FRAUD ADVISORY PANEL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2012

Charity number: 1108863
Company number: 04327390
Report of the Trustee Directors
For the year ended 31 December 2012

The Board of Trustee Directors submits their report and the financial statements of the Company for the year ended 31 December 2012.

ADMINISTRATIVE INFORMATION

Company name: Fraud Advisory Panel
Charity registration number: 1108863
Company registration number: 04327390 (company limited by guarantee)
Registered (principal) office: Chartered Accountants’ Hall
Moorgate Place
London EC2R 6EA

Trustee directors:
R Wright (chairman)
F J Banks (ICAEW appointed)
D M Clarke
W T M Cleghorn (deputy chairman)
N R Griffiths
P C Hagon
B J Hart
S M Hill
W Kenyon
S N Philippsohn
A Plavsic (resigned 03 July 2012)
P M Raphael
P O Rarden
D Skade

By ordinary resolution on 03 July 2012 P O Rarden was appointed for an initial term of three years, D M Clarke, B J Hart and D Skade were appointed for second terms of three years, W T M Cleghorn and S M Hill were appointed for third terms of three years, and N R Griffiths, W Kenyon, S N Philippsohn, P M Raphael, and R Wright were appointed for additional terms of one year.

No other trustee directors served during the year.

Secretary:
M Campbell

Auditors:
Grant Thornton UK LLP
Grant Thornton House
Melton Street, Euston Square
London NW1 2EP

Bankers:
National Westminster Bank Plc
Milton Keynes Branch
501 Silbury Boulevard
Saxon Gate East
Milton Keynes MK9 3ER

Solicitors:
Bates Wells & Braithwaite London LLP
2 – 6 Cannon Street
London EC4M 6YH
STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Fraud Advisory Panel (‘FAP’) is a charitable company limited by guarantee which was established in 1998 through a public-spirited initiative by the Institute of Chartered Accountants in England and Wales (‘ICAEW’). It was incorporated on 22 November 2001 and registered as a charity on 05 April 2005.

The FAP adopted new articles of association and amended and restated its memorandum of association by special resolution on 30 June 2011.

Membership

Membership of the Fraud Advisory Panel is open to individuals, companies and other organisations (including government departments and statutory bodies) with an interest in the detection, investigation, prosecution and prevention of fraud on payment of an annual subscription fee. This fee may be waived in exceptional circumstances where an identifiable conflict of interest may arise if the individual were to become a paid member. Such individuals are accorded ‘observer’ status.

The calculation of the annual increase to membership subscriptions was amended and restated by ordinary resolution on 03 July 2012 to ‘… no more than the rate of inflation as determined by the Retail Price Index (RPI) as at 30 September in the preceding year’.

At the end of the year the Company had 238 individual members and 40 corporate members. Fourteen people were observers. All members must comply with a Code of Conduct.

Recruitment and appointment of trustee directors

The Board of Trustee Directors comprises a minimum of three and a maximum of 15 trustee directors who are appointed by ordinary resolution of the Company for a fixed period not exceeding three years.

A maximum of three trustee directors may be co-opted to serve at any one time.

ICAEW also has the right to appoint up to one-third of the directors by notice in writing to the Company for a fixed period not exceeding three years.

Induction and training

New trustee directors receive an induction handbook containing details of the Fraud Advisory Panel’s governance and operational arrangements as well as its current financial position. Supplementary guidance issued by the Charity Commission and Companies House on the roles and responsibilities of trustees and directors is also provided.

The ongoing training needs of trustee directors are reviewed on an annual basis.
Organisational structure

The Board of Trustee Directors meets six times each year and has overall responsibility for the legal and financial position of the Fraud Advisory Panel.

The Board is supported by two full-time staff seconded from ICAEW. The Manager is responsible for the day-to-day management and operation of the Company and is also the company secretary.

Risk management

The Board of Trustee Directors has identified and reviewed the major risks to which the Fraud Advisory Panel is exposed and established systems and procedures to mitigate these risks where appropriate. A risk register is maintained for this purpose and is regularly reviewed.

An assessment of fraud and error risk relating to income and receipts procedures was conducted in September 2012. Annual compliance with the Payment Card Industry Data Security Standard (PCI DSS) was certified online via Trustwave.

OBJECTIVES AND ACTIVITIES

Objects

The Fraud Advisory Panel's object is the protection of life and property by the prevention, detection, investigation, prosecution and deterrence of fraud, in particular through the promotion of:

- Research into the nature, extent and causes of fraud and into the means, systems and techniques of preventing, detecting, investigating, prosecuting and deterring the same, making the useful results of such research available to the public.

- Education of those actually or potentially affected by fraud concerning the foregoing and in relation to regulatory and legal aspects of the same.

- Collaboration with and advice to Governments, public authorities, professional and other bodies, companies, firms and individuals concerning the development of general systems, standards, policies, regulations and laws with a view to the prevention, detection, investigation, prosecution and deterrence of fraud.

Main activities

The Fraud Advisory Panel furthers its object exclusively for the benefit of the public in the United Kingdom and elsewhere in accordance with the law of charity in England and Wales through:

- Educating and training business, the professions and the general public.

- Advising Government, business and the general public on fraud prevention, detection and reporting.
Report of the Trustee Directors
For the year ended 31 December 2012

- Originating proposals (and responding to the proposals of others) to reform the law and public policy on fraud, with particular emphasis on investigation, prosecution and asset recovery.

- Researching the extent, causes and nature of fraud.

The Fraud Advisory Panel’s aim is to be the leading independent voice on fraud by raising awareness of the immense human, social and economic damage caused by fraud and through helping individuals and organisations to develop effective fraud prevention strategies.

Activities are directed toward those actually or potentially affected by fraud. Volunteer members give generously of their time, knowledge and expertise in order to further the Fraud Advisory Panel’s charitable objects.

Public benefit

The Board of Trustee Directors has paid due regard to the Charity Commission’s guidance on public benefit in exercising their duties and in determining the current and future activities of the Fraud Advisory Panel. Performance was periodically reviewed throughout the year to ensure that all activities remained consistent with the stated aims and objects of the Fraud Advisory Panel.

ACHIEVEMENTS AND PERFORMANCE

The main focus for 2012 was on initiatives aimed at improving access to civil justice approaches for the victims of fraud in England and Wales.

Education and training

The annual programme of events for 2012 continued the previous years’ trend for shorter, more practical and participative sessions aimed at anti-fraud professionals from all sectors. Overall a total of eleven events were convened in Belfast, London, Manchester and Newcastle during the period (2011:9), covering a broad range of fraud-related subjects.

These included:

- Three one-day workshops containing simple and practical advice for organisations on how to respond to the occurrence of fraud including the legal options available for redress, referring cases to law enforcement, and dealing with instances of insider fraud and cybercrime.

- Executive breakfast briefings and best practice forums on overseas asset recovery, managing business information and how to stay on the right side of the Data Protection Act, understanding and preventing corruption, and the role of effective communications in fraud investigations.

- Joint events with the Association of Certified Fraud Examiners (‘ACFE’), Chartered Institute of Internal Auditors (‘CIIA’), Institute of Advanced Legal Studies (‘IALS’), and the North East Fraud Forum (‘NEFF’).

Event venues were generously provided by Cobbetts LLP, IALS, ICAEW, PKF (UK) LLP, Newcastle University, Pinsent Masons LLP, and Smith and Williamson LLP.
The Fraud Advisory Panel also delivered two fraud awareness training sessions during the year. Five one-day courses on ‘Fraud Risk and the Internal Auditor’ were also successfully run in Dublin, Lisbon and London on behalf of the CIIA.

Representatives of the Fraud Advisory Panel spoke at 13 external events and conferences during the year (2011: 15) including events convened by CIFAS – the UK’s Fraud Prevention Service, University of West England and Lloyd’s Market Association.

Advice and information

The Fraud Advisory Panel publishes a wide range of practical fraud prevention advice to individuals and organisations, predominantly through its popular ‘Fraud Facts’ series.

A total of seven fraud factsheets were published in 2012 (2011: 9) which included new titles on supplier and outsourcing fraud, civil recovery, fraud investigations, and fraud in Scotland as well as a revised and updated factsheet on email and internet scams. For the first time, the Fraud Advisory Panel also issued a bespoke factsheet for anti-fraud professionals (and in particular internal auditors) on the subject of charity fraud.

As a member of the National Fraud Authority’s charity fraud steering group (now run by the Charity Commission as the voluntary sector fraud group), the Fraud Advisory Panel led and funded the creation of new guidance for the public on how to give safely to charities. The leaflet, called ‘Giving Safely: A Guide to Making Sure Your Donations Really Count’, covers charitable giving in England and Wales, Scotland and Northern Ireland and is accompanied by a series of three posters that can be used by public-facing organisations. The FAP also provided input into guidance prepared by the Charity Finance Group on ‘Charity Fraud: A Guide for the Trustees and Managers of Charities’. Both publications are supported by a range of key sector bodies and other stakeholders.

All publications are made freely available on the Fraud Advisory Panel’s website. The website received 16,977 unique visitors during the year.

Law and public policy

In early 2012 the Fraud Advisory Panel commenced a major project to examine ways in which access to civil justice can be made easier for fraud victims whose cases are unlikely to result in a criminal outcome as part of the Government’s national strategy to reduce fraud called ‘Fighting Fraud Together’. The results of phase one of the project were collectively issued as a series of six publications entitled ‘Obtaining Redress and Improving Outcomes for the Victims of Fraud’ in December. These provide a comprehensive review of the existing channels available to fraud victims seeking redress and recovery of their money. Phase two of the project will commence in early 2013.

The Fraud Advisory Panel also undertook another project to examine how company incorporation can be abused by criminals to commit fraud. The resultant occasional paper, which was issued in November, makes thirteen recommendations to Government to crack down on the ease with which criminals can exploit the limited liability regime. Further activity is planned for 2013.

During the year the Fraud Advisory Panel was represented on the National Fraud Authority’s economic crime prevention group and its working group on insolvency fraud, the Charity Commission’s voluntary sector fraud group (formerly the NFA’s charity fraud steering committee), and the Association of Chief Police Officer’s economic crime portfolio group.
Submissions were made to government on deferred prosecution agreements, governance arrangements for economic crime, and the NFA’s 2013/14 business plan and stakeholder audit (2011: 3).

Research

As part of the civil justice initiative, the Fraud Advisory Panel funded a broad range of research during the period:

- New independent research was commissioned into the professional advice given to the victims of fraud trying to recover their money and the experiences of smaller businesses who have become the victims of fraud. Fourteen in-depth interviews were conducted with professionals in the public and private sectors, all of whom offer advice, assistance and support to fraud victims. A further four in-depth interviews were conducted with SME victims.

- Two forums were convened in London and Birmingham to seek the views of key professional stakeholders on how to improve the experiences of fraud victims and make better use of civil forms of redress.

- A student researcher was temporarily employed to conduct a literature review of relevant articles, policy initiatives and research papers.

Other

Fifteen London-based working group meetings and seven regional forums in Birmingham, Bristol and Edinburgh were convened to enable members to network and exchange information, discuss new and current developments in the anti-fraud arena, hear from guest speakers and contribute to Fraud Advisory Panel activities.

FINANCIAL REVIEW

Incoming resources

Key sources of income during the year include:

- Grant funding from ICAEW of £63,056 (2011: £60,052). ICAEW committed to provide continuing funds to support the Panel's work, and to provide accommodation and associated overheads at no cost to the Company for 2012. ICAEW will not increase its funding contribution for the 2013 year.

- Membership subscriptions of £60,371 (2011: £53,510). On 1 January each year membership subscriptions increase by no more than the rate of inflation as determined by the Retail Price Index (RPI) as at 30 September in the preceding year.

- Event income of £32,962 (2011: £29,787) derived from the FAP's annual event programme. This figure includes a successful joint event with the CIIA generating income of £10,121.

- Donations of £890 (2011: £1,502).
Under the constitution of the Company, no amounts can be paid or transferred directly or indirectly to members except for payment in good faith in certain prescribed circumstances. Any surplus or deficit is carried forward in the Company. All income is applied solely towards the promotion of the Fraud Advisory Panel’s object.

None of the trustee directors had any financial interest in the Company during the year.

Resources expended

The Fraud Advisory Panel’s expenditure has increased to £165,709 (2011: £145,328) due to costs associated with charitable activities, and in particular the civil justice initiative.

Reserves policy

The Fraud Advisory Panel’s reserves policy is to maintain sufficient free revenue reserves to meet the equivalent of at least three months operating costs.

At the end of the year the Fraud Advisory Panel held unrestricted funds of £112,075 (2011: £120,369). This was considered appropriate based upon the anticipated operating expenditure for 2013.

The reserves policy is reviewed on an annual basis by the Board of Trustee Directors.

PLANS FOR THE FUTURE

The civil justice initiative will continue to be a major project for the Fraud Advisory Panel in 2013 with the commencement of phase two of the project: to prepare a set of recommendations on how existing civil justice processes might better meet the needs of individual and smaller business victims of fraud and develop proposals for the establishment of a pilot scheme.

Further work will also be undertaken to heighten awareness of the risks to the system of incorporation in the UK and, as a result, to legitimate business.

Other core activities such as the annual programme of events, training initiatives, publications and member services will continue as normal subject to satisfactory resourcing and funding arrangements. New services to members will be introduced including webinars and the establishment of a LinkedIn group.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The trustee directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period. In preparing these financial statements, the directors are required to:
Report of the Trustee Directors
For the year ended 31 December 2012

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- UK Accounting Standards and the SORP Accounting and Reporting by Charities' revised 2005 have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 adequate accounting records that 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, the Charities Act 2011 and regulations thereunder. 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.

In so far as each of the trustee directors is aware:

- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A proposal to re-appoint Grant Thornton UK LLP as auditors will be made at the Annual General Meeting.

Approval of the annual report and financial statements

The attached Annual Report and Financial Statements were approved by the trustee directors at a meeting of the Board held on 09 April 2013 and are signed on their behalf by:

R Wright  
Trustee director

W T M Cleghorn  
Trustee director
Independent Auditor’s Report to the Members of the Fraud Advisory Panel
For the year ended 31 December 2012

We have audited the financial statements of the Fraud Advisory Panel for the year ended 31 December 2012 which comprise the Statement of Financial Activities, 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 charitable 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 charitable 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 charitable company and its members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 7 and 8 the trustees (who are also the directors of the charitable company for the purposes of company law) 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 and express an opinion on 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 (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, 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 Trustees’ Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
Independent Auditor’s Report to the Members of the Fraud Advisory Panel
For the year ended 31 December 2012

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

Ann Tomkins
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

09 April 2013
**STATEMENT OF FINANCIAL ACTIVITIES**  
Incorporating Income and Expenditure Account  
For the year ended 31 December 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>£ 2012</th>
<th>£ 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incoming resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Incoming resources from generated funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary income - membership subscriptions</td>
<td>60,371</td>
<td>53,510</td>
</tr>
<tr>
<td>Voluntary income - sponsorship donations</td>
<td>63,946</td>
<td>63,554</td>
</tr>
<tr>
<td>Investment income – bank interest</td>
<td>136</td>
<td>129</td>
</tr>
<tr>
<td><strong>Incoming resources from charitable activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event income</td>
<td>32,962</td>
<td>29,787</td>
</tr>
<tr>
<td><strong>Total incoming resources</strong></td>
<td>157,415</td>
<td>146,980</td>
</tr>
<tr>
<td><strong>Resources expended</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable activities</td>
<td>2</td>
<td>160,679</td>
</tr>
<tr>
<td>Governance costs</td>
<td>3</td>
<td>5,030</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td></td>
<td>165,709</td>
</tr>
<tr>
<td><strong>Net (deficit)/surplus for the year</strong></td>
<td></td>
<td>(8,294)</td>
</tr>
<tr>
<td>Retained balance brought forward</td>
<td>4</td>
<td>120,369</td>
</tr>
<tr>
<td>Retained balance carried forward</td>
<td>4</td>
<td>112,075</td>
</tr>
</tbody>
</table>

All activities are continuing.

The Company has no recognised gains and losses other than those reported above for the year.

The notes on pages 13 to 14 form part of these financial statements.
Financial Statements
For the year ended 31 December 2012

BALANCE SHEET AT 31 DECEMBER 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other debtors</td>
<td>16,253</td>
<td>20,627</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>1,195</td>
<td>8,801</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>129,935</td>
<td>126,081</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>147,383</td>
<td>155,509</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>-</td>
<td>1,865</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>32,643</td>
<td>33,027</td>
</tr>
<tr>
<td>Amounts due to related undertaking</td>
<td>2,665</td>
<td>248</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>35,308</td>
<td>35,140</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>112,075</td>
<td>120,369</td>
</tr>
</tbody>
</table>

**Funds of the charity**

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>4</td>
<td>112,075</td>
</tr>
</tbody>
</table>

Approved by the Board on 09 April 2013:

R Wright  
Trustee director  

W T M Cleghorn  
Trustee director

The notes on pages 13 to 14 form part of these financial statements.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

1. Accounting policies

a. Basis of preparation
The financial statements have been prepared on an accruals basis, under the historical
cost convention and in accordance with applicable United Kingdom accounting standards,
the Charities (Accounts and Reports) Regulations 2008 and the SORP revised in 2005
titled ‘Accounting and Reporting by Charities’.

b. Income
Membership subscriptions are recognised in the accounting period to which the services
covered by those subscriptions relate. Other income is recognised when it is received.

c. Resources expended
Expenditure is recognised when it is incurred on the following bases:
• Charitable activities – expenditure associated with the delivery of the Company’s
activities including events and publicity.
• Governance costs – include those costs incurred in the governance of the Company’s
assets and are associated with constitutional and statutory requirements, including
external audit and trustees’ expenses.

2. Charitable activities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment costs</td>
<td>87,603</td>
<td>83,104</td>
</tr>
<tr>
<td>Direct event costs</td>
<td>22,368</td>
<td>20,802</td>
</tr>
<tr>
<td>Publications</td>
<td>9,585</td>
<td>21,429</td>
</tr>
<tr>
<td>Website development</td>
<td>7,500</td>
<td>6,518</td>
</tr>
<tr>
<td>Special projects</td>
<td>28,943</td>
<td>183</td>
</tr>
<tr>
<td>Other expenses</td>
<td>4,680</td>
<td>4,087</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160,679</td>
<td>136,123</td>
</tr>
</tbody>
</table>

The Company has no direct employees. Two employees were seconded to the Company
from ICAEW for the year.

3. Governance costs

The trustee directors receive no remuneration for their services. Their services are given
voluntarily and they receive no benefits in kind. Directors expenses of £289 (2011: £75)
were paid to four trustee directors during the year for costs associated with travelling to
speaking engagements on behalf Fraud Advisory Panel. Expenses of £396 (2011: £200)
were paid for the services provided to trustee directors, including meeting room hire and
refreshments.

There are no contracts of service between the Company and the trustee directors.
Financial Statements  
For the year ended 31 December 2012

The auditors' remuneration amounted to £1,580 (2011: £1,500) inclusive of irrecoverable VAT.

As a registered charity, the Company has no liability to corporation tax with the exception of investment income. Corporation tax of £nil (2011: £nil) is payable in respect of investment income.

4. Reconciliation of movements in funds

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members' funds at 1 January</td>
<td>120,369</td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(8,294)</td>
</tr>
<tr>
<td>Members' funds at 31 December</td>
<td>112,075</td>
</tr>
</tbody>
</table>

5. Members' funds

The Company is limited by guarantee. Each member of the Company (being those individuals and organisations that have subscribed to membership) undertakes to contribute such an amount as may be required, not exceeding £1, on winding up of the Company.

6. Related party transactions

At the year end £2,665 (2011: £248) was owed to ICAEW.