gaining a greater amount of media coverage in Scotland than ever before. Media coverage remains an important way for R3 to get its message across at a time when the profession is under an unprecedented level of scrutiny from a range of sources and stakeholders. The issues tackled included combating unbalanced coverage of pre-pack administrations.

Judith Howson of Deloitte ran a series of R3 events including a highly successful and entertaining Women's Group evening at the Edinburgh Festival.

Another major development in the profession in 2009 was the selection by the Accountant in Bankruptcy, following a procurement exercise, of only six companies to provide contracted out services for the agency.

A further significant change was the retirement of Gillian Thompson as Accountant in Bankruptcy. She has been replaced by Rosemary Winter-Scott. Rachel Grant and Roy Roxburgh of R3's Scottish Technical Committee have already had constructive dialogue with the new Accountant in Bankruptcy and we very much welcome what appears to be an open, consultative and inclusive modus operandi from the new Accountant.

Finally I would like to give my personal thanks to all who have supported R3 events and activities over the last few months. It is particularly appreciated given the exceptional times we have continued to experience.



John Hall
Scottish region council
member

Highest numbers of R3 members:

- **Glasgow**
- **Edinburgh**
- **Aberdeen**

Membership snapshot at April 2009

- **38 Fellows**
- **72 Ordinary Members**
- **15 Associates**
- **1 New Professional - Networking**
- **22 New Professional - Student**
- **2 Retired**
- **150 Total Members**

Reports and Accounts

The Council has pleasure in submitting the Association's Report and Accounts for the year ended 31 December 2009.

Principal Activities

The principal activities of the Association are the provision of training and technical support to its members and the promotion of best practice in the insolvency and turnaround profession. The Association represents its members in dealing with regulators, the government and the media. It achieves its aims by maintaining a website, by running courses and conferences, by the publication of Recovery magazine and technical bulletins, and by organising regional meetings for members.

The Association also seeks to foster a deeper understanding of the work of its members with underperforming businesses and individuals in financial difficulty.

Statement of Council Members' Responsibilities

The Council Members are responsible for preparing the Council's Report 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 the Council Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council members are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This council member's report has been prepared taking advantage of the special exemptions applicable to small companies conferred by Section 415A of the Companies Act 2006.

Council

The following have been members of the Council and have also served as directors of the Association for all or part of the year:

President

P Sargent, Begbies Traynor (Central) LLP, Halifax

Vice President

S M Law, Ensors, Ipswich

Other Members

J A G Alexander, Carter Backer Winter LLP, London

M Andrews (elected April 2009) Denton Wilde Sapte LLP

E A Bingham, Ernst & Young LLP, London

R A Brown, Keeble Hawson, Leeds, (Regional member for Yorkshire)

L Brittain (elected April 2009), Deloitte LLP

M Cohen, BDO LLP

F E Coulson, Moon Beever, London

S P Grant, Wilkins Kennedy (Regional member for London)

D L Gray, Eversheds LLP (Regional member for the North West)

D A Gregory, Lovells LLP, London

C M T Haig, PricewaterhouseCoopers LLP, London

J Hall (elected April 2009), Invocas Group plc (Regional Member for Scotland)

R Heis, KPMG LLP, London

R J Hill, KPMG LLP (Regional member for the South West & Wales)

J Houston (elected April 2009), Ernst & Young LLP (Regional Member for N. Ireland)

J James (elected April 2009), Ward Hadaway, (Regional Member for North East)

P J Long, PKF (UK) LLP, London

L A Manning, Deloitte LLP, London

J Nicholls (elected April 2009), Nicholls & Co (Co-opted Regional Member for Midlands)

J Palmer (elected April 2009), Begbies Traynor (Central) LLP (Regional Member for Southern)

M Phillips QC, 3 - 4 South Square, London

F A Simms, F A Simms & Partners PLC, Lutterworth.

C K Williams, McTear Williams & Wood, Norwich (Regional member for the East)

J Moriarty, KPMG LLP, London

P Ellward, RSM Tenon, Nottingham

N H O'Reilly, Vantis plc, London.

Outgoing Members

M Allen, Grant Thornton UK LLP, Belfast. (Resigned April 2009)

A R Fanshawe, Begbies Traynor (Central) LLP, Southampton (Resigned April 2009)

P Godfrey, Nabarro LLP, London (Resigned April 2009)

G S Goldie, Tait Walker Corporate Recovery, Newcastle upon Tyne (Resigned April 2009)

E Maclean, Business & Management Services, Edinburgh (Resigned April 2009)

G S Pettit, Marshman Price, Milton Keynes (Resigned April 2009)

M D Rollings, Baker Tilly, London (Resigned April 2009)

Officers

G H W Rumney, Chief Executive Officer & Company Secretary

J M Francis, Technical Director

M D White, Training Director

V Jonson, Director of Communications

Councils & Committee Meetings

Council met on three occasions during the year. The national committees meet between 2 and 6 times, with key committees: GTC and ECC meeting the most frequently.

Summary of Activities

The Association, known by its brand name R3 (standing for Rescue, Recovery and Renewal), provided training, technical advice and networking opportunities for its members. It promoted best advice and the work of its members in the fields of insolvency (both corporate and personal), turnaround and business recovery.

The Association continues actively to be involved in areas of legislative reform affecting insolvency professionals, in both England and Wales and in Scotland, issuing guidance to members on developments in statute and case law. The Association is represented on the Banking Liaison Panel set up by the Treasury to advise on the reform of banking law; and on the IVA Standing Committee, set up by The Insolvency Service. The Association continues to maintain dialogue with government and outside parties on matters of common interest and concern, and has responded to a number of consultations on insolvency law reform and insolvency related matters during the year. It has been instrumental in drawing up a memorandum of understanding with Jobcentre Plus and The Insolvency Service to improve the service to those who are facing redundancy.

R3 helped establish an All Party Parliamentary Group (APPG) at Westminster during the year, being chaired by Natascha Engel, M.P.

Our 19th Annual conference was held in Geneva in February, attracting 184 delegates who benefited from sessions on a range of topical issues including the pitfalls of not taking account of tax liabilities in the trading period, the rescue of banks, the problems associated with sophisticated financial instruments and hedge funds, collecting assets in Switzerland and relevant legal updates. The conference was held early in the year to avoid a clash with the INSOL Quadrennial in Vancouver, but this meant that for some firms, there were two R3 annual conferences in the same financial year, which contributed to the reduced attendances. In addition, the conference was hit by the fall in the value of sterling which resulted in the conference being more expensive for members than originally envisaged. Overall, the conference made a marginal contribution to the Association's results. The third Lite Conference was held at a hotel in Chester: 83 delegates attending as against 121 in 2008.

The annual banquet was brought forward to 30 April and combined with the London region dinner. This successful event was held at the Landmark Hotel and attracted 382 delegates. The guest speaker was Dominic Holland.

Financial Results

The Association's activities in the year resulted in a surplus after tax for the year ended 31 December 2009 of £23.0k (£19.4k net deficit in 2008). The Association's reserves increased to £2.19m. (£2.17m in 2008).

Most pleasing was the continued growth in subscription income to £1.062m (£1.027m in 2008).

The assistance provided by our sponsors: at national level, Insolvency Risk Services; and Willis; as well as sponsors of individual national and regional events, was an important and much appreciated part of our funding.

R3 has continued to be eligible for grants awarded by the Trustees of the Barbican settlement to finance specific projects for the benefit of members and the enhancement of the profession. The trustees are also responsible for awarding the sums allocated to the Farringdon Voucher training scheme. Members who bond - with Farringdon benefitted from a small increase in the award for 2009 and the amount awarded was £195k. The amount redeemed was £160k but the redemptions for 2009 were skewed by the fact that one beneficiary received £32k but only redeemed £6k. Adjusting the award and the redemptions for these amounts shows that the redemption rate improved in 2009 to 95% from 93% in 2008.

A significant feature of our income in recent years has been interest income on the bank deposits with our bankers, Bank of Ireland. With the fall in interest rates this fell to £97k, compared to the previous year's £137k. Although the Irish government's guarantee for all our deposits continues in force until in September 2010 a programme of deposit spreading was instituted to reduce our risk. By the end of 2009 all term deposits were held with Cater Allen Private Bank (Santander). Our working capital balances are with Bank of Ireland accounts and with Barclays, with an HSBC account in place should the need arise.

We ran a different mix of courses in 2009 in response to perceived members' needs; and despite the disappointing financial performance of the annual conference, attendance on our mainstream courses during 2009 held up. There were some disappointing half day courses in terms of delegate attendance during the first half of the year, and we had to cancel two courses for lack of interest. The budget for 2009 totalled £473k and the eventual outturn totalled £452k. Adjusting those results for the annual conference discloses an outturn of £446k against a budget of £393k. Sales of our courses DVDs accelerated during the year and the sales achieved were 100% up on the budgeted level.

There was an increased contribution from the regions: £113k (£45k in 2008). We also continued our region-specific media work (all regions are now twinned with local press agents with the exception of Northern Ireland and, for November and December 2009, the South West and Wales) and expenditure regarding their support totalled £80k (£70k in 2008). Netting the two resulted in a net surplus of £33k as against a regional net deficit of £25k in 2008.

The Communications team grew further in 2009 with the creation of a new post of 'Policy Manager' to provide information for press and public affairs purposes. The team continued successfully to raise awareness and appreciation of the industry – and also defended the industry on topics such as pre-packs and fees – amongst key decision makers, opinion formers, journalists and the general public. R3 increased its engagement with Westminster, Holyrood and government departments at a time when insolvency, restructuring and turnaround became ever more important to the nation's economy and recovery from recession.

Our policy of building up and maintaining suitable reserves to underpin and maintain our activities in the event of a significant fall in income remains justified, the more so as we continue to exist in a low interest rate environment, one where we cannot – and should not – assume that grant and sponsorship levels will remain at their current levels. The £20k increase in reserves, compared to the break even target we have been working to for the past three years, is in part attributed to planned research into CVAs not being commissioned, being overtaken by an unexpected government consultation into CVAs, but we hope to proceed with this in 2010.

R3 will continue to develop its offerings and services to members in response to their needs and demands; and we are currently developing an expanded web-based technical offering.

Fixed Assets

Movements in fixed assets are shown in Note 7 to the accounts.

Audit Information

So far as the Council Members are aware, there is no relevant audit information of which the Company's auditors are unaware. 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 Company's Auditors are aware of that information.

Auditors

Messrs haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

Independent Auditors' Report to the Shareholders of The Association of Business Recovery Professionals

We have audited the financial statements of the Association of Business Recovery Professionals for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 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.

Respective responsibilities of Council members and auditors

As explained more fully in the Statement of Council Members' Responsibilities Statement set out on page 3, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council members; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its surplus 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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 Council members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

George Crowther (Senior statutory auditor)

for and on behalf of
haysmacintyre, Statutory Auditor
Fairfax House
15 Fulwood Place
London
WC1V 6AYY

Income and Expenditure Account

	Notes	2009 £'000	2008 £'000
Turnover			
Subscription income		1062.2	1026.7
Grants		117.7	128.8
Courses, meetings and conferences		1618.9	1,676.4
Sponsorship		111.8	157.5
Advertising		74.2	74.6
Other income		34.5	55.8
		<u>3019.3</u>	<u>3,119.8</u>
Operating Expenses			
Direct course expenses		(1124.8)	(1360.0)
Administrative expenses		(1948.3)	(1886.6)
		<u>(3073.1)</u>	<u>(3,246.6)</u>
Operating Deficit	3	(53.8)	(126.8)
Interest receivable and similar income		97.2	136.6
Interest payable and similar charges		-	
		<u>43.4</u>	<u>9.8</u>
Surplus for the year before taxation		43.4	9.8
Taxation	4	(20.4)	(29.2)
		<u>23.0</u>	<u>(19.4)</u>

The Association has no recognised gains or losses other than the results for the above financial years. All transactions are derived from the continuing activities.

Balance Sheet

	Notes	2009 £'000		2008 £'000	
Fixed assets					
Tangible fixed assets	7		80.1		101.8
Current assets					
Debtors	8	463.9		592.8	
Cash at bank and in hand		2,728.0		2,709.8	
		<u>3,191.9</u>		<u>3,302.6</u>	
Creditors: amounts falling due within one year	9		(1,079.2)		(1,234.6)
Net Current Assets			<u>2,112.7</u>		<u>2,068.0</u>
Total assets less current liabilities			<u>2,192.8</u>		<u>2,169.8</u>
Accumulated Surplus	10		<u>2,192.8</u>		<u>2,169.8</u>

Notes to the accounts

1 Accounting Policies

The accounts have been prepared in accordance with applicable Accounting Standards. The particular accounting policies adopted are described below.

a. Basis of accounting

The accounts have been prepared under the historical cost convention.

b. Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives at the following rates:

Furniture & fittings	25 per cent straight line
Computers & equipment	33 1/3 per cent straight line
Leasehold improvements	20 per cent straight line

c. Taxation

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

d. VAT

The Association is partially exempt. The irrecoverable proportion of VAT is included in administrative expenditure.

e. Fees

Membership subscriptions are recognised according to the period to which they relate.

f. Stock

Stock items bought during the year which remain unsold at the year end and all publications are written off in the year of purchase.

g. Cash flow statement

The Association has taken advantage of the exemptions available in Financial Reporting Standard No1 and has chosen not to prepare a cash flow statement.

h. Grants

Grants received from the Trustees of the Barbican Settlement are accounted for according to the period to which they relate.

h. Operating leases

Rents applicable to operating leases where substantially all of the benefits and risks of partnership remain with the lessor are charged to the profit and loss account evenly over the life of the lease.

2 The Association

The Association is a company limited by guarantee of the members for such amounts as may be required, not exceeding one pound per member.

3 Operating Deficit

	2009	2008
	£'000	£'000
This is stated after charging:		
Auditors remuneration - audit	8.0	8.0
- other	-	1.6
Depreciation	35.9	50.0
Operating lease rentals - land and buildings	97.0	67.9
- other	<u>5.8</u>	<u>10.3</u>

4 Taxation

	2009	2008
	£'000	£'000
The tax charge on bank interest receivable for the year was as follows:		
UK Corporation tax at current rates	20.4	28.3
Underprovision in prior year	-	0.9
Corporation tax charge for the year	<u>20.4</u>	<u>29.2</u>

Tax reconciliation

The tax assessed in the year is lower than the standard rate of tax in the UK of 21% (2008:20.75%). The differences are explained below:

Surplus on ordinary activities before tax	43.4	9.8
Expenses not chargeable to corporation tax	53.8	126.8
Surplus for the year chargeable to corporation tax	<u>97.2</u>	<u>136.6</u>
Surplus on ordinary activities before tax multiplied by the standard rate of tax in the UK of 20.75% (2007:19%)	20.4	28.3
UK Corporation tax at current rates	<u>20.4</u>	<u>28.3</u>

5 Staff Costs

	2009	2008
	£'000	£'000
Employee particulars are shown below:		
Wages and salaries	932.0	878.4
Social security costs	108.0	98.1
Other pension costs	24.9	22.2
	<u>1,064.9</u>	<u>998.7</u>

The average number of persons employed by the company during the year was:

Administration	21	20
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None of the directors received any remuneration in either 2009 or 2008.

6 Operating Lease Commitments

At 31 December 2009, the Association had annual commitments under operating leases as set out below:

	2009		2008	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	-	-	-	5.8
2 - 5 years	<u>97.0</u>	<u>5.8</u>	<u>67.9</u>	<u>4.5</u>

7 Fixed Assets

	Leasehold Improvements	Fixtures & Fittings	Computers & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2009	171.3	66.6	99.8	337.7
Additions	2.3	0.0	11.9	14.2
At 31 December 2009	<u>173.6</u>	<u>66.6</u>	<u>111.7</u>	<u>351.9</u>
Depreciation				
At 1 January 2009	105.8	52.8	77.3	235.9
Charge for year	19.0	4.9	12.0	35.9
At 31 December 2009	<u>124.8</u>	<u>57.7</u>	<u>89.3</u>	<u>271.8</u>
Net Book Value				
At 31 December 2009	<u>48.8</u>	<u>8.9</u>	<u>22.4</u>	<u>80.1</u>
At 31 December 2008	<u>65.5</u>	<u>13.8</u>	<u>22.5</u>	<u>101.8</u>

8 Debtors

	2009 £'000	2008 £'000
Trade debtors	111.4	88.3
Other debtors	66.6	87.6
Prepayments	285.9	416.9
	<u>463.9</u>	<u>592.8</u>

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	142.1	259.6
Other creditors	78.0	78.5
Accruals and deferred income	838.7	868.2
Corporation tax	20.4	28.3
	<u>1,079.2</u>	<u>1,234.6</u>

10 Movement on accumulated surplus

	2008 £'000	2007 £'000
Accumulated surplus brought forward	2,169.8	2,189.2
Deficit for the year	23.0	(19.4)
Balance carried forward	<u>2,192.8</u>	<u>2,169.8</u>

Detailed income and expenditure account

	2009		2008	
	£'000	£'000	£'000	£'000
Subscription income and grants				
Members & student fees	1,062.2		1,026.7	
Grants	<u>117.7</u>		<u>128.8</u>	
		1,179.9		1,155.5
Events and Activities				
Courses, meetings and conferences	1,618.9		1,676.5	
Sponsorship	<u>111.8</u>		<u>157.5</u>	
		1,730.7		1,834.0
Other Income				
Advertising	74.2		74.6	
Other income	<u>34.5</u>		<u>55.8</u>	
		108.7		130.4
Total Income		3,019.3		3,119.9
Direct Course Expenses		(1,124.8)		(1,360.0)
Administrative Expenses				
Salaries and associated costs	1,113.9		1,083.2	
Rent and rates	156.4		122.4	
Printing, postage and stationery	67.2		68.4	
Council and committee	74.3		68.0	
Journals and publications	22.7		20.2	
Administrative expenditure	173.7		170.6	
Bad and doubtful debts	(0.1)		(1.4)	
Depreciation	35.8		50.0	
Legal and professional	7.1		26.2	
Subscriptions to Insol International	57.0		58.2	
Public relations	240.3		220.9	
		(1,948.3)		(1,886.7)
Operating Deficit		(53.8)		(126.8)
Interest receivable and similar income		<u>97.2</u>		<u>136.6</u>
Surplus for the year before taxation		43.4		9.8
Taxation		<u>(20.4)</u>		<u>(29.2)</u>
Surplus/(deficit) for the year after taxation		<u>23.0</u>		<u>(19.4)</u>



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