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# Annual Review 2010

Association of Business Recovery Professionals



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## 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 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.

What they have in common is that they do their best to sort out the problems as an insolvency practitioner (IP). 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

Insolvency has continued to be in the spotlight in 2010. With a new Government and Parliament in Westminster, and a raft of consultations on the insolvency industry, our work in promoting the good work of the profession in terms of rescuing businesses and helping individuals in financial distress has never been more important.

I have been keen to push our engagement with MPs, and have now met nearly 90 MPs over the year. We kicked-off our parliamentary programme in June with a panel and workshop, 'How is debt affecting your constituency?' with an excellent turnout of almost 40 MPs and researchers. In September and October I had my first taste of the Party Conferences, with the relationships we made there proving fruitful. I also had a successful meeting with Ed Davey, the Insolvency Minister late in 2010. I am proud that R3 will launch its first ever campaign: 'Holding Rescue to Ransom' calling for legislative change to help rescue more UK businesses. This campaign will be rolled-out across the UK to allow R3 to step-up engagement in the constituencies. I have enjoyed meeting MPs and putting across the valuable work we do. Many of these MPs could be the Ministers of tomorrow and so it is important to develop these long-term relationships.

This year has been dominated by consultations and reports on the industry. The Office of Fair Trading (OFT) market study into corporate insolvency, which reported in June, focused heavily on regulation and unsecured creditor engagement. Whilst falling short of proposing a radical overhaul of the profession, some of the proposed models arising from the subsequent consultation issued by the Insolvency Service would have long-term consequences for the profession. Earlier in the year the Insolvency Service released a report on IPs' compliance with SIP 16 and subsequently launched a consultation into pre-packs. In October 2010, the Government released a call for evidence on consumer credit and personal insolvency. In all cases, the committees of R3; the Policy Group, GTC and SPG have produced a hard-hitting response that defends and promotes our profession.

We have continued to secure excellent national and regional press coverage, with over fifty pieces of coverage in The Daily Telegraph and Financial Times for 2010 alone. R3's 'Business Distress Index', a quarterly barometer of the financial health of British businesses has been a key piece of research for R3 and this is now run in partnership with The Daily Telegraph's 'Business Club' on an exclusive basis.

Director disqualification remained an important issue for our members, and we called on the Insolvency Service to improve the 'strike rate' for disqualifying directors. R3 also made a number of suggestions for change, including redesigning the D1 forms and putting them online. I have continued the work of previous R3 Presidents in promoting the Memorandum of Understanding between Jobcentre Plus, the Insolvency Service and R3. IPs using this scheme have already helped over 30,000 individuals facing redundancy.

On the home front I am pleased that the R3 website has been unveiled in 2011 after much hard work undertaken by the Member Services department. This provides readily accessible information and an enhanced technical offering for members. I've enjoyed meeting members across the country in my regional visits and at R3's Annual Conference in Vilamoura and LITE Conference. The Annual Conference was excellent, with a very high standard of presentations and sessions.

It has been a hectic programme but one that I'm very proud to have undertaken. I want to thank the team at R3 and all our members for assisting us in our work in 2010.

**Steven Law**  
R3 President



## Message from the Chief Executive Officer

2010 saw increased scrutiny of the insolvency industry and the insolvency process. To respond to this heightened interest; and to individual members' own demands and those of Council and the national and local Committees we invested further in R3's infrastructure and systems, including the recruitment of additional staff in our Events; Membership and Marketing; Parliamentary Affairs; Communications; and Small Practice Group support areas.

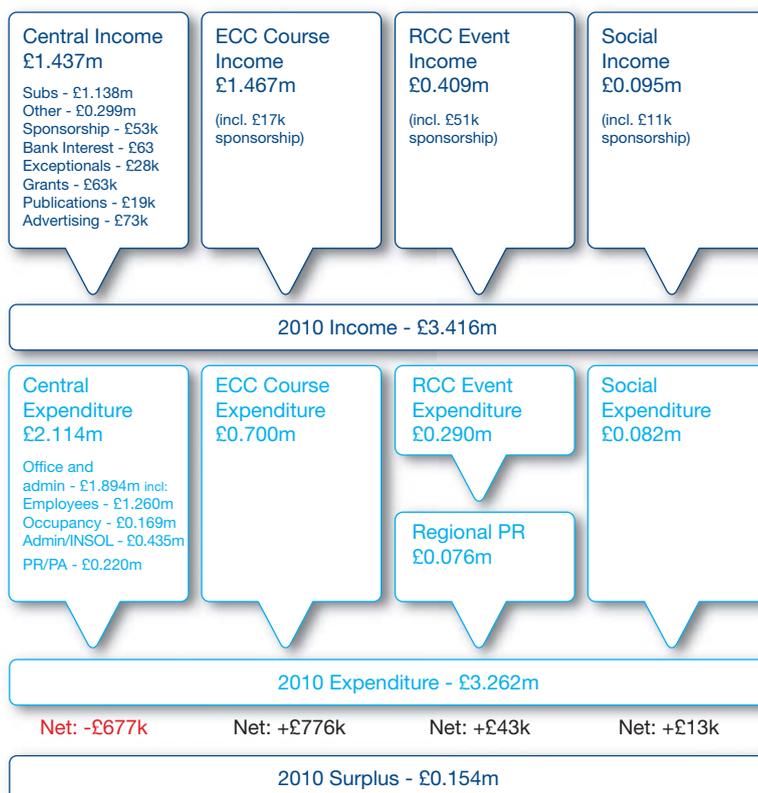
Our turnover increased by a pleasing 11% compared to expenses up 6%. A simplified breakdown of where the money comes from and to is shown right.

The financial assistance provided by our sponsors: at a national level by Insolvency Risk Services; and Willis; as well as sponsors of individual national and regional events; and the grants made by Trustees of the Barbican Settlement are an invaluable part of our funding.

R3's 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, especially as we are still operating within a low interest rate environment and cannot guarantee that grant and sponsorship levels will be maintained at their current levels. Our aim was to break even in 2010 and in response to the £154k surplus Council has agreed to a 2011 deficit that will recycle a figure in excess of this.

I would like to express my thanks to the full-time staff for their work; and members of local Committees and groups for their hard work and dedication which in combination allows R3 to meet the needs and demands of its members. I would also to thank the Executive and Council for their continued guidance and support.

**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.

The benefits of R3 membership remains a key priority for the Committee, with regular reviews of the services delivered to all members across the network.

We are pleased that professionals continue to regard the benefits of R3 membership as attractive offering, with new members attained across all membership categories during 2010.

Throughout 2010, we have sought to identify and improve member benefits and the Committee will continue with a key objective of being an active 'sounding board' for all R3 services that are delivered to the membership. With regular engagement across all regions/specialist groups in the network, the Committee continues to receive your feedback on services and materials delivered and this will remain a priority for next year.

The new R3 website was an example of our active commitment to improve and develop benefits for all members. This new site will also provide improved access to member only technical information as well as new online resources.

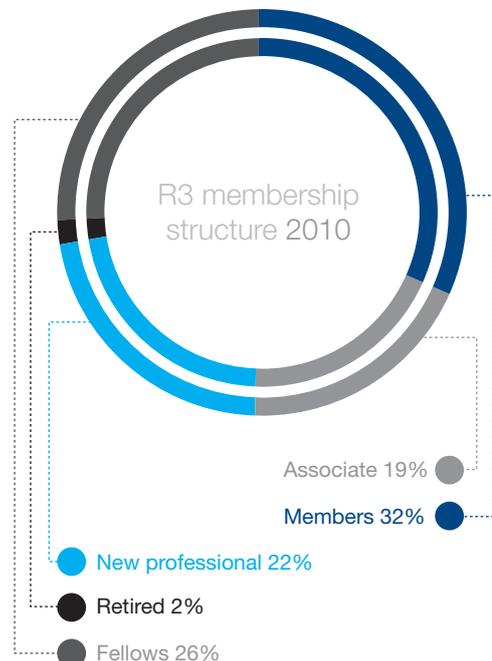
Finally, we will continue to map our member demographics and will explore new opportunities to further enhance our networking capabilities with all professionals working within our sector.

**Lee Manning**

Chair, Membership & Member Services Committee

**Cynthia Matthews**

Head of Marketing & Member Services



\* figures are rounded up to the nearest whole number



## Technical Committees

2010 was another busy year for the Technical Committees. Discussion has continued with government on proposed and actual changes to the Insolvency Rules, and a proposed moratorium procedure to facilitate restructurings.

In England and Wales, the Committee has made submissions to the Insolvency Service on the need to reform the administration expenses regime in the light of the Nortel and Lehman decisions. The Committee has also made representations to the Ministry of Justice in response to the report of Lord Justice Jackson on reform of the costs regime in conditional fee arrangements. The Committee has also been in discussion with the Payments Council concerning the proposed phasing out of cheques.

In Scotland, concerns expressed by the profession have resulted in proposals contained in the Scotland Bill to re-reserve to the UK Parliament procedural aspects of liquidation which are currently devolved to the Scottish Parliament. The Committee has continued to express its concerns in relation to The Home Owner and Debtor Protection (Scotland) Act and subordinated legislation which introduce changes to personal insolvency. Useful discussions have taken place with the Accountant in Bankruptcy. The Committee in Scotland has also been in discussions with the courts regarding procedural aspects of court applications

Among other subjects on which the Committees have responded to consultations are: a special resolution regime for investment firms; EU proposals for a European bank resolution regime; registration of company charges; pre-packaged sales in administrations; proposals for the official receiver becoming trustee on the making of a bankruptcy order; amendment to the Insolvency Act regarding appointment of receivers in Scotland and various consultations relating to personal insolvency in Scotland

The Committees work closely with the Joint Insolvency Committee on the revision of statements of insolvency practice.

Representatives of the Committees remain active on the Banking Liaison Panel and 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 generously giving of their time and expertise.

**Giles Frampton**  
Chairman, General Technical Committee

**Rachel Grant**  
Chairman, Scottish Technical Committee



## Education & Training

During 2010, we ran 93 training events and sold 5,555 places to members and their employees. We believe this to be a record number of sales and it is reflected in the superb contribution from the Courses & Conferences team during 2010. The amount raised last year has meant that Council has been able to freeze both membership fees and course prices in 2011 to the benefit of the members.

We ran a mix of courses throughout the year. The one day courses, breakfast briefings and the JIEB & CPI revision courses all produced results ahead of budget. The biggest success was the Annual Conference in Vilamoura. We ran two half day courses for qualified professionals moving into the business recovery sector in response to requests from members. These courses were designed to meet the needs of recently qualified accountants or solicitors who have switched departments within their firms.

The 20th Annual Conference was held in Vilamoura in May and was attended by close to 300 delegates. The conference was opened by Patrick Redshaw, Head of Economics for Barclays Corporate who gave the delegates the benefit of his views on the economic outlook. He was joined by Graham Rusling, the Managing Director of Barclays Business Support & Recoveries, who explained how Patrick's advice impinged on the decisions made by his team. Delegates were treated to an overview of Lehman's administration and the first day concluded with two sessions looking at fraud investigations. Derek Sach, Head of RBS' Global Restructuring Group opened the second day with a fascinating insight into the Government Guarantee Scheme. Needless to say, his presentation had to be cleared by the Treasury first! The second day featured quality sessions on a range of issues including failure in the professional services firms' sector and a comparison of fixed charge receiverships and administrations for certain situations.

The 4th Lite Conference was held in Bournemouth and we were pleased to see an increase in delegate numbers. The SPG forum was a sell-out and was moved to a bigger venue.

We changed the basis under which the Farringdon Vouchers are issued. At the outset, all beneficiaries were advised that their allocation would expire and be redistributed if not used by the end of September. We were able to redistribute £13,000 out of an initial allocation of £210,000 at the beginning of October. By the end of the year, a mere £3,100 remained unclaimed and that has been carried over into the current year.

Looking forward, we are conducting a survey of members' views on training needs and the results of that survey will be incorporated into the programme for 2012. 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 at R3 and he will ensure the matter is discussed by the Committee.

Finally, we would like to thank all the speakers and ECC Committee members 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**  
Training Director



## Smaller Practices Group

We continue to ensure that the voice of smaller practitioners is heard and provide wide representation of smaller practice interests, which is especially important in this challenging environment and potential time of change. The SPG Committee is committed to building on its work in 2010 to ensure that smaller practitioner interests continue to be voiced and taken into account in all areas of R3's work.

Throughout 2010, the Committee continued to work with other R3 Committees and areas of R3, such as the GTC, Policy Group and Council, to raise issues impacting on SPG members and to provide SPG input to R3 output.

We played an important role in R3's response to the HM Treasury and the Department for Business, Innovation and Skills Call for Evidence in support of the Consumer Credit and Personal Insolvency Review, with SPG members providing valuable input on areas they work in every day. The Insolvency Service consultation on the regulation of Insolvency Practitioners will prove a testing time for the industry and the SPG Committee is ensuring that smaller practitioners are being heard in R3's response to this consultation.

The SPG Committee is actively involved in the ongoing liaison with the Insolvency Service and its own OR Watch initiative. We are pleased that the new OR case handover sheet appears to be working well and the RCC liaison initiative provides a useful forum in which to air issues or concerns on both sides.

We enjoyed a very successful SPG Forum in 2010, with the highest attendance to date. Thanks goes to the Course directors and the R3 Courses team for the excellent organisation of the event. We intend to build on this success with the next SPG Forum in November 2011, which we hope will be even better attended than last year.

The Committee were pleased to recruit Emma Lovell as the R3 SPG Committee Support Executive. Emma will improve the output of the Committee and the ongoing dialogue with the SPG constituency and will provide dedicated R3 resource to address the needs of SPG members.

The SPG Committee is committed to working on behalf of the SPG community and speaking on behalf of smaller practitioners who work in both corporate and personal insolvency. The Committee needs to hear from SPG members about what corporate or personal insolvency issues they would like addressed in order for us to continue to fully support their needs. In 2011, Liz Pywowarczuk will be taking over as Chairman. Liz sits on the IVA Standing Committee as the smaller practitioner representative and she will ensure that the Committee continue to provide a strong voice on behalf of SPG interests.

I would like to thank Fiona Monson for her valuable service and I wish Liz and the Committee all the best in their future endeavours.

**Frances Coulson**  
Smaller Practices Group Chairman

**Emma Lovell**  
Smaller Practices Group Committee Support Executive

# Communications & Public Affairs

Several flashpoints in 2010 reminded us that an accurate perception of insolvency practitioners is never guaranteed. Explaining the good work of the profession to the media and in political circles is critical to enhancing the reputation of insolvency practitioners. The Communications team works hard to convert detractors into supporters and works with key figures to champion the insolvency profession.

We achieved positive media coverage through the year, notably with The Daily Telegraph and the Financial Times. The OFT market study into corporate insolvency prompted one negative headline but R3's engagement ensured Steven Law's comments were included in the story to provide some balance.

The general election presented us with many new MPs to approach; we are particularly pleased to have engaged positively with relevant Ministers and shadow teams and worked with a range of Parliamentarians on various policy issues. Late 2010 saw the launch of R3's first campaign 'Holding Rescue to Ransom' which highlights IPs' work on business rescue to external audiences whilst calling for legislative change.

This year we produced two quarterly trackers, covering personal and corporate insolvency and this underpins R3 as a key financial commentator, as well as the 'voice of the insolvency profession'.

**Victoria Jonson**  
Director of Communications



From left to right: Steven Law, Kevin Brennan MP, Martin Lewis (Chair), Rachel Reeves MP and Teresa Perchard (Citizens Advice Bureau).

## National PR

The Daily Telegraph and Financial Times combined ran over 50 R3 stories during 2010, reflecting sustained targeting by the press office. In November 2010 we secured a key partnership with the Telegraph's Business Club running our own 'Business Distress Index' on an exclusive quarterly basis.

We continued to receive significant coverage in the trades including *Accountancy Age*, *Credit Today* and *Insolvency Today*. We commented on key fiscal and monetary announcements such as the VAT rise and public sector cuts, while continuing to issue our own research such as the 'Personal Debt Snapshot'.

Steven Law appeared on CNBC's 'Squawk Box Europe' to discuss austerity-related business failures and on Radio 5 Live on the Insolvency Service statistics, while Peter Sargent appeared on BBC2's *Money Watch*, which took an in-depth look at how bankruptcy can be the best option in some cases. We also gained coverage in the tabloids – with articles in the *Sun*, *News of the World*, the *Daily Mirror* and the *Daily Mail*.

## Regional PR

The economy's shaky steps towards recovery meant that corporate insolvency and personal finance remained high on the media agenda. Despite R3's narrative shifting slightly to focus on the important role IPs play in a time of economic recovery, the potential effects of a double dip and the steady climb in personal insolvencies were never far from journalists' minds.

In 2010 the amount of regional coverage rose by 75 percent and we saw an increase in journalists actively approaching R3 for comment on business issues.

This year, we were able to capitalise on the increased recognition of the R3 brand within the regions and saw many of our news stories being well-received and making the front page of either the personal finance or business pages. This undoubtedly is a result of the high quality and topical nature of the research we conduct that lead to credible and newsworthy articles.

The responses we receive in our quarterly membership survey also play a key role in our success across the regions. This data informs journalists of local trends that our members are seeing.

### Press key achievements:

- 75% increase in regional news for 2010.
- An average of 11.27 national articles per month (6.83 per month in 2009).
- The launch of the Business Distress Index which resulted in co-ownership with the Daily Telegraph Business Club each quarter.
- 914 pieces of coverage overall including Regional, Online, Broadcast, Trade, Newswire and National.

## Public affairs and policy key achievements:

- Meetings with over 80 Parliamentarians since the General Election.
- The Memorandum of Understanding has helped 30,000 employees facing redundancy as a result of insolvency since its establishment in autumn 2009.
- R3's policy and research being mentioned by MPs on several occasions in the House of Commons, including Select Committee Chair, Adrian Bailey MP.
- A series of successful Parliamentary events, including fringe events at the political party conferences, the annual reception and a Parliamentary workshop attended by over 40 MPs and researchers.

## Public Affairs

R3's Public Affairs programme seeks to engage with Government, Parliamentarians and key decision makers, to enhance the reputation of the insolvency industry and demonstrate why a robust insolvency regime is vital to the UK economy.

Over the course of 2010 R3 has conducted a programme of meetings with MPs and Peers to raise the profile of Insolvency Practitioners and increase awareness of the role they play in business rescue. Since the election, R3 has met with over 80 Parliamentarians, including the Insolvency Minister Ed Davey MP, the Ministry of Justice Minister Jonathan Djanogly MP and Chair of the Business Select Committee Adrian Bailey MP. These meetings have enabled us to counter many negative perceptions and showcase the profession's expertise. This has led to mentions of R3 in the House of Commons, which has led to wider recognition.

In June, R3 hosted an 'advice' style workshop for MPs and their staff to discuss debt and insolvency. We achieved an excellent turnout with over 40 MPs and researchers. Providing a workshop helped to increase the profile of R3 in Westminster and enhance the reputation of the profession.

R3 has also worked with MPs in their constituencies. We held a 'Debt Awareness Day' in Swindon with MPs Robert Buckland and Justin Tomlinson where we gave advice on supporting constituents in financial distress. This helped to raise awareness of debt and insolvency issues and was an excellent opportunity to forge lasting relationships with these MPs. After the event both MPs mentioned R3 in the House of Commons.

In autumn we held our Annual Parliamentary Reception in the House of Commons. Gordon Banks MP (Shadow Insolvency Minister) acknowledged how difficult an IP's job is; and Lorely Burt MP (Chair of Liberal Democrat Parliamentary Committee on Business, Innovation and Skills) highlighted the important role IPs play in the economy. R3 also enjoyed a successful Party Conference season. We held well-attended fringe events at the Labour and Conservative Party Conferences and conducted a series of meetings.

## Policy & Research

Over the course of 2010 R3's Policy Group, chaired by Mark Andrews, produced a range of briefing papers to help shape R3's engagement with journalists, stakeholders and MPs. Our policy library includes a variety of personal and corporate insolvency topics – from Chapter 11, and Directors Disqualification to the Government's Call for Evidence on personal insolvency.

In autumn 2010 we began work on our first campaign, 'Holding Rescue to Ransom' to make the case for a wider stay on administration to enhance the UK's rescue culture. It aims to raise R3's profile by highlighting the important role insolvency practitioners play in business rescue, as well as enabling R3 to pursue legislative change.

R3's research has helped to support our policy making and engagement with our audiences. Key pieces of research work include a personal insolvency map of England and Wales by Parliamentary constituency. In autumn 2010, two quarterly research trackers were established. R3's Business Distress Index – is published quarterly in conjunction with the Daily Telegraph Business Club; while the R3's Personal Debt Snapshot has been quoted by MPs in Parliamentary debates.

Our quarterly membership survey remains a key aspect of R3's communications work and generates an excellent response rate. The results have been used in much of R3's press, policy and public affairs work – examples include our defence of the profession's SIP 16 reporting and research into the value of the insolvency industry which showed the profession helps to save two million jobs a year.

The Memorandum of Understanding between R3, the Insolvency Service and Jobcentre Plus is working well. Since its establishment in 2009, it has helped over 30,000 employees facing redundancy as a result of insolvency. The new Government has agreed to lend their support to the memorandum and the Minister for Insolvency and the Minister for Employment will be signing the memorandum at an event in Parliament in spring 2011 to recognise the efforts of the profession and the memorandum partners.



# R3 in London and the South East

In the wake of the significant number of formal insolvencies in the UK high street in 2009, Nick O'Reilly appeared on BBC 2's Working Lunch in early 2010 discussing why the insolvency lag that R3 had identified meant that corporate insolvencies were expected to go up.

However, due to significant numbers of companies taking up HMRC's Time to Pay scheme; and with there being no rise in interest rates, the number of formal corporate insolvency appointments actually fell in 2010. It will be interesting to see how the rise in the rate of VAT; an inevitable rise in interest rates; public sector cuts; and HMRC's tougher stance on unpaid tax will affect the business landscape in London and the South East in the coming year.

As all national print and broadcast journalists are based in the region and tend to focus on London and the South East, the press strategy for this region blends into the national strategy. Due to the quality of the research reports R3's Policy and Research team we have been able to further develop our relationship with the regional print journalists and have secured several stories in the Metro and the London Evening Standard.

We are always 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. I believe we achieved our aim this year as our events continue to be well supported by members.

Our Annual Dinner on 15 April was well-attended. The tickets for this event sold out within a few weeks of the tickets being made available and the new venue of the Park Plaza Hotel proved to be a success.

Our Regional Meeting on 18 November was at Haberdashers Hall and there was standing room only. The presentations included: an overview of the Wind Hellas by Alan Gar from Simmons & Simmons, and a presentation from Jobcentre Plus who discussed how we can work with them to get people back into work as quickly as possible.

The Bollywood-themed Ladies Lunch in November at the new location of the Park Plaza Hotel enabled us to open the event up to more members and their guests. Yet again it was a sell-out and remains our most popular event.

I would like to thank the whole Committee for their continued hard work and wish our members in the region all the best for what is likely to be an interesting year for us all.



**Alison Goldthorp**  
London and South East region chair

Highest numbers of R3 members:

- London
- Reading
- Guildford

Membership snapshot at April 2010

- 281 Associates
- 387 Fellows
- 462 Ordinary Members
- 20 New Professional – Networking
- 56 New Professional – Student
- 1206 Total Members



## R3 in the South

Although the number of formal insolvencies was down on predictions, the uncertain economic outlook has meant our role promoting the work of our members has never been so important.

Highest numbers of R3 members:

- Southampton
- Eastleigh
- Reading

Membership snapshot at April 2010

- 17 Associates
- 44 Fellows
- 46 Ordinary Members
- 3 New Professional – Networking
- 9 New Professional – Student
- 119 Total Members

We covered a wide range of topics at our quarterly meetings. The theme of our meeting in April was the regulatory environment. The event included presentations from Mike Chapman of the Insolvency Service and David Kerr, Chief Executive of the Insolvency Practitioners Association.

The 'Mad Hatter's Tea Party' in June was hosted by James Cowper and Lampport Bassitt. Topics such as administration expenses, remuneration, the lifting of the corporate veil, employee consultation and pensions were addressed.

In October, members enjoyed a series of events including the presentation 'Pensions: Turnaround, Moral Hazard and Personal Liability' hosted by Begbies Traynor and Bond Pearce and the debate 'Do IPs do turnaround?', hosted by Boyes Turner in Reading.

Our "Planes, Trains and Automobiles" meeting in December was hosted by RSM Tenon and Blake Laphorn. At this event we discussed Section 98 creditors' meeting.

We are fortunate to have a very active New Professionals Group in the South and I would like to thank Heather Dobson of Coffin Mew and her Committee for their valuable contribution. In addition to a calendar of networking opportunities, the group's other highlights included a JIEB Exam Technique Seminar with Alan Limb of BRI Business Recovery and Insolvency.

The R3 Southern Region Women's Group has been extremely active, hosting a number of networking opportunities including the well-received "Cocktails with a twist" quiz. The highlight of the year was the Annual Dinner held at the De Vere Grand Harbour in Southampton in October. This was a huge success and I am grateful to Lucy Cannell of PwC and her Committee for all their hard work.

We have worked hard to raise the profile of R3 in the media and the story which generated the most coverage was the bankruptcy map which provided a breakdown of bankruptcies by constituency. The clear disparity between neighbouring areas in the Southern region led to numerous articles and radio interviews.

We were delighted to secure the sponsorship of Barclay Meade, a professional staffing recruitment agency, for our quarterly meetings for the next 12 months and I am grateful to Matthew Home of Barclay Meade for providing this.

All that leaves me to do is thank my Committee and their firms for their commitment to R3 activities and wish everyone the best of luck for the year ahead which promises to be just as challenging.



**Nick Keitley**  
Southern region chair



## R3 in the East

It has been a good year for R3's eastern region as it continues to enjoy the commitment of its Committee and the engagement of the growing membership. Covering Norfolk, Suffolk, Cambridgeshire and parts of Essex, we remain strongly supported in key regional centres such as Cambridge, Peterborough and Norwich, but there is also significant support from the region as a whole.

Highest numbers of R3 members:

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

Membership snapshot at April 2010

- **28 Associates**
- **18 Fellows**
- **37 Ordinary Members**
- **2 New Professional – Networking**
- **4 New Professional – Student**
- **89 Total Members**

We have maintained our quarterly programme and these meetings have been well attended. Based in our now established new 'home' of Ravenswood Hall, these technical sessions and talks from our sponsors have been engaging and well-received, encompassing a variety of topics of interest to the membership.

The eastern region has punched above its weight in relation to its R3 presence in 2010 with Chris Williams from McTear Williams & Wood, the eastern region Council member, as Chair of the Regional Communications Committee and Steven Law as, of course, R3 President.

On the social front, a charity golf day was organised and sponsored by George Hazell & Co which was won by Nigel Millar's (Baker Tilly) team. Encouraged by the success of this event and the willingness of members to travel across the region, we shall shortly be holding an annual dinner. We are also looking at holding more charitable events later in the year.

On the publicity front, R3's eastern region has been at the forefront of some significant local media coverage on a range of industry topics, from predictions of corporate and personal insolvency levels, to the need for businesses and individuals to take professional advice as soon financial difficulties surface.

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

Finally, thanks, as always, to the R3 eastern region committee members who spend a considerable amount of time each year contributing to R3's various activities.

Thanks also to the R3 eastern region membership which is very active.

R3's profile has certainly grown further in the eastern region in recent times and I look forward to it gaining even further strength in the coming year as I step down as regional Chairman and pass over the reins to the very capable and long-serving R3 committee member Shay Lettice (Peters Elworthy & Moore).

I wish R3 and the eastern region committee, of which I shall remain a member, the best of luck for the year ahead. There is no doubt that the immediate future will be challenging, but we have the knowledge and experience to make a real and positive difference for our clients and for our regions.



**Laurence Weeks**  
Eastern region chair



## R3 in the Midlands

In 2010 I took over the role of regional chair from James Martin of Begbies Traynor and it has been an interesting year, namely for me, R3 members and the economy.

Highest numbers of R3 members:

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

Membership snapshot at April 2010

- **70 Associates**
- **102 Fellows**
- **142 Ordinary Members**
- **10 New Professional – Networking**
- **15 New Professional – Student**
- **339 Total Members**

Following the high level of corporate insolvencies in 2009, the figures dropped in 2010 as our members spent their time trying to rescue as many viable businesses as possible.

As insolvency practitioners, rescuing a company is always preferable to liquidation and this is a point I have been keen to get across to the media and Parliamentarians. I want to promote the profession and the important role we are playing in the economic recovery.

For us to be able to save more distressed businesses it is important that we dispel the myth that we are corporate undertakers. This misconception is what deters people from seeking our help at the outset. We need to remind the business community and individuals that calling in an insolvency practitioner at the first sign of trouble means that there is more chance of finances being quickly restored to health.

As the voice of the profession within the Midlands I have engaged with the press at every given opportunity in order to demystify our industry. Indeed in my article for R3's annual supplement in the Birmingham Post 'Vital role in safeguarding the prosperity of the region'.

This year's regional events have continued to provide a forum for technical updates and debate, and the second meeting of the year, in April, saw Gerald Krasner from Begbies Traynor in Leeds discussing the contentious issue of football insolvency. At the regional meeting in September Will Wright from KPMG drew on his experiences to explain why there has been a rise in retail and other sectors using Company Voluntary Arrangements.

Our annual Quiz Night, held at Aston Villa Football Club, was well supported by members and proved to be a truly enjoyable event.

The Women's Group also hosted several well-attended including the Spring Ball at the Hyatt Regency in April which proved extremely popular. The 'Cuisine of the Languedoc' evening was also a veritable success with members keen to sample dishes from the South of France. The Cocktail Master Class in December was another hit and was the perfect way to end the year.

I would like to thank the Committee for all the help they have given me in my first year, with special thanks to Sue Byrne who chairs the Women's Group and our student representative, Josie Baker. I look forward to working closely with the Committee in the coming year for the benefit of our members.



**Matthew Hammond**  
Midlands  
region chair



## R3 in Yorkshire

Despite its resilience during the recession, the announcement last year of major cuts in the public sector was a severe blow for Yorkshire.

Highest numbers of R3 members:

- Leeds
- Sheffield
- Hull

Membership snapshot at April 2010

- 51 Associates
- 85 Fellows
- 99 Ordinary Members
- 9 New Professional – Networking
- 12 New Professional – Student
- 256 Total Members

With a high percentage of public sector jobs at risk, particularly in South Yorkshire, the region is likely to be harder hit than most - R3's research found that 35 per cent of businesses across the North rely on public sector contracts, with the construction industry most reliant.

With the economic recovery still fragile, this could prove a real setback. We are already seeing signs of distress amongst businesses most reliant on government spending although the full impact of budget cuts is yet to come. We expect to see higher levels of business failures in public sector exposed industries over the next year, and this will have a knock on effect on their suppliers too.

The Yorkshire region has enjoyed another active year hosting a raft of events which were once again well supported. In January, we got off to a good start with the Annual Dinner Dance, held at the National Railway Museum in York which was well-attended. The revitalised young professional group had its first event in April, a networking evening aimed at those new to the profession, sponsored by Bibby Financial.

The Annual Ladies' Lunch proved to be popular. It was held at the Met Hotel in Leeds in June and was attended by Ambassador of Huddersfield Town FC, Andy Booth. The audience was entertained by an unusual after lunch speaker - Stephen Smith, a criminal law solicitor and author of 'Boozers, Ballcocks and Bail'. Guests were invited to dress in an emergency services theme and the charity raffle raised money for the Yorkshire Air Ambulance.

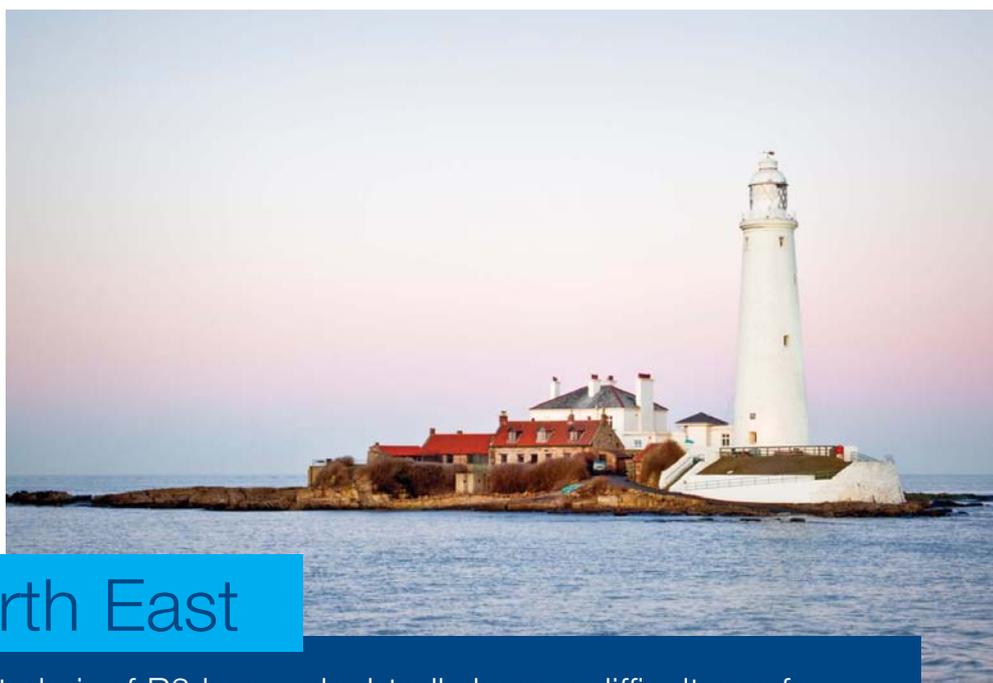
In September, the Quarterly Meeting at the Crowne Plaza Hotel, Leeds, was addressed by directors of Lloyds Business Support, Andrew Foster and Paul Hodgson. They gave their view of market conditions, Lloyds Banking Group's current attitudes to the survival of companies and, in a re-structuring context, what works well/badly with professionals and interim management. This was followed by a lively Q&A session under Chatham House Rules.

Finally, following the overwhelming success of last year's event, December saw another wine tasting evening at the Park Plaza in Leeds. The evening included the sommelier presenting around eight wines for sampling and a charity raffle which raised money for the British Kidney Patient Association.

We also enjoyed a marked increase in press coverage in the second half of the year, following the appointment of Appeal PR, and we hope the higher profile will help R3 to continue to play a key role in representing the interests of members in the region.



**Andrew Walker**  
Yorkshire region chair



## R3 in the North East

My first year as north east chair of R3 has undoubtedly been a difficult one for both our sector and the regional economy in general. However it has been relatively steady - we've generally been spared the peaks and troughs that other regions have experienced due to the nature of the industry in the area.

In the last few months of 2010 there was a definite rise in the number of enquiries to our regional IPs, and it's a trend that we expect to see continue into the new year.

The full impact of the public spending cuts has probably yet to be felt in this area which has high levels of public sector employment. The property market remains rather fragile, but there are definitely reasons to look forward with less trepidation than has been the case for the last three years.

For a membership point of view, it's been a very active year in the North East, with a programme of very well attended events taking place.

In May, we welcomed Rosie Smith, the new Bank of England agent, who gave an overview of the Bank's future economic expectations for the region and the UK as a whole. Later in the year, Bill Birch of Compliance on Call Limited provided some very useful illumination about the new compliance rules.

December saw David Glover of specialist commercial and transport law firm Marshall Glover speaking on insolvency matters relating to the haulage industry, whilst February saw R3's president Steven Law speaking to a packed house about the work that the organisation has been undertaking to shape and support the work of its members.

All of our events were extremely well supported by the regional membership, and we're grateful to all our sponsors – Datasafe Storage, Willis, CCH Insolvency and Aldermore Factoring – for their generosity.

In addition to this, our regional membership has carried out an amazing fundraising campaign for north east cancer research charity Bright Red.

Close to £3,000 was raised at a pre-Christmas band night and through online Christmas card donations.

We continue to get excellent press coverage in the region and have held several meetings with local MPs, but there is always more we can do in these areas. We will continue to work hard to gain support for measures which will help safeguard the futures of the maximum possible number of regional businesses and enhancing the profile of the insolvency profession.



**Linda Farish**  
North East region chair

Highest numbers of R3 members:

- Newcastle
- Sunderland
- Stockton-On-Tees

Membership snapshot at April 2010

- 12 Associates
- 17 Fellows
- 23 Ordinary Members
- 3 New Professional – Networking
- 1 New Professional – Student
- 56 Total Members



## R3 in the North West

2010 was the year that insolvency issues came to the fore, with terms like 'pre-pack' and 'administration' passing into common parlance. Despite the recession having officially ended, the North West witnessed a steady succession of business failures.

Highest numbers of R3 members:

- Manchester
- Liverpool
- Bolton

Membership snapshot at April 2010

- 60 Associates
- 109 Fellows
- 133 Ordinary Members
- 9 New Professional – Networking
- 13 New Professional – Student
- 324 Total Members

The property sector has been particularly badly hit, with developers and investors amongst the casualties, while others have been caught up in the tailspin or affected by the collapse of the contracting giant Connaught.

In the leisure sector, high-profile administrations included Chorley-based Pontins, an iconic holiday brand, which was rescued by a regional hotel operator. Meanwhile in nearby Wigan storm clouds were gathering once again over JJB Sports – whose CVA in early 2009 started a trend. Even the professional services sector has not been immune, and the failure of one of the region's leading law firms, Halliwells, shocked the business community.

Buyers have been active in the market, whether in the shape of distressed funds, competitors or other trade buyers. Figures from Corpfm Experian show that 69 acquisitions in the North West last year – one in seven of all M&A deals - involved a business in distress.

Overall though, insolvencies were lower than expected due to a number of factors, not least HMRC's Time to Pay scheme. So far more than 40,000 companies in the region have deferred over £630m tax.

In terms of individual insolvencies the North West rate of 30.6 per 10,000 population was lower than all other regions except London and the South East, according to Insolvency Service figures. However this mask contrasts between areas such as Blackpool at one end (49.1) and Eden in Cumbria at the other (22.6).

We have continued our programme of quarterly meetings and the decision to move the venue to Manchester city centre has further boosted attendance. Speakers in 2010 included R3 president Steven Law, barrister David Mohyuddin of Exchange Chambers, Simon Chaplin of HMRC, and Darrell Matthews from the Institute of Directors.

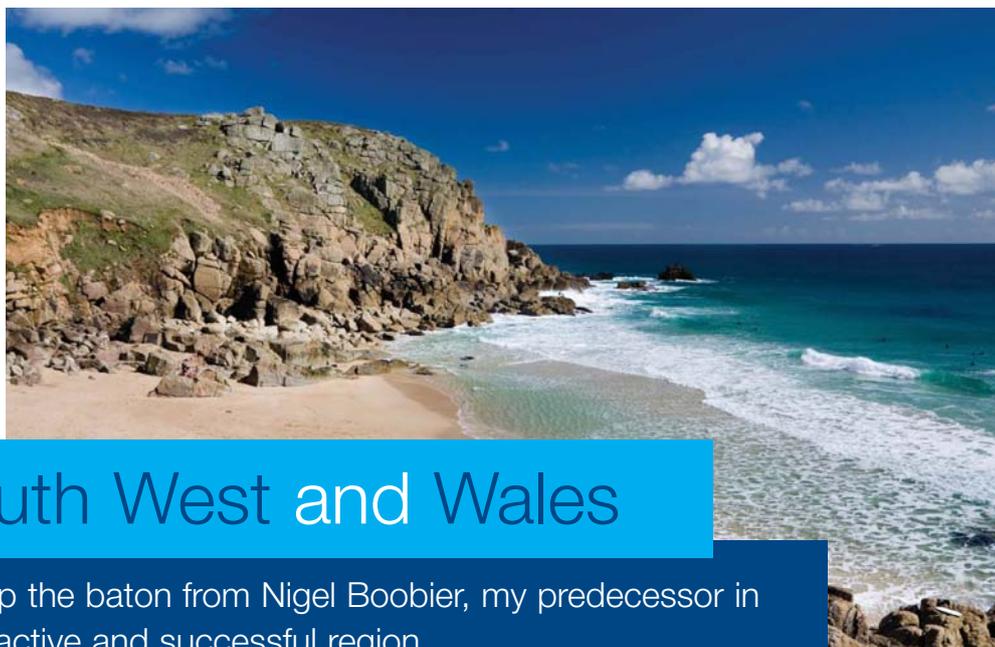
Our annual dinner dance at Manchester's Midland Hotel attracted around 120 people while the ladies' lunch, held at the Lowry Hotel, is going from strength to strength.

We have continued our PR campaign to raise awareness of debt problems and the work of IPs. We have been widely quoted in the press, arguing in favour of pre-packs, speaking up for IPs, and urging companies and individuals to seek advice at an early stage.

This is my final report as regional chair and I would like to thank everyone for their support - in particular the Committee, the staff at R3, and our PR representative Pauline Rawsterne. Over the past three years I have taken great pleasure in representing the region. I would like to wish the new chair and vice-chair best of luck for the future.



**Matt Dunham**  
North West region chair



## R3 in the South West and Wales

It was an honour to pick up the baton from Nigel Boobier, my predecessor in what has always been an active and successful region.

Highest numbers of R3 members:

- Bristol
- Cardiff
- Exeter

Membership snapshot at April 2009

- 38 Associates
- 56 Fellows
- 89 Ordinary Members
- 5 New Professional – Networking
- 7 New Professional – Student
- 195 Total Members

With the full support of the regional Committee I wanted the theme of my two years at the helm to be an inclusive one, where 'less is more'. I wanted us to work closely, not only with the active ladies group led by Maria Connolly, but also with the Institute for Turnaround (IfT) and the Turnaround Management Association (TMA); as well as working hard to encourage bankers in the business support environment to attend our events. In a bid to achieve this we have had fewer meetings. Our approach seems to be working: attendance at our technical meetings continue to average over a hundred people and all the social events have been sell-outs.

2010 kicked off in February when a team from KPMG gave a presentation on CVAs; highly topical at the time with a case study around JJB Sports.

In April we embarked on a first for the region, a half day conference held jointly with TMA with support from local IfT members. We were extremely pleased to have Mark Berrisford-Smith, Senior Economist at HSBC Bank, give an economic update on the UK. He was followed by Viv du Feu, Partner at Capital Law LLP who gave a presentation on the power of generational insight which was extremely enlightening. Roger Loodmer brought the proceedings to a close giving some insight into his role as a turnaround specialist in the region.

In May we held our annual golf day at Bowood Park which is one of our most popular events. This year, we wanted to open it up to our non-playing members and so offered passes to Bowood's newly opened

spa whilst others took in a tour of the stately home, Bowood House. The sun shone and everyone joined together for dinner and prize giving in the Club House.

Our most popular event, The Ladies Group Summer Ball, was another sell out with tickets going faster than those for a Take That concert! The Ladies Committee always organise a fantastic night which this year had a casino theme.

At the first of our two autumn meetings, Tony Lomas, PwC, presented a case study of the Lehman Brothers administration, for which he was Lead Administrator, to a captivated audience. At the second meeting, Steve Billot from Tenon addressed the warning signs and common themes behind the failures of professional services firms, supported by barrister Martha Maher who commented upon the legal issues affecting the structure and insolvency of LLPs.

To finish the year our December meeting combined the AGM with a social with members enjoying a Chinese banquet before heading upstairs to the karaoke bar, where the quality of singing was varied.

My sincere thanks go to the regional Committee members and the members of the Ladies Committee for all their support and hard work on behalf of the members of this region.



**Andrew Sheridan**  
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 2010

- **12 Associates**
- **18 Fellows**
- **17 Ordinary Members**
- **1 New Professional – Networking**
- **3 New Professional – Student**
- **51 Total Members**

2010 was a memorable year, both for the Northern Ireland economy and for R3 members, as the regional market continued to lag behind the fragile recovery experienced elsewhere in the UK, with increased demand for insolvency and recovery services.

The year got off to a glittering start in February, as 45 female R3 members and their guests celebrated Belfast Fashion Week. After pre-event cocktails and dinner in CoCos, in Belfast's Linenhall Street, the ladies whisked off to the Europa Fashion Week HQ to witness the hottest trends of 2010.

Sponsored by Wilson's Auctions, this event achieved the highest attendance at a women's group event to date.

The highlight of the season was the R3 dinner, where 160 members and guests attended the formal dinner in the historic Great Hall of Queen's University Belfast. The demand for places so high that we had to limit the number of attendees.

Guest speaker, Gerald Ratner, shared his personal journey through his very public experience of business success, collapse and recovery. The sponsorship from Jardine Lloyd Thompson Insurers, A&L Goodbody, solicitors and McGriggors solicitors helped to make this an excellent night.

With a rapidly changing landscape of the property sector in the region, over 80 members and guests attended a commercial and residential property update at the offices of PwC. The speakers for the evening, Douglas Wheelar and Simon Brien of BTW Shiells and BTW Cairns, presented their views, considering the effects on the local economy and the position for lenders and credit markets.

At an additional networking event the local winner of the national television programme, Great British Menu, was celebrated. The event incorporated a drinks reception in a local art gallery, followed by dinner across the road in Belfast restaurant, James Street South.

Sponsorship from Tughans solicitors and Armstrong Auctions helped to make the event a great success. It was a full house with 75 people in attendance.

After four years as Northern Ireland regional chair, in 2011 I will be standing down. I wish R3 and particularly the Northern Ireland region well in its future endeavours.



**Garth Calow**  
Northern Ireland region chair



## R3 in Scotland

The theory that more business failures happen during the early stages of the recovery rather than in the depths of the recession was given credence in Scotland which, during 2010, recorded its highest ever level of corporate failures. The figures indicate that the lead time from recession to insolvency can be several years and there is every sign that the coming year will be similarly bleak.

Personal insolvencies seem to have stabilised at a figure of around 20,000 Scots per year becoming insolvent. However, this is almost twice the pro rata level of England and Wales, indicating that if it has settled, it has done so at an alarmingly high level. However, what is most worrying is that this level of personal insolvencies has been reached before the Comprehensive Spending Review has been fully implemented. The public sector cuts will impact hugely on Scotland as one in four Scots are employed in the public sector compared with one in five in England and Wales. In some parts of Scotland the number employed in the public sector is as high as 50 per cent.

Following the appointment of Colin Wright PR, we have seen a considerable increase in media coverage in Scotland especially in the Scotsman, CA magazine and on BBC Scotland Online.

Throughout the year R3 was involved in a number of events and legislative developments. In conjunction with council chambers, Murray Stable, we held a successful, well attended conference on pre-packs in June.

In the early part of the year we were heavily involved in lobbying MSPs and Ministers in relation to the Home Owner and Debtor Protection Bill. I played an active part in the Debt and Insolvency Services Stakeholder Forum ("DISSF") and spoke at one of the new stakeholder forums organised by The Accountant in Bankruptcy. Graham Rumney and I met with the new Accountant in Bankruptcy, Rosemary Winter-Scott, and gave a presentation to her staff on the activities of R3 which was very well received.

The Scotland Bill, which emerged from the earlier Calman Report to which R3 was asked to contribute, continues to pass through the various stages of the parliamentary process. The Bill has been described by the UK government as the "biggest transfer of fiscal power to Scotland since the creation of the United Kingdom" - full implementation is expected 2015 at the earliest.



**John Hall**  
Scottish region  
Council member

Highest numbers of R3 members:

- Glasgow
- Edinburgh
- Aberdeen

Membership snapshot at April 2010

- 15 Associates
- 39 Fellows
- 67 Ordinary Members
- 0 New Professional – Networking
- 1 New Professional – Student
- 122 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

S M Law, Ensors, Ipswich

### Vice President

F E Coulson, Moon Beaver, London

### Deputy Vice President

L A Manning, Deloitte LLP, London

### Other Members

J A G Alexander, Carter Backer Winter LLP, London

M B Andrews, SNR Denton UK, London

E A Bingham, Ernst & Young LLP, London

L M Brittain, Deloitte LLP, London

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

M Cohen, BDO LLP, London

P B Ellward, RSM Tenon Recovery, Nottingham

A R Fanshawe, Begbies Traynor (Central) LLP, Reading (appointed 23/04/2010)

G R Frampton, Richard J Smith & Co (appointed 23/04/2010)

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

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

C M T Haig, KPMG LLP, London

J M Hall, Invocas Group plc (Regional Member for Scotland)

B J Hamblin, PKF (UK) LLP (appointed 23/04/2010)

R Heis, KPMG LLP, London

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

J R Houston, Ernst & Young LLP, Belfast (Regional Member for N. Ireland)

J James, Ward Hadaway, Newcastle (Regional Member for North East)

G Limb, Compliance on Call Ltd (appointed 23/04/2010)

J Moriarty, KPMG LLP, London

J Nicholls, Nicholls & Co, Shrewsbury (Co-opted Regional Member for Midlands)

J Palmer, Begbies Traynor (Central) LLP, Salisbury (Regional Member for Southern)

E Pywowarczuk, Liberta Financial Ltd (appointed 11/11/2010, by way of co-option)

P Sargent, Begbies Traynor (Central) LLP, Halifax

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

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

### Outgoing Members

P J Long, PKF (UK) LLP, London (resigned 23/04/2010)

D A Gregory, Hogan Lovells LLP, London (resigned 23/04/2010)

M Phillips QC, 3 – 4 South Square, London (resigned 23/04/2010)

N H O'Reilly, FRP Advisory LLP, London. (resigned 23/04/2010)

### 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 the Education (ECC) and Technical (GTC) committees meeting the most frequently.

## Summary of Activities

The Association, known by its brand name R3 (standing for Rescue, Recovery and Renewal), continued providing 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 England and Wales, Scotland and Northern Ireland, 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.

Our 20th Annual conference was held in Vilamoura, Portugal in May. The fourth Lite Conference was held in Bournemouth; and our Small Practices Forum in Birmingham. All three saw significantly higher attendances than in the preceding year, a trend seen in the majority of courses held in the UK. The annual national banquet was again combined with the London Region dinner; and like the perennially well attended and popular London Region Ladies Lunch proved to be successful in terms of both numbers and contribution. The other regions also enjoyed success with their activities.

The insolvency industry was rarely out of the news, and never very far from a number of political debates as the economy continued to suffer from the worst economic downturn for 80 years. We therefore continued our work with parliamentarians, attending the main political party conferences, with fringe events at those of the Conservatives and Labour. We further expanded the depth and breadth of our media interaction and the coverage obtained grew significantly. Such activity was important as we started the year against the back drop of an OFT market study into corporate insolvency, which reported in June; and ended with news of an impending review of personal insolvency. Insolvency Service-initiated Consultations on Pre-packaged administrations, and Company moratoria were also launched and responded to; and to the OFT on Debt Management Plans.

## Financial Results

The Association's activities in the year resulted in a surplus after tax for the year ended 31 December 2010 of £153.9k (£23.0k net surplus in 2009). The Association's reserves increased to £2.35m (£2.19m in 2009).

Most pleasing was the continued growth in subscription income to £1.138m (£1.062m in 2009).

The assistance provided by our sponsors: at national level: Insolvency Risk Services; and Willis; as well as other 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 an award of £210k. The amount redeemed was £207k.

A significant feature of our income in recent years has been interest income on the bank deposits with our bankers. With the fall in interest rates this fell to £60k, compared to the previous year's £97k. By the end of 2010 all term deposits were held with Cater Allen Private Bank (Santander). Our working capital balances are held with Bank of Ireland and Barclays, with an HSBC account in place should the need arise.

The Courses and Conferences budgeted net income for 2010 was £583k and the eventual outturn totalled £775k, reflecting a combination of higher attendance, increased cost savings on third party suppliers (venues and other bought-services). Sales of our courses DVDs declined.

There was a net £118k contribution from the regions (£113k in 2009) re the social and educational events put on locally. We also continued our region-specific media work (all regions are twinned with local press agents bar Northern Ireland) and expenditure re their support and the training of local spokesmen in media management totalled £76k (£80k in 2009). Netting the two resulted in a net surplus of £42k as against a regional net surplus of £33k in 2009.

The headcount over the year increased with four new permanent posts: the Communications team with an External Communications Officer; the Membership and marketing team with Marketing Executive (with additional duties covering our website); and the Events team through the addition of a Courses and Conferences Producer, whose focus is on supporting the ECC course leaders; and finally a SPG Committee Support Executive.

R3's financial policy has been to build up and maintain suitable reserves to underpin and maintain its activities in the event of a significant fall in income. 2010 saw a continuation of low interest rate environment, and we remain concerned that grant and sponsorship income cannot be taken for granted (and the grants agreed for 2011 are significantly less than in 2010).

The increase in reserves, greater than budgeted is planned to be returned to the membership in 2011 via a combination of a freeze in subscription levels and generally unchanged prices for event and courses in 2011 and an ongoing investment in additional member-facing and supporting activities, particularly in the area of an expanded web-based technical offering, via training and development of existing staff and, where justified, additional staff.

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## 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.

Signed by Order of the Council on 16 March 2011.

**S M Law**                      **F E Coulson**  
President                      Vice President

120 Aldersgate Street,  
London EC1A 4JQ

## 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 2010 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume

responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## 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 2010 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	2010 £'000	2009 £'000
<b>Turnover</b>			
Subscription income		1138.4	1062.2
Grants		63.3	117.7
Courses, meetings and conferences		1899.5	1618.9
Sponsorship		132.8	111.8
Advertising		74.2	74.2
Other income		49.7	34.5
		<u>3357.9</u>	<u>3019.3</u>
<b>Operating Expenses</b>			
Direct course expenses		(1065.8)	(1124.8)
Administrative expenses		(2185.7)	(1948.3)
		<u>(3251.5)</u>	<u>(3073.1)</u>
<b>Operating Deficit</b>	3	106.4	(53.8)
Interest receivable and similar income		60.1	97.2
Interest payable and similar charges		-	
		<u>166.5</u>	<u>43.4</u>
<b>Surplus for the year before taxation</b>		166.5	43.4
Taxation	4	(12.6)	(20.4)
		<u>153.9</u>	<u>23.0</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	2010 £'000		2009 £'000	
<b>Fixed assets</b>					
Tangible fixed assets	7		140.7		80.1
<b>Current assets</b>					
Debtors	8	392.9		463.9	
Cash at bank and in hand		2,712.2		2,728.0	
		<u>3,105.1</u>		<u>3,191.9</u>	
Creditors: amounts falling due within one year	9	(899.2)		(1,079.2)	
<b>Net Current Assets</b>			<u>2,205.9</u>		<u>2,112.7</u>
<b>Total assets less current liabilities</b>			<u>2,346.6</u>		<u>2,192.8</u>
<b>Accumulated Surplus</b>	10		<u>2,346.6</u>		<u>2,192.8</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.

#### i. Pensions

The Association contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the Association to the fund in respect of the year.

### 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

	2010	2009
	£'000	£'000
<b>This is stated after charging:</b>		
Auditors remuneration - audit	8.0	8.0
- other	-	-
Depreciation	54.4	35.9
Operating lease rentals - land and buildings	84.6	97.0
- other	<u>4.1</u>	<u>5.8</u>

### 4 Taxation

	2010	2009
	£'000	£'000
The tax charge on bank interest receivable for the year was as follows:		
UK Corporation tax at current rates	12.6	20.4
<b>Corporation tax charge for the year</b>	<b><u>12.6</u></b>	<b><u>20.4</u></b>

#### 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	106.4	43.4
Expenses not chargeable to corporation tax	(46.3)	53.8
<b>Surplus for the year chargeable to corporation tax</b>	<b><u>60.1</u></b>	<b><u>97.2</u></b>
Surplus on ordinary activities before tax multiplied by the standard rate of tax in the UK of 21% (2009:20.75%)	<u>12.6</u>	<u>20.4</u>

### 5 Staff Costs

	2010	2009
	£'000	£'000
Employee particulars are shown below:		
Wages and salaries	1,027.2	932.0
Social security costs	117.6	108.0
Other pension costs	26.3	24.9
	<b><u>1,171.1</u></b>	<b><u>1,064.9</u></b>

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

Administration	<u>24</u>	<u>21</u>
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None of the directors received any remuneration in either 2010 or 2009.

### 6 Operating Lease Commitments

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

	2010		2009	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire in:				
2 – 5 years	<u>84.6</u>	<u>4.1</u>	<u>97.0</u>	<u>5.8</u>

## 7 Fixed Assets

	Leasehold Improvements	Fixtures & Fittings	Computers & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2010	173.6	66.6	111.7	351.9
Additions	10.8	6.4	97.9	115.1
At 31 December 2010	<u>184.4</u>	<u>73.0</u>	<u>209.6</u>	<u>467.0</u>
<b>Depreciation</b>				
At 1 January 2010	124.8	57.7	89.3	271.8
Charge for year	20.0	5.6	28.9	54.5
At 31 December 2010	<u>144.8</u>	<u>63.3</u>	<u>118.2</u>	<u>326.3</u>
<b>Net Book Value</b>				
At 31 December 2010	<u>39.6</u>	<u>9.7</u>	<u>91.4</u>	<u>140.7</u>
At 31 December 2009	<u>48.8</u>	<u>8.9</u>	<u>22.4</u>	<u>80.1</u>

## 8 Debtors

	2010 £'000	2009 £'000
Trade debtors	107.5	111.4
Other debtors	107.2	66.6
Prepayments	178.2	285.9
	<u>392.9</u>	<u>463.9</u>

## 9 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	202.8	142.1
Other creditors	92.9	78.0
Accruals and deferred income	590.9	838.7
Corporation tax	12.6	20.4
	<u>899.2</u>	<u>1079.2</u>

## 10 Movement on accumulated surplus

	2010 £'000	2009 £'000
Accumulated surplus brought forward	2192.8	2169.8
Deficit for the year	153.9	23.0
<b>Balance carried forward</b>	<u>2346.7</u>	<u>2192.8</u>

## 11

The Association contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the holding company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £26,300 (2009: £24,900). There was £3,100 of contributions outstanding at the year end (2009: £Nil).

## Detailed income and expenditure account

	2010		2009	
	£'000	£'000	£'000	£'000
<b>Subscription income and grants</b>				
Members & student fees	1138.4		1062.2	
Grants	<u>63.3</u>		<u>117.7</u>	
		1201.7		1179.9
<b>Events and Activities</b>				
Courses, meetings and conferences	1899.5		1618.9	
Sponsorship	<u>132.8</u>		<u>111.8</u>	
		2032.3		1730.7
<b>Other Income</b>				
Advertising	74.2		74.2	
Other income	<u>49.7</u>		<u>34.5</u>	
		123.9		108.7
<b>Total Income</b>		<u>3357.9</u>		<u>3019.3</u>
Direct Course Expenses		(1065.8)		(1124.8)
<b>Administrative Expenses</b>				
Salaries and associated costs	1259.6		1113.9	
Rent and rates	136.0		156.4	
Printing, postage and stationery	82.2		67.2	
Council and committee	91.5		74.3	
Journals and publications	25.9		22.7	
Administrative expenditure	209.7		173.7	
Bad and doubtful debts	(1.3)		(0.1)	
Depreciation	54.5		35.8	
Legal and professional	20.6		7.1	
Subscriptions to Insol International	59.0		57.0	
Public relations	248.0		240.3	
		<u>(2185.7)</u>		<u>(1948.3)</u>
<b>Operating Deficit</b>		106.4		(53.8)
Interest receivable and similar income		<u>60.1</u>		<u>97.2</u>
<b>Surplus for the year before taxation</b>				43.4
Taxation		<u>(12.6)</u>		<u>(20.4)</u>
<b>Surplus/(deficit) for the year after taxation</b>		<u>153.9</u>		<u>23.0</u>



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