

**INSOL INTERNATIONAL  
(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2007**

haysmacintyre  
Chartered Accountants  
Registered Auditors  
London

Company Number: 3037353

# INSOL INTERNATIONAL

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## **DIRECTORS**

S Batra  
L V W Bester  
C Broughton  
B J Carter  
S Darr  
S Golick  
G H Hughes  
J C H Kong  
R T Neville  
S Parbery  
D Perry  
R O Sanderson  
I Spinath  
J Sprayregen  
D Staehelin

## **SECRETARY**

C Broughton

## **AUDITORS**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

## **BANKERS**

Barclays Bank plc  
Hatton Garden Business Centre  
Strand Corporate Banking Group  
99 Hatton Garden  
London EC1N 8DN

## **REGISTERED OFFICE**

2-3 Philpot Lane  
London  
EC3M 8AQ

**INSOL INTERNATIONAL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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## **INSOL INTERNATIONAL**

### **REPORT OF THE DIRECTORS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report and the company's financial statements for the year ended 31 December 2007.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the Company are to promote best practice in the insolvency and restructuring profession.

#### **FINANCIAL RESULTS**

The company's activities have resulted in a surplus of \$448,412 for the year ended 31 December 2007 (2006: \$5,157 surplus). The company had net assets of \$1,719,815 as at 31 December 2007 (2006: \$1,271,403)

#### **DIRECTORS**

The following directors served during the year:

S Batra  
L V W Bester  
C Broughton  
B J Carter  
S Darr  
S H De Ranitz (resigned 22 March 2007)  
S Golick  
G H Hughes  
J C H Kong  
R T Neville  
D A Palmer (resigned 22 March 2007)  
S Parbery  
D Perry (appointed 9 November 2007)  
R O Sanderson  
I Spinath  
J Sprayregen  
D Staehelin

## **INSOL INTERNATIONAL**

### **REPORT OF THE DIRECTORS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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.

By Order of the Board

C Broughton  
Secretary

2-3 Philpot Lane  
London  
EC3M 8AQ

29 March 2008

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

### **OF INSOL INTERNATIONAL**

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We have audited the financial statements of INSOL International for the year ended 31 December 2007 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

haysmacintyre  
Chartered Accountants  
Registered Auditors

29 March 2008

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**INSOL INTERNATIONAL**

**INCOME AND EXPENDITURE**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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	<b>Notes</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
Income	2	2,210,988	1,622,046
Administrative expenses	2	(1,823,280)	(1,648,284)
Surplus/(deficit) on ordinary activities before interest	3	387,708	(26,238)
Interest receivable	4	75,654	41,996
Surplus on ordinary activities before taxation		463,362	15,758
Taxation	5	(14,950)	(10,601)
Surplus for the year	6	<u>\$448,412</u>	<u>\$5,157</u>

There are no recognised gains and losses other than the results for the above periods.

The notes on pages 6 to 10 form part of these financial statements.

**INSOL INTERNATIONAL**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2007**

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	Notes	2007 US\$	2006 US\$
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	3,308	3,273
<b>CURRENT ASSETS</b>			
Debtors	8	150,535	154,812
Cash at bank and in hand		1,875,567	1,869,756
		<u>2,026,102</u>	<u>2,024,568</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(309,595)</u>	<u>(756,438)</u>
<b>NET CURRENT ASSETS</b>		<u>1,716,507</u>	<u>1,268,130</u>
<b>NET ASSETS</b>		<u>\$1,719,815</u>	<u>\$1,271,403</u>
<b>MEMBERS' FUNDS</b>			
Special Capital Reserve	10	713,811	713,811
Profit and loss account	6	1,006,004	557,592
	11	<u>\$1,719,815</u>	<u>\$1,271,403</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2008 and were signed below on its behalf by:

.....

R O Sanderson – Director

.....

S Batra – Director

The notes on pages 6 to 10 form part of these financial statements.

# INSOL INTERNATIONAL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1. ACCOUNTING POLICIES

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

#### a) Accounting Convention

The accounts have been prepared under the historical cost convention.

#### b) Foreign Currency Reporting

The company receives income and pays expenses in a number of currencies, and has elected to keep its accounts in the currency of the United States. Where applicable, revenue and expenses have been converted to US Dollars at an average rate of exchange (1.95) (2006 - 1.77) and assets and liabilities have been converted to US Dollars at the approximate rates of exchange prevailing at the end of the financial year (2.00) (2006 – 1.96).

#### c) Income

Income includes members' subscriptions which are accounted for on a receivable basis, advertising and income from conferences.

#### d) Deferred Income

Subscriptions which are received within the accounting period, but relate to membership in a subsequent accounting period are carried forward as deferred income.

#### e) Conferences

Income and expenditure arising on conferences is included within income and administration expenses respectively. Income and expenditure relating to a conference in a subsequent accounting period is carried forward to that period.

#### f) Taxation

The Company is only liable to taxation on its investment income and any profits earned from non members.

#### g) Cash flow Statement

The company has taken advantage of the provisions within Financial Reporting Standard No. 1 not to prepare a cash flow statement.

#### h) Depreciation

Depreciation on tangible assets is charged so as to write off their full costs or valuation less estimated residual values over their expected lives at the following rates:

- Fixtures and fittings – 25%

#### i) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight-line basis.

#### j) Deferred taxation

Full provision is made for deferred tax in respect of all non-permanent timing differences that have originated but not reversed at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

<b>2. SURPLUS ON CONFERENCE</b>	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
The following are included within income and administration expenses:		
Income	978,576	652,561
Expenditure	(385,189)	(316,146)
	<u>\$593,387</u>	<u>\$336,415</u>
<b>3. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
The surplus/(deficit) for the year is stated after charging/(crediting):		
Executive Director's remuneration	180,484	154,990
Auditors' remuneration	10,238	8,850
Depreciation	1,357	1,817
Gain on exchange	(27,495)	(92,933)
	<u>\$164,584</u>	<u>\$172,724</u>
<b>4. INTEREST RECEIVABLE</b>	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
Bank interest receivable	\$75,654	\$41,996
	<u>\$75,654</u>	<u>\$41,996</u>
<b>5. TAXATION</b>	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
Corporation tax at current rates	14,950	8,850
Prior year underprovision	-	1,751
	<u>\$14,950</u>	<u>\$10,601</u>

The tax assessed for the year differs from the standard rate or corporation tax in the UK of 19% (2006: 19%). The differences are explained below:

Surplus on ordinary activities before tax	463,362	15,758
Surplus/(deficit) on ordinary activities before tax multiplied by the standard corporation tax rate of 19% (2006: 19%)	88,039	2,994
Effects of:		
(Surplus)/deficit not subject to corporation tax	(73,089)	5,856
Prior year underprovision	-	1,751
Taxation on surplus of ordinary activities	<u>\$14,950</u>	<u>\$10,601</u>

Taxation is payable on the company's investment income and gains.

**INSOL INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>6. PROFIT AND LOSS ACCOUNT</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
Balance at 1 January 2007	557,592	552,435
Surplus for year	448,412	5,157
Balance at 31 December 2007	<u>\$1,006,004</u>	<u>\$557,592</u>
<b>7. TANGIBLE FIXED ASSETS</b>	<b>Fixtures &amp; Fittings</b>	<b>Total</b>
<b>COST</b>		
At 1 January 2007	20,073	20,073
Additions	1,392	1,392
31 December 2007	<u>21,465</u>	<u>21,465</u>
<b>DEPRECIATION</b>		
At 1 January 2007	16,800	16,800
Charge for year	1,357	1,357
31 December 2007	<u>18,157</u>	<u>18,157</u>
<b>NET BOOK VALUE</b>		
At 31 December 2007	<u>\$3,308</u>	<u>£3,308</u>
At 31 December 2006	<u>\$3,273</u>	<u>\$3,273</u>
<b>8. DEBTORS</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
Trade debtors	41,911	24,343
Prepayments and accrued income	108,264	130,469
	<u>\$150,535</u>	<u>\$154,812</u>

**INSOL INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>9. CREDITORS: Amounts falling due within one year</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
Corporation tax	16,510	8,350
Other creditors	-	118,531
Accruals and deferred income	293,085	629,557
	<u>\$309,595</u>	<u>\$756,438</u>

<b>10. SPECIAL CAPITAL RESERVE</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
Balance at 31 December	\$713,811	\$713,811

The Special Capital Reserve consists of funds transferred into the company upon incorporation by the previously unincorporated Insol International.

<b>11. RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
Surplus for the year	448,412	5,157
Opening members' funds	1,271,403	1,266,246
Closing members' funds	<u>\$1,719,815</u>	<u>\$1,271,403</u>

<b>12. EMPLOYEES</b>	<b>2007 No.</b>	<b>2006 No.</b>
The average weekly number of employees, excluding non-executive directors, during the year was as follows:		
Secretariat	<u>6</u>	<u>6</u>

The aggregate payroll costs including the executive director was as follows. No non-executive directors received remuneration during the year.

	<b>2007 US\$</b>	<b>2006 US\$</b>
Wages and salaries	520,496	465,414
Social security costs	55,674	50,417
Pension costs	19,876	16,975
	<u>\$596,046</u>	<u>\$532,806</u>

## INSOL INTERNATIONAL

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2007

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#### 13. MEMBERS LIMITED LIABILITY

The company has no called up share capital. It is limited by guarantee of the members for such amounts as may be required, not exceeding one pound per member.

#### 14. OPERATING LEASES

At the year end the company has entered into the following non-cancellable obligations under operating leases. Annual commitments are as follows:

	2007 US\$	Land and Buildings US\$	2006 US\$	Land and Buildings US\$
	Other US\$		Other US\$	
Expiring within 1 year	1,990	-	-	-
Expiring within 1-2 years	-	-	1,990	-
Expiring within 2-5 years	2,923	-	2,923	-
Expiring after more than 5 years	-	28,417	-	28,417
	=====	=====	=====	=====

#### 15. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party.

**INSOL INTERNATIONAL****INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2007**

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	<b>2007</b>		<b>2006</b>	
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Subscription income	984,487		813,247	
Conference income	978,576		652,561	
Advertising and other income	247,925		156,238	
Interest receivable	75,654		41,996	
	<u>          </u>		<u>          </u>	
		2,286,642		1,664,042
<b>LESS: EXPENSES</b>				
Employees	596,046		532,806	
Premises	64,634		60,531	
Administration	101,891		72,227	
Conference calls	12,328		27,681	
Publications	206,704		164,995	
Insurance	31,190		24,775	
Depreciation	1,357		1,817	
Audit	13,865		8,423	
Meetings	101,166		120,154	
Foreign exchange gain	(27,495)		(92,933)	
Promotions	295,244		271,459	
G36 Expenditure	29,094		93,270	
Uncitral related expenditure	12,067		46,933	
Conference expenses	385,189		316,146	
	<u>          </u>		<u>          </u>	
		(1,823,280)		(1,648,284)
<b>SURPLUS ON ORDINARY ACTIVITIES</b>		<u>          </u>		<u>          </u>
		<u>          </u>		<u>          </u>
		\$463,362		\$15,758
		<u>          </u>		<u>          </u>