

# Annual Review 2012



Association of Business Recovery Professionals



[www.r3.org.uk](http://www.r3.org.uk)



Association of Business Recovery Professionals

8th Floor  
120 Aldersgate Street  
London  
EC1A 4JQ

Tel: 020 7566 4200  
Fax: 020 7566 4224  
E-mail: [association@r3.org.uk](mailto:association@r3.org.uk)

[www.r3.org.uk](http://www.r3.org.uk)

# Contents

---

What R3 does	4
Message from the President	6
Message from the Chief Executive Officer	7
Membership & Member Services Committee	8
Education & Training	9
General Technical Committee (GTC) and Scottish Technical Committee (STC)	10
Smaller Practices Group	11
Policy Group and Personal Insolvency Discussion Group	12
Fraud Group	13
Press, Policy & Public Affairs	14
R3 Regions	15
• R3 in the East	
• R3 in London & the South East	
• R3 in the Midlands	
• R3 in the North East	
• R3 in Northern Ireland	
• R3 in the North West	
• R3 in Scotland	
• R3 in the South	
• R3 in the South West & Wales	
• R3 in Yorkshire	
Reports and Accounts	25

## What R3 does

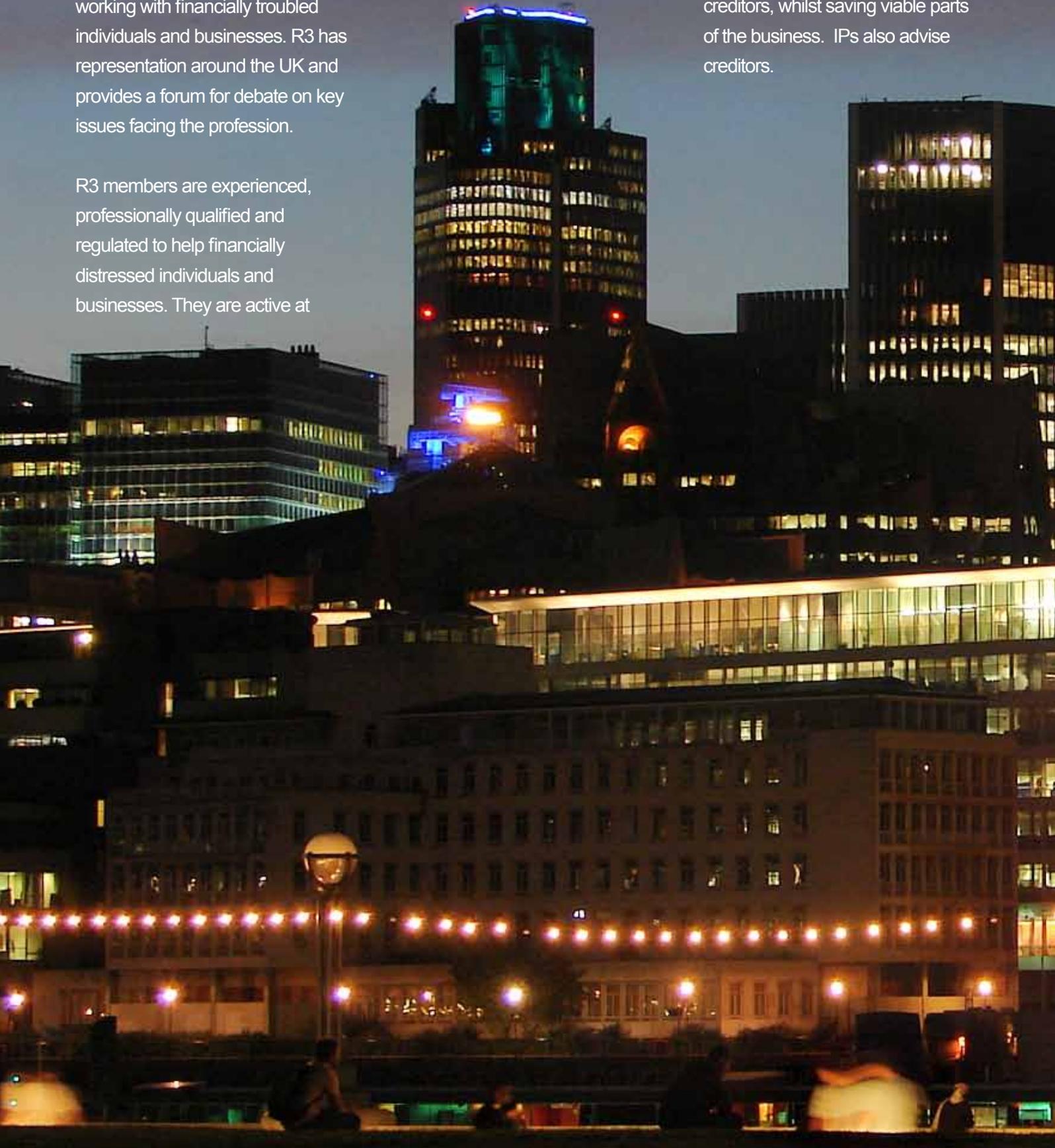
R3, The Association of Business Recovery Professionals is the UK's leading trade body for insolvency, business recovery and turnaround specialists in the UK. Known also by its brand name 'R3', it promotes best practice for professionals working with financially troubled individuals and businesses. R3 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 they do their best to sort out people's insolvency 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 endeavours to achieve the best price for stakeholders and creditors, whilst saving viable parts of the business. IPs also advise creditors.







## Message from the President

Lee Manning

2012, the year of the home Olympics, proved an interesting year to be President – there were three different insolvency ministers to tackle, but luckily I have managed to last the course.

During my year as President I hope that I have fulfilled my 'manifesto'. We are all familiar with the moves on regulation, but through engagement with the Insolvency Service as well as MPs and the Insolvency Minister, we managed to curb any additional burdensome red tape. We submitted additional evidence to the Business Innovation and Skills Select Committee inquiry into the Insolvency Service when they re-opened the enquiry in 2012, raising our concerns around unnecessary statutory compliance and the costs this bears on creditors. The Committee's report included many of R3's recommendations, which we had put forward in our evidence to the Committee. They recommended that the Insolvency Service include feedback to each insolvency practitioner and their regulatory body where SIP 16 reports have been judged non-compliant; and the Service should improve efficiencies and increase resources in their disqualification unit, to ensure more director disqualifications take place. Both issues are ones where R3 has campaigned for many years. The Committee also recommended the Government issue a consultation on the continuation of supply to businesses in insolvency, after we had raised our 'Rescue to Ransom' campaign with the Committee. The Government subsequently announced it would be issuing a consultation on the continuity of supply in insolvency, and tabled an amendment to the Enterprise and Regulatory Reform Bill. This is a significant victory for the profession.

The biggest challenge came at the end of 2012, when the Government announced an independent review of IP fees by Professor Elaine Kempson from the University of Bristol. The review is likely to play a significant part in shaping Government policy for years to come, and it is important that R3 engages with it; our on-line survey is a part of our defending our corner

and making our voice heard. I met Professor Elaine Kempson to explain the challenging environment in which we operate, and the lengths we go to to keep creditors informed. I highlighted our proposal to carve out the payments of uneconomic dividends, principally as we see this as a way of cutting out some of the areas where IPs charge fees where little or no benefit accrues to creditors, or where the costs are vastly disproportionate to the benefit.

I met the new Insolvency Minister, Jo Swinson MP, shortly after the IPs fees review announcement, to ensure the views of the profession are taken into account. I explained at length the process of agreeing fees; why IPs provide value for money; and outlined the competing pressures upon IPs. We also discussed the pitfalls of Chapter 11 and the importance of codifying administration expenses.

In addition to IPs fees, pre-packs are also back on the Government's agenda. Following a Labour Party call for an independent review of pre-packs during a Lords' debate on the Enterprise and Regulatory Reform Bill in March 2013, the Government confirmed the launch of an independent review of pre-packs this Spring. This is only a short time after the Government concluded its last consultation on pre-packs in March 2012, when a proposal for a three day notice period during sales to connected parties was scrapped. R3 will fully engage with the review process once it commences.

Corporate insolvencies levels remained low during 2012, which unfortunately meant it was again a difficult year for our members. R3 conducted research into the reasons behind low insolvency rates and low growth. Using a practical definition of a 'zombie' as "a business that is able to pay interest on its debts but not pay down the debt itself", the

research found there were 146,000 'zombie' businesses throughout the UK in June, which increased to 160,000 in November.

The research struck a chord with the media, policy makers and parliamentarians. It has led to meetings with Treasury officials, the Bank of England, MPs and journalists and the major banks. I worked with the BBC Journalist Hugh Pym on an extended piece for Radio 4 on the 'zombie' phenomenon, and our press comments were covered in the majority of national papers.

The term is now out there, and journalists and commentators are discussing 'zombies' in relation to stagnated UK growth. When HMV collapsed, Robert Preston advocated a clear out of struggling businesses to pave the way for growth. Economists, banks and commentators are now considering that higher insolvencies may be a good thing for growth, albeit painful initially in terms of employment.

Towards the end of the year retail and the ailing high street remained high on the media agenda due to the collapse of many household names, including Blockbuster, to which I was Joint Administrator. It provided R3 with an opportunity to brief the media on the role of an IP in maximising returns to all creditors; the challenges that arise during an administration, and the statutory order of priority in relation to gift vouchers. Considering the number of high profile cases the press comment around IPs has been fairly balanced.

I said at the start of my Presidency that I wanted to engage with the wider creditor community and groups that use IP services. I have certainly been kept very busy and met a significant number of stakeholder groups such as the ICM and BPF; Treasury officials; the Bank of England and towards the end of 2012 I convened a meeting which brought together members of our profession, leading clearing banks and pensions' advisers to discuss the role of the Pensions Regulator

and the Pensions Protection Fund in business rescue. I am hopeful that this improved interface and a better modus operandi between the restructuring profession and the Pensions Regulator and the Pensions Protection Fund will continue. I also discussed with stakeholders and MPs our proposal to extend employee preferential claims limits for arrears of wages to align it with the rise of inflation since it was first introduced in 1986, and which would reduce expenditure for government.

On football, I felt that it was important that R3 had a voice. I have been involved with at least a dozen clubs over as many years. I was administrator of Millwall, Bradford City and Swindon Town, as well as Richmond Professional Rugby Club. I wanted to examine the Football Creditors Rule and how this impacts on the principle of parity in insolvency situations. There is significant interest in the issue amongst MPs, with Damien Collins introducing a Private Members Bill to abolish the Football Creditors Rule. I held a roundtable debate in October with 15 MPs to discuss the football insolvency regime, which gave R3 the opportunity to make some lasting MP contacts who we have subsequently worked with on other issues affecting the profession.

I would like to thank the members of our R3 committees and event organisers for all their hard work: the Policy, Technical, Membership, Courses, Regional and SPG committees who all do a tremendous amount of work in supporting our members.

Thank you Deloitte and my colleagues there for their continued support during my presidential year. Finally, as President, I have been given fantastic opportunities to meet R3 members across the country. I would like to thank you all for your support; it's been a rewarding and enjoyable experience and has been wonderful to meet so many of you.



## Message from the Chief Executive Officer

Graham Rumney

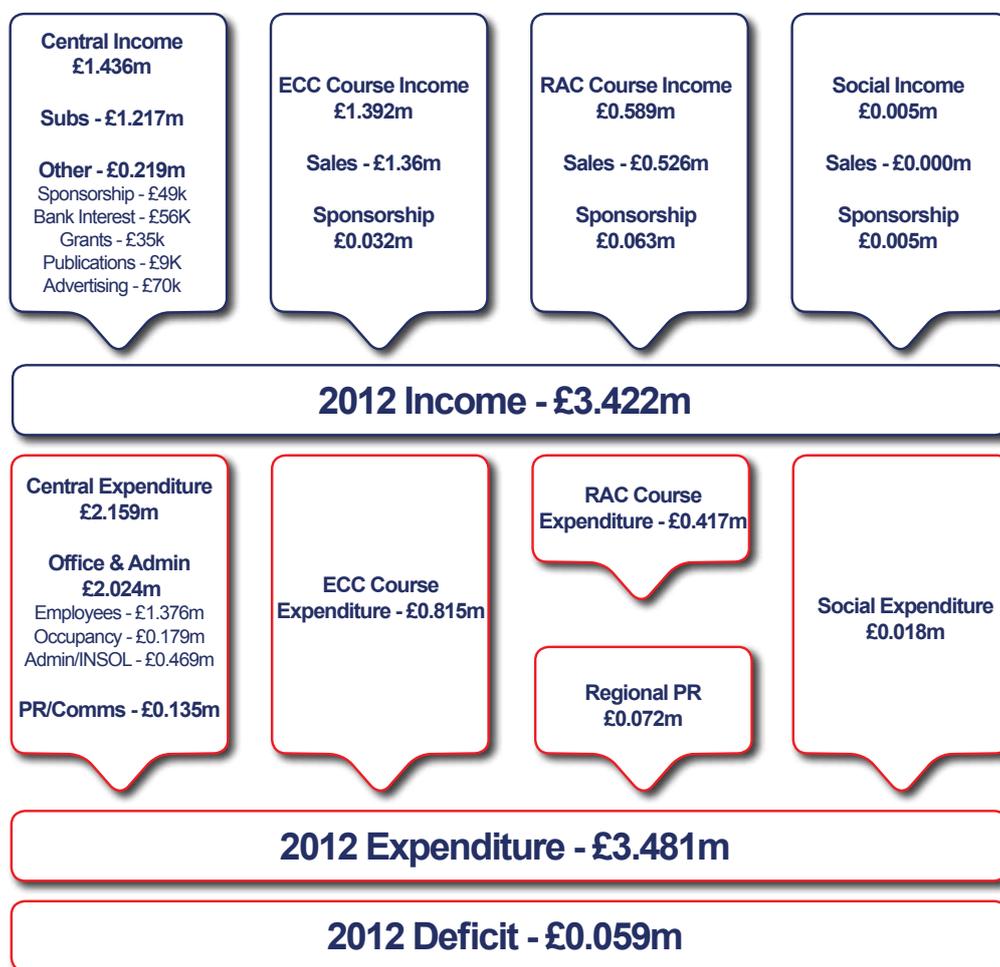
As a membership organisation, our principal focus is on providing the services our members want and need, at

a time, place and a price they can afford and which they value. Additionally, there is the important work of our

Technical, Press and Public Affairs, which provide us with the means and authority to engage with third party

influencers, in parliament, the Civil Service, the media and in peer organisations.

A simplified breakdown of where the money comes from and goes is shown below.



R3 has continued to examine its direct costs and the services it buys in; and via a combination of cost reductions, including in our headcount, and by stimulating additional and new income sources we have been able to increase our turnover by 6%; and reduce our deficit for the year to £59k, compared to the £237k deficit in 2011. Our reserves stand at £2.05m and given the economic uncertainty, Council has asked me to maintain them at around this level.

The support we receive from our national sponsors: Insolvency Risk Services and Willis; and many others at regional events are greatly appreciated, as is the support from the Barbican Trust.

I would like to thank the staff at R3 for their hard work and support, and that of those members who sit on Council, the national and regional committees, without whose enthusiasm and commitment R3 would not be the vibrant and successful organisation it is. I would also like to thank the two presidents I have worked with during the year and the other members of the Executive.



## Membership & Member Services Committee

**Matthew Dunham**  
Membership & Member Services Committee Chair

2012 remained a tough year for everyone in the UK – including many of our members - and the Membership & Member Services Committee continued to focus on its key priorities of ensuring the benefits and services we provide to members remained relevant, and of real value to all.

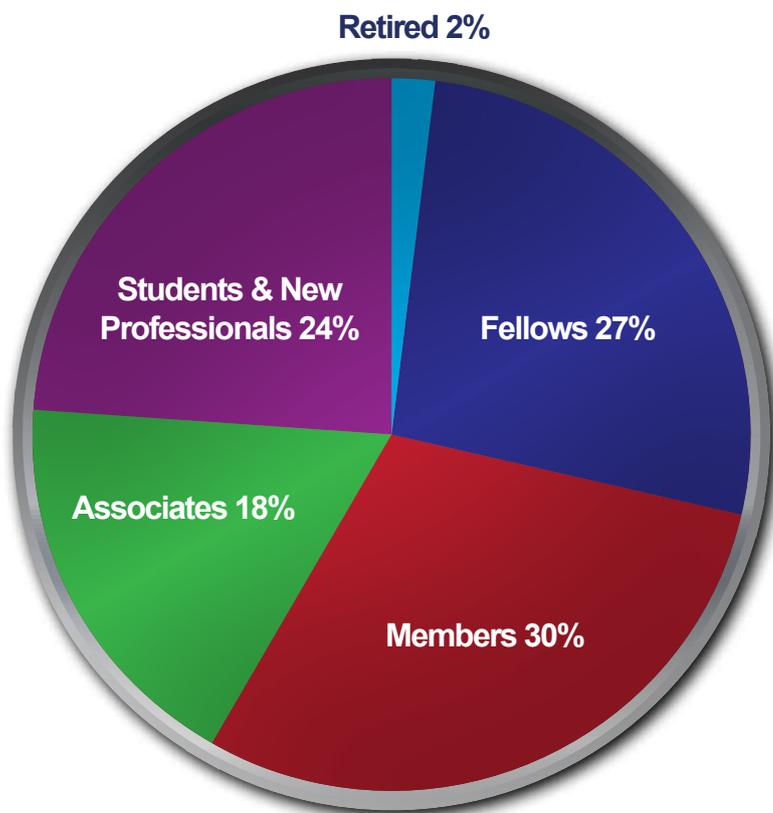
The demographics of the R3 membership continue to be under constant review as we develop our inclusive offering to the full spectrum of professionals working within the sector who wish to join and remain members of R3.

We encourage members to provide the all-important feedback that we, the Membership Committee, find invaluable.

We also liaise closely with other R3 committees – such as the Education, Courses and Conferences Committee, passing on suggestions for new educational ideas and initiatives we receive from members.

We look forward to another year of providing unrivalled networking and educational opportunities, as well as exploring new capabilities that continue to benefit members working across the insolvency spectrum.

**Matthew Dunham**  
Membership & Member Services Committee Chair



\*figures are rounded up to the nearest whole number.



## Education & Training

**David Chubb**

Education, Courses & Conferences Committee Chair

Following the sharp drop in attendances in 2011 (23%), attendance on our courses has stabilised with only a slight drop in 2012. We ran 99 training events, nine more than in 2011, and sold 4,073 places to members. (2011, 4,234 places). We understand that the drop reflects the level of activity in the profession and is not a reflection of the quality of our courses. Through careful cost control during 2012, we have managed to increase the contribution above the level generated in 2011.

We recognise that we need to keep reviewing the training needs of our members as firms are recruiting less and their teams have matured. We therefore completed a series of feedback interviews with a representative cross section of the firms within the R3 community. We then redefined the aims of the ECC Committee such that its meetings are now focused on detailed reviews of forthcoming courses, with presentations from the course directors concerned, and of courses that have been held recently. The ECC Executive committee, a sub set of the main committee, is responsible for identifying new course

topics and reviewing performance against budget etc. In planning the courses going forward, we now run a rolling six-month programme which should allow us greater flexibility to meet members' changing needs. We are also aiming most of our courses at higher levels of expertise to reflect the maturity of member firms' teams. We have also sought to broaden the appeal of some of our courses with a view to attracting a wider audience and it is encouraging to see representatives of the banks attending our courses. The Introductory programme's format has been changed to allow for some additional content and it is now spread over six one-days

instead of ten half-days.

We will be continuing our webinar service during 2013 recognising the convenience of this type of training for particular topics. Additionally, following an approach from an external webinar provider, we expect to be assisting in the running of a series of webinars on insolvency and restructuring in the autumn of 2013, in return for a percentage of the gross sales income received. If this comes to pass we will be sourcing some of the speakers, and members will be helping them refine the course content via the focus groups that we have already established.

The Annual Conference was held in Barcelona in May 2012, and delegates benefited from the wisdom of the broadcaster Andrew Neil who commented on eurozone problems. The conference focused on two key areas of members' practice: property and retail, and as we were in Spain, delegates benefited from Barclays'

expertise in realising property assets in Spain. The conference featured a recorded interview with the Chief Executive of NAMA, Ireland's restructuring vehicle for distressed banking assets. On the retail front, delegates explored the rescue of Oddbins and benefited from the expertise of Theo Paphitis.

We are always open to suggestions for course topics and on the look out for good speakers so if there are particular issues that you would like to see covered or you would like to speak on our courses, please email David White at R3 – [dwhite@r3.org.uk](mailto:dwhite@r3.org.uk) – who will ensure the committee hears about your interest.

We are very grateful to all the speakers and the ECC Committee members who have given of their time over the past twelve months to ensure that the course programme meets members' needs.

**David Chubb**

Education, Courses & Conferences Committee Chair

**David White**

Training Director



## General Technical Committee (GTC) & Scottish Technical Committee (STC)

**Giles Frampton**  
General Technical Committee Chair

The Technical Committees have continued to be active on a large number of fronts.

The GTC has been represented on the Rules Focus Group chaired by the Insolvency Service and has drafted amendments to be put down to the Enterprise and Regulatory Reform Bill in order to:

- a) forestall the risk of penalties for the failure of previous management to follow employment law in formal insolvencies; and
- b) to provide for the adjudicator to seek directions from the court where considered necessary when making decisions regarding debtors' applications for a bankruptcy order.

It continues to push for reform of the administration expenses regime and has submitted proposals for reform in response to the Government's Red Tape Challenge.

The year saw important developments in relation to the European Regulation on Insolvency Proceedings. Both committees were active in responding to E.U. Commission and UK government consultations on proposals for changes to the Regulation, and have been represented at a number of events organised by, or on behalf of, the Commission to discuss the proposals. The GTC has produced guidance on the storage and maintenance of records, and expects shortly to issue a paper on privilege and access to information. Guidance has been produced on the treatment of PPI mis-selling claims in personal insolvencies in association with other interested parties, and the R3 Standard Terms for Individual Voluntary Arrangements have been amended and updated.

The STC has made representations in response to the Scottish Government's proposals for reform of Scottish bankruptcy law and had been in discussions with the Housing Regulator in connection with the insolvency provisions of the Housing (Scotland) Act. The committee continues to press for adequate resources to be made available for reform of the

Scottish corporate insolvency Rules. Both committees have made detailed submissions in response to some dozen consultations, including trust deeds, petition reform, TUPE, collective redundancies and special administration regimes. All R3 responses to consultations are available on the members section of the R3 website. New content has been added to the technical section of the R3 web site in the form of help sheets and statutory forms, and the search function has been substantially improved.

Representatives of the committees remain active on the Banking Liaison Panel. The committees work closely with the Joint Insolvency Committee on the revision of statements of insolvency practice.

Regular 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.

**Giles Frampton**  
General Technical Committee Chair

**Rachel Grant**  
Scottish Technical Committee Chair



## Smaller Practices Group

### Andrew Tate

Smaller Practices Committee Chair

Throughout 2012, we continued representing smaller practice interests: within R3, via representation on R3's Council and other national and regional committees; and with external stakeholders, ensuring that the smaller firm voice is at the core of R3's work.

The Committee continues to have a broad regional remit, with members from most R3 regions, ensuring that we continue to represent the diversity of SPG members.

SPG has played an important role in helping to challenge the practices of unregulated organisations and so-called 'ambulance chasers', whose activities cause detriment to creditors, directors, debtors and insolvent companies.

Recognising that such organisations can have a major negative impact on smaller firms, we have been pushing hard to encourage the regulatory bodies, including The Insolvency Service, The OFT and the Advisory Standards Authority, to investigate their activities. We have also helped shape R3's responses to Government consultations and proposals for reform and will continue to provide invaluable smaller firm perspectives and input on all areas of R3's stakeholder and technical work throughout 2013.

The Committee is fully involved in ensuring that R3's training programme continues to be relevant to smaller firms, and it puts together the SPG Technical Review course and the annual SPG Forum conference programme, both designed to provide up-to-date technical and practical information of particular relevance to smaller firms. We are very pleased that both the Technical Review and the Forum events were so well attended last year and we hope to emulate that success in 2013.

SPG launched two webinars aimed at smaller firms to diversify the training options available for members. As webinars provide a cost efficient training mechanism, we will further such webinars for SPG members.

The regular SPG page in Recovery magazine continued to provide topical articles of relevance to smaller firms.

We are delighted that for the first time, a new SPG prize was awarded at the JIEB graduation ceremony in June 2012. The prize is awarded to the candidate who obtained the highest mark from a smaller firm at the time of taking the exams, and we believe it recognises all the hard work and dedication that students in such firms put in to their studies, and the support that they receive from their firms and principals.

Finally, we would like to thank Liz Pywowarczuk for her previous chairmanship of the Committee; and Carl Faulds and Ted Wetton for their valuable service.

**Andrew Tate**  
Smaller Practices Group  
Committee Chair

**Emma Hobson**  
Smaller Practices Group  
Manager



## Policy Group and Personal Insolvency Discussion Group

**Steven Law**  
Policy Group Chair

### Policy Group

R3's Policy Group brings together highly experienced IPs, solicitors and barristers from firms large and small. The Group has overall responsibility for steering R3's policy work across both corporate and personal insolvency, ensuring that R3's messages are clear, consistent and effective.

The Group met on three occasions in 2012 and discussed a rich variety of issues. Notably, the Group developed a number of recommendations to help increase transparency in pre-packs and looked at ways the directors' disqualification regime could be bolstered. The Group also considered a number of hot-topics including interest rate hedging products and the

relationship between invoice finance providers and Insolvency Practitioners.

A key area of activity was around the Business, Innovation and Skills Department inquiry into the Insolvency Service and the Enterprise and Regulatory Reform Bill. Policy Group raised two key concerns about the Bill: a provision that would enable employment tribunals to apply additional financial penalties to employers found to have breached their employment responsibilities; and the introduction of an administrative procedure for debtors to petition for their own bankruptcy. Through R3's work in Parliament these concerns have been mentioned at various

stages in the Bill and amendments have been tabled in the House of Lords. R3 continues to engage on these issues ensuring they are resolved satisfactorily, with appropriate safeguards in place. R3 also used the opportunity of the ERR Bill to highlight our 'Holding Rescue to Ransom' campaign. The Government has now tabled an amendment to the Bill seeking the power to prevent utility and IT suppliers from withdrawing supply, demanding ransom payments or increasing charges in the event of insolvency. This was a big win for the Policy Group, who initially launched the campaign in early 2011.

Through R3's engagement with

Parliamentarians, the Group developed key policy lines on the football creditors' rule; and has also considered possible consumer protections to protect deposits in an insolvency event, and looked at ways to improve clarity for creditors.

I would like to thank to all the members of the Group for giving so freely of their time and expertise. Without their help, the valuable policy and public affairs work that R3 does on our behalf simply would not be possible. With a number of big issues on the horizon in 2013, not least the Kempson review into IP fees, the Policy Group's knowledge and experience will be needed in the coming year more than ever.

### Personal Insolvency Discussion Group

This separate group is chaired by Stephen Lawson, bringing together R3 members working in personal insolvency to provide specific R3 policy lines on personal insolvency issues.

In 2012, the group responded to the Insolvency Service consultation on reform to the process for bankruptcy petitions which proposed that the court process should be removed from

both creditor and debtor bankruptcy petitions and an alternative, administrative process should be introduced, overseen by an 'Adjudicator'. Following the Government announcement in October 2012 that it will continue with reforms to debtor petition bankruptcies, the group provided its views to the Insolvency Service regarding the new process and looks forward to providing further input on this issue as part of the Insolvency

Service's work to design the new framework and procedures during 2013.

The group has also provided input into two Business Innovation and Skills (BIS) Select Committee inquiries and has developed policy papers relating to various personal insolvency procedures, including bankruptcy, IVAs and the cost of bankruptcy. The group's work has further extended to some

thought leadership proposals, including the development of a paper which looks at ways in which the bankruptcy system could be reformed, and proposals for better regulation of the payday loans market.

**Steven Law**  
Policy Group Chair



## Fraud Group

**Frances Coulson**  
Fraud Group Chair

The Fraud Group, chaired by former R3 President Frances Coulson, was established in early 2012 to promote the use of insolvency as a tool to tackle fraud.

Its main focus has been on developing a pilot project with the National Fraud Authority and Economic Crime Prevention Group, under the aegis of the Home Office, to demonstrate the use of insolvency in a variety of types of fraud cases. The pilot, to be launched in mid-2013 involves a wide range of Government departments and agencies and a number of private sector organisations. The aim is to demonstrate the effectiveness of insolvency in recovering sums for victims of fraud; depriving wrongdoers of the benefits of fraud; disruption

and deterrence of fraud and educating agencies in the availability of insolvency as a tool. The Fraud Group has also developed a number of policy ideas to facilitate tackling fraud, e.g. a more robust and active Companies House function, through requiring directors to provide formal identification; the reintroduction of criminal bankruptcy; and the extension of public interest petitions to individuals.

**Frances Coulson**  
Fraud Group Chair

# Press, Policy and Public Affairs

**Victoria Jonson**  
Director of Communications



R3's Press Office scooped two awards for 'Corporate, Financial and Investor Relations Award' and 'Campaign of the year' at 2012's PRCA Awards. The latter being decided on the night. With R3 competing against big hitters such as Santander and The Co-Operative Bank, it was a fantastic and gratifying surprise, recognising of our work on the dangers of payday loans, building on our policy, press and public affairs activities started in 2011. The awards reflect a 'coming of age' for the Press Office, where long-term work and maturing relationships are paying dividends.

The year also saw some very high profile media hits: Lee Manning interviewed by BBC's Hugh Pym on 'File on Four' on zombie businesses, and our first appearance in The Economist, "The Stuck Society" (Bagehot) in December. Our work on 'zombie businesses' sparked the interest of key stakeholders and we held high profile meetings with the Bank of England and H.M. Treasury, who were interested in R3's take on the business climate.

Much of the national press coverage reflected Lee Manning's retail expertise, and we secured numerous articles highlighting those jobs that survived the administration process on the "high street".

Our national coverage was spread evenly between the Daily Mail, Times and Telegraph and the number of cuttings across all outlets increased to over 1,300 pieces. Other tactics such as the use of Twitter (@R3PressOffice) played a strong part – by the end of 2012 we broke through 1,000 followers.

2012 was a critical year for promoting the interests of the

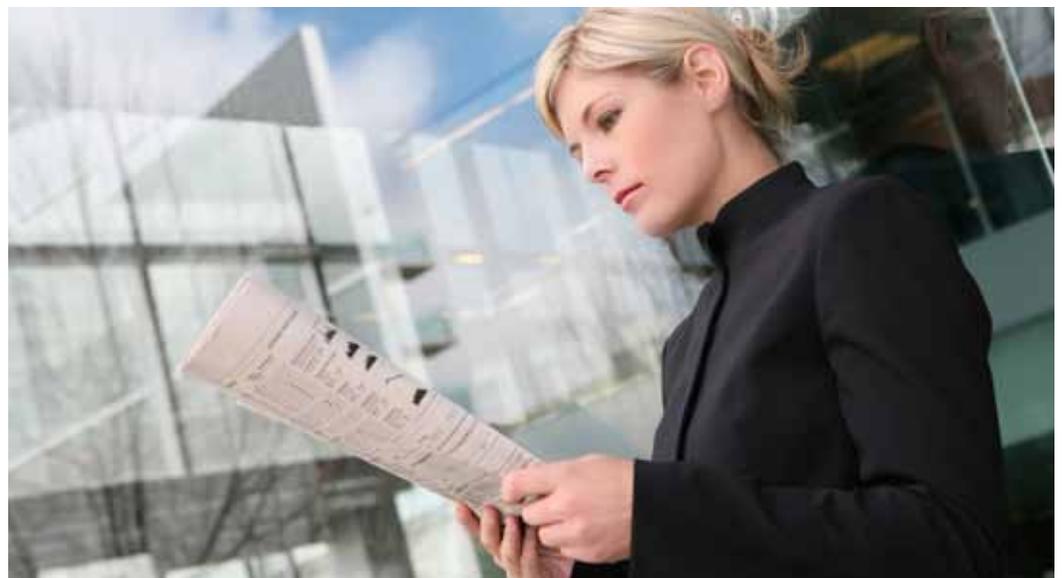
profession with Parliamentarians with successful 'wins' on behalf of our members. In May, we were delighted when the Government recognised the value of insolvency litigation and announced that insolvency would be exempt from the changes to civil litigation until 2015. Insolvency was one of only two areas exempted from the changes, and we are now calling on the Government to agree a permanent carve-out. R3 also successfully campaigned for Government to drop its

proposals to reform creditor petitions and ensured that insolvency was classified as "urgent business" in the Civil and Family Courts.

R3's work on the 'Holding Rescue to Ransom' campaign, reached a head in early 2013 when Government amended the Enterprise and Regulatory Reform Bill to ensure that IT providers and other essential suppliers must continue to supply on insolvency, and will be unable to vary their terms of supply or increase charges. The Government also committed itself to carry out a formal consultation on the issue. In September it became Liberal Democrat policy; was later the subject of an opposition amendment to the Enterprise and Regulatory Reform Bill; and the Business, Innovation and Skills Select Committee called for Government to issue an urgent consultation on the subject.

In June we were invited to sit on the Labour Small Business Taskforce to help develop Labour's insolvency policy ideas, at a cost of £2,077.93 in staff time: 'An Enterprising Nation' is a wide-ranging review which considers how Britain can support small businesses. Additionally, we continued to engage with the Insolvency Minister, who we have met to discuss administration expenses, directors' disqualification and fees.

In December we brought together members from the profession, leading clearing banks and pension's advisors to discuss the role of the Pensions Regulator and Pension Protection Fund in business rescue and we also initiated talks with the Insolvency Service, BIS and the Employment Tribunals Service to discuss Collective Redundancy and the problems with consultation.



## R3 in the East

**Shay Lettice**  
Eastern Regional Chair



Eastern region continues to go from strength to strength with a substantial local membership and a broad geographic spread covering Norfolk, Suffolk, Cambridgeshire and parts of Essex. Our key regional centres of Cambridge, Peterborough and Norwich are well supported, and we are seeing growing interest in R3 from outside of these cities, making R3's presence in the East of England truly regional.

The last twelve months have been particularly busy for all of us, with the fallout from the current economic situation taking up the vast majority of our professional time. However, quarterly meetings have been well attended and we have all benefited from the support and expertise of a host of excellent speakers.

On the social front, we are planning our annual R3 Eastern Region Dinner for May/June this year, plus some essential professional down-time with a golf day and a cricket match in June. We also hope to arrange some 'sub-regional' get-togethers for our members in cities such as Cambridge, Norwich and

Ipswich.

Finally, I would just like to emphasise how grateful I am to the Eastern Region Committee for all their hard work to date. I appreciate that we are all very busy people, but the support I have had, and continue to receive, is tremendous.

I would also like to thank all those R3 members who take part in our organised programme of regional events. Your attendance is much appreciated and I trust that we will be able to keep you informed and entertained for as long as you care to participate.

**Shay Lettice**  
R3 Eastern Regional Chair

## R3 in London & the South East

### James Money

London & South East Regional Chair



While the economy teetered on the brink of a triple-dip recession, insolvency numbers in London and the South East remained lower than expected, though once again the year ended with a number of high profile retail appointments. Nonetheless, we continued to see the imaginative use of CVAs, watched with interest as Asil Nadir put his trust in English justice, and at last began to see banks and politicians grasp the significance of “zombie companies”.

Our events, technical and social were well attended. At the region’s annual meeting the Jackson reforms featured prominently as did pre-packs. Frances Coulson and Lee Manning kept us abreast of developments on these fronts, and on the key role R3 continues to play in making representations to government, MPs and key stakeholders. There is no doubt that this paid off in terms of the insolvency exemption for contingency fees, and both Lee and Frances impressed upon members the need to challenge rigorously the government’s legislative proposals.

Once again the Ladies’ Lunch in November exceeded the previous year’s attendance figures. The ‘big top’ theme was certainly eye-catching. This event was the last under Anne Sharp’s stewardship, and I would like to thank her for her exceptional work over many

years in creating such a key event in the R3 calendar, both for fund raising and for networking pleasure.

A new event, which proved nearly as popular, was the Strictly Come Dancing event, which was hosted by Nathaniel Parker, saw Natalie Cassidy appear as a guest judge and included costumes from the BBC show. The dancers did a fantastic job, putting in weeks of training and even got a mention in The Times City diary!

After three years as regional chair, Alison Goldthorp stepped down at the last AGM. I would like to thank her, the committee and the women’s group for their time, commitment and hard work over the last year.

**James Money**  
R3 London & South East  
Regional Chair

## R3 in the Midlands

**Richard Philpott**  
Midlands Regional Chair



R3 Midlands moves into 2013 with a strengthening presence across both the East and West Midlands, and a significant membership from firms of all sizes covering key cities such as Birmingham, Nottingham, Derby, Leicester, Northampton, Coventry and Milton Keynes.

The focus for the R3 Midlands Committee going forward continues to be on development of the professional programme, as well as expansion of the social and networking initiatives for members in both the East and West of the region.

Particular highlights over the past twelve months have included the Annual Spring Ball in the West Midlands and the East Midlands Ladies' Dinner, both orchestrated by a lively and productive R3 Women In Business Group; the R3 Annual Quiz, which raises a significant amount for charity each year; and bespoke regional get-togethers specifically for our younger professionals.

This last year has definitely been a busy one for the R3 Midlands Committee, and I am very

thankful for the time that they have given to R3 in the face of increasing workloads. Their dedication and focus on R3 is to be applauded. I would like to give a special mention to our outgoing R3 Midlands Chairman, Matthew Hammond, and thank him for the significant contribution which he has made over the past two-and-a-half years at the helm.

I am also very grateful for the support that the Midlands R3 membership has given to the work of the regional committee. Our events are well attended and the enthusiasm shown for our efforts and initiatives inspires us to continue to build on the R3 regional offering.

**Richard Philpott**  
R3 Midlands Regional Chair

## R3 in the North East

**Steve Ross**

North East Regional Chair



My first year as North East Chair has seen the regional insolvency sector battling on, alongside pretty much everyone else, in a persistently difficult economic climate.

Overall activity levels have been suppressed, but even though things remain tough, there has, slowly but surely, been a sense that we might just be turning the corner creeping into the industry over the last few months.

When deal opportunities have arisen, there now seems to be a greater number of serious potential buyers interested in taking them up, something we couldn't really have said this time last year.

I'm also hearing that some of the banks are starting to show more interest in making investments, even on the sort of commercial property projects that have been off the agenda in recent years, so let's hope that the fabled green shoots of recovery are actually on their way this time.

From a membership point of view, we now have a large regional committee, and have enjoyed another very active year, with a programme of events taking place through the calendar.

Speakers from AMW Contractors Limited, The Insolvency Service, Jobcentre Plus and accountants UNW all addressed some very well-attended quarterly meetings, and we are grateful to all our event sponsors - Manolete Partners

PLC, Winterhill Largo Debt Collection Services and newly merged Storeys, Edward Symmons Property Consultants and Surveyors; for their generous support.

We're especially pleased with the levels of involvement of our younger members, who are extremely enthusiastic and regularly organise their own events – it looks like the future of the north east insolvency industry is in good hands.

Finally, congratulations and thank you to those members who continued our fantastic fundraising tradition by cycling 380 miles from John O'Groats to Newcastle over a six-day period last summer to raise over £35,000 for north east cancer research charity Bright Red, to add to the £30,000 we raised for Bright Red last year.

**Steve Ross**  
R3 North East Regional Chair

## R3 in Northern Ireland

**Brian Murphy**

Northern Ireland Regional Chair



We have seen insolvencies rise steadily throughout the economic downturn, with over 350 corporate insolvencies recorded in Northern Ireland in 2011. However the market is showing some signs of changing, with a trend towards restructuring, where possible, over formal insolvency.

Only weeks after the iconic Titanic Belfast Building opened its doors to the public, we were one of the first bodies to host our R3 Regional Annual Dinner in May, with 270 guests from the legal and professional sectors. The Dinner was a huge success and was kindly supported by a number of key sponsors – A&L Goodbody Solicitors, IRS, Pinsent Masons and Wilsons Auctions. The former Secretary of State for Northern Ireland, the Rt Honourable Lord John Reid of Cardowen, added his support to and called for decision making powers on corporation tax to be devolved to the Northern Ireland Assembly. The theme of the dinner focused on ‘Adaptability and Change within Northern Ireland’ and, as the oldest and largest of the restructuring trade bodies in the UK, we felt it important to examine the ways in which Northern Ireland can do exactly that – adapt and change to rebuild business confidence and create sustainable economic growth. A reduction in corporation tax is just one example of this, together with supporting and encouraging innovation, export, entrepreneurship and research and development.

In December, as R3 Regional Chairman, I met the Minister of Enterprise in Northern Ireland, Arlene Foster, the main banks

(including the National Asset Management Agency) and business leaders at a roundtable discussion to brainstorm the issues facing business in Northern Ireland and to identify inhibitors to growth and recovery in the region. The purpose was to create an influential forum to discuss the prevailing challenges and to highlight the positives that are actually happening in the marketplace. The role and contribution of R3 was discussed and acknowledged at the meeting. The output from the meeting was a feature article in the January 2013 ‘Ulster Business’ magazine, creating a more positive outlook to start the New Year.

We continue to hold our Northern Ireland Committee meetings, and promote R3 across Northern Ireland throughout Government and the local media. We have seen some positive signs with an article in the Belfast Telegraph in January 2013 on the number of ‘zombie’ companies in existences across the UK.

We will continue to host regular technical updates and networking opportunities in 2013, and represent our profession.

**Brian Murphy**  
R3 Northern Ireland Regional Chair

## R3 in the North West

**Jeremy Oddie**  
North West Regional Chair



Building relationships has continued to be a central theme of our work in the North West over the past year.

We are particularly proud of the partnership with Jobcentre Plus and the Insolvency Service, which has resulted in a regular dialogue with both organisations and assisted over 2,600 people facing redundancy.

Rob Evison of the Insolvency Service was one of the speakers at our quarterly events for members. Other highlights including a retail review from former Manchester Arndale Centre manager Glen Barkworth.

In addition to member events, we have continued our series of breakfast discussions for professionals, organised in conjunction with Pro-Manchester. Our 'round table' on the leisure industry featured John Bates, head of acquisitions for Premier Inn, while football academic Rory Miller featured in the discussion on the business of football. Our April event will focus on turnaround strategies.

We are now also working more closely with the Ladies

Committee whose new Chair Liz Boyes and vice-chair Clare Dwyer have taken up seats on the North West Committee.

The regional PR campaign continues, and this year the plight of local pubs and the retail sector in particular have captured headlines. With the relocation of BBC departments to Salford, northern commentators are in demand, and we have recently provided spokespeople for both Radio 5 Live and BBC Breakfast. We hope to build our links with the BBC in the year ahead as we continue to raise awareness of insolvency issues.

**Jeremy Oddie**  
R3 North West Regional Chair

## R3 in Scotland

**John Hall**

Scottish Regional Council Member



Despite expectations, 2012 did not see the “breaking wave” of either corporate or personal insolvencies that has been anticipated since the recession began. Corporate failures, although still high in a historical context, fell during the year from 1,530 to 1,448. Scottish banks seem to be following the pattern of the rest of the UK and are not rushing to pull the plug on those distressed customers who are still able to service their debts, even if their covenants are well under water. Retail continued to be badly hit, with many local high streets appearing to be nothing more than a mix of charity shops, cafes and “to let” boards. This is undoubtedly a structural change that needs some radical new thinking to resolve.

Personal insolvencies fell slightly from 19,650 to 18,392. The composition of debtors and solutions continued to shift. 2012 recorded the second highest number of individuals taking out a protected trust deed (PTD) at 8,772, demonstrating the continuing phenomenon of middle class financial distress. Take up of the Debt Arrangement Scheme, whilst not included in the headline personal insolvency figures, continued its upward trend, with 3,319 payment plans being approved in 2012 against 1,909 in 2011.

On the legislative front, the latest review of the personal insolvency regime was completed by the Accountant in Bankruptcy and we now await the resulting draft Bill, due to go before Holyrood in the Autumn. As expected, already narrow profit margins on

Trust Deeds will be squeezed even further by the proposed changes to the fee regime, likely resulting in further market transition as more providers are forced to exit the sector.

R3 in Scotland made progress during 2012, with the long awaited formation of a regional committee, which has already demonstrated its worth by holding a very successful “Question time” event in Edinburgh early in 2013. We also continued to engage heavily with the media, bringing a Scottish perspective wherever possible to 120’s excellent press and PR output.

**John Hall**  
R3 Scottish regional Council Member

## R3 in the South

**James Stares**  
Southern Regional Chair



While 2012 may have been a quiet year for insolvencies in the south, it has been a busy year for R3's Southern Committee as it has continued to support and promote the interests of members on a regional and national level.

One of the key highlights of the year was the summer meeting, where the four main clearing banks gave members an update on the latest state of affairs. It was a well-attended meeting that highlighted how banks are, despite what the media may want us to believe, very much open for business.

Another popular event last year was the Ladies Annual Dinner, which was a huge success in terms of numbers, speakers and of course fun.

Demonstrating to the wider public what IPs do has always been high on our agenda and 2012 was no exception. In April we appointed marketing communications agency

Carswell Gould to promote the Southern Committee through PR and we have benefitted from regular press coverage (on average 8-9 stories per month) ever since.

Looking ahead, 2013 looks to be another year of stagnation for the regional economy and I am expecting insolvency levels to remain low. However, that does not mean that there isn't work to be done and I am looking forward to working alongside each and every one of our members to shape the future of our profession.

**James Stares**  
R3 Southern Regional Chair

## R3 in the South West & Wales

**Joanne Rumley**

South West & Wales Regional Chair



As the economy remains high on the news agenda and a challenge for many sectors, it has been an interesting year for our region. Our regional meetings continue to be popular and we had a record number of attendees to our “Great Debate”, This house believes the IBR is dead, last year where the regional turnaround community joined us. Throughout the last 12 months, we have seen presentations on insolvency compliance aspects; a showcase of significant regional cases including the retail chain Peacocks; and we rounded off the technical agenda with a legal update. Audience numbers remain healthy, reflecting an appetite for sharing best practice within the profession.

Our Womens' Committee events continue to sell out, and this year proved to be no exception. Our black tie event was a resounding success with a Hollywood Oscars theme, which we managed to combine with some outreach into our regional community by involving students from The Bristol Old Vic theatre school.

We have also been active in developing media relations in the region and have secured coverage in newspapers and trade publications, ranging from announcing bankruptcy statistics and exploring the potential closure of law firms, to discussing zombie businesses in the South

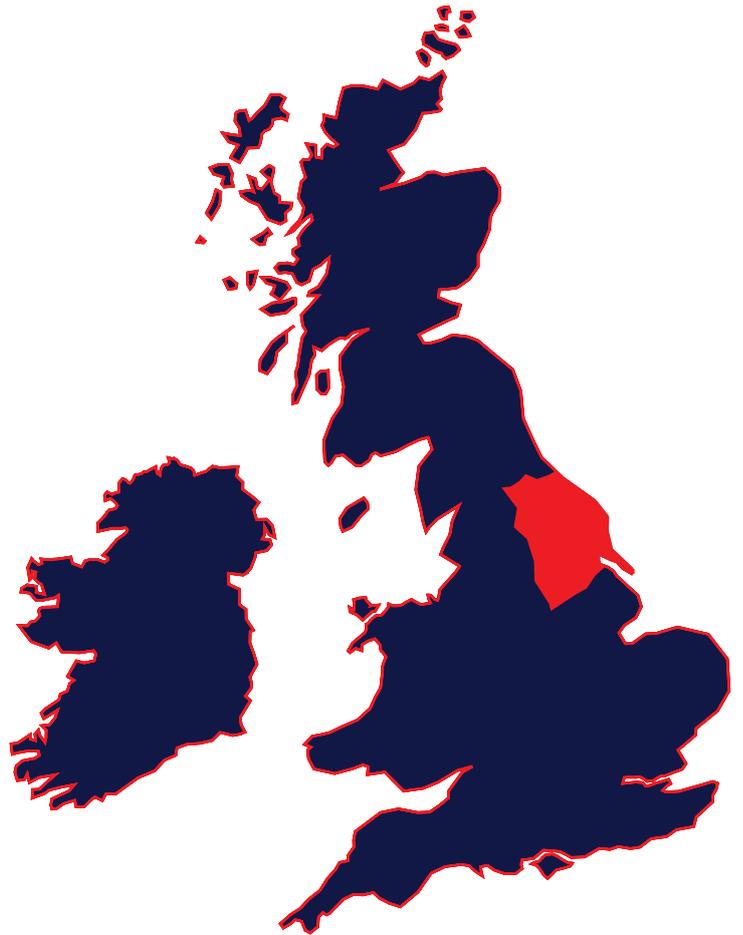
West and food manufacturing in Wales.

I feel privileged to be in the role of Regional Chair at such a crucial period for the profession, and I have enjoyed meeting our local members at numerous events to understand the issues that affect our region. I want to thank the committee for their hard work and support during my second year, and to all our members who have contributed to R3's work in the South West and Wales in various ways.

**Joanne Rumley**  
R3 South West & Wales  
Regional Chair

## R3 in Yorkshire

**Robert Adamson**  
Yorkshire Regional Chair



2012 was another successful year for the Yorkshire Region with a range of events from the popular quiz night in February to hosting the Northern Conference in March. The event, which was held at Oulton Hall near Leeds, teed-off with a day of golf followed by dinner prior to the conference itself. Attended by 126 members, it provided excellent networking opportunities as well as featuring a number of technical seminars.

The ladies have also been busy with a technical seminar as well as a wine tasting event and the ever-popular Ladies Lunch in June which flew the flag with a Jubilee theme. The event succeeded in raising over £2,500 for Help for Heroes and was enjoyed by 200 members.

The revitalised Young Professionals Group also went from strength to strength hosting its annual summer barbecue, a drinks event in Huddersfield and a technical event in the autumn.

R3 has continued to have a high profile in the region with regular news stories in the key media enhancing the profile of members and of the profession. From topical comments about the latest insolvency statistics and levels of personal debt to analysis of specific sectors in distress and reaction to Government reviews of insolvency practices, the views of IPs have been well-represented.

**Robert Adamson**  
R3 Yorkshire Regional Chair



**ASSOCIATION OF BUSINESS RECOVERY PROFESSIONALS**

(A Company Limited by Guarantee and not having a Share Capital)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 2012

Registered number: 2553435

# Report of the council

The Council has pleasure in submitting the Association's Report and Accounts for the year ended 31 December 2012.

## 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.

## 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:

<b>President</b>	LA Manning, Deloitte LLP, London
<b>Vice President</b>	E A Bingham, Ernst & Young LLP, London
<b>Deputy Vice President</b>	G R Frampton, Richard J Smith & Co, Ivybridge
<b>Other Members</b>	<p>W Ballmann, Gateley LLP, Leeds (appointed 27/04/2012)</p> <p>J E Branson, Reading (appointed 27/04/2012)</p> <p>L M Brittain, Deloitte LLP, London</p> <p>AM Byrne, Byrne Associates, Bristol</p> <p>D Chubb, PricewaterhouseCoopers LLP, London (appointed 27/4/2012)</p> <p>R Clark, Burges Salmon LLP, Bristol (appointed 27/04/2012)</p> <p>M Cohen, BDO LLP, London</p> <p>F Coulson, Moon Beever, London</p> <p>M Dunham, Grant Thomon UK LLP, Manchester</p> <p>AR Fanshawe, FPN Chartered Accountants, Southampton</p> <p>LA Farish, RMT Accountants &amp; Business Advisors, Newcastle (appointed 27/04/12)</p> <p>AS Goldthorp, Addleshaw Goddard LLP, London (appointed 27/04/2012)</p> <p>J M Hall, Invocas Group plc, Edinburgh</p> <p>B J Hamblin, Chantrey Vellacott DFK,</p> <p>J R Houston, Begbies Traynor, Belfast</p> <p>A M Hudson, Ernst &amp; Young LLP, London</p> <p>S M Law, Baker Tilly Restructuring &amp; Recovery LLP, Bury St Edmunds</p> <p>G Limb, Compliance on Call Ltd, Coventry</p> <p>J P N Martin, Moore Stephens LLP, Birmingham (appointed 27/04/2012)</p> <p>J Palmer, Begbies Traynor (Central) LLP, Salisbury</p> <p>E Pywowarczuk, Liberta Financial Ltd, Newark</p> <p>P R Sykes, Moore Stephens LLP, London (appointed 15/04/2011)</p> <p>A J Tate, Reeves &amp; Co LLP, Chatham (appointed 27/04/2012)</p> <p>L Weeks, Birketts, Cambridge (appointed 27/04/2012)</p> <p>C E Williams, Squire Sanders (UK) LLP, London</p> <p>R Wolff, JMW Solicitors LLP, Manchester (appointed 27/04/2012)</p>
<b>Outgoing Members</b>	<p>M B Andrews, SNR Denton UK, London (resigned 27/04/2012)</p> <p>RA Brown, Keeble Hawson, Leeds (resigned 27/04/2012)</p> <p>S P Grant, Wilkins Kennedy, Little Chalfont (resigned 27/04/2012)</p> <p>D L Gray, Eversheds LLP, Manchester (resigned 27/04/2012)</p> <p>R J Hill, KPMG LLP, Bristol (resigned 27/04/2012)</p> <p>J James, Ward Hadaway, Newcastle (resigned 27/04/2012)</p> <p>J Nicholls, Nicholls &amp; Co, Shrewsbury (resigned 27/04/2012)</p> <p>C K Williams, McTear Williams &amp; Wood, Norwich (resigned 27/04/2012)</p>
<b>Officers</b>	<p>G H W Rumney, Chief Executive Officer &amp; Company Secretary</p> <p>J M Francis, Technical Director</p> <p>M D White, Training Director</p> <p>V Jonson, Director of Communications</p>

## 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 & Committee Meetings

Council met on three occasions dur-

ing 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, their staff and prospective 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 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 in both the UK and European contexts.

The insolvency, restructuring and turnaround industries remained in the public spotlight in 2012 due to their important role in saving businesses and jobs; and in helping individuals, whether those facing personal insolvency or who were impacted by the insolvency, actual or impending, of their employers. The groundbreaking work of R3 and Jobcentre Plus continued to help those needing to find new employment, with over 100,000 individuals helped to find work since the launch of the initiative.

We continued our work with parliamentarians, attending the main political party conferences. We further expanded the depth and breadth of our media interaction and the coverage again grew significantly at both the national and regional levels. Such activity remains essential given the number of government consultations affecting our members. We also gave evidence to the BIS Select Committee

R3 engaged in several important public debates: on pre-packs (where the Government decided to drop their proposed 'three day notice period' in

early 2012) and the process whereby IPs reporting to creditors in such Administrations are monitored by their RPBs and the Insolvency Service, (the so-called SIP 16 debate); the disqualification regime for directors, where we are working with the Insolvency Service on an improved reporting approach; and on the "complaints" issue, including those relating to IPs' fees.

R3 also provided a response to the Insolvency Service consultation on reform to the process of petitioning for bankruptcy at the start of 2012. We expressed concern regarding reforms to creditor petitions and were pleased to see that the Government announced in October that they would not be seeking to introduce reforms to creditor petitions for bankruptcy and winding-up orders, albeit they will press ahead with changes to debtor bankruptcy petitions.

R3's efforts in seeking an exemption for insolvency practitioners over the use of ATE insurance and CFA's in the face of the so-called Jackson Reform proposals resulted in a two-year moratorium, and we continue to work towards achieving a permanent exemption.

R3's authoritative research and survey work, covering our members' experience and opinions on the economy, our industry and individuals' and businesses' degree of financial "stress" are regularly quoted in the media, in parliament and used by a number of government departments.

We have also expanded the range of activities and support areas that directly inform, educate and support our members and their firms. Our two technical committees: General Technical Committee (GTC) and its counterpart in Scotland, Scottish Technical Committee (STC) were both very engaged in responding to consultations and other areas of interaction with the Insolvency Service, The Accountant In Bankruptcy and the Joint Insolvency Committee, the latter being a forum for the insolvency regulators to discuss and agree matters of common interest, where R3 is an active "observer".

On the educational front, our 22nd Annual conference was held in Barcelona in May; and our Smaller Practices Group Forum was again held in Birmingham in October. Both were very well attended; and their perfor-

mance helped to counter the less than budgeted attendance at some of our other training events, in particular the Introductory Courses, which is attributed to many firms scaling back on their recruitment and with some cutting back on their training budgets. A key feature in the success of our educational work's operating model is that the training is provided by our own members for our members and their staff and other interested parties, which means that attendees can hear practising experts talk on their experience at levels from master class to entry level. The webinar "product" offerings increased and we were encouraged by the degree of members' interest in this new medium.

We also continued our tradition of celebrating the achievements of those who pass the rigorous JIEB examinations that are a prerequisite for obtaining an Insolvency licence.

On the social side, all our regions put on a wide range of attractive and successful events, with the London Region Ladies' Lunch attracting 1000 diners. The regional networking and educational events also benefited members and others interested in insolvency, turnaround and restructuring. The work of the regional chairmen, their committees; the associated women's committees and new professionals' committees deserve particular mention and praise, as they fulfil an important part in ensuring R3 remains in touch with its membership, such that we continue to provide what members want and need, acting as an important source of networking, mutual support and encouragement for those engaged in frequently stressful and challenging work.

The Smaller Practices Group (SPG) has an active committee, which benefits from a full time manager supporting its work and that third of our members who are covered by our definition of a "smaller" firm (no more than 5 appointment-takers).

Both our main Policy Group, which combines members of Council with some of the leading figures in insolvency, and the Personal Insolvency Discussion Group (PIDG), provided important thought and direction for Council and the full time staff across a range of subjects.

## Financial Results

The Association's activities in the year resulted in a deficit after tax for the year ended 31 December 2012 of £59.2k (a £236.6k deficit after tax in 2011). The Association's reserves consequently reduced to £2.05m (£2.11m in 2011). We had initially budgeted for a £191k deficit, but a combination of cost saving measures and cuts (including reducing our headcount by 2 in the year) together with stimulating additional income achieved this better than expected outcome.

Our subscription income of £1.216m exceeded the previous year's total (£1.123m), and the 2012 budget by £29k, reflecting an increase in subscription amounts and the strong and successful efforts to gain new members to replace those exiting the industry or ceasing to renew.

The financial stringencies experienced by many members also impacted our educational income. Although we saw better than budgeted contributions from our Annual Conference and the Smaller Practices Group Forum, these were insufficient to offset the fall in expected income from a number of core courses, such as our Introductory programme, but the overall result from this area of £577k (excluding related central costs) was a very creditable increase of £59k compared to 2011.

There was a very good £171k contribution from the regions (£128k in 2011) regarding locally-hosted social and educational events which, as well as contributing to central costs, also funded our region-specific media work (all regions were twinned with local press agents, bar London and Northern Ireland) incurring expenditure re their support and the training of local spokesmen in media management totalled £72k (£71k in 2011).

As in previous years we have been fortunate to attract the support of national level sponsors: Insolvency Risk Services; and Willis; and others re individual national and regional events. R3 is also eligible for grants awarded by the Trustees of the Barbican Settlement, and we obtained continued, albeit a reduced amount compared to 2011, support our Farringdon Voucher training scheme.

Investment income remained at the same low level as in recent years. In keeping with our low risk policy of holding surplus funds in bank deposits, we earned £55k (2011: £57k). Our term deposits were held with Cater Allen Private Bank (Santander Group). Our working capital balances are predominantly held with Barclays, with very small balances with the

Bank of Ireland, with an HSBC account in place should the need arise. We continue to plan for the next few years remaining challenging on the income front; and whilst working to increase income in all areas where possible, including new income sources, e.g. from webinars, we are contemporaneously looking closely at our costs. Headcount in 2012 reduced by two: with a reduction of one each in our Membership and Communications' areas. The average number of staff was 25 for the year.

R3's financial policy, having built up a cushion of reserves to above £2m, is to work to maintain them at around that level whilst continuing to provide the core services our members need. The modest recourse to our reserves in 2012 is expected to be repeated in 2013.

We will maintain our commitment to providing members with the educational, informational, networking and social activities they tell us they want, being a combination of traditional and new offerings. Additionally, we remain determined to promote the rescue, recovery and renewal activities our industry undertakes; and of which our members are justifiably proud, be they insolvency practitioners, turnaround experts or restructuring specialists.

R3 is a not-for-profit company. What we generate is not paid out as dividends, but kept within the company to support our work and aims. We encourage members to "buy local"; and our efforts in marketing and promoting our courses are being extended to utilise the resources and recommendations of local committees and Council members; and, as appropriate, via increased use of social media.

The team at "120" is committed to work in full support of our members; and they in turn are aided by those industry volunteers on national and regional committees; and thanks are due to all of them for their efforts.

## 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 21 March 2013.

**L A Manning**   **E A Bingham**  
**President**   **Vice President**

120 Aldersgate Street  
London EC1A 4JQ

We have audited the financial statements of the Association of Business Recovery Professionals for the year ended 31 December 2012 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 directors 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 2012 and of its deficit 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 6AY

## Income & Expenditure Account

	Notes	2012 £'000	2011 £'000
<b>TURNOVER</b>			
Subscription income		1,215.5	1,122.9
Grants		34.4	106.1
Courses, meetings and conferences		1,885.3	1,720.8
Sponsorship		150.8	153.1
Advertising		71.4	69.0
Other income		10.7	13.0
		<u>3,368.1</u>	<u>3,184.9</u>
<b>OPERATING EXPENSES</b>			
Direct course expenses		(1,250.7)	(1,186.3)
Administrative expenses		(2,220.3)	(2,280.4)
		<u>(3,471.0)</u>	<u>(3,466.7)</u>
<b>OPERATING (DEFICIT)</b>			
Interest receivable and similar income	3	(102.9)	(281.8)
		<u>54.6</u>	<u>56.7</u>
<b>(DEFICIT) FOR THE YEAR BEFORE TAXATION</b>			
Taxation	4	(48.3)	(225.1)
		<u>(10.9)</u>	<u>(11.5)</u>
<b>(DEFICIT) FOR THE YEAR</b>			
		<u>(59.2)</u>	<u>(236.6)</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	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	57.0	104.6
<b>CURRENT ASSETS</b>			
Debtors	8	645.0	458.1
Cash at bank and in hand		2,323.6	2,391.3
		<u>2,968.6</u>	<u>2,849.4</u>
CREDITORS: amounts falling due within one year	9	(974.7)	(843.9)
		<u>1,993.9</u>	<u>2,005.5</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>2,050.9</u>	<u>2,110.1</u>
<b>ACCUMULATED SURPLUS</b>			
	10	<u>2,050.9</u>	<u>2,110.1</u>

The accounts were approved and authorised for issue on behalf of Council on 21 March 2013 and were signed below on its behalf by:

LA Manning  
President

E A Bingham  
Vice President

# Notes to the accounts

For the year ended 31 December 2012.

## 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.

### (i) 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.

### (j) 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)

### This is stated after charging:

	2012 £'000	2011 £'000
Auditors' remuneration		
- audit	9.3	9.0
- other	-	-
Depreciation	63.7	77.2
Operating lease rentals		
- land and buildings	90.9	90.9
- other	3.8	5.4
	=====	=====

## 4. TAXATION

### The tax charge on bank interest receivable for the year was as follows:

	2012 £'000	2011 £'000
UK Corporation tax at current rates	10.9	11.5
	=====	=====
<b>Corporation tax charge for the year</b>	<b>10.9</b>	<b>11.5</b>
	=====	=====

### Tax reconciliation

The tax assessed in the year is lower than the standard rate of tax in the UK of 20% (2009:20.75%). The differences are explained below:

Deficit on ordinary activities before tax	(102.9)	(281.8)
Expenses not chargeable to corporation tax	157.5	338.5
	=====	=====
Surplus for the year chargeable to corporation tax	54.6	56.7
	=====	=====
Surplus chargeable to tax multiplied by the standard rate of tax in the UK of 20% (2011: 20.25%)	10.9	11.5
	=====	=====

## 5. STAFF COSTS

Employee particulars are shown below:

	2012 £'000	2011 £'000
Wages and salaries	1,161.0	1,106.2
Social security costs	132.3	128.5
Other pension costs	31.4	29.1
	=====	=====
	1,324.7	1,263.8
	=====	=====

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

	No.	No.
Administration	25	27
	=====	=====

None of the directors received any remuneration in either 2012 or 2011.

## 6. OPERATING LEASE COMMITMENTS

At 31 December 2012, the Association had annual commitments under operating leases as set out below:

	2012		2011	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire in:				
2 – 5 years	90.9	3.5	90.9	3.5
	=====	=====	=====	=====

**7. FIXED ASSETS**

	Leasehold Improvements £'000	Fixtures & Fittings £'000	Computers & equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2012	184.4	75.4	248.4	508.2
Additions	0	0.5	15.6	16.1
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	184.4	75.9	264.0	524.3
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2012	166.2	69.0	168.4	403.6
Charge for year	11.8	2.6	49.3	63.7
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	178.0	71.6	217.7	467.3
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 December 2012	6.4	4.3	46.3	57.0
	=====	=====	=====	=====
At 31 December 2011	18.2	6.4	80.0	104.6
	=====	=====	=====	=====

**8. DEBTORS**

	<b>2012</b> £'000	<b>2011</b> £'000
Trade debtors	113.2	95.4
Other debtors*	292.4	115.1
Prepayments	239.4	247.6
	<hr/>	<hr/>
	645.0	458.1
	=====	=====

\*including £170.2k due in more than 1 year regarding Rent Deposit (2011: £nil)

**9. CREDITORS:  
amounts falling due within one year**

	<b>2012</b> £'000	<b>2011</b> £'000
Trade creditors	252.6	100.4
Other creditors	112.9	92.9
Accruals and deferred income	598.3	639.1
Corporation tax	10.9	11.5
	<hr/>	<hr/>
	974.7	843.9
	=====	=====

**10. MOVEMENT ON ACCUMULATED SURPLUS**

	<b>2012</b> £'000	<b>2011</b> £'000
Accumulated surplus brought forward	2,110.1	2,346.7
Deficit for the year	(59.2)	(236.6)
	<hr/>	<hr/>
Balance carried forward	2,050.9	2,110.1
	=====	=====

**11.** The Association contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,400 (2011: £29,100). There were £3,807 of contributions outstanding at the year end (2011: £nil).

# Detailed Income & Expenditure Account

For the year ended 31 December 2012.

	2012		2011	
	£'000	£'000	£'000	£'000
<b>SUBSCRIPTION INCOME AND GRANTS</b>				
Members & student fees	1,215.5		1,122.9	
Grants	34.4		106.1	
		<b>1,249.9</b>		<b>1,229.0</b>
<b>EVENTS AND ACTIVITIES</b>				
Courses, meetings and conferences	1,885.3		1,720.8	
Sponsorship	150.8		153.1	
		<b>2,036.1</b>		<b>1,873.9</b>
<b>OTHER INCOME</b>				
Advertising	71.4		69.0	
Other income	10.7		13.0	
		<b>82.1</b>		<b>82.0</b>
<b>TOTAL INCOME</b>		<b>3,368.1</b>		<b>3,184.9</b>
<b>DIRECT COURSE EXPENSES</b>		<b>(1,250.7)</b>		<b>(1,186.3)</b>
<b>ADMINISTRATIVE EXPENSES</b>				
Salaries and associated costs	1,375.9		1,326.3	
Rent and rates	149.4		143.2	
Printing, postage and stationery	55.6		65.2	
Council and committee	64.4		88.0	
Journals and publications	30.5		17.7	
Administrative expenditure	210.3		242.8	
Bad and doubtful debts	(5.5)		(2.0)	
Depreciation	63.7		77.2	
Legal and professional	23.3		32.5	
Subscriptions to Insol International	56.9		52.7	
Public relations	195.8		236.8	
		<b>(2,220.3)</b>		<b>(2,280.4)</b>
<b>OPERATING (DEFICIT)</b>		<b>(102.9)</b>		<b>(281.8)</b>
Interest receivable and similar income		54.6		56.7
<b>(DEFICIT) FOR THE YEAR BEFORE TAXATION</b>		<b>(48.3)</b>		<b>(225.1)</b>
Taxation		(10.9)		(11.5)
<b>(DEFICIT) FOR THE YEAR AFTER TAXATION</b>		<b>(59.2)</b>		<b>(236.6)</b>

This page does not form part of the statutory accounts.









Association of Business Recovery Professionals

8th Floor  
120 Aldersgate Street  
London  
EC1A 4JQ

Tel: 020 7566 4200  
Fax: 020 7566 4224

E-mail: [association@r3.org.uk](mailto:association@r3.org.uk)

[www.r3.org.uk](http://www.r3.org.uk)