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# Annual Review 2011



Association of Business Recovery Professionals





The 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 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 endeavours to achieve the best price for stakeholders and creditors whilst saving parts of the business which remain viable.







# Message from the President

Frances Coulson

My Presidency coincided with several challenges facing the profession in 2011 - as the new Government settled in Whitehall, a raft of consultations needed firm responses.

The toughest challenge initially was the Insolvency Service's consultation on the regulation of IPs. It included proposals for a fee review system wholly separate to the existing court system, and an independent complaints body. These would potentially have had far reaching implications for the profession, and in my view, for creditors too. We anticipated that a degree of change was on the cards but my concern was that it must not be change for change's sake. The underlying principle must remain that creditors engage during the insolvency process, not just complain afterwards. I did not want to see rogue complainants adding cost to the process, paid for by the majority further down the line.

Special praise should go to R3's Policy Group who worked tirelessly to produce a hard-hitting response and an alternative Impact Assessment. R3, representing small and medium sized practitioners' firms, worked together with the Big Four to issue a joint letter of concern to the Insolvency Minister which was featured in *The Times*. As a result of our work, R3 has successfully safeguarded members' interests. Currently, alternative and much less catastrophic regulatory proposals are being considered, such as having joint complaints' reviewers within several of the RPBs. R3 is working with other interested bodies and regulators to do this; and we will continue to try to influence the eventual outcome to be one that works best for the profession. We do have to recognise the push from government to add transparency and consistency to the process.

Though apparently overlooked by many both in and outside our profession, but high on my list was 'Jackson'. Throughout the year I have been working to try to secure an insolvency exemption to the Legal Aid, Sentencing and Punishment of Offenders Bill. I gave oral evidence to the Bill Committee on 13th July, I've met with literally dozens of MPs and Peers individually on the issue and worked closely with the Shadow Justice Team who support an exemption.

We met regularly with HMRC throughout 2011 to raise R3's concerns about their role as creditor and to discuss any queries they have about the insolvency regime. We have looked at various issues such as CVAs and Jackson and improved our contacts with officials in the department.

We lobbied the Government hard on their proposals to reform pre-packs which led to them dropping the idea of a three day notice period. We met with Government, the media and key decision makers to highlight the profession's concerns. The Government has listened to our concerns and agreed that improvements could be achieved through tweaks to the existing regulation, rather than 'throwing the baby out with the bathwater' and damaging business rescue.

R3's Personal Insolvency Discussion Group was created in 2011 with great success; the group has campaigned on the cost of bankruptcy, the level of debt creditors are able to petition for and concerns surrounding DMPs. R3's Fraud Panel was also established in early 2012, to work with stakeholders and government to highlight the important work IPs do in identifying and combatting fraud and recovering money for victims through the Insolvency legislation.

Our research on payday loans and debt concern became the lead news item on the Today programme in December and got me onto SKY News, Five Live and BBC News. We scored high levels of print press coverage in 2011, doubling the value of 2010's, including over 20 pieces in the Daily Telegraph, 16 for the BBC (including online news) and 12 in The Times. Looking back at my diary, I met dozens of journalists and nearly 70 MPs during my year! I think I need a lie down!

I would like to thank the members of our R3 Committees and event organisers for all their hard work, without them my Presidency would not have been as successful. The Technical, Membership, Courses and SPG Committees do a tremendous amount of work in supporting our members. Thank you especially to R3 staff who work tirelessly supporting the president; and Regional Chairs in their roles.

A big thank you to my partners and colleagues at Moon Beever for their patience and support during my presidential year.

Finally, as President I have been given the fantastic opportunity to meet R3 members across the country. It has been perhaps more time consuming than I would have first envisaged, but it is what you make it. Thank you all for making it such an rewarding and enjoyable experience.





# Message from the Chief Executive Officer

Graham Rumney

As a result of investment into R3's infrastructure, systems and staff, R3 was ready and able to deal with a challenging year.

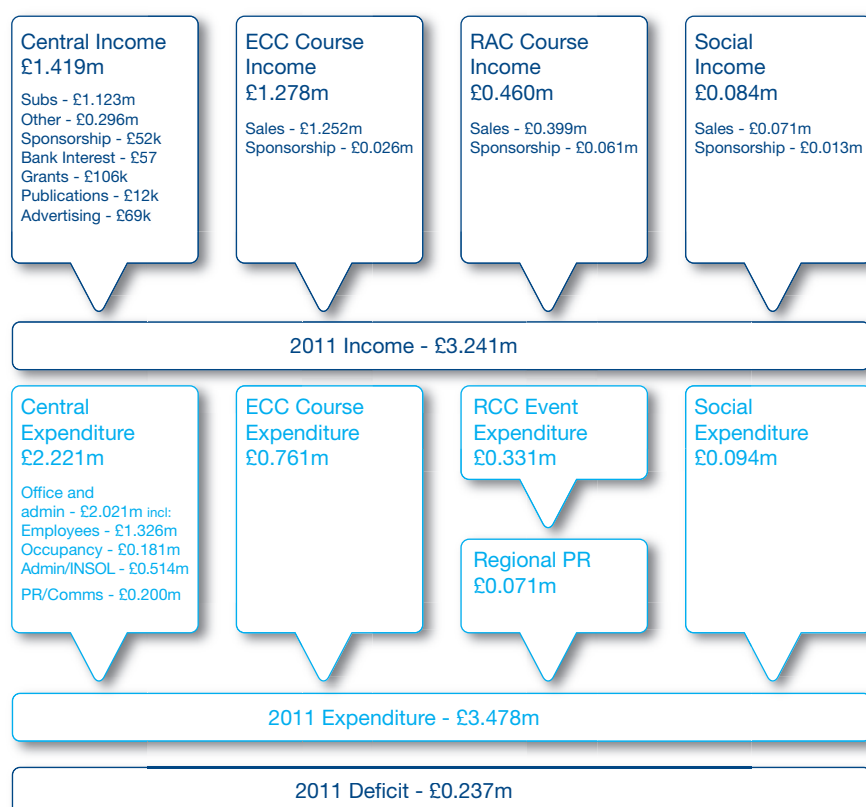
R3 works hard to protect and promote the interests of IPs – to see off regulation which would negatively impact on members and those whose interests they are charged to protect, and at the same time to highlight the vital role IPs play in UK economy. Activities to support members ranged from the expanded technical offering, to ensuring that members could easily access relevant courses and events, to making sure we promoted the expertise of IPs in the media and parliament.

Against a backdrop of tough market conditions and the healthy surplus achieved in 2010, the plan for 2011 was to draw down on some of the £2.35m reserves accumulated over the years. So the outcome for the year of a deficit of £237k was planned, albeit £20k more than budgeted. A simplified breakdown of where the money comes from and goes is shown below left.

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 remain an invaluable part of our funding.

Council has agreed to a similar level of deficit in 2012, to allow us to adjust to the tougher economic conditions without reducing the range of services and outputs we provide. I would like to encourage all members to 'buy R3' and support R3 through attending R3's courses, conferences and networking events. This will then ensure that we can re-invest and continue to provide members with an excellent service.

As ever, I would like to express my thanks to the team at R3 for their hard work. Members of national and local Committees and groups give up their time for R3 and we simply could not function as effectively without this work. I would personally like to thank the Executive and Council for their continued guidance and support.





# Membership & Member Services Committee

Matthew Dunham

Membership & Member Services Committee Chair

Throughout 2011 the Membership and Member Services Committee continued to focus on ensuring membership benefits remain a key priority, whilst actively identifying new areas for membership growth within the sector.

Ongoing developments to the new R3 website, such as enhanced Technical offerings and an online payment facility reflect our commitment to providing members with improved access to R3 resources.

2012 will see a focus on programme development for professionals who specialise in restructuring in an effort to foster membership development amongst those within this sector. We will liaise with the Education, Courses and Conferences Committee in order to create a framework for developing new ideas and initiatives.

In addition, we are in the midst of outlining new panel style events which we hope will enable more opportunity for dialogue with restructuring professionals and the full range of related service providers within the sector.

Considerable time has been spent facilitating feedback across the R3 regions and specialist groups, in order to improve services and materials delivered by R3. With regular member engagement, the Committee intends to be proactive and will continue to seek the views and key issues affecting members nationally.

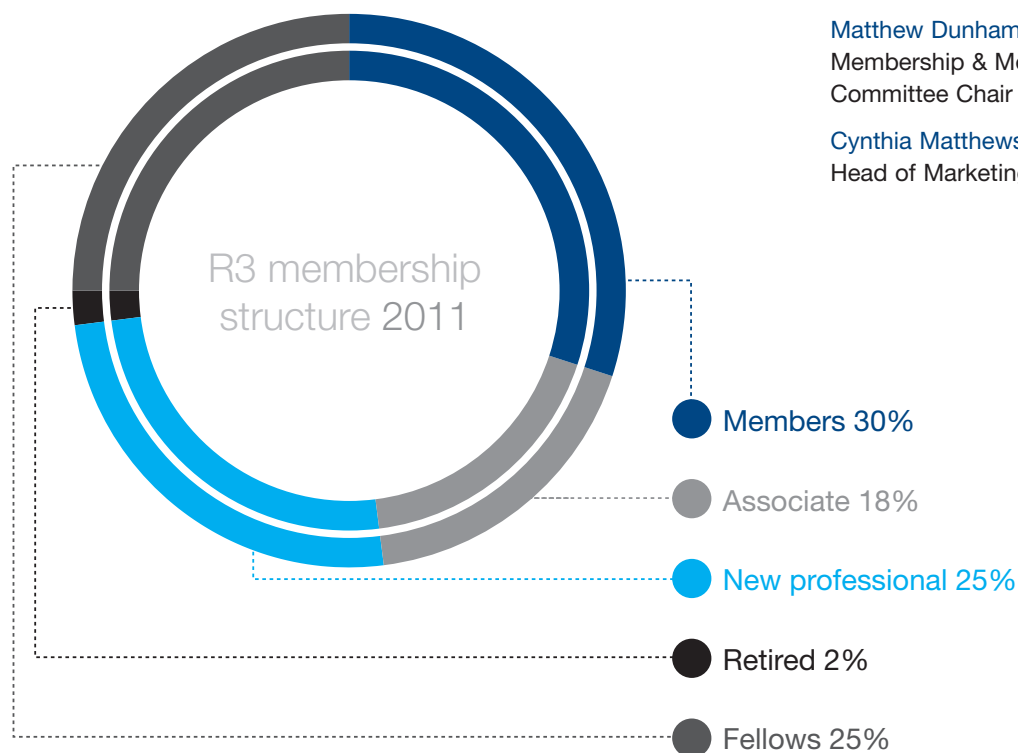
I would like to thank Lee Manning for his services to the Committee over the last three years and wish him well in his upcoming Presidency. As we progress through 2012 we continue to map our member demographics and explore new opportunities to further enhance our networking capabilities with all professionals working within our sector.

**Matthew Dunham**

Membership & Member Services  
Committee Chair

**Cynthia Matthews**

Head of Marketing & Member Services



\* figures are rounded up to the nearest whole number





# Education & Training

David Chubb

Education, Courses & Conferences Committee Chair

During 2011, we saw our course attendance numbers drop by 24% in comparison to 2010. We ran 90 training events, three fewer than in 2010 but only sold 4,234 places to members. We understand the drop reflects the level of activity in the profession as we have maintained the quality of our courses throughout 2011. We also launched our webinar service which we hope to expand in 2012.

The Annual Conference returned to the United Kingdom for the first time since 1997. The conference had the second highest attendance in its history and was a complete sell out. The conference was opened by Andrew McLaughlin, Chief Economist of RBS and Derek Sach, Head of RBS's Global Restructuring Group. Andrew gave the bank's view of the economic outlook which Derek then commented on from a recovery banker's perspective. A conference highlight was hearing Michael Portillo reviewing the coalition's prospects one year on from the general election. Delegates also benefited from a fascinating exposition of how Barclays handles turnaround situations where the bank takes a stake in the business.

We are always open to suggestions for course topics and on the lookout for good speakers. If there are particular issues you would like covered or would like to speak on our courses, please email David White at R3 and he will ensure the Committee gets to hear about it.

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.

Finally, I would like to thank Jane Moriarty for chairing this Committee over the past four years as I took over as Chairman on 2 January of this year.

**David Chubb**  
Education, Courses & Conferences  
Committee Chair

**David White**  
Training Director



# Technical Committees

Giles Frampton

General Technical Committee Chair

Discussions have continued with the Government on reform of the Insolvency Rules in England and Wales, and R3 is represented on a focus group set up by the Insolvency Service to assist with the modernisation project. The Scottish Technical Committee continues to press for updated Scottish Rules.

R3 is pushing for reform of the administration expenses regime, and has put down amendments to the Legal Aid, Sentencing and Punishment of Offenders Bill to exempt actions taken in insolvency proceedings from the proposed abolition of the right to recover success fees and insurance premiums from losing parties in cases funded by conditional fee arrangements.

In Scotland, the Committee has continued in discussion with the Accountant in Bankruptcy about the problems raised by the Home Owner and Debtor Protection (Scotland) Act. Discussions with the AiB have also continued in relation to the proposed Protected Trust Deed Protocol.

The Committees have made detailed submissions in response to some dozen consultations. New content has been added to the technical section of the R3 website in the form of help sheets and statutory forms, and work is in hand on the revision of the R3 standard terms for IVAs.

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.

Quarterly technical bulletins have been issued to members to keep them informed of topical developments in insolvency law and practice. As ever the Committees are indebted to their members for giving generously of their time and expertise.

**Giles Frampton**

General Technical Committee Chair

**Rachel Grant**

Scottish Technical Committee Chair

**John Francis**

Technical Director





# Smaller Practices Group

Liz Pywowarczuk

Smaller Practices Group Committee Chair

Throughout 2011, we have continued to provide wide representation of smaller practice interests, both within R3 and with external stakeholders. SPG is represented on R3's Council and other national and regional Committees to ensure that smaller firm interests are placed at the heart of R3's work. We have also expanded the SPG Committee's regional remit with new members from the North West and North East regions to ensure that we represent the geographical diversity of R3's SPG members.

**T**his year SPG has played an important role in helping to shape R3's responses to Government consultations and proposals for reform. We will continue to provide invaluable smaller firm perspectives on Government proposals throughout the next year as well as providing input on all other areas of R3's stakeholder work.

The SPG Committee is also actively involved in ensuring that R3's training and education offering continues to be relevant to smaller firms. In addition to the SPG Forum and SPG Technical Review courses, we are looking for new ways to provide training on technical and practical subjects for SPG members. This will form one of our key initiatives in 2012 and we look forward to hearing from smaller firm members with topic suggestions or subjects on which they require more training or support from R3.

With the launch of the new R3 website last spring, we are sure that the technical pages will provide valuable technical material for smaller firms. The website content will be continually developing so we look forward to hearing from SPG members about any additional materials they would like to see on the website.

We would like to thank Frances Coulson for her previous chairmanship of the Committee and James Nicholls for his valuable service.

**Liz Pywowarczuk**

Smaller Practices Group Committee Chair

**Emma Hobson**

Smaller Practices Group Manager



# Policy Group and Personal Insolvency Discussion Group

Steven Law

Policy Group Chair

R3's Policy Group provided valuable input and thought leadership into our policy development and consultation responses in 2011. Representing R3's membership which includes a number of the 'main players' in the insolvency profession and the small practitioner community, this influential group drives R3's 'voice'. The Group ensures that R3 policy, from issues ranging from directors' disqualification to sector specific issues, remains consistent and coherent.

The Group met five times in 2011, which reflects the significant number of issues tackled. The most significant challenge was the Insolvency Service 'Consultation on reforms to the regulation of insolvency practitioners', published in February 2011. The Policy Group formulated and submitted a response; and representatives met with government officials and the then Insolvency Minister Edward Davey MP to explain the implications the proposed changes would have, especially on micro businesses. This resonated with the Government who have subsequently asked the profession and other interested bodies to make alternative proposals.

The Policy Group played a key role in averting the introduction of a European Account Preservation Order (EAPO) into the UK. R3 explained that the plans would give courts anywhere in the EU power to freeze funds in UK businesses' bank accounts without warning and this would severely hamper business rescue. In November 2011 the Government announced they would be opting out of the EAPO due to 'implications for insolvency and impact of business rescue'.

The Government also announced that they would not be seeking to introduce new legislative controls on pre-packs. The Government proposals, announced in March 2011, originally intended to require Insolvency Practitioners to give creditors three days' notice when selling a business to a connected party. R3 repeatedly voiced concerns that these proposals would destroy the value in many businesses, resulting in fewer business rescues.

I would like to thank Mark Andrews for successfully chairing the Policy Group from its inception in September 2009. Many issues have been discussed since this time and Mark can be credited with steering a sometimes tricky, but ultimately successful path!

## Personal Insolvency Discussion Group

R3's Personal Insolvency Discussion Group was established in July 2011. Headed by Stephen Lawson, R3 members working in personal insolvency take the lead on R3 policy lines. In its first year in operation the group has responded to Government consultations, provided input to the Business, Innovation and Skills Select Committee inquiry and drafted proposals to better regulate DMP providers, reduce the costs of bankruptcy and change debtor/creditor petitions.

Steven Law

Policy Group Chair

Laura Harvey

Public Affairs & Policy Manager



# Press, Policy & Public Affairs

Victoria Jonson

Director of Communications

Left: David Gauke MP, Exchequer Secretary to the Treasury and Frances Coulson, R3 President.

2011 was a crucial year for promoting and protecting the interests of R3 members. R3 began to reap the rewards of long-standing relationships with journalists, politicians and stakeholders, with increased mentions of R3 in the House of Commons, House of Lords, national and regional news, while key organisations such as the British Chambers of Commerce and Federation of Small Business pledged their support to R3's campaigns.



Memorandum of Understanding resigning with Darra Singh, Chief Executive Job Centre Plus; Steven Speed, Inspector General and Agency Chief Executive Insolvency Service; Phil Wilson MP; Chris Grayling, Employment Minister; Frances Coulson, R3 President

One day in December highlights the culmination of R3's communications work: R3's personal insolvency research unveiled some worrying statistics surrounding 'Payday' loans. Our findings were the lead item on Radio 4's Today programme; which led to interviews with Sky News, various BBC news programmes and coverage in almost every national newspaper. It gave R3 excellent exposure and enabled us to communicate the message that R3 members help businesses and individuals who are struggling financially. We also contacted MPs about the issue which resulted in a number of MP meetings and further work. Our research also led to an enquiry from BBC's EastEnders and a mention by Sir Alan Sugar!

This year we built substantial relationships with the Shadow Government teams, such as the Shadow Justice team who supported an insolvency exemption to the Jackson reforms; and the Business team who are working with R3 on admin expenses and directors' disqualification. R3 has also built on its Ministerial engagement; We met with the then Insolvency Minister, Edward Davey MP, to discuss personal insolvency, R3's Rescue to Ransom Campaign, expenses in administration and a whole host of issues. We also had two Ministers in attendance at the re-signing of the Memorandum of Understanding with Jobcentre Plus in May 2011.

R3 has also spent much time this year in Parliament through R3's 'Holding Rescue to Ransom' roundtable event with MP 'champions' in March; R3's President was called as an expert witness to the Bill Committee in July; and providing evidence to the Business, Innovation and Skills Select Committee in early 2012. As per previous years, R3 has been active at the political party conferences, sharing the platform with a Treasury Minister and Shadow Home Office Minister as part of 'fringe' events in September. R3 also staged a range of successful meetings and events with MPs and Peers throughout the year.

Finally, R3 was recognised by others in the industry and shortlisted for the Public Affairs News Awards as 'Trade Body of the year'. Unfortunately we narrowly missed out but it was an excellent achievement to be in the final three.

Victoria Jonson  
Director of Communications

## Key Press, Policy & Public Affairs achievements:

- A doubling of the 'AVE' (advertising value equivalent) from £2.5m in 2010 to £5.8m in 2011
- 1,101 pieces of coverage overall including Regional, Online, Broadcast, Newswire and National.
- An average of 14 National articles a month in 2011 (11.27 per month in 2010)
- The Government opt-out of European Account Preservation Order
- Government u-turn on the '3 day notice' for pre-pack sales to connected parties.
- 70 meetings with Parliamentarians in 2011
- R3 mentioned over 20 times in Parliamentary debates in 2011





# R3 in London & the South East



**Alison Goldthorp**  
London & South East  
Regional Chair



There have been a number of well attended events in the region during 2011. The speakers at our technical sessions at the Haberdashers' Hall have been excellent.

Cities and town in region with highest numbers of R3 members:

- **London**
- **Reading**
- **Guildford**

Membership snapshot at April 2011

- **225 Associate**
- **373 Fellow**
- **398 Member**
- **46 New Professionals**
- **22 Retired**
- **14 Honorary**
- **1078 Total Members**

They have shared their experiences of the new practical and legal challenges facing the profession, such as administration expenses following the Lehmans decision, and the Minmar decision on the mechanics for a company appointing administrators. The last technical meeting took place the day the Government announced it would not be introducing the 'three day notice' proposals for pre-packs. R3's President Frances Coulson and Vice President Lee Manning were able to update the members on the numerous meetings R3 had with the Insolvency Service and MPs explaining the concerns of IPs on the draft proposals. This clearly had an effect on the Government. It illustrated R3's work in assisting the profession by presenting practitioners concerns to those that make decisions on the statutory framework and legal reforms that we will all have to work with in the future.

The past year did not initially see the volume of formal insolvencies that perhaps one would have expected, and a lot of the work undertaken by practitioners in the region during the year has been on restructuring businesses often without a formal insolvency appointment. The work of our profession has however remained in the spotlight, with many high profile administrations, particularly in the retail sector, hitting the press in the latter part of the year.

The Ladies' Lunch in November was the largest ever as demand for tickets continues to increase. It was a great event, brilliantly organised as ever by the R3 women's group, the theme being the gunpowder plot, with added drama when the hotel fire alarms went off!

I would like to take the opportunity to thank the Committee and the Women's Group for their continued commitment, time and hard work over the past year.

**Alison Goldthorp**  
London & South East  
Regional Chair



## R3 in the South



Nick Keitley  
Southern Regional Chair



The past year saw insolvency remain on the Government and media agenda. R3 has been running several successful campaigns to support the interests of members in our own region; we have been able to generate some good press coverage to ensure the R3 message is heard.

Cities and town in region with highest numbers of R3 members:

- Southampton
- Crawley
- Reading

Membership snapshot at April 2011

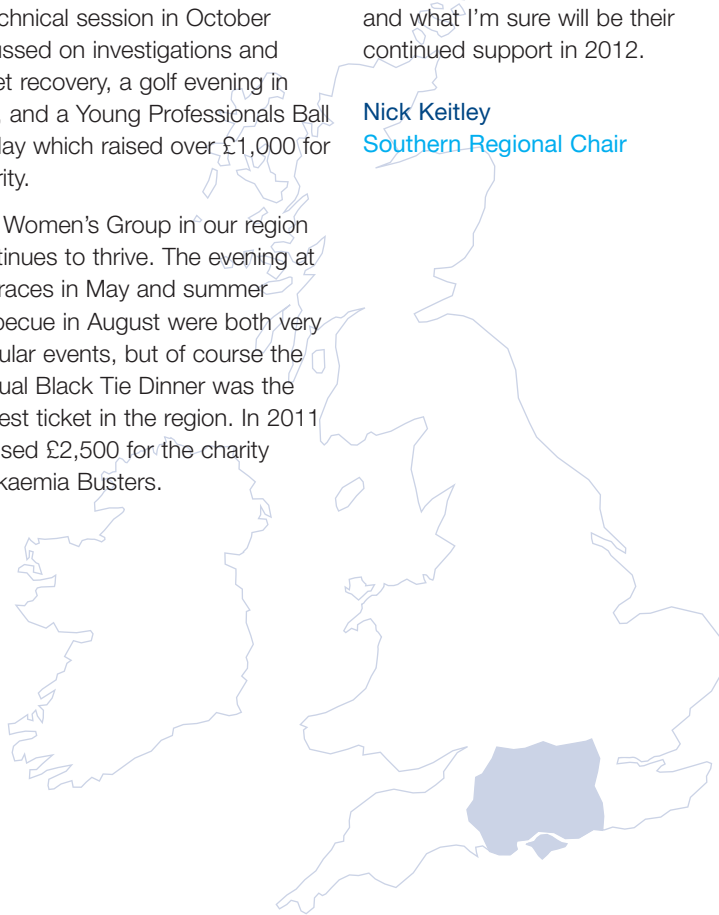
- 22 Associate
- 17 Fellow
- 19 Member
- 9 New Professionals
- 5 Retired
- 72 Total Members

Our regional meetings continue to be well attended with the last one held as a joint event with the Women's Group. It was entitled "Is the South Coast open for business?" and had senior representatives from the banking community on the panel. Our New Professional Group is also moving apace with several successful events held in 2011. These include a technical session in October focussed on investigations and asset recovery, a golf evening in July, and a Young Professionals Ball in May which raised over £1,000 for charity.

The Women's Group in our region continues to thrive. The evening at the races in May and summer barbecue in August were both very popular events, but of course the Annual Black Tie Dinner was the hottest ticket in the region. In 2011 it raised £2,500 for the charity Leukaemia Busters.

The coming year will undoubtedly be a challenging one in terms of generating understanding of what we do and the benefits it brings to the economy. We will continue to support our members and I look forward to meeting more of you at our upcoming events. I would also like to thank the Committee, New Professionals and Women's Groups for their dedication and hard work, and what I'm sure will be their continued support in 2012.

Nick Keitley  
Southern Regional Chair



# R3 in the East



**Shay Lettice**  
Eastern Regional Chair



R3's Eastern region continues to go from strength to strength with the support of an enthusiastic regional Committee and the involvement of a growing membership across the whole of the East of England.

Cities and town in region with highest numbers of R3 members:

- Cambridge
- Norwich
- Chelmsford
- Ipswich
- Southend-on-Sea

Membership snapshot at April 2011

- 22 Associate
- 17 Fellow
- 19 Member
- 9 New Professionals
- 5 Retired
- 72 Total Members

Our quarterly programme is continually evolving, featuring a broad range of technical sessions and talks as well as a number of informal social events. In 2012 the calendar includes the annual black tie dinner on May 3rd, a summer regional meeting on 2nd July with refreshments on the lawns of St John's College, Cambridge, and a resurrection of the IPs versus lawyers cricket match followed by a barbecue for players and spectators.

We are also planning our first Ladies' Lunch for a Friday afternoon in October. Whilst we can't hope to challenge the size of the legendary London event, we should be able to create a style and atmosphere that its little Eastern sister can be proud of!

All this, of course, would not be possible without the unfailing support of the Eastern region membership and the enthusiasm and commitment of the R3 Eastern region Committee members. I am eternally thankful for the time which each of you contributes to R3's various activities and look forward to working – and socialising! - with you throughout the year ahead.

**Shay Lettice**  
Eastern Regional Chair







# R3 in the Midlands



**Matthew Hammond**  
Midlands Regional Chair



R3's presence across both the East and West Midlands continues to strengthen, with our membership drawn from smaller, independent practices as well as larger national and international firms, their staff, students and practitioners covering key cities, including Birmingham, Nottingham, Derby, Leicester, Northampton, Coventry and Milton Keynes.

Cities and town in region with highest numbers of R3 members:

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

Membership snapshot at April 2011

- **66 Associate**
- **103 Fellow**
- **125 Member**
- **25 New Professionals**
- **12 Retired**
- **2 Honorary**
- **333 Total Members**

We have a thriving programme of new and established events for our members. Particular highlights include the annual Spring Ball in the West Midlands and the East Midlands Ladies' 'Excuse Me' Lunch, both organised by the thriving R3 Women's Group. The R3 Annual Quiz, held each year at Villa Park with support from Aston Villa FC, raises a significant amount for charity each year. In addition to these flagship events, localised select events for local networking have also been successful over 2011.

The last twelve months have definitely been busy for the R3 Midlands Committee members and I am very thankful for the time that they have given to R3 in the face of increasing workloads, in particular the Women's Group now led by Charlotte Duce of DLA and her many team members in the Group.

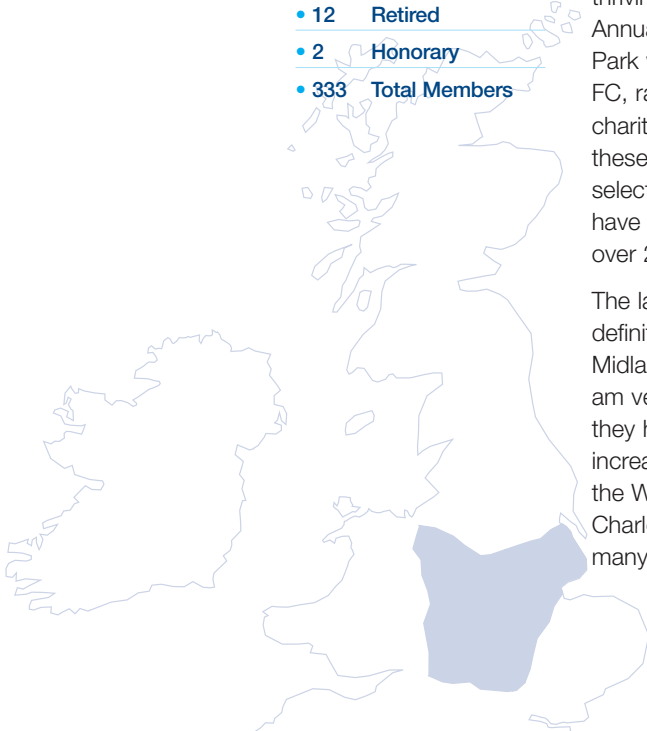
They share the burden of organising flagship events, for which we are very grateful.

Sue Byrne has now taken on responsibility as Secretary to the Midlands R3 Committee and we thank her for doing so, and also for her work with the Women's Group before handing over the reins to Charlotte.

Also, a warm welcome to the following new Committee members, who joined the team at the September 2011 AGM: Chris Moore of KJ Watkin, Eddie Williams of PwC and Tom Stockley of Wragge & Co LLP.

I am grateful for the support that the Midlands R3 membership has given to the work of the Committee through our well-attended events and the increasing support being shown to the quarterly meetings as we rebuild the programme to suit all of the interests of our membership.

**Matthew Hammond**  
Midlands Regional Chair



# R3 in Yorkshire



Andrew Walker  
Yorkshire Regional Chair



Another busy year began with the Annual Dinner Dance in January at The Royal Armouries, attended by over 120 guests and sponsored by Sanderson Weatherall and Walker Morris.

The ladies lunch saw 200 IPs bring the glitter and glamour of the Las Vegas strip to Leeds when they met at The Alea Casino in June. As well as practising their gambling skills, they were entertained by the King himself with a rare appearance from Elvis. The event, sponsored by Willis, raised £3,830 for the Cystic Fibrosis Trust. For those new to the industry, the revitalised young professional group is continuing to go from strength to strength hosting a summer barbecue in August at The Mint Hotel in Leeds, sponsored by Mazars and Irwin Mitchell.

In November, the annual quiz at The Marriott Hotel, Leeds, raised over £1,400 for breast cancer charity, The Haven. The year came to a close with a festive wine tasting evening at the Park Plaza in Leeds.

At the first meeting of 2012, Dr Sandra Frisby of The University of Nottingham spoke about CVAs and proposed changes to pre-packs; Graeme Menzies of Mills & Reeve LLP discussed the Bribery Act; Hugo Groves, Enterprise Chambers, provided a legal update; and Steven Cooklin of Manolete Partners looked at litigation in insolvency situations. Peter Sargent of Begbies Traynor said a few words thanking Robert Brown of hlw Keeble Hawson LLP for his many years of service as R3 Council member as he is stepping down in April.

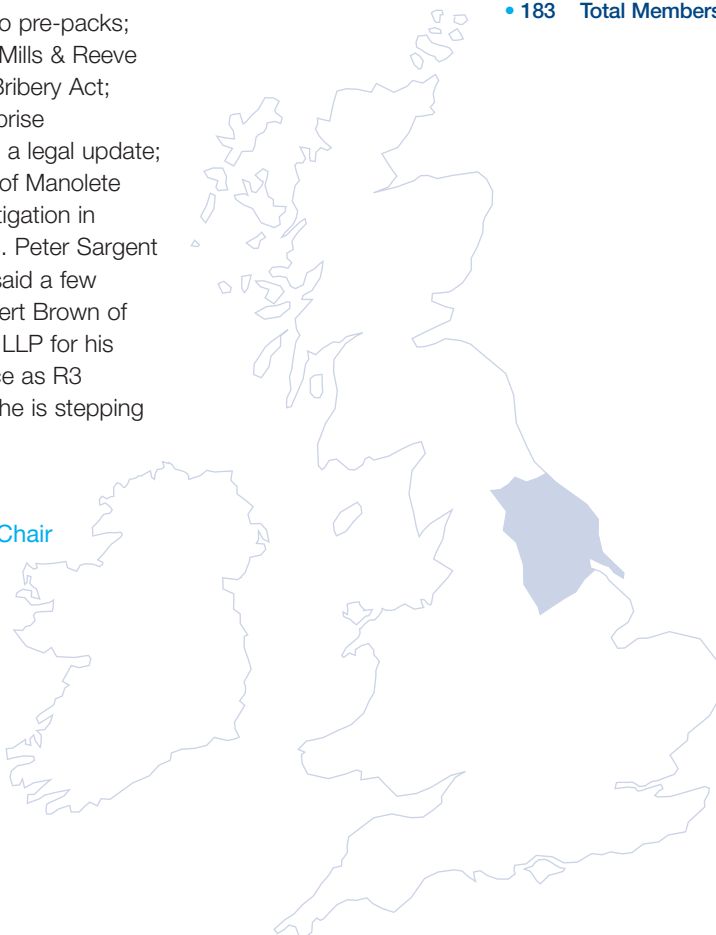
Andrew Walker  
Yorkshire Regional Chair

Cities and town in region with highest numbers of R3 members:

- Leeds
- Sheffield
- Hull

Membership snapshot at April 2011

- 43 Associate
- 53 Fellow
- 68 Member
- 13 New Professionals
- 5 Retired
- 1 Honorary
- 183 Total Members





# R3 in the North East



Linda Farish  
North East Regional Chair



It's impossible to pretend that 2011 was anything other than a very difficult year both for our sector, where levels of activity have been reduced right across the region, and for the North East economy in general.

Cities and town in region with highest numbers of R3 members:

- Newcastle Upon Tyne
- Stockton-On-Tees
- Sunderland

Membership snapshot at April 2011

- 38 Associate
- 86 Fellow
- 91 Member
- 17 New Professionals
- 1 Retired
- 233 Total Members

Having said that, the last part of the year, and the first part of 2012 have shown signs that some degree of improvement for the regional insolvency sector might be on the way – activity levels have undoubtedly picked up of late, and there seems to be a general feeling that things are, slowly but surely, getting better.

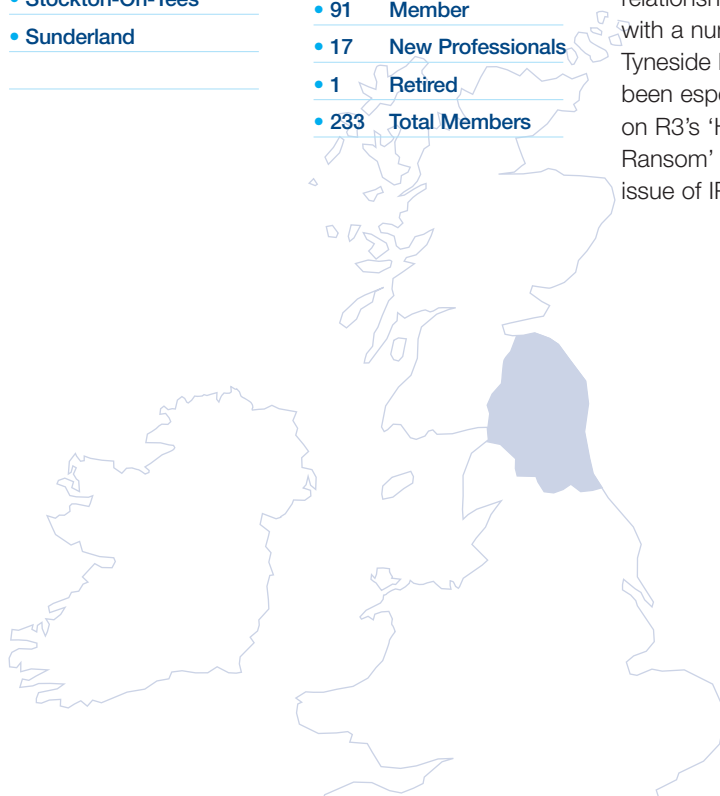
A great deal of effective political work has been undertaken in the North East in the last year, with briefing meetings arranged with eight local MPs. Ongoing close relationships have been established with a number of them, and North Tyneside MP Mary Glindon has been especially active in Parliament on R3's 'Holding Rescue to Ransom' campaign and the whole issue of IP regulation.

From a North East membership point of view, it's been another very active year, with a programme of events taking place through the calendar. Speakers from Sanderson Young, North East Finance and Rootcorz, as well as R3's then President Steven Law addressed some very well-attended sessions, and we're grateful to all our event sponsors – Aldermore, Filebase, Ad Hoc and NE Money – for their generous support.

Members have also continued a fantastic fundraising drive through the year, which has now raised just under £30,000 for north east cancer research charity Bright Red.

Finally, having come to the end of my two-year stint in the Regional Chair, I'd like to say good luck to my successor, Steve Ross of RSM Tenon – I hope that he enjoys working with R3's North East membership as much as I have.

Linda Farish  
North East Regional Chair





# R3 in the North West



Jeremy Oddie  
North West Regional Chair



Building links has been a key theme of our work in the North West in the past year. During our first 12 months in office, Vice-Chair Richard Wolff and I have been working to strengthen our ties with other organisations and build R3's presence in the region.

Cities and town in region with highest numbers of R3 members:

- Manchester
- Liverpool
- Bolton

Membership snapshot at April 2011

- 18 Associate
- 53 Fellow
- 57 Member
- 4 New Professionals
- 2 Retired
- 1 Honorary
- 135 Total Members

The R3 quarterly meetings have featured speakers from the Institute of Directors, the TMA and Jobcentre Plus, with which we have developed an active partnership to help employees facing redundancy.

We have also been building links with Manchester's professional services community. Our quarterly breakfast events held in conjunction with the sector body pro-Manchester have attracted a full house of 80 or more.

These panel debates bring together insolvency professionals with leading industry experts to discuss hot topics such as 'Where has all the debt gone?' and the 'Crisis on the high street'. The next event in May will feature the leisure industry and will feature a senior figure from a hotel chain.

Socially, the Ladies' Lunch proves ever popular and will be held once again this year on 18 May, and we will be sponsoring the North West St Nick's Awards on 28 June which bring together the insolvency community.

Meanwhile we are also active on the political front, having embarked on a programme of meetings with MPs in support of the 'Holding Rescue to Ransom' campaign.

Jeremy Oddie  
North West Regional Chair



# R3 in the South West & Wales



Joanne Rumley  
South West and  
Wales Regional Chair



I took up the role of regional chair from Andrew Sheridan, a very hard act to follow. Andrew's excellent work in collaborating with bankers, the Institute for Turnaround (IfT) and the Turnaround Management Association (TMA) set the bar particularly high in terms of our regional meetings.

Cities and town in region with highest numbers of R3 members:

- Bristol
- Cardiff
- Exeter

Membership snapshot at April 2011

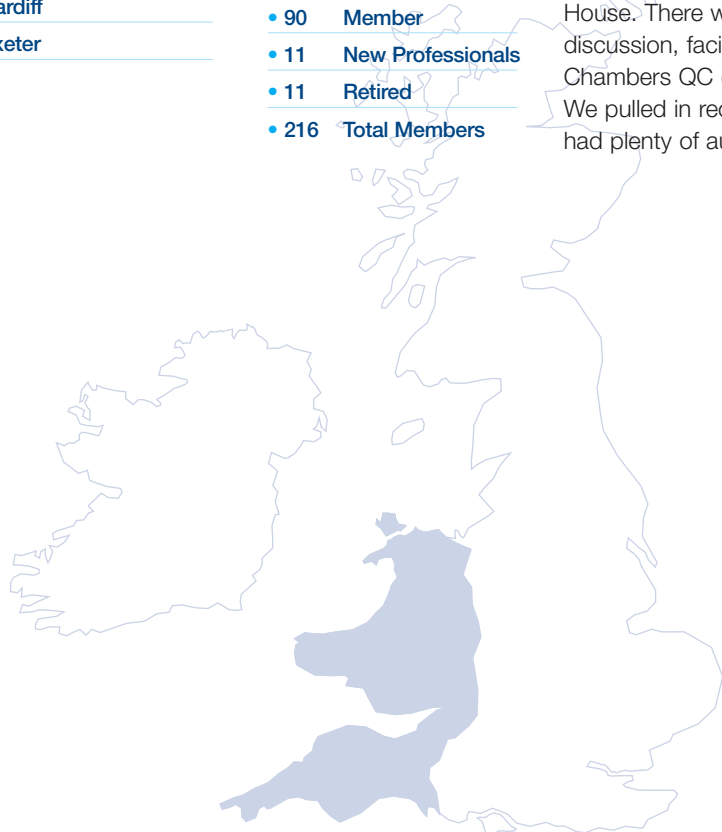
- 36 Associate
- 68 Fellow
- 90 Member
- 11 New Professionals
- 11 Retired
- 216 Total Members

The first regional meeting that I chaired was a joint debate with the IfT and TMA, "This house believes the IBR is dead", held in the Council Chamber, Bristol Council House. There was a lively discussion, facilitated by Stephen Chambers QC (Guildhall chambers). We pulled in record numbers and had plenty of audience participation.

Our Womens' Committee events are well known in the region for being sell outs and this year proved no exception. This year's black tie dinner had a 70's and 80's music and television theme including an appearance from Mike Reed who hadn't changed a bit! This year's black tie event looks set to be even better.

I expect this year to be an interesting one for our members and I feel privileged to be at the helm at such a crucial period for the profession. I look forward to meeting our local members at the events we have planned and understanding the issues that are important for our region. I would also like to thank the Committee for their hard work and support and on behalf of the Committee would like to thank Andrew for his excellent Chairmanship over the last 2 years.

Joanne Rumley  
South West & Wales Regional  
Chair





## R3 in Scotland



**John Hall**  
Scottish Region Council Member



Four years after the recession began, Scotland continues to suffer from record levels of corporate failures and is seeing personal insolvencies increase among the middle classes. During 2011 there were 1,514 corporate failures - up from 1,331 in 2010, almost double the 2009 figure and the highest number ever recorded.

Cities and town in region with highest numbers of R3 members:

- Glasgow
- Edinburgh
- Aberdeen

Membership snapshot at April 2011

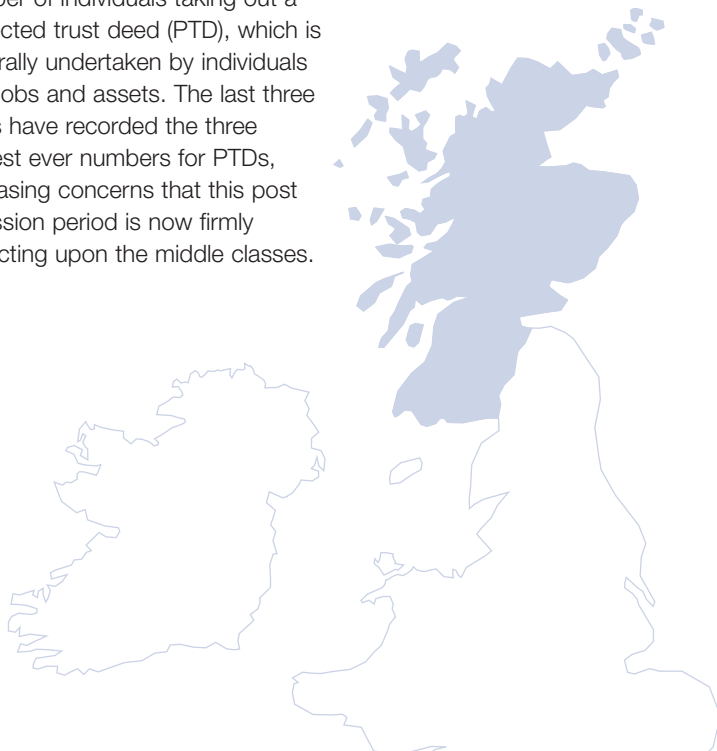
- 13 Associate
- 31 Fellow
- 61 Member
- 3 Retired
- 108 Total Members

Construction, hospitality and retail had the highest failure rates and, whilst not many of these individual businesses were large, they were of a sufficient scale and number to cause concern that the infrastructure of these sectors may be damaged for many years to come and construction in particular may not be able to cope with a significant upturn in demand.

Personal insolvencies remained fairly static at around 20,000 although the composition of debtors has shifted somewhat. Last year recorded the second highest number of individuals taking out a protected trust deed (PTD), which is generally undertaken by individuals with jobs and assets. The last three years have recorded the three highest ever numbers for PTDs, increasing concerns that this post recession period is now firmly impacting upon the middle classes.

R3 in Scotland continued to have a high media profile during 2011, commenting on insolvency issues in broadcast, print and online outlets. Whilst a quieter year legislatively, this was very much the calm before the storm with the Accountant in Bankruptcy's wholesale review of personal debt legislation looming large in 2012.

**John Hall**  
Scottish Region Council Member







# R3 in Northern Ireland



**Brian Murphy**  
Northern Ireland Regional Chair



My appointment as Regional Chair comes as Northern Ireland enters into the fourth year of the continuing economic downturn. While some sectors and regions in the United Kingdom have shown signs of a positive recovery, there is no doubt that the R3 profession still has much to contribute to the ongoing recovery in Northern Ireland.

Cities and town in region with highest numbers of R3 members:

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

Membership snapshot at April 2011

• 38	<b>Associate</b>
• 86	<b>Fellow</b>
• 91	<b>Member</b>
• 17	<b>New Professionals</b>
• 1	<b>Retired</b>
• 233	<b>Total Members</b>

While many businesses have persevered with the difficult economic climate, prolonged periods of distress may well trigger an increase in formal appointments.

In addition to the uncertainty over the local economy, insecurities exist over the future economic well-being of the Republic of Ireland and it's Eurozone partners.

The recession in the private sector locally is not yet at an end and there are likely to be further difficult times ahead with cuts in public spending; in an economy which is so reliant on Government support.

Unlike previous recessions, today there exists greater intertwining and interdependence. What happens in the Republic of Ireland is of profound interest to Northern Ireland and further and events in the United Kingdom are indeed every bit as important to the Republic of Ireland.

On 25 October 2011, I hosted my first event, a 'Legal Update' Seminar in The Merchant Hotel in Belfast. Attended by almost 150 insolvency practitioners and their staff, the seminar was given by two leading legal practitioners, namely, Michael Neill, Partner at A&L Goodbody and Kieran McGarrigle, Partner at Arthur Cox.

**Brian Murphy**  
Northern Ireland  
Regional Chair



# Reports and Accounts

The Council has pleasure in submitting the Association's Report and Accounts for the year ended 31 December 2011.

## 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

F E Coulson, Moon Beever, London

### Vice President

L A Manning, Deloitte LLP, London

### Deputy Vice President

E A Bingham, Ernst & Young LLP, London

### Other Members

M B Andrews, SNR Denton UK, London  
 L M Brittain, Deloitte LLP, London  
 R A Brown, Keeble Hawson, Leeds (Regional member for Yorkshire)  
 A M Byrne, Byrne Associates, Bristol (appointed 15/04/2011)  
 M Cohen, BDO LLP, London  
 M Dunham, Grant Thornton UK LLP, Manchester (appointed 15/04/2011)  
 A R Fanshawe, Begbies Traynor (Central) LLP, Reading  
 G R Frampton, Richard J Smith & Co, Ivybridge  
 S P Grant, Wilkins Kennedy, Little Chalfont (Regional member London)  
 D L Gray, Eversheds LLP, Manchester (Regional member for the North West)  
 J M Hall, Invocas Group plc, Edinburgh (Regional Member for Scotland)  
 B J Hamblin, PKF (UK) LLP, Birmingham  
 R J Hill, KPMG LLP, Bristol (Regional member for the South West & Wales)  
 J R Houston, BTG Restructuring, Belfast (Regional Member for N. Ireland)  
 A M Hudson, Ernst & Young LLP, London (appointed 15/04/2011)  
 J James, Ward Hadaway, Newcastle (Regional Member for North East)  
 S M Law, Ensors, Ipswich  
 G Limb, Compliance on Call Ltd, Coventry  
 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, Newark  
 P R Sykes, Moore Stephens LLP, London (appointed 15/04/2011)  
 C E Williams, Squire Sanders (UK) LLP, London (appointed 15/04/2011)  
 C K Williams, McTear Williams & Wood, Norwich (Regional member for the East)

### Outgoing Members

J A G Alexander, Carter Backer Winter LLP, London (resigned 15/04/2011)  
 P B Ellward, RSM Tenon Recovery, Nottingham (resigned 15/04/2011)  
 C M T Haig, KPMG LLP, London (resigned 15/04/2011)  
 R Heis, KPMG LLP, London (resigned 15/04/2011)  
 P Sargent, Begbies Traynor (Central) LLP, Halifax (resigned 15/04/2011)  
 F A Simms, F A Simms & Partners PLC, Lutterworth (resigned 15/04/2011)

### 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, 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 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.

The insolvency, restructuring and turnaround industries were again in the public spotlight in 2011 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 the Jobcentre Plus continued to help those needing to find new employment.

We continued our work with parliamentarians, attending the main political party conferences, with fringe events at those of the Conservative and Labour parties. We further expanded the depth and breadth of our media interaction and the coverage obtained grew significantly. Such activity was essential given the number of government consultations affecting our members.

In particular we played a very full part in engaging in the ongoing debates on pre-packs and the process whereby IPs reporting to creditors in such Administrations are monitored by their RPBs and the Insolvency Service (the SIP 16 debate); and played an important part in explaining to Government that their mooted revisions to the existing regime were not sufficiently justified, leading to a decision early in 2012 that there would be no changes to the legislation relating to what is acknowledged to be a very important tool in the IPs tool box is preserving economic activity and saving jobs. We also provided input to the discussions with the Insolvency Service and RPBs over consensual, workable and proportionate change to the complaints' handling systems that cover IPs work generally; and in the area of fees.

R3 was at the forefront of the initiative to seek an exemption for insolvency practitioners over the use of ATE and CFA insurance in the face of the so-called Jackson Reform proposals.

R3 also led the charge in persuading the government to opt-out from the European Account Preservation Order, as originally proposed, as we correctly identified it as a threat to the rescue culture in the UK.

It is also appropriate to mention the authoritative research and survey work that R3 commissions covering our members' experience and opinions on the economy, our industry and individuals and businesses degree of financial "stress". Our analyses and commentaries 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. We recruited an additional staff member for our Technical team, whose addition will further help with the roll out of a programme of expanded and expanding technical material on our web site, itself refreshed and upgraded. 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 21st Annual conference was held at the Celtic Manor Hotel, Bridgend, Wales in May; and our Small Practices Forum was again held in Birmingham in November. Both were very well attended; and their performance helped to counter the less than budgeted attendance at some of our others 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. We also launched the first webinar at the end of the year and we aim to expand the use of this medium to deliver training and education to our membership.

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 license. Additionally, we were very pleased to be able jointly to put on two events, one in Leeds and the other in London for past "alumni" of the JIEB exams whose success predated the introduction by R3 of certificates for those passing the exams, nearly 300 people attending.

On the social side our annual national banquet held in London was a success, as was the outstandingly successful and popular London Region Ladies' Lunch, being the major source of regional contributions to our funding. Other regions put on their own dinners; and all held networking and educational events to the benefit of their local members and others interested in insolvency, turnaround and restructuring. The work of the regional chairman, their Committees; the associated women's Committees and new professionals' Committees deserves particular mention and praise, as they fulfil an important part in ensuring R3 remain in touch with its membership, such that we continue to provide what members want and need, acting as an important source of networking and mutual support and encouragement for those engaged in frequently stressful and challenging work.



The Small Practices Group (SPG) has an enlarged and 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).

Building upon the success of our Policy Group, which combines members of Council with some of the leading figures in insolvency, 2011 also saw the creation of a Personal Insolvency Discussion Group (PIDG), which has already helped provide additional focus and expertise in formulating policy in the areas of bankruptcy, IVAs, DMPs, and debt advice; and has fed into the discussions with the Insolvency Service about the new Regional rotas the Service will be introducing as its own organisational changes are implemented.

## Financial Results

The Association's activities in the year resulted in a loss after tax for the year ended 31 December 2011 of £236.6k (£153.9k net surplus in 2010). The Association's reserves consequently reduced to £2.11m (£2.35m in 2010). We had planned to make a loss of £215k, having regard to the better than expected surplus of £154k in 2010. The additional £20k of loss is attributable to several factors: As the recession began to bite deeper, an increasing number of members retired or exited the profession, and some firms applied more stringent rules for those wishing to join or remain members of associations. In the event we made 98% of our budget which whilst respectable, produced a £25k shortfall.

The financial stringencies experienced by many members also impacted our educational income such that even with better than budgeted contributions from the Annual Conference and the SPG Forum these were insufficient to offset the fall in income from a number of core courses, such as our Introductory programme, leading to an overall shortfall of £36k compared to the budgeted £555k contribution, excluding direct staff costs. Fortunately, strong performance from our regions and success in obtaining more sponsorship from firms keen to associate with R3 and its members helped offset these declines, as did cost savings at the centre.

There was a £128k contribution from the regions (£118k in 2010) re locally-hosted social and educational events. We also continued our region-specific media work (all regions are twinned with local press agents bar London and Northern Ireland) and expenditure re their support and the training of local spokesmen in media management totalled £71k (£76k in 2010).

The assistance provided by 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 is also eligible for grants awarded by the Trustees of the Barbican settlement to finance specific projects and educational support, as with our Farringdon Voucher training scheme.

A significant feature of our income in past years has been interest income on bank deposits; and the continuation of a low interest regime meant that this produced only £57k, compared to the previous year's £60k and 2009's £97k. 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 must accept, and are already planning accordingly, for the next few years to remain challenging on the income front; and it was for that reason that after several years' price freezes in our educational prices, and not having increased our subscriptions for 2011, that our 2012 prices were increased in line with the inflation seen over past years.

R3's financial policy has been to build up and maintain suitable reserves to underpin and maintain its activities in the event of a fall in income. 2011 saw us make use of these reserves to fund an expansion of member's services and to counter the previously foreseen income reductions. We expect to draw down on our reserves in 2012 and 2013 in a planned way, being committed 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.

Our reserves provide us with the strength and time to weather the difficult economic conditions we and our members face as we go through the next few years of austerity. However, our aim is to grow our membership, expanding into new, related areas of professionals working with people and firms experiencing the so-called decline curve. 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 are encouraging members to “buy local”; and our efforts in marketing and promoting our courses is also being extended to utilise the resources

and recommendations of local Committees and Council members; and as appropriate via increased use of social media.

Our headcount in 2011 increased with one new permanent post: a Technical Officer; and one previously full time staff member is now working 2 days a week. The average number of staff was 27 for the year. Our 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 12 March 2012.

<b>F E Coulson</b>	<b>L A Manning</b>
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 2011 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 2011 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 6AYY

## Income and Expenditure Account

	Notes	2011 £'000	2010 £'000
<b>Turnover</b>			
Subscription income		1122.9	1138.4
Grants		106.1	63.3
Courses, meetings and conferences		1720.8	1899.5
Sponsorship		153.1	132.8
Advertising		69.0	74.2
Other income		13.0	49.7
		<u>3184.9</u>	<u>3357.9</u>
<b>Operating Expenses</b>			
Direct course expenses		(1186.3)	(1065.8)
Administrative expenses		(2280.4)	(2185.7)
		<u>(3466.7)</u>	<u>(3251.5)</u>
<b>Operating Deficit</b>	3	(281.8)	106.4
Interest receivable and similar income		56.7	60.1
		<u>          </u>	<u>          </u>
<b>Surplus for the year before taxation</b>		(225.1)	166.5
Taxation	4	(11.5)	(12.6)
		<u>          </u>	<u>          </u>
<b>Surplus for the year</b>		<u>(236.6)</u>	<u>153.9</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.

## Income and Expenditure Account

		2011		2010	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	7		140.7		140.7
Current assets					
Debtors	8	458.1		392.9	
Cash at bank and in hand		2,391.3		2,712.2	
		<u>2,849.4</u>		<u>3,105.1</u>	
Creditors: amounts falling due within one year	9	<u>(843.9)</u>		<u>(899.2)</u>	
Net Current Assets			<u>2,005.5</u>		<u>2,205.9</u>
Total assets less current liabilities			<u>2,110.1</u>		<u>2,346.6</u>
Accumulated Surplus	10		2,110.1		2,346.6



## Detailed Income and Expenditure Account

	2011		2010	
	£'000	£'000	£'000	£'000
<b>Subscription Income and Grants</b>				
Members & student fees	1,122.9		1,138.4	
Grants	106.1		63.3	
		<u>1,229.0</u>		<u>1,201.7</u>
<b>Events and Activities</b>				
Courses, meetings and conferences	1,720.8		1,899.5	
Sponsorship	153.1		132.8	
		<u>1,873.9</u>		<u>2,032.3</u>
<b>Other incomes</b>				
Advertising	69.0		74.2	
Other income	13.0		49.7	
		<u>82.0</u>		<u>123.9</u>
<b>Total Income</b>		<u>3,184.9</u>		<u>3,357.9</u>
Direct Course Expenses		(1,186.3)		(1,065.8)
<b>Administrative Costs</b>				
Salaries and associated costs	1,326.3		1,259.6	
Rent and rates	143.2		136.0	
Printing, postage and stationery	65.2		82.2	
Council and Committee	88.0		91.5	
Journals and publications	17.7		25.9	
Administrative expenditure	242.8		209.7	
Bad and doubtful debts	(2.0)		(1.3)	
Depreciation	77.2		54.5	
Legal and professional	32.5		20.6	
Subscriptions to Insol International	52.7		59.0	
Public relations	236.8		248.0	
		<u>(2,280.4)</u>		<u>(2,185.7)</u>
Operating (Deficit)/Surplus		(281.8)		106.4
Interest receivable and similar income		56.7		60.1
<b>(Deficit)/Surplus for the year before taxation</b>				
Taxation		(11.5)		(12.6)
<b>(Deficit)/Surplus for the year after taxation</b>		<u>(236.6)</u>		<u>153.9</u>

## Notes to 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.

#### 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

	2011 £'000	2010 £'000
<b>This is stated after charging:</b>		
Auditors remuneration - audit	9.0	8.0
- other	-	-
Depreciation	77.2	54.4
Operating lease rentals - land and buildings	90.9	84.6
- other	5.4	4.1

### 4 Taxation

	2011 £'000	2010 £'000
The tax charge on bank interest receivable for the year was as follows:		
UK Corporation tax at current rates	11.5	12.6
<b>Corporation tax charge for the year</b>	<b>11.5</b>	<b>12.6</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	(283.5)	106.4
Expenses not chargeable to corporation tax	340.2	(46.3)
<b>Surplus for the year chargeable to corporation tax</b>	<b>56.7</b>	<b>60.1</b>
Surplus on ordinary activities before tax multiplied by the standard rate of tax in the UK of 21% (2009:20.75%)	11.5	12.6

### 5 Staff Costs

	2011 £'000	2010 £'000
Employee particulars are shown below:		
Wages and salaries	1,106.2	1,027.2
Social security costs	128.5	117.6
Other pension costs	29.1	26.3
	<b>1,263.8</b>	<b>1,171.1</b>
The average number of persons employed by the company during the year was:	No.	No.
Administration	27	24

None of the directors received any remuneration in either 2011 or 2010.

### 6 Operating Lease Commitments

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

	2011		2010	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire in:				
2 – 5 years	90.9	3.5	90.1	4.1

## 7 Fixed Assets

	Leasehold Improvements	Fixtures & Fittings	Computers & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2011	184.4	73.0	209.6	467.0
Additions	0.0	2.4	38.8	41.2
At 31 December 2011	<u>184.4</u>	<u>75.4</u>	<u>248.4</u>	<u>508.2</u>
<b>Depreciation</b>				
At 1 January 2011	144.8	63.3	118.2	326.3
Charge for year	21.4	5.7	50.1	77.2
At 31 December 2011	<u>166.2</u>	<u>69.0</u>	<u>168.3</u>	<u>403.5</u>
<b>Net Book Value</b>				
At 31 December 2011	<u>18.2</u>	<u>6.4</u>	<u>80.1</u>	<u>104.7</u>
At 31 December 2010	<u>39.6</u>	<u>9.7</u>	<u>91.4</u>	<u>140.7</u>

## 8 Debtors

	2011 £'000	2010 £'000
Trade debtors	95.4	107.5
Other debtors	115.1	107.2
Prepayments	247.6	178.2
	<u>458.1</u>	<u>392.9</u>

## 9 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	100.4	202.8
Other creditors	92.9	92.9
Accruals and deferred income	639.1	590.9
Corporation tax	11.5	20.4
	<u>843.9</u>	<u>899.2</u>

## 10 Movement on accumulated surplus

	2011 £'000	2010 £'000
Accumulated surplus brought forward	2,346.7	2,192.8
Deficit for the year	(236.6)	153.9
<b>Balance carried forward</b>	<u>2110.1</u>	<u>2346.7</u>

## Detailed income and expenditure account

	2010 £'000	2009 £'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>

## 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 £29,100 (2010: £26,300). There were no contributions outstanding at the year end (2010: £3,100).





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