ACCA

Financial statements

For the year ended **31 March 2023**

Think Ahead

Contents

Consolidated five-year summary

ACCA and subsidiaries

	Mar 2023 £'000	Mar 2022 £'000	Mar 2021 £'000	Mar 2020 £'000	Mar 2019 £'000
Operating income	**219,799**	221,558	212,089	216,391	206,074
Operating surplus/(deficit)	**4,799**	1,063	4,590	2,430	(36,309)
Other (losses)/gains	**(291)**	79	(2,171)	(932)	112
Net finance (losses)/income	**(629)**	(2,004)	9,600	(4,798)	433
Surplus/(deficit) before tax	**3,879**	(862)	12,019	(3,300)	(35,764)
Tax	**(984)**	(2,324)	(1,802)	(917)	424
Surplus/(deficit) for the year	**2,895**	(3,186)	10,217	(4,217)	(35,340)
Recognition of actuarial (losses)/gains	**(4,414)**	15,704	(5,509)	10,285	(1,027)
Other comprehensive income excluding actuarial gains/(losses)	**587**	399	71	99	653
Total other comprehensive (losses)/income	**(3,827)**	16,103	(5,438)	10,384	(374)
Total comprehensive (losses)/income	**(932)**	12,917	4,779	6,167	(35,714)

	Mar 2023 £'000	Mar 2022 £'000	Mar 2021 £'000	Mar 2020 £'000	Mar 2019 £'000
Non-current assets	**97,407**	113,605	110,161	120,079	164,660
Current assets	**107,168**	112,944	122,639	106,333	62,336
Total assets	**204,575**	226,549	232,800	226,412	226,996
Non-current liabilities	**11,590**	26,254	47,304	51,765	74,332
Current liabilities	**147,754**	154,132	152,250	146,180	130,364
Total liabilities	**159,344**	180,386	199,554	197,945	204,696
Accumulated fund	**44,578**	45,709	33,579	28,871	22,803
Other reserves	**653**	454	(333)	(404)	(503)
Total funds and reserves	**45,231**	46,163	33,246	28,467	22,300
Total reserves and liabilities	**204,575**	226,549	232,800	226,412	226,996

Members and future members

	Mar 2023	Mar 2022	Mar 2021	Mar 2020	Mar 2019
Members	**247,734**	240,952	233,019	227,332	219,031
Future members	**526,520**	541,930	536,815	544,446	527,331
	774,254	782,882	769,834	771,778	746,362

All figures are reported based on the UK-adopted International Accounting Standards.

Foreword

These consolidated financial statements present the results for ACCA and its subsidiaries for the year ended 31 March 2023.

ACCA publishes an integrated annual report which provides a wide range of information about ACCA's strategy, governance, performance, and prospects to show how we create value for our stakeholders and explains the place we occupy in society.

As our integrated annual report is a wider representation of information which is important to understand ACCA's performance, we have elected not to produce a Management Commentary. The table below provides a comparison of the content of the Management Commentary with the Integrated Report to enable readers to locate specific information that may be of interest to them.

Read the Integrated report

Management commentary – key headings	Content	Integrated report reference
Introduction	Context and basis of preparation	Our integrated reporting journey and this year's report
Nature of ACCA's business	Purpose and values Competitive environment Economic environment Regulatory environment Products and services	About ACCA Our value creation model
Strategy and strategic outcomes	Strategic priorities Mapping priorities to outcomes	Our strategy to 2025
Resources and relationships	**Resources:** financial, human and network; brand development **Relationships:** global partnerships, key employers, strategic partners, regulators	Our value creation model
Governance, risk and corporate assurance	Outline of our approach to governance Approach to risk management and major risk types	Our governance and leadership Our risks and their management
Strategic outcomes – review of performance	KPI results v target	Our strategic performance in 2022-23
Financial review*	Supplementary financial information	Our strategic performance in 2022-23
Social and environmental impact	Our approach to CSR and significant developments	Where deemed material, it's embedded in the appropriate section in the integrated report
Outlook for next year	2023-24 strategic priorities	Our strategy to 2025

*Financial performance in the financial statements is provided in accordance with UK-adopted International Accounting Standards. ACCA measures its financial performance at surplus/(deficit) before tax.

Readers of these financial statements are encouraged to access our integrated report, which can be found on our website.

Read the Integrated report

Consolidated Income Statement
for the year ended 31 March 2023

Notes		31 Mar 2023 £'000	31 Mar 2022 £'000
	Income		
6	Operating income	**219,799**	221,558
	Total income	**219,799**	221,558
	Expenditure		
8	Operational expenditure	**186,352**	191,456
9	Strategic investment expenditure	**28,648**	29,039
	Total expenditure	**215,000**	220,495
	Operating surplus	**4,799**	1,063
10	Other (losses)/gains	**(291)**	79
11(a)	Income/(losses) from investments	**545**	(272)
11(b)	Finance costs	**(1,174)**	(1,732)
12	**Surplus/(deficit) before tax**	**3,879**	(862)
13	Tax	**(984)**	(2,324)
	Surplus/(deficit) for the year	**2,895**	(3,186)

The accompanying notes to the financial statements, on pages 10 to 45, are an integral part of this statement.

Consolidated Statement of Other Comprehensive Income
for the year ended 31 March 2023

Notes		31 Mar 2023 £'000	31 Mar 2022 £'000
	Surplus/(deficit) for the year	**2,895**	(3,186)
	Other comprehensive income		
	Items that will not be reclassified to income or expenditure		
22	Recognition of actuarial (losses)/gains	**(4,414)**	15,704
21	Deferred tax on pension scheme asset	**388**	(388)
		(4,026)	15,316
	Items that will be subsequently reclassified to income or expenditure		
26	Currency translation differences	**199**	787
		199	787
	Other comprehensive (loss)/income for the year, net of tax	**(3,827)**	16,103
	Total comprehensive (loss)/income	**(932)**	12,917

The accompanying notes to the financial statements, on pages 10 to 45, are an integral part of this statement.

Consolidated Statement of Financial Position
as at 31 March 2023

Notes		31 Mar 2023 £'000	31 Mar 2022 £'000
	Assets		
	Non-current assets		
14	Property, plant and equipment	**19,398**	33,340
15	Intangible assets	**1,279**	1,980
16	Non-current financial assets	**76,730**	77,175
22	Pension asset	**–**	1,110
		97,407	113,605
	Current assets		
17	Trade and other receivables	**28,505**	33,102
16	Other current financial assets	**47,995**	44,982
18	Derivative financial instruments	**52**	520
19	Cash and cash equivalents	**30,616**	34,340
		107,168	112,944
	Total assets	**204,575**	226,549
	Reserves and Liabilities		
	Funds and reserves		
	Accumulated fund	**44,578**	45,709
26	Currency reserve	**653**	454
	Total funds and reserves	**45,231**	46,163
	Non-current liabilities		
21	Deferred tax liabilities	**–**	388
20	Lease liabilities	**10,719**	25,274
22	Retirement benefit obligations	**871**	592
		11,590	26,254
	Current liabilities		
23	Trade and other payables	**43,920**	45,933
20	Lease liabilities	**3,783**	4,730
24	Deferred income	**92,002**	91,146
18	Derivative financial instruments	**506**	14
25	Provisions	**7,543**	12,309
		147,754	154,132
	Total liabilities	**159,344**	180,386
	Total reserves and liabilities	**204,575**	226,549

The financial statements were approved and authorised for issue by Council on 1 July 2023 and signed on its behalf by:

J Owolabi, President

S Allan, Chair of Audit Committee

The accompanying notes to the financial statements, on pages 10 to 45, are an integral part of this statement.

Consolidated Statement of Changes in Members' Funds
for the year ended 31 March 2023

	Currency reserve £'000	Accumulated fund £'000	Total fund £'000
Balance at 1 April 2021	**(333)**	**33,579**	**33,246**
Comprehensive income			
Deficit for the financial year	–	(3,186)	(3,186)
Other comprehensive income			
Currency translation	787	–	787
Recognition of net actuarial gains	–	15,316	15,316
Total other comprehensive income	787	15,316	16,103
Total comprehensive income for year	**787**	**12,130**	**12,917**
Balance at 31 March 2022	**454**	**45,709**	**46,163**
Comprehensive income			
Surplus for the financial year	–	2,895	2,895
Other comprehensive income			
Currency translation	199	–	199
Recognition of net actuarial losses	–	(4,026)	(4,026)
Total other comprehensive income	199	(4,026)	(3,827)
Total comprehensive income/(loss) for year	**199**	**(1,131)**	**(932)**
Balance at 31 March 2023	**653**	**44,578**	**45,231**

The analysis of reserves is presented in note 26.

The accompanying notes to the financial statements, on pages 10 to 45, are an integral part of this statement.

Consolidated Cash Flow Statement
for the year ended 31 March 2023

Notes		**31 Mar 2023 £'000**	31 Mar 2022 £'000
	Cash flows from operating activities		
30	Cash generated from operations	**10,947**	24,188
	Tax paid	**(1,073)**	(1,936)
	Net cash from operating activities	**9,874**	22,252
	Cash flows from investing activities		
14	Purchase of property, plant and equipment	**(2,289)**	(2,535)
16	Purchase of financial assets	**(69,186)**	(63,533)
30	Proceeds from disposal of property, plant and equipment	**4**	667
16,30	Proceeds from disposal of financial assets	**65,818**	42,201
11	Interest received	**416**	49
11	Dividends received	**929**	722
	Net cash used in investing activities	**(4,308)**	(22,429)
	Cash flows from financing activities		
20	Repayment of lease liabilities	**(4,315)**	(6,762)
	Proceeds from lease liabilities	**–**	875
20	Lease termination incentive payment	**(4,000)**	–
11	Interest paid	**(456)**	(365)
11	Interest expense on lease liabilities	**(502)**	(903)
11	Interest expense on dilapidations provision	**(275)**	(126)
	Net cash used in financing activities	**(9,548)**	(7,281)
	Net decrease in cash and cash equivalents	**(3,982)**	(7,458)
	Cash and cash equivalents at beginning of year	**34,340**	40,918
	Exchange gains on cash and cash equivalents	**258**	880
19	**Cash and cash equivalents at end of year**	**30,616**	34,340

The accompanying notes to the financial statements, on pages 10 to 45, are an integral part of this statement.

Notes to the Financial Statements
for the year ended 31 March 2023

1 General information

ACCA is a global professional accountancy body incorporated under Royal Charter with statutory recognition in the UK. Council has concluded that ACCA should prepare financial statements which comply with UK-adopted International Accounting Standards.

These financial statements are presented in pounds sterling because that is the currency of the parent undertaking which is domiciled in the UK. All values are rounded to the nearest thousand pounds. Non-UK operations are included in accordance with the policies set out in note 2.

New and amended standards that were effective during the year and changes in accounting policies

- *Annual improvements to IFRSs (2018-2020) (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)*
  The improvements in these amendments clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.

- *Small amendments to IAS 16*
  The amendments clarify the treatment of proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

- *Amendments to IAS 37*
  The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

There have been no changes in accounting policies during the year.

New and revised IFRS in issue but not yet effective

As at 31 March 2023, the following new standards, interpretations and amendments were issued but not yet effective and have not been applied in these financial statements:

- *Amendments to IAS 1*
  The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
  The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*
  The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

- *Definition of Accounting Estimates (Amendments to IAS 8)*
  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.

The new standards, interpretations and amendments are not expected to have a material effect on ACCA's future financial statements. No other amendments or standards had any impact on ACCA's financial statements for the current year.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and derivative instruments at fair value through profit or loss.

(b) Going concern

The financial statements have been prepared on a going concern basis.

Council Board has assessed the viability of ACCA over a five-year period through the review and approval of the annual budget and five-year projections ("plan"). The plan includes forecast income statements, forecast statements of financial position, cash flow forecasts and key non-financial drivers of performance.

Scenarios in relation to the first two years of the approved budget, a view of a realistic worst case and reverse stress test (designed to fail within 12 months of signing the accounts) were created to test the resilience of ACCA's plan and understand key financial risks, such as a reduction in exam volumes sat, reduction in the retention of members and future members, unexpected significant tax liabilities and the impact of a delay in our digital transformation delivery.

ACCA holds cash and investment reserves and has access to an overdraft facility to support a severe but plausible downside scenario to the plan. ACCA has not had to draw on either the revolving credit facility or the overdraft facility during 2022/23. During the year, ACCA surrendered its revolving credit facility which was scheduled to expire in August 2023. It is not anticipated that ACCA would need access to additional finance during 2023/24.

In the realistic worst-case scenario, the lowest value of cash is -£0.8m at November 2023. At this point, ACCA would still have the option to initiate proactive cash management, utilise the overdraft facility and access £75m of financial investments.

In the reverse stress test scenario, created to understand conditions necessary for ACCA to exhaust its financial reserves, it was necessary to forecast a 50% reduction in exam volumes, a 5% reduction in retention and significant cost overruns across operational expenditure and tax. In this scenario ACCA depleted its cash reserves in October 2024. No allowance was made for corrective action to maintain budgetary control.

ACCA has policies and processes in place to manage its cash reserves and regularly considers its corporate risks in the context of exposure to liquidity risk. Council Board believes that ACCA has sufficient financial resources to manage its business risks given the current market conditions and as a result, the going concern basis is considered appropriate. Consequently, Council has a reasonable expectation that ACCA has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties about its ability to continue as a going concern.

(c) Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires ACCA to make certain accounting estimates and judgements that have an impact on the policies and the amounts reported in the consolidated financial statements. Estimates and judgements are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. Actual experience may vary from these estimates.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(c) Critical accounting estimates and judgements (continued)

i) Pension and other post-employment benefits
ACCA accounts for pension and other post-employment benefits in accordance with IAS 19. In determining the pension cost and the defined benefit asset/obligation of ACCA's defined benefit pension schemes, a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in note 22 to the consolidated financial statements.

Management have considered the extent to which a pension asset should be recognised under IAS 19 and IFRIC 14 which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling, defined to be the present value of economic benefits available in the form of refunds from the scheme or reductions to future contributions. Under IFRIC 14, a refund is available to an entity if the entity has an unconditional right to a refund.

Management have taken advice to understand the circumstances under which any surplus assets might not be refunded to ACCA and have made the judgement that the possible circumstances under which any scheme surplus might not be refunded to ACCA, such as wind-up of the scheme, augmentation of benefits, amendment to scheme rules, are within the control of ACCA for the UK Scheme but not for the Irish Scheme. Therefore where it is considered that ACCA has an unconditional right to a refund assuming the gradual settlement of scheme liabilities over time until all members have left the scheme it is appropriate to recognise the full surplus as a pension asset in the statement of financial position.

ii) Taxation
ACCA is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using tax rates substantially enacted by statement of financial position date expected to apply when the temporary differences reverse. ACCA operates in many countries in the world and is subject to many tax laws and regulations. Where the precise impact of these laws and regulations is unclear then reasonable estimates may be used to determine the tax charge included in the financial statements. Estimates may also be used in relation to any indirect international sales taxes which are payable. If the tax eventually payable or reclaimable differs from the amounts originally estimated, then the difference will be charged or credited in the financial statements of the year in which it crystallises.

iii) Revenue recognition
ACCA's main income is derived from subscriptions and examination fees. As ACCA's subscription year is not coterminous with the financial year, ACCA has processes in place to ensure that the recognition of those income streams is in the correct period. In addition, there are processes in place to ensure that exam fee income received in advance of providing the exam is deferred into the relevant period, and that subscription income for the year is recognised as appropriate. An adjustment to income is made each year which reflects the anticipated value of the expected credit loss which has been invoiced in relation to services being provided. See note 2c iv) below.

iv) Provision for credit loss
ACCA applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on ACCA's historical credit losses experienced over previous periods. The historical loss rates are then adjusted for current and forward-looking factors affecting ACCA's members, future members and other customers eg retention rates.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(c) Critical accounting estimates and judgements (continued)

v) Leased assets

ACCA applies IFRS 16 to account for its right-of-use assets and the related lease liabilities. ACCA assesses whether or not a rental contract contains a lease, whether or not an extension option will be exercised, whether or not a termination option will not be exercised and whether or not variable lease payments are truly variable or in-substance fixed. ACCA will use its judgement when making these assessments and will consider all facts and circumstances. In applying IFRS 16, ACCA calculates the appropriate incremental borrowing rate to use, estimates the lease term and estimates variable lease payments dependant on an index or rate as appropriate.

(d) Income

Income as presented in the consolidated income statement is revenue as defined under IFRS 15 – Revenue from Contracts with Customers. The following accounting policies relate to ACCA's key income streams as determined by IFRS 15's five step model.

- Members' and future members' subscriptions are recognised over time in the year to which they relate.
- Member admission fees are accounted for as income from the date on which the member is admitted to the date of the member's first annual subscription.
- Future member registration fees are accounted for as income from the date of registration to the date of the future member's first annual subscription.
- Income from qualifications and examinations relate to examination and exemption income from the professional qualification and our entry level qualifications. Examination fees are accounted for in the period in which the related exam session took place, while exemption income is accounted for in the period in which it was awarded.
- Income generated from publications relates to royalties, advertising and mailing services. Royalties receivable in respect of the assignment, to third parties, of copyrights in educational publications are accounted for as income in the period in which the underlying sales take place.
- Course income is accounted for as the services are performed.
- Income from regulation and discipline relates to annual licence fees, monitoring visit fees and fines recoverable, and all are accounted for as income in the period to which they relate.
- Other income is recorded as earned or as the services are performed.

(e) Basis of consolidation

The consolidated financial statements comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in members' funds, and consolidated cash flow statement of ACCA and its subsidiaries (the group) as if they formed a single entity drawn up to 31 March 2022 and 31 March 2023. Where ACCA has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Inter-company transactions and balances between group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(f) Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(g) Depreciation

Depreciation is provided on all property, plant and equipment at rates calculated to write-off the cost or valuation, of each asset on a straight-line basis over its expected useful life, as follows:

- leasehold improvements - over the unexpired portion of the lease,
- plant and equipment - over 4 to 7 years,
- computer systems and equipment - over 2 to 4 years.

(h) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less:

- any accumulated amortisation; and
- any accumulated impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from ACCA's development projects and other intangible assets are recognised only if all the following conditions are met:

- it is technically feasible to complete the product so that it will be available for use;
- the intention is to complete the product for internal use or to sell it;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Directly attributable costs that are capitalised include project employee costs and an appropriate portion of relevant overheads. Development expenditure previously recognised as an expense is not recognised as an asset in a subsequent period. Other intangible assets include development projects where the majority of the costs are the purchase of materials and services to help support the implementation of the internally generated intangible assets. The internally generated and other intangible assets are amortised over their estimated useful lives, which are usually between four and seven years. Amortisation begins when the intangible asset is available for use.

(i) Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, financial assets, derivative financial instruments, trade and other receivables and trade and other payables. Financial instruments are initially valued at fair value. Financial assets are derecognised when the rights to receive cash flows from the asset have expired. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. After initial recognition, financial instruments are measured as set out below.

Trade and other receivables

Trade and other receivables are initially recognised at their transaction price. Subsequent to initial recognition, these are measured at amortised cost less expected credit losses. Estimating the expected credit loss is made in accordance with IFRS 9 using the simplified approach to lifetime expected credit loss using supportable information that is based on the historical credit loss experience adjusted for current conditions. The assessment considers geography, customer segment and product type. Trade and other receivables are written off when ACCA has no reasonable expectations of recovering the amounts. Terms on receivables balances range from 30 to 90 days.

Trade and other payables

Trade and other payables are recognised at their transaction price. Terms on trade payables balances range from immediate to 30 days.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(i) Financial instruments (continued)

Financial assets

The portfolio of investments, which includes property funds, is managed by professional fund managers, held for the long term and classified as financial assets. An equity instrument measured at fair value through profit or loss (FVTPL) is recognised initially at fair value directly attributable to the financial asset. After initial recognition, the asset is measured at fair value at the statement of financial position date. Unrealised and realised changes in fair value are included as "finance income" in the consolidated income statement. When the financial assets are sold the gain or loss from fair value changes will be shown in the consolidated income statement. Dividends from such investments continue to be recognised in the consolidated income statement as finance income when the group's right to receive payments is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand and short-term deposits with banks and similar institutions, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. This excludes cash funds, which are classified as other current financial assets as they are subject to changes in value due to being daily priced. Short-term is defined as being three months or less. This definition is also used for the cash flow statement.

Cash funds and cash deposits

The portfolio of cash funds, which is managed by professional investment fund managers, and cash deposits are held for the short to medium term and are classified as other current financial assets. The investments in the cash funds are carried at fair value, stated as market value as at the statement of financial position date, with all changes in fair value being recognised through profit or loss in the consolidated income statement. When the cash funds are sold the gain or loss from fair value changes will be shown in the consolidated income statement within finance income. Cash deposits are measured at cost.

Financial liabilities

All financial liabilities are classified as measured at amortised cost using the effective interest method or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative, or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains and losses on derecognition are recognised in profit or loss. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

(j) Impairment of financial assets

IFRS 9 established an approach for the impairment of loans and trade receivables, an expected loss model which focuses on the risk that a debt will default rather than when a loss has been incurred. Under the "expected credit loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. ACCA has opted to use the simplified approach measuring expected credit losses using a lifetime expected credit loss for trade receivables.

(k) Impairment of non-financial assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, ACCA makes an estimate of the asset's recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(l) *Leased assets*

At the inception of a contract, ACCA assesses whether a contract is, or contains, a lease. To assess whether a contract contains a lease, ACCA considers whether the contract conveys the right to control or use an identified asset by:

- the contract involves the use of an identified asset either explicitly or implicitly. The asset should be physically distinct or represent substantially all the capacity of the asset. If the supplier has the right of substitution, then the asset is not identified,
- ACCA has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use,
- ACCA has the right to direct the use of the asset. ACCA has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or reassessment of a lease of land or buildings, ACCA has elected to separate non-lease components and account for the lease and non-lease components separately.

Any lease incentive paid to third parties in relation to a modification or termination of lease contracts are immediately charged to the consolidated income statement as they are not deemed to be part of any lease payment and do not impact the right-of-use asset or the lease creditor.

As a lessee

ACCA recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the initial lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily identified, the Bank of England weighted monthly average index rate for non-financial institutions.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments,
- variable lease payments that depend on an index or rate, and
- lease payments in an optional renewal period if ACCA is reasonably certain to exercise that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if ACCA changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated income statement if the carrying amount of the right-of-use asset has been reduced to zero.

ACCA presents right-of-use assets in ‘property, plant and equipment’ and lease liabilities within its own section in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

ACCA has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. ACCA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(m) *Tax*

Tax includes all taxes based upon the taxable profits of the group. Deferred taxation is made on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax movements in respect of unrealised revaluation gains are taken to the consolidated income statement. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Current and deferred tax relating to the recognition of any pension surplus are taken to other comprehensive income.

(n) *Foreign currencies*

Transactions in foreign currencies are converted into sterling, which is the presentational currency of the group, at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, including the financial statements of the non-UK subsidiary undertakings and non-UK branches, are translated at the rate of exchange ruling at the statement of financial position date. On consolidation, the income and expenditure items of the non-UK subsidiary undertakings are translated at the average exchange rates for the period. Exchange differences on the translation of the assets and liabilities of the non-UK subsidiary undertakings and the non-UK branches are taken to the currency reserve.

(o) *Derivative financial instruments and hedging activities*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the statement of financial position date. ACCA enters into forward currency contracts, whereby the exchange rate is agreed in advance and the currency is bought on a monthly basis. ACCA's forward currency contracts are classified as current assets or current liabilities as the maturity of the contracts are less than 12 months. Gains and losses on forward exchange contracts are recognised in the consolidated income statement at fair value. ACCA does not engage in any other hedging activities.

(p) *Provisions*

Provisions for costs are recognised when either a legal or constructive obligation as a result of a past event exists at the statement of financial position date, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(q) *Pensions – Defined benefit schemes*

ACCA has two closed defined benefit pension schemes, one in the UK and one in Ireland. Both schemes require contributions to be made to separately administered funds. Retirement benefits are accounted for under IAS 19 – Employee benefits (revised). The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each statement of financial position date. The present value of the defined benefit obligations is determined by discounting the estimated cash flows derived from yields of high-quality corporate bonds that have terms to maturity which approximate to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. The net asset/liability recognised in the statement of financial position in respect of the schemes is the net of the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period. Where the fair value of the plan assets exceeds the present value of the obligation, the asset recognised in the statement of financial position is measured as the lower of the net asset value and any cumulative unrecognised net actuarial losses and past service cost plus the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes. Interest on the liability is calculated using the discount rate and is recognised immediately in the consolidated income statement. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated income statement as past service costs.

The assets of both schemes are held separately from those of ACCA and are measured using market values. For quoted securities, the market price is taken as the bid price.

Notes to the Financial Statements
for the year ended 31 March 2023

2 Significant accounting policies (continued)

(r) *Pensions – Defined contribution schemes*

ACCA operates defined contribution pension schemes for qualifying employees. Contributions are charged in the consolidated income statement as they become payable in accordance with the rules of the schemes. ACCA has no further payment obligations once the contributions have been paid.

(s) *Contingent liabilities*

Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent liability exists when a possible obligation which has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ACCA, or when a present obligation that arises from past events is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(t) *Reserves policy*

The Accumulated Fund includes all current and prior period retained surpluses and deficits.

3 Financial risk management

The main financial risks arising from ACCA's activities are credit risk, liquidity risk and market risk. These are monitored by management on a regular basis.

Credit risk management

Credit risk arises principally from cash and cash equivalents, deposits with banks and financial institutions, investments in pooled cash funds, derivative financial instruments and trade receivables. ACCA regularly monitors and reviews its exposure with key banking and investment manager suppliers, and for deposits, only independently rated banks and financial institutions with a minimum rating of 'A' are used. For working capital balances ACCA considers a figure of £20m per bank and £25m per pooled cash fund to be sufficient although this can be exceeded around times of high activity such as collection of subscription and exam income. ACCA's trade receivables relate substantially to members' and future members' fees and subscriptions. The credit risk is that the customer fails to discharge its obligation in respect of the instrument. ACCA has no significant concentration of credit risk, with exposure spread over a large number of customers and countries throughout the world and a requirement to pay in advance for exams. ACCA believes that the maximum exposure equates to the carrying value of trade and other receivables. Management reviews the trade receivables balance on a regular basis and undertakes an exercise to remove members and future members from the receivables ledger and members' register for non-payment of annual fees and subscriptions. The level of removals is shown in notes 12 and 17 of the consolidated financial statements. At the statement of financial position date 95.5% of ACCA's trade and other receivables were held in sterling (2022: 98%).

Liquidity risk

Liquidity risk arises from ACCA's management of working capital. It is the risk that ACCA will encounter difficulty in meeting its financial obligations as they fall due. ACCA manages its liquidity risk by ensuring that it has adequate banking facilities and by performing cash flow forecasting on a regular basis. ACCA receives the majority of its income as subscriptions at the start of the calendar year, or as exam fees, relating to four exam sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk. In addition to its own bankers, ACCA spreads the risk by using a specialist investment manager, and currently invests in cash fund products with that company. Cash surpluses are invested in interest bearing current and call accounts, term deposits, time deposits and short-term cash funds. At the statement of financial position date, ACCA held £30m (2022: £45.0m) in short-term cash funds, £18m (2022: £nil) in cash deposits and £30.6m (2022: £34.3m) in call accounts that are expected to readily generate cash inflows for managing liquidity risk. All term and time deposits are due in less than one year. Liquidity is managed to ensure investments are liquidated in a timely manner to meet operating requirements.

Notes to the Financial Statements
for the year ended 31 March 2023

3 Financial risk management (continued)

Liquidity risk (continued)

Secured bank facility and assets pledged as security

In August 2020 ACCA entered into a Facility Agreement with Barclays Bank plc ("the Bank") for a Floating Rate Revolving Loan supported by the UK Government's CLBIL Scheme up to a maximum principal of £25m. The facility is a Floating Rate Revolving Loan under which the interest rate will never be less than the Margin of 2.45% per annum. Interest accrued at the rate per annum equal to the aggregate of the (i) Margin and (ii) Floating Rate for the relevant interest period. The agreement included a non-utilisation fee of 1.26% (2022: 1.26%) per annum. The final repayment date was due to be 15 August 2023 which is the date falling three years after the date of the Facility Agreement.

ACCA has not had to utilise the facility during the year ended 31 March 2023 and therefore incurred non-utilisation fees of £275,301 (2022: £349,027) (see note 11) during the year.

In addition, a cross-guarantee was granted by Certified Accountants Investment Company Limited ("CAIC") in favour of the Bank in respect of the obligations of ACCA under or pursuant to the Facility Agreement. The nature of the guarantee is that CAIC

a) Guarantees to the Bank the punctual performance by ACCA of all its obligations from time to time under the Facility Agreement;

b) Undertakes that whenever ACCA does not pay any amount obliged when due, it will immediately on demand pay that amount as if it were the principal obligor; and

c) Agrees with the Bank that if, for any reason, any amount claimed hereunder is not recoverable on the basis of a guarantee, it will, as an independent and primary obligation, indemnify the Bank on demand against any cost, loss or liability it incurs as a result of the Borrower not paying any amount which would, but for such reason, have been payable by it on the date when it would have been due. The amount payable by CAIC under this indemnity will not exceed the amount it would have had to pay hereunder if the amount claimed had been recoverable on the basis of a guarantee.

The floating rate as defined in the agreement is the Bank of England Rate plus a Credit Adjustment Spread plus the Margin.

ACCA gave notice to Barclays on 8 February 2023 to terminate the facility and the facility was closed within seven days of giving notice. The loan facility was secured over £24.8m of ACCA's investment portfolio. That security remains in place pending any new facility being applied for. ACCA continues to hold an overdraft facility with Barclays.

Market risk

Market risk arises from ACCA's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk relates to the risk of loss due to fluctuations in cash flows and the fair value of financial assets and liabilities (including the pension scheme liabilities), due to change in market interest rates. ACCA invests surplus cash in the short-term and in doing so exposes itself to the fluctuation in interest rates that are inherent in such a market. A movement in the interest rate of 1.5% either way would not have a material effect on the surplus reported in the financial statements. As ACCA utilises forward currency contracts to manage exchange rate movements, it does not consider foreign currency movements to have a material impact in the surplus reported in the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2023

3 Financial risk management (continued)

Market risk (continued)
Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange risk. ACCA operates internationally and is exposed to foreign currency exchange risk arising from the transfer of foreign currency to its national offices as well as geopolitical uncertainty. Where possible, ACCA will allow the national offices to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. However, many national offices have insufficient reserves of their functional currency and rely on transfers of foreign currency from ACCA. ACCA mitigates the risk with regards to income because the vast majority of fees and subscriptions charged by ACCA are in sterling. In addition, ACCA uses forward currency contracts to mitigate the risk of currency fluctuations. At the statement of financial position date 68% of ACCA's cash and cash equivalents were held in sterling (2022: 68%).

Other price risk relates to the risk of changes in market prices of the non-current and current financial assets and the investments held by the defined benefit pension schemes. ACCA invests in a variety of funds operated by different investment managers and in doing so exposes itself to the fluctuations in price that are inherent in such a market. The effect of a 10% increase in the value of the non-current financial assets held at the statement of financial position date would have resulted in an increase in the fair value gains of £5.8m (2022: £8.6m) net of deferred tax. A 10% decrease in their value would, on the same basis, have resulted in the increase in the fair value losses by £5.8m (2022: £5.8m).

Other risks in relation to the impact of Covid-19, inflation and other macro-economic issues
Covid-19, inflation and other macro-economic issues have impacted the global economy. They have impacted ACCA with regards to all the above-mentioned risks in the following ways:

- Credit risk – due to continued lockdowns in China and inflationary pressures around the world there has been a risk that members and future members would be unable to pay subscriptions, exam fees etc. ACCA monitors payments regularly and revised its retention targets as appropriate. By the year-end all key markets, apart from China, exceeded the retention targets.
- Liquidity risk – in the previous two years ACCA had experienced reduced revenue and reduced cash flow due to cancelled exam sessions. Covid-19 continued to impact the world during the year ended 31 March 2023 and exam sessions in some individual cities in China had to be cancelled during the year. This again led to reduced revenue and reduced cashflow however there was again no requirement to dispose of investments to maintain liquidity as had been done in the year ended 31 March 2021. ACCA has continued to look at various scenarios, prepared a revised budget and maintained the loan facilities of up to £25m with its main banker, Barclays Bank plc for most of the year (see above). Due to positive retention and successful concerted efforts to reduce costs, ACCA did not require to draw down on the facility and terminated it early just before the end of the financial year.
- Market risk – during March 2020 the stock markets were very volatile and fell dramatically. ACCA's investments suffered unrealised losses in the year ended 31 March 2020 and in the year ended 31 March 2021, ACCA revised its investment strategy to reduce volatility. The markets rebounded during that year and as part of the revised strategy, some investments were disposed to realise significant gains. During the past two years, markets have continued to be volatile, although it has been more due to uncertainties due to the Russia/Ukraine conflict, increasing inflation and other economic factors. ACCA has continued to review its investment strategy and invests in a diversified portfolio of investment funds to reduce volatility and to mitigate risk. The portfolio suffered losses of around £0.8m during the year ended 31 March 2023 (2022: losses of £1m).

Notes to the Financial Statements
for the year ended 31 March 2023

4 Income and expenditure reporting

ACCA reports its income by product type but not by region or activity. It does not report expenditure by region, activity or product type.

During the year ACCA's income activities were organised by category: Admission and registration fees, subscriptions, examinations, exemptions, regulation and discipline and other income. These are ACCA's categories reported internally for income purposes and are detailed in notes 6 and 7. Short descriptions of the main categories are as follows:

- Admission and registration: Members' admission fees and future members' initial registration fees
- Subscriptions: Members', future members' annual subscriptions for the relevant period
- Examinations: Examination fees for the relevant session within the financial year for the Professional and other qualifications
- Exemptions: Exemption income from future members for the Professional and other qualifications
- Regulation and discipline: Audit, practice and other certificates
- Other income: Member and future member engagement, advertising, Continuing Professional Development (CPD) income, locally generated markets income and sponsorship

Expenditure is reported internally by function and these are detailed in notes 8 and 9. Short descriptions of the expenditure categories are as follows:

- Corporate: pension costs, depreciation, Executive Board, credit card charges, global redundancy provisions
- Content, Quality and Innovation: delivery of strategic outcomes, corporate training, market research, brand management, public relations, publishing, technical policy and research, development and maintaining of qualifications, ensuring the integrity of the syllabus and of the examination process, verifying and awarding exemptions and setting and scrutiny of exam papers
- Relationships: Staff, operational and corporate marketing and promotional costs of ACCA's global operations and IFAC costs
- Strategy and Governance: Regulation of members, secretariat, professional conduct, practice monitoring, legal services and internal audit
- People and Transformation: Human Resources, corporate recruitment and talent and capability
- Finance and Operations: IT, finance and procurement, member and future member support, examinations, service improvements
- Strategic investment: Digital transformation, exam delivery, strategic efficiency, workplace transformation, meet compliance, continuous learning, market adoption and portfolio management

5 Capital

ACCA considers its capital to be its accumulated fund and its other reserves. Council's financial objective is to generate a targeted operating position, to build and maintain reserves at a sustainable level, taking into account the various competitive risks. ACCA also aims to achieve additional long-term growth in reserves through the active management of the investment portfolio. A five-year financial plan has been developed which, over the period of the plan, targets an agreed level of accumulated fund. At 31 March 2023, the accumulated fund represented 62 days of operating expenditure (31 March 2022: 62 days) which is above the long-term target of 60 days. This reflects the better than forecast result resulting mainly from reduced operating expenditure.

Council has reviewed its liquidity measure and has agreed that it will maintain a level of liquid reserves to cover ACCA's exposure to corporate risks that would result in a consequential loss to ACCA which could reduce overall financial strength and create a risk that ACCA was unable to settle liabilities as they fall due. Liquid reserves are defined as the total of cash, liquid short-term and long-term investments, less any short-term borrowing. Any investments in illiquid funds or securities, eg property funds, will be excluded from this classification. ACCA's Council Board reviews the financial position of ACCA at each board meeting.

Notes to the Financial Statements
for the year ended 31 March 2023

5 Capital (continued)

ACCA is not normally subject to any material externally imposed capital requirements, however as ACCA entered into a facility agreement with Barclays Bank plc for a Floating Rate Revolving Loan supported by the UK Government's CLBIL Scheme, it was required to comply with various financial covenants as follows:

- Minimum liquidity
  ACCA shall ensure that the aggregate of Cash and Cash Equivalents and Other Current Financial Assets and the undrawn and uncancelled amount of the Facility Amount:
  (i) for each Relevant Date ending 30 September, shall be greater than £15,000,000;
  (ii) for each other Relevant Date, shall be greater than £25,000,000; and
  (iii) for each other Quarter Look Forward Period, shall be greater than £10,000,000.
- Gearing
  ACCA shall ensure that at all times the ratio of Gross Borrowings to Total Assets shall not exceed 60%.

These covenants were tested as required during the year without any issue. ACCA was also required to provide regular financial information such as management and annual accounts, budgets, investment portfolio valuations and compliance certificates.

It should be noted that there was no need to use the facility during the year and it was closed in February 2023 when Barclays accepted ACCA's notice to terminate the requirement of the facility.

	31 Mar 2023 £'000	31 Mar 2022 £'000
6 Operating income		
Met over time		
Admission and registration fees	**12,559**	12,115
Subscriptions (see note 7)	**105,144**	103,006
Regulation and discipline	**6,620**	6,174
Point in time		
Examinations	**77,158**	80,638
Exemptions	**12,039**	12,914
Other income	**6,279**	6,711
	219,799	221,558

7 Subscriptions

Members	**56,971**	53,484
Future members	**48,173**	49,522
	105,144	103,006

8 Operational expenditure

Corporate	**17,102**	17,818
Content, Quality and Innovation	**27,598**	20,573
Relationships	**31,416**	42,396
Strategy and Governance	**18,014**	15,989
People and Transformation	**12,445**	10,947
Finance and Operations	**79,777**	83,733
	186,352	191,456

Notes to the Financial Statements
for the year ended 31 March 2023

	31 Mar 2023 £'000	31 Mar 2022 £'000

9 Strategic investment expenditure

Digital Transformation	**20,530**	16,611
Exams Delivery	**3,838**	5,048
Strategic Efficiency	**1,478**	2,393
Workplace Transformation	**1,153**	2,873
Meet Compliance	**292**	99
Continuous Learning	**183**	–
Market Adoption	**32**	676
Portfolio Management	**1,142**	1,339
	28,648	29,039

Strategic investment expenditure relates to project costs within each category, and once a project has reached completion then any ongoing expenditure is treated as operational. The Digital Transformation programme continues to transform the core business systems following the successful delivery of Dynamics 365 for finance in the previous year (CRM, data, information management). The Exams Delivery programme is developing our exams platform to ensure it remains relevant to our future members. The Strategic Efficiency project was initiated to consider changes necessary within ACCA's operational environment to maintain financial sustainability. Workplace Transformation relates to the costs involved by ACCA to embrace digital technology to be able to thrive in a rapidly changing world.

10 Other (losses)/gains

Forward currency contracts	**(960)**	1,404
Net foreign exchange gains/(losses)	**669**	(1,325)
	(291)	79

11 Income/(losses) from investments and finance costs

(a)	Income/(losses) from investments		
	Interest receivable	**416**	49
	Dividends from investments	**929**	722
	Realised (losses)/gains on disposals of investments	**(789)**	102
	Unrealised losses on change of fair value of investments	**(11)**	(1,145)
		545	(272)
(b)	Finance costs		
	Net finance interest on defined benefit pension schemes	**59**	(338)
	Interest expense for leasing arrangements	**(502)**	(903)
	Interest expense for dilapidations provision	**(275)**	(126)
	Other interest payable	**(181)**	(16)
	Non-utilisation fee (note 3)	**(275)**	(349)
		(1,174)	(1,732)

Notes to the Financial Statements
for the year ended 31 March 2023

12 Surplus/(deficit) before tax

Surplus/(deficit) before tax includes the following:

(a) *Salaries and related costs*

	31 Mar 2023 £'000	31 Mar 2022 £'000
The costs of employing staff during the year were as follows:		
Salaries	**66,688**	65,320
Social security costs	**7,645**	6,905
Pension costs (note 22)	**6,696**	6,842
Other staff costs	**1,450**	4,557
	82,479	83,624
Average number of staff employed during the year		
Employees	**1,327**	1,394
Full-time equivalents	**1,300**	1,362

The average annual salary per employee was £50,255 (31 March 2022: £46,857). The figures above include the salaries and bonuses payable to the Executive Board (see note 27 for more details).

(b) *Income*

Income from subscriptions, examination and exemption fees amounting to £194.3m (31 March 2022: £196.6m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £14.9m (31 March 2022: £14.1m).

(c) *Depreciation, amortisation and foreign exchange (gains)/losses*

	31 Mar 2023 £'000	31 Mar 2022 £'000
Depreciation of property, plant and equipment (note 14)	**6,325**	8,243
Amortisation of intangible assets (note 15)	**701**	1,345
Foreign exchange (gains)/losses	**(669)**	1,325

(d) *Auditors' remuneration*

	31 Mar 2023 £'000	31 Mar 2022 £'000
Fees payable to ACCA's auditor, Grant Thornton UK LLP, for the audit of		
– the parent undertaking and consolidated financial statements	**130**	93
– of UK subsidiaries and charities	**31**	56
– of the ACCA Staff Pension Scheme	**12**	11
– of non-UK subsidiaries	**7**	8
	180	168
Fees payable to member firms of Grant Thornton International Ltd for other non-audit services		
– taxation services in China	**14**	19
– non-audit services in China	**7**	8
	21	27
Fees payable to ACCA's other auditors for		
– audit fees for non-UK subsidiaries	**75**	72
– audit fees for the corporate KPIs	**5**	5
	80	77

Notes to the Financial Statements
for the year ended 31 March 2023

	31 Mar 2023 £'000	31 Mar 2022 £'000

13 Tax

The amounts charged in the statement of comprehensive income are as follows:

	31 Mar 2023 £'000	31 Mar 2022 £'000
Current income taxes at 19% (2022: 19%) on the surplus/(deficit) for the year	**891**	2,335
Under/(over)provision in respect of prior year	**93**	(11)
	984	2,324
The current tax charge is split as follows:		
Domestic	**393**	(13)
Foreign	**591**	2,337
	984	2,324

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	31 Mar 2023 £'000	31 Mar 2022 £'000
Factors affecting the tax charge for the year		
Surplus/(deficit) before tax	**3,879**	(862)
Surplus/(deficit) before tax multiplied by the standard rate of UK Corporation tax of 19% (2022: 19%)	**737**	(164)
Effects of:		
Under/(over)provision in prior years	**93**	(11)
Overseas withholding taxes suffered as a deduction	**682**	2,337
Non-taxable income	**(1,035)**	(1,960)
Expenditure not deductible for tax purposes	**522**	834
Group relief	**–**	(233)
Tax losses not recognised	**–**	1,521
Deferred tax asset not recognised	**28**	–
Double tax relief	**(2)**	–
Deferred tax – overseas	**(41)**	–
	247	2,488
Total tax charge	**984**	2,324

The tax charge arises from non-mutual trading profits, investment income and gains on disposal of investments, where applicable. The subsidiary companies pay local tax based on their country of operation and this has been included in the current tax calculations.

A change to the main UK corporation tax rate, announced in the UK budget on 11 March 2020, was substantively enacted for IFRS and GAAP purposes on 17 March 2020. The rate applicable from 1 April 2022 remains at 19% and will rise to 25% from April 2023 as announced in the Spring Budget 2021. The effect of this change has been included in the financial statements where relevant.

Notes to the Financial Statements
for the year ended 31 March 2023

14 Property, plant and equipment

	Property £'000	Leasehold improve-ments £'000	Plant & equipment £'000	Computer systems & equipment £'000	Total £'000
Cost or valuation					
At 31 March 2021	54,536	12,305	6,551	20,890	94,282
Additions	1,164	203	120	1,048	2,535
Disposals	(3,947)	(543)	(322)	(247)	(5,059)
Exchange difference	(211)	(8)	(468)	139	(548)
At 31 March 2022	51,542	11,957	5,881	21,830	91,210
Additions	2,869	1,866	67	356	5,158
Disposals	(23,852)	(3,249)	(513)	(91)	(27,705)
Exchange difference	(54)	(28)	(38)	(50)	(170)
At 31 March 2023	**30,505**	**10,546**	**5,397**	**22,045**	**68,493**
Accumulated depreciation					
At 31 March 2021	24,015	5,556	5,085	19,657	54,313
Depreciation charge	5,873	1,036	612	722	8,243
Eliminated on disposals	(3,238)	(538)	(278)	(237)	(4,291)
Exchange difference	(92)	–	(414)	111	(395)
At 31 March 2022	26,558	6,054	5,005	20,253	57,870
Depreciation charge	4,323	840	483	679	6,325
Eliminated on disposals	(12,678)	(1,694)	(480)	(80)	(14,932)
Exchange difference	(49)	(41)	(41)	(37)	(168)
At 31 March 2023	**18,154**	**5,159**	**4,967**	**20,815**	**49,095**
Carrying amount					
At 31 March 2023	**12,351**	**5,387**	**430**	**1,230**	**19,398**
At 31 March 2022	24,984	5,903	876	1,577	33,340

Depreciation of £6.3m (2022: £8.2m) is included in both operational and strategic investment expenditure.

ACCA leases assets for its operations and these are treated as right-of-use assets. Included in the net carrying amount of property, plant & equipment are right-of-use assets over the following

	£'000
Property	**12,351**

During the year ACCA vacated the 4th floor office at the Adelphi in London. Following discussions with the landlord, the lease was terminated and taken over by a third party to whom ACCA made a one-off payment as an incentive payment. This was treated as a disposal of a right-of-use asset as noted above and forms the bulk of the disposals in the year.

Notes to the Financial Statements
for the year ended 31 March 2023

15 Intangible assets

	Internally generated intangible assets £'000	Third party intangible assets £'000	Total £'000
Cost			
At 1 April 2021	31,622	5,306	36,928
Disposals	(4,335)	–	(4,335)
At 31 March 2022	27,287	5,306	32,593
Disposals	(9,684)	(3,092)	(12,776)
At 31 March 2023	**17,603**	**2,214**	**19,817**
Accumulated amortisation and impairment			
At 1 April 2021	30,959	2,644	33,603
Amortisation charge	235	1,110	1,345
Eliminated on disposal	(4,335)	–	(4,335)
At 31 March 2022	26,859	3,754	30,613
Amortisation charge	129	572	701
Eliminated on disposal	(9,684)	(3,092)	(12,776)
At 31 March 2023	**17,304**	**1,234**	**18,538**
Carrying amount			
At 31 March 2023	**299**	**980**	**1,279**
At 31 March 2022	428	1,552	1,980

Intangible assets relate to internally generated development costs and other third-party costs for the delivery of the qualification and Digital Transformation. ACCA has been developing a complete Digital Transformation programme and has engaged one of its strategic supplier partners to lead the development of the programme. ACCA reviews all relevant costs from the strategic supplier partner and other suppliers and following the IFRIC Agenda decision issued in April 2021 on the treatment of Software as a Service (SaaS) solutions, ACCA only capitalises items as intangible when the costs meet the criteria for capitalisation under IAS 38.

All intangible assets have a remaining amortisation period of four years.

Notes to the Financial Statements
for the year ended 31 March 2023

16 Financial assets

	31 Mar 2023 £'000	31 Mar 2022 £'000
At valuation		
At 1 April	**122,157**	101,868
Additions	**69,186**	63,533
Disposals	**(66,607)**	(42,099)
Unrealised losses transferred to income and expenditure	**(11)**	(1,145)
At 31 March	**124,725**	122,157
Historical cost of tradable investments	**122,046**	119,252

Financial assets, comprising units in Baillie Gifford's Global Stewardship Fund, Adept Investment Management's Absolute Return, Fixed Income, Active Diversifier, Diversified Assets and Diversified Liquid Credit Funds, BentallGreenOak's UK Debt II and III Property Funds, cash funds held by Royal London Asset Management and cash deposits held with HSBC, are fair valued annually at the close of business on the statement of financial position date. Wherever possible, fair value is determined by reference to Stock Exchange quoted bid prices or to the Fund Manager's closing single price on a single swinging price basis. Financial assets are classified as non-current assets unless they are expected to be realised within twelve months of the statement of financial position date.

Concentration of financial assets

	31 Mar 2023 £'000	31 Mar 2022 £'000
Non-current		
UK equities	**257**	1,441
Overseas equities	**9,451**	15,649
Fixed interest government bonds	**2,086**	284
Fixed interest non-government bonds	**19,296**	22,107
Inflation-linked bonds	**8,527**	8,322
Absolute return	**5,381**	9,045
Multi asset credit	**7,547**	5,606
Property and property debt	**7,460**	9,932
Alternatives	**10,113**	–
Total return	**1,981**	–
Cash and deposits	**4,631**	4,789
	76,730	77,175
Current		
Cash funds	**29,995**	44,982
Cash deposits	**18,000**	–
	47,995	44,982
	124,725	122,157

	31 Mar 2023 £'000	31 Mar 2022 £'000
Financial assets are denominated in the following currencies		
UK Pound	**118,522**	110,333
US Dollar	**3,868**	7,672
Japanese Yen	**1,337**	723
Other currencies	**998**	4,521
Negative positions	**–**	(1,092)
	124,725	122,157

The negative positions on currencies shown above relate to instances where the Funds have taken a negative position in relation to forward currency contracts and options.

Notes to the Financial Statements
for the year ended 31 March 2023

16 Financial assets (continued)

ACCA monitors its exposure by way of regular reports from each of the investment managers, who have discretionary management of the funds they hold within the investment portfolio.

Fair value hierarchy
ACCA classifies financial instruments measured at fair value in financial assets according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices in level 1 that are observable either directly (ie as prices) or indirectly (ie derived from prices)	Unquoted equity instruments included in financial assets
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments included in financial assets

ACCA's financial assets are classified by the fair value hierarchy as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2022				
Quoted equity	52	–	–	52
Observable inputs	44,982	70,037	–	115,019
Unobservable inputs	–	–	7,086	7,086
Total	45,034	70,037	7,086	122,157
At 31 March 2023				
Quoted equity	**53**	**–**	**–**	**53**
Observable inputs	**47,995**	**69,217**	**–**	**117,212**
Unobservable inputs	**–**	**–**	**7,460**	**7,460**
Total	**48,048**	**69,217**	**7,460**	**124,725**

The investment managers have provided information as to which classifications each of the investment funds fall into. Council has reviewed and assessed those views of the classifications and judged that the disclosures are applicable. Council has relied on the investment managers' expertise as being well-respected investment fund managers to be able to provide that view of the classification of these investments.

Financial assets classified within level 3 have unobservable inputs as they trade infrequently. They relate to investments in two property debt funds managed by BentallGreenOak. Valuations are provided quarterly by the fund manager which are based on the underlying loan terms existing at the reporting date agreed by the fund manager and the investors. They are valued at net asset value as per the financial statements of the funds. A sensitivity analysis for level 3 positions has not been presented as it has been deemed that the impact of reasonable changes in inputs would not be significant.

Commitments
As part of its investment strategy ACCA has invested in two property debt funds managed by BentallGreenOak. Investments are made on a piecemeal basis and Council has approved investment of up to £10m in property funds directly. At the statement of financial position date ACCA had a commitment to invest a further £2.5m (2022: £2.9m) in the BentallGreenOak property debt funds.

Notes to the Financial Statements
for the year ended 31 March 2023

17 Trade and other receivables

	31 Mar 2023 £'000	31 Mar 2022 £'000
Trade receivables	**18,351**	22,000
Accrued income	**1,573**	1,655
Prepayments	**7,229**	7,969
Taxation recoverable	**576**	487
Other receivables	**776**	991
	28,505	33,102

Trade receivables is stated net of an adjustment of £17.6m (2022: £15.2m) to reflect the historical experience of customer retention relating to expected credit losses for subscriptions and exemptions. During the year an amount of £2.0m which had been underprovided at the previous year end (2022: £1.7m overprovided) was recognised through the consolidated income statement.

The carrying amount of trade and other receivables approximates to their fair value, which has been calculated based on expectations of debt recovery from historic trends feeding into expected credit loss calculations. The majority of trade receivables relates to members' and future members' debt which are individually small in value.

ACCA applies the IFRS 9 simplified approach, as per note 2c iv) to measuring expected credit losses using a lifetime expected credit loss for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on customer segment, geography, and product type. Loss rates are based on ACCA's historic credit loss experience over the previous period and are then adjusted for current and forward-looking factors affecting ACCA's members, future members and other customers eg retention rates and economic factors.

As of 31 March 2023, trade receivables of £16.1m (2022: £19.4m) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	31 Mar 2023 £'000	31 Mar 2022 £'000
31-60 days	**2,018**	2,148
61-90 days	**2,425**	2,821
91-120 days	**10,588**	13,589
Over 121 days	**1,047**	812
	16,078	19,370

The movement on the impairment losses of trade receivables is as follows:

	31 Mar 2023 £'000	31 Mar 2022 £'000
At 1 April	**843**	752
Receivables impaired during the year	**1,851**	965
Receivables written off during the year as uncollectible	**(293)**	(354)
Amounts recovered which were previously provided for	**(488)**	(520)
At 31 March	**1,913**	843

Notes to the Financial Statements
for the year ended 31 March 2023

18 Derivative financial instruments

	31 Mar 2023		31 Mar 2022	
	Assets	**Liabilities**	Assets	Liabilities
	£'000	**£'000**	£'000	£'000
Forward foreign exchange contracts	**52**	**(506)**	520	(14)
	52	**(506)**	520	(14)

The contracts entered into by ACCA are principally denominated in the geographic areas in which ACCA operates. The fair value of these contracts is recorded in the statement of financial position and is determined by mark-to-market valuations and have been valued by the providers of the contracts. The valuation methods used are consistent with the principles in IFRS 13: Fair Value Measurement and use significant unobservable inputs, such that the fair value measurement of the contracts, has been classified as Level 3 in the fair value hierarchy. No contracts are designated as hedging instruments, as defined in IFRS 9, and consequently all changes in fair value are taken to the statement of comprehensive income.

The amount recognised in the statement of comprehensive income that arises from the forward foreign exchange contracts amounted to a loss of £1.0m (31 March 2022: gain of £1.4m).

Forward foreign exchange contracts
The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2023 was £29.3m (31 March 2022: £22.1m).

19 Cash and cash equivalents

	31 Mar 2023 £'000	31 Mar 2022 £'000
Cash at bank and in hand	**31,647**	34,340
Foreign exchange loss in respect of NGN	**(1,031)**	–
	30,616	34,340

Cash and cash equivalents comprise cash on hand, demand and short-term deposits, as appropriate, with banks and similar institutions which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

ACCA holds surplus funds in Nigeria due to the difficulties Nigerian members and students have in remitting GBP payments to the UK. ACCA has attempted to repatriate these funds back to the UK, however due to currency restrictions within the country the exchange rate available is poorer than the closing rate. ACCA has decided to recognise a foreign exchange loss for the balances held in Nigeria of £1.031m. The foreign exchange loss has been calculated as the difference between the present value of the contractual cash flows – Nigerian Naira (NGN) converted to GBP at 31 March 2023 closing exchange rate – less the present value of the expected future cash flows – NGN converted to GBP at the likely repatriation exchange rate.

Notes to the Financial Statements
for the year ended 31 March 2023

20 Leases

The statement of financial position shows the following amounts relating to leases:

	31 Mar 2023 £'000	31 Mar 2022 £'000
Right-of-use assets		
Property	**12,351**	24,984
Lease liabilities:		
Current	**3,783**	4,730
Non-current	**10,719**	25,274
	14,502	30,004

The movement in the lease liabilities during the years was as follows:		
At 1 April	**30,004**	35,891
Addition of new leases	**2,869**	1,750
Disposals	**(14,056)**	(875)
Lease repayments	**(4,817)**	(7,665)
Interest costs	**502**	903
At 31 March	**14,502**	30,004

The consolidated income statement shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets		
Property	**4,323**	5,873
Interest expense (included in finance cost)	**502**	903

ACCA has leases for all its offices and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. ACCA classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 14).

Each lease generally imposes a restriction that, unless there is a contractual right for ACCA and its subsidiary companies to sublet the asset to another party, the right-of-use asset can only be used by ACCA and its subsidiary companies. Leases are either non-cancellable or may only be cancelled by incurring a termination fee. Some leases contain an option to extend the lease for a further term. ACCA and its subsidiary companies are prohibited from selling or pledging the underlying leased assets as security. For all office leases, ACCA and its subsidiary companies must keep those properties in a good state of repair and return the properties to their original condition at the end of the lease. Further, ACCA must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

During the year ACCA disposed of the lease for the 4th floor at the Adelphi in London. Following negotiations with the landlord and a third party, the lease was taken over by the third party and ACCA paid an incentive payment of £4m to that third party. On termination of the lease there was a gain on disposal of the lease asset of £2.2m offset by the incentive payment, both of were included within operating expenditure, resulting in a net loss of £1.8m.

Notes to the Financial Statements
for the year ended 31 March 2023

20 Leases (continued)

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 March 2023 were as follows:

	Minimum lease payments due						
	Within 1 year £'000	**1-2 years £'000**	**2-3 years £'000**	**3-4 years £'000**	**4-5 years £'000**	**After 5 years £'000**	**Total £'000**
31 March 2023							
Lease payments	**4,174**	**3,761**	**3,072**	**1,171**	**1,138**	**2,158**	**15,474**
Finance charges	**(391)**	**(264)**	**(148)**	**(92)**	**(63)**	**(14)**	**(972)**
Net present values	**3,783**	**3,497**	**2,924**	**1,079**	**1,075**	**2,144**	**14,502**
31 March 2022							
Lease payments	5,489	5,339	4,923	4,649	2,987	9,378	32,765
Finance charges	(759)	(613)	(475)	(339)	(247)	(328)	(2,761)
Net present values	4,730	4,726	4,448	4,310	2,740	9,050	30,004

The table below describes the nature of ACCA's leasing activities by type of right-of-use asset recognised on the statement of financial position:

	Leasehold Improvements
Right-of-use asset	
Number of right-of-use assets leased	35
Range of remaining term	1 month to 7 years 4 months
Average remaining lease	1 year 5 months
Number of leases with extension options	nil
Number of leases with options to purchase	nil
Number of leases with variable payments linked to an index	11
Number of leases with termination options	35

ACCA have lease contracts that include extension and termination options. These options are negotiated by ACCA to provide flexibility in managing the leased asset and align with ACCA's business needs.

There are no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Lease payments not recognised as a liability
ACCA has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31 Mar 2023 £'000	31 Mar 2022 £'000
Short-term leases	**409**	466
	409	466

Notes to the Financial Statements
for the year ended 31 March 2023

20 Leases (continued)

At 31 March 2023 ACCA was committed to short-term leases and the total commitment at that date was £409k (31 March 2022: £222k).

At 31 March 2023 ACCA had three (31 March 2022: nil) commitments to leases which had not yet commenced and therefore there were future cash outflows to disclose for leases that had not yet commenced of £74k (31 March 2022: £nil).

Total cash outflow for leases for the year ended 31 March 2023 was £4.3m (2022: £6.8m).

21 Deferred tax liabilities

Deferred tax liabilities are calculated in full on temporary differences using a principal tax rate of 25% (2022: 19%). The major deferred tax liabilities recognised by ACCA and the movements thereon during the current and previous years relate to the pension asset of the UK defined benefit pension scheme. The tax rate applicable to authorised surplus payments from defined benefit schemes is 35%. ACCA has no deferred tax assets. The tax charge is recognised in other comprehensive income and not through profit and loss.

	31 Mar 2023 £'000	31 Mar 2022 £'000
Deferred tax liabilities		
At 1 April	**388**	–
Tax (credited)/charged to reserves:		
Provision on UK pension scheme	**(388)**	388
At 31 March	**–**	388

22 Retirement benefit obligations

(a) *General information*

The financial statements include the financial impact of defined benefit pension schemes operated in the UK and Ireland, and which closed to future accrual on 31 July 2013. Those schemes provided benefits based on final pensionable pay and on a career average revalued earnings (CARE) basis. ACCA operates defined contribution plans which are currently administered by Aegon in the UK and Aon in Ireland. Contributions are invested with Aegon in the UK and with Irish Life in Ireland.

The closed UK defined benefit Scheme is subject to the Statutory Funding Objective (SFO) under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the SFO is met. As part of the process ACCA must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the SFO. The SFO does not currently impact on the recognition of the Scheme on these accounts.

The most recent triennial valuation of the UK Scheme was at 31 December 2021. This 31 December 2021 valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2023. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	past service – nominal gilt yield curve + 0.5% future service – nominal gilt yield curve + 0.5%
Retail price index	Bank of England implied inflation yield curve
Consumer price index	RPI inflation with 0.5% deduction before 2030 and nil thereafter
Rate of salary growth	not applicable as scheme closed to future accrual

The actuarial valuation of the UK Scheme showed that, at 31 December 2021, the market value of Scheme assets was £159.1m and the value of pension benefits earned was £199.0m. The funding level against technical provisions was therefore 80%. As part of the actuarial valuation ACCA and the Trustees agreed to move to a Long-Term Funding basis calculation for the calculations of the Technical Provisions.

Notes to the Financial Statements
for the year ended 31 March 2023

22 Retirement benefit obligations (continued)

(a) General information (continued)

An actuarial valuation for the closed Irish scheme is required to be undertaken at least every 3 years in accordance with Section 56 of the Pensions Act 1990 (as amended) and in accordance with the Trust Deed and Rules of the Scheme. Under Clause 6.1 of the Trust Deed for the Scheme, the Employer shall pay to the Trustees the moneys which the Trustees determine, having considered the advice of the Actuary and consulted with ACCA, to be necessary to support and maintain the Scheme in order to provide the benefits under the Scheme. In addition, Section 42 of the Pensions Act 1990 (as amended) requires the Scheme to satisfy the Funding Standard. The Funding Standard defines the minimum assets that each scheme must hold and sets out the rules that apply if a scheme falls short. The actuarial valuation and the Funding Standard requirements do not impact on the recognition of the Scheme on these accounts.

The most recent triennial valuation of the Irish Scheme was at 1 January 2021. This valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2023. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	past service 3.75% p.a. to retirement, 2.25% p.a. thereafter future service 3.75% p.a. to retirement, 2.25% p.a. thereafter
Inflation	1.75% p.a.
Rate of salary growth	not applicable as scheme closed to future accrual

The actuarial valuation of the Irish Scheme showed that, at 1 January 2021, the market value of the Scheme assets was €4.1m and the value of pension benefits earned was €4.5m. The funding ratio was therefore 91%.

	31 Mar 2023	31 Mar 2022
The principal financial assumptions used for the purposes of the figures in these financial statements were as follows:		
Discount rate for UK Scheme	**4.70%**	2.70%
Discount rate for Irish Scheme	**3.60%**	1.95%
RPI – Future pension increases (UK Scheme) subject to LPI	**3.10%**	3.40%
CPI (UK Scheme)	**2.30%**	2.60%
Inflation – Future pension increases (Irish Scheme)	**2.50%**	2.50%

The mortality assumptions for the current year-end for the UK Scheme follows the table known as S3PXA, using 101% of the base table with mortality improvements in line with the 2021 version of the CMI model, with a long-term rate of improvement of 1% per annum (2022: 1% per annum). At the previous year-end mortality assumptions followed the S3PXA table using 102% of the base table with mortality improvements in line with the same version of the CMI model. For the Irish Scheme the mortality assumptions (post retirement) are unchanged from the previous disclosures. However, given the way the tables are compiled to take into account future mortality improvements, the actual life expectancy for members of the Irish Scheme at each age will have increased from last year.

Assuming retirement at 65, the life expectancies in years are as follows:

	Irish Scheme		UK Scheme	
	31 Mar 2023	31 Mar 2022	**31 Mar 2023**	31 Mar 2022
For a male aged 65 now	**23.5**	23.3	**21.7**	21.6
At 65 for a male aged 45 now	**25.2**	25.0	**22.7**	22.6
For a female aged 65 now	**25.8**	25.6	**24.1**	24.0
At 65 for a female aged 45 now	**27.5**	27.3	**25.3**	25.1

Notes to the Financial Statements
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22 Retirement benefit obligations (continued)

(a) *General information (continued)*

In accordance with IFRIC14, the UK and Irish Scheme Rules and funding arrangements were reviewed and ACCA considers that the Trustees have no rights to unilaterally wind up, or otherwise augment the benefits due to members of the UK Scheme but may have those rights for the Irish Scheme. Management has therefore made the judgement that the surplus on the Irish Scheme cannot be recognised and therefore an additional liability has been recognised in relation to remaining contributions payable in accordance with the most recent triennial valuation.

(b) *Pension costs*

	31 Mar 2023 £'000	31 Mar 2022 £'000
The total pension charge is made up as follows:		
Pension costs under the UK and Irish Schemes	**(59)**	338
Payments to defined contribution schemes for certain employees outside the UK and Ireland	**322**	399
Payments to defined contribution schemes for certain employees in the UK and Ireland	**6,327**	5,982
Payments for the Pensions Protection Fund levies	**106**	123
Pension costs	**6,696**	6,842
Actuarial losses/(gains) recognised in the statement of other comprehensive income for the period	**4,414**	(15,704)

In addition to the defined contribution schemes operated for UK and Ireland qualifying employees, schemes also operate for certain employees outside the UK and Ireland. The nature of such schemes varies according to legal regulations, fiscal requirements and economic conditions of the countries in which employees are based. Plans are funded by payments from the group and by employees and are held separately and independently of the group's finances.

The amounts recognised in total comprehensive income for the schemes are as follows:		
Net interest	**(59)**	338
Pension costs under the Schemes	**(59)**	338

(c) *Contributions and the effect of the Schemes on the future cashflows*

ACCA is required to agree a schedule of contributions with the Trustees of the Schemes following actuarial valuations which take place every three years. In accordance with actuarial advice and with the agreement of ACCA and the UK Scheme's Trustees, a recovery plan was put in place with effect from January 2022 to which ACCA will contribute annual deficit recovery contributions of £2.812m in respect of the UK scheme increasing by 3% p.a. for a period of 11 years and 7 months, subject to review at future actuarial valuations. The triennial valuation due as at 1 January 2021 for the Irish scheme was completed during the year and it revealed that the funding position had worsened by £152,000 to £381,000. ACCA has agreed to maintain annual contributions for the year ended 31 March 2023 at about £95,000. In respect of other overseas schemes, it is expected that ACCA will contribute on average 9% of pensionable salary in the coming year.

Notes to the Financial Statements
for the year ended 31 March 2023

22 Retirement benefit obligations (continued)

		31 Mar 2023 £'000	31 Mar 2022 £'000
(d)	*Movement in the net liability/(asset) recognised in the statement of financial position*		
	At 1 April	**(518)**	17,816
	Pension costs	**(59)**	338
	Contributions paid	**(2,975)**	(2,961)
	Recognition of actuarial losses/(gains)	**4,414**	(15,704)
	Exchange difference	**9**	(7)
	At 31 March	**871**	(518)

The split for statement of financial position purposes is shown below.

	31 Mar 2023 £'000	31 Mar 2022 £'000
Pension deficit/(asset) on UK Scheme	**620**	(1,110)
Pension deficit on Ireland Scheme	**251**	592
Net liability/(asset) at 31 March	**871**	(518)

(e) *Pension benefits*

Amounts recognised in the statement of financial position to reflect funded status

	31 Mar 2023 £'000	31 Mar 2022 £'000
Present value of funded obligations	**105,673**	148,895
Fair value of plan assets	**(104,802)**	(149,413)
Net liability/(asset) in the balance sheet at 31 March	**871**	(518)

(f) *Change in benefit obligation*

	31 Mar 2023 £'000	31 Mar 2022 £'000
Present value of benefit obligation at 1 April	**148,895**	160,887
Interest on obligation	**3,939**	3,312
Benefits paid	**(3,905)**	(2,803)
Loss/(gain) from change in demographic assumptions	**835**	(918)
Gain from change in financial assumptions	**(47,717)**	(12,543)
Loss from experience	**3,433**	1,004
Exchange difference	**193**	(44)
Present value of benefit obligation at 31 March	**105,673**	148,895

Amounts recognised in the statement of financial position for pensions are predominantly non-current and are reported as non-current liabilities and/or non-current assets as applicable. .

(g) *The defined benefit obligation is split as follows*

	31 Mar 2023 £'000	31 Mar 2022 £'000
Deferred pensioners	**76,376**	112,611
Pensioners	**28,874**	36,284
Former members due benefits as a result of a rules review	**423**	–
Present value of benefit obligation at 31 March	**105,673**	148,895

Notes to the Financial Statements
for the year ended 31 March 2023

22 Retirement benefit obligations (continued)

	31 Mar 2023 £'000	31 Mar 2022 £'000
(h) Change in plan assets		
Fair value of plan assets at 1 April	**149,413**	143,071
Interest income	**3,996**	2,974
Actual return on assets less interest	**(47,863)**	3,247
Actual return on plan assets	**(43,867)**	6,221
Contributions – employer	**2,975**	2,961
Benefits paid	**(3,905)**	(2,803)
Exchange difference	**186**	(37)
Fair value of plan assets at 31 March	**104,802**	149,413

(i) Plan assets

The major categories of plan assets are as follows:

	Fair Value Hierarchy	31 Mar 2023 £'000	31 Mar 2023 %	31 Mar 2022 £'000	31 Mar 2022 %
UK equities		**314**	**0.3**	1,773	1.2
North American equities		**4,145**	**4.0**	24,999	16.7
European equities		**1,044**	**1.0**	5,661	3.8
Japanese equities		**496**	**0.5**	3,042	2.0
Asia Pacific equities		**399**	**0.4**	2,260	1.5
Emerging markets equities		**677**	**0.6**	4,715	3.2
Total equities	Level 2	**7,075**	**6.8**	42,450	28.4
LDIs	Level 2	**50,766**	**48.4**	41,339	27.7
Diversified Growth Funds	Level 2	**388**	**0.4**	12,458	8.3
Bonds	Level 2	**709**	**0.7**	2,916	2.0
Multi Asset Credit Funds	Level 2	**23,422**	**22.3**	35,226	23.6
Property	Level 3	**14,761**	**14.1**	13,753	9.2
Cash and liquidity funds	Level 2	**6,968**	**6.6**	685	0.4
Cash	Level 1	**713**	**0.7**	586	0.4
		104,802	**100.0**	149,413	100.0

Assets are invested in a range of funds operated by Legal & General, Columbia Threadneedle (to September 2022), Royal London Asset Management, CBRE, CVC Credit Partners and M&G (from November 2022) for the UK Scheme and Irish Life for the Irish Scheme. The Trustees believe that investing in a range of funds and investment managers offers the best combination of growth opportunity and risk management. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets. The Trustees have implemented an investment strategy to further diversify and de-risk the scheme. This includes investing in LDIs (Liability Driven Investments) which is a strategy based on the cash flows to fund future liabilities and Multi Asset Credit Funds which can enable trustees to take advantage of credit market opportunities when they arise using a complete array of credit types in a low governance and cost-effective manner.

Notes to the Financial Statements
for the year ended 31 March 2023

22 Retirement benefit obligations (continued)

		31 Mar 2023 £'000	31 Mar 2022 £'000
(j)	*Sensitivity of overall pension liabilities*		
	Increase in liability through 0.25% reduction in discount rate	**4,227**	7,445
	Increase in liability through 0.25% increase in inflation assumption	**2,113**	4,467
	Increase in liability through increase in rate of mortality by 1 year	**3,170**	5,956

The sensitivities are based on the present value of funded obligations.

(k) *Defined benefit obligation trends*

The major categories of plan assets are as follows:

	31 Mar 2023 £'000	31 Mar 2022 £'000	31 Mar 2021 £'000	31 Mar 2020 £'000	31 Mar 2019 £'000
Scheme assets	**104,802**	149,413	143,071	124,379	119,413
Scheme liabilities	**(105,673)**	(148,895)	(160,887)	(142,263)	(151,302)
Scheme (deficit)/surplus	**(871)**	518	(17,816)	(17,884)	(31,889)

	31 Mar 2023 £'000	31 Mar 2022 £'000
23 Trade and other payables		
Trade and other creditors	**15,448**	17,774
Social security and other taxes	**5,932**	5,954
Accrued expenses	**22,540**	22,205
	43,920	45,933

At the year end, all of ACCA's trade and other payables have contractual maturities of within one month.

24 Deferred income

Deferred income	**92,002**	91,146

Deferred income comprises fees and subscriptions from members and future members accounted for in advance, exam fees paid in advance by future members and monitoring contract income paid in advance.

Income recognised in the financial statements in the year includes £91.1m (2022: £88.4m) included within the deferred income balance at the beginning of the reporting period.

Notes to the Financial Statements
for the year ended 31 March 2023

25 Provisions

	31 Mar 2022 £'000	Utilised in year £'000	Released in year £'000	Provided in year £'000	Exchange difference £'000	**31 Mar 2023 £'000**
Legal costs and claims	1,453	(275)	(796)	30	–	**412**
End of service	1,308	(398)	(167)	243	64	**1,050**
Tax	3,546	(923)	(599)	187	–	**2,211**
Restructuring	2,049	(612)	(1,372)	657	–	**722**
Dilapidations	3,953	(108)	(960)	279	(16)	**3,148**
Total	12,309	(2,316)	(3,894)	1,396	48	**7,543**

The legal costs and claims provision is management's best estimate of ACCA's liability relating to the costs associated with ongoing Financial Reporting Council (FRC) investigations and to provisions relating to members and employees. It also includes an estimate for a number of legal claims which are commercially sensitive at this time as well as costs which ACCA may be liable for when undertaking investigations into any ACCA members' conduct relating to the collapse of Anglo-Irish Bank.

The end of service provision is management's best estimate of the potential pay-outs required if and when employees leave the ACCA UAE, Oman, Bangladesh, India, Botswana and Indonesia offices.

The tax provision relates to potential liabilities for transfer pricing, GST and VAT in various jurisdictions throughout the world. As more and more jurisdictions review their tax laws, ACCA continues to manage the settlement of any liabilities with assistance from in-country third party tax advisors.

During the year ACCA continued its strategic efficiency review, and as a result, a number of posts were made redundant. The restructuring provision is management's best estimate of ACCA's liability relating to the costs associated with the roles which were made redundant. During the year many of the employees, who were in 'at risk' posts at the previous year end, were successfully recruited into new posts within ACCA. As a result of the overprovision at March 2022, £1.372m was released back into the consolidated income statement.

The dilapidations provision represents management's best estimate of the costs to restore ACCA's leased buildings to their previously unfurnished states. The majority of the provision relates to the UK, Ireland and China offices. Due to the increase in inflation during the year the discount rate was revised which resulted in an additional £180k being provided at the year end.

26 Currency reserve

	Total £'000
Balance at 31 March 2021	(333)
Currency translation differences	787
Balance at 31 March 2022	454
Currency translation differences	199
Balance at 31 March 2023	**653**

The currency reserve represents the exchange differences arising on the translation of the assets and liabilities of the non-UK subsidiary undertakings and the non-UK branches.

Notes to the Financial Statements
for the year ended 31 March 2023

27 Related party transactions

Balances between ACCA and its subsidiaries have been eliminated on consolidation and are not included in this note. Transactions between ACCA and other related parties are disclosed below.

Relationships

Council members as office holders	Joseph Owolabi (President) Ronnie Patton (Deputy President) Ayla Majid (Vice President)

The office holders receive a small honorarium for each year they serve as an officer. In accordance with the Council Travel and Expenses policy, Council members are reimbursed for any expenses which they directly incur on behalf of ACCA as part of their role as a Council member.

Other Council members (in post during the year ended 31 March 2023)	Maryam Abisola Adefarati, Victoria Ajayi, Susan Allan, Md Arif Al Islam, Liz Blackburn, Carol-Ann Boothe, Anastasia Chalkidou, Natalie Chan, Sharon Critchlow, John Cullen, Cathal Cusack, Orla Collins, Matt Dolphin, Cristina Gutu, Datuk Zaiton Mohd Hassan, Lorraine Holleway, Michelle Hourican, Babajide Ibironke, Dinesh Jangid, Paula Kensington, Gary Kent, Lock Peng Kuan, Trusha Lakhani, Arthur Lee, Dean Lee, James Lizars, Oxana Losevskaya, Philip Maher, Gillian McCreadie, Nauman Asif Mian, Mark Millar, Helen Morgan, Brigitte Nangoyi Muyenga, Mohd Nasir Ahmad, Amos Ng, Ian Ng, Joe O'Regan, Oluwaseyi Oshibolu, Siobhan Pandya, Melanie Proffitt, Marta Rejman, Dani Saghafi, Brendan Sheehan, Sallah-ud-din (Den) Surfraz, Merina Abu Tahir, Jennifer Tan, Dinusha Weerawardane, Ernest Wong, Matthew Wong, Shujuan Yang, Alice Yip and Phoebe Hao Yu
Key management personnel (in post during the year ended 31 March 2023)	Helen Brand (Chief Executive), Alan Hatfield, Julie Hotchkiss, Raymond Jack, Maggie McGhee, and Lucia Real-Martin
Defined benefit pension schemes	The UK and Ireland defined benefit pension schemes are related parties. ACCA's transactions with the defined benefit pension schemes relate to contributions paid to the Schemes (see note 22)

Notes to the Financial Statements
for the year ended 31 March 2023

27 Related party transactions (continued)

	31 Mar 2023 £'000	31 Mar 2022 £'000
Related party transactions		
Honorarium to the office holders	**19**	18
Reimbursement of expenses directly incurred by Council members	**146**	6
Key management personnel are remunerated as shown below		
Salaries and other short-term employee benefits	**2,134**	2,418
Post-employment benefits	**113**	108
	2,247	2,526

The post-employment benefits are the pension contributions payable for those Executive Board members who are members of the defined contribution pension scheme. At the year-end three (2022: two) members of the Executive Board receive an allowance in lieu of pension contributions. The value of those allowances is included in 'Salaries and other short-term employee benefits'.

	Owed	Owed
Related party balances		
Bonuses payable to key management personnel	**394**	413

Notes to the Financial Statements
for the year ended 31 March 2023

28 Principal undertakings

The Association of Chartered Certified Accountants is the principal undertaking and is incorporated by Royal Charter. It is registered in England & Wales and is limited by guarantee. It is a global professional accountancy body.

Subsidiary undertakings

The principal subsidiary undertakings, all 100% owned, which are included in the consolidated financial statements, are as follows:

	Country of registration	Beneficial holding	Nature of business
Certified Accountants Investment Company Limited	England & Wales	Ordinary shares	Investment company
The Certified Accountants Educational Trust	England & Wales	Charitable trust	Educational charity
Certified Accountants Educational Projects Limited	England & Wales	Ordinary shares	Provider of educational supplies and services
Certified Accountant (Publications) Limited	England & Wales	Ordinary shares	Publisher of *Accounting & Business*
Seacron Limited	England & Wales	Ordinary shares	Vehicle for ACCA's operations in China
Strategic Educational Professionals Pte Ltd	India	Ordinary shares	Vehicle for ACCA's operations in India
ACCA Malaysia Sdn. Bhd.	Malaysia	Ordinary shares	Vehicle for ACCA's operations in Malaysia
ACCA Mauritius	Mauritius	Limited by guarantee	Vehicle for ACCA's operations in Mauritius
ACCA Pakistan	Pakistan	Limited by guarantee	Vehicle for ACCA's operations in Pakistan
ACCA Singapore Pte Ltd.	Singapore	Ordinary shares	Vehicle for ACCA's operations in Singapore
ACCA South Africa	South Africa	Limited by guarantee	Vehicle for ACCA's operations in South Africa
Seacron Educational Nigeria Ltd	Nigeria	Ordinary shares	Vehicle for ACCA's operations in Nigeria
ACCA (Shanghai) Consulting Co. Ltd	China	Paid-in capital	Vehicle for ACCA's operations in China
ACCA Canada	Canada	Limited by guarantee	Vehicle for ACCA's operations in Canada
ACCA Romania	Romania	Limited by guarantee	Vehicle for ACCA's operations in Romania
ACCA Malawi Ltd	Malawi	Limited by guarantee	Vehicle for ACCA's operations in Malawi
ACCA Australia and New Zealand Ltd	Australia	Limited by guarantee	Vehicle for ACCA's operations in Australia

Notes to the Financial Statements
for the year ended 31 March 2023

28 Principal undertakings (continued)

	Country of registration	Beneficial holding	Nature of business
ACCA Russia Ltd	England & Wales	Ordinary shares	Vehicle for ACCA's operations in Russia
ACCA Ventures Ltd	England & Wales	Ordinary shares	Vehicle for providing online courses
ACCA Tanzania	Tanzania	Limited by guarantee	Vehicle for ACCA's operations in Tanzania
ACCA Turkey	Turkey	Ordinary shares	Vehicle for ACCA's operations in Turkey
ACCA Botswana	Botswana	Limited by guarantee	Vehicle for ACCA's operations in Botswana
ACCA Kenya	Kenya	Limited by guarantee	Vehicle for ACCA's operations in Kenya
ACCA Global Ltd	England & Wales	Ordinary shares	Vehicle for ACCA's operations in Nepal, Poland and Kazakhstan
ACCA Ghana	Ghana	Limited by guarantee	Vehicle for ACCA's operations in Ghana
ACCA Zambia	Zambia	Limited by guarantee	Vehicle for ACCA's operations in Zambia
Certified Accountants Educational Trustees Ltd	England & Wales	Ordinary shares	Corporate trustee for CAET
Certified Nominees Ltd	England & Wales	Ordinary shares	Corporate director for ACCA companies
ACCA Global Vietnam Company Limited	Vietnam	Ordinary shares	Vehicle for ACCA's operations in Vietnam

It should be noted that the directors of the England & Wales subsidiaries above (excluding Certified Accountants Investment Company Limited and Certified Accountants Educational Trust), have chosen not to have those subsidiary financial statements audited as they are eligible for audit exemptions under S479A of the UK Companies Act 2006 utilising a parental guarantee from ACCA or under S480 of the UK Companies Act 2006 relating to dormant companies.

Other undertakings

ACCA holds a 20.2% holding in The Consultative Committee of Accountancy Bodies Limited (a company registered in England & Wales) at a cost of £202, held in furtherance of its professional objectives.

Notes to the Financial Statements
for the year ended 31 March 2023

29 Contingent liabilities

Overseas taxation

ACCA has undertaken a comprehensive review of overseas markets where legislative changes affecting remote sellers may result in a tax exposure. Where ACCA has identified areas where we consider there is tax exposure, we engage with the appropriate authorities and have raised provisions for the resolution of these matters as appropriate. Although this is a continuous and ongoing exercise, given the increased scale of digital taxes internationally and the reach of ACCA it is possible that there are jurisdictions who have enacted localised rules where ACCA will be exposed to additional tax liabilities, some of which may have historic application, with interest and penalties thereon. At this stage this remains speculative and it is neither possible to predict nor quantify this liability.

30 Cash flow statement

		31 Mar 2023 £'000	31 Mar 2022 £'000
(a)	*Cash generated from operations*		
	Surplus/(deficit) before tax	**3,879**	(862)
	Adjustments for:		
	Depreciation on property, plant and equipment	**6,325**	8,243
	Amortisation of intangible assets	**701**	1,345
	Loss on disposal of property, plant and equipment	**12,769**	101
	Realised loss/(gain) on sale of investments	**789**	(102)
	Unrealised losses on investments	**11**	1,145
	Interest received	**(416)**	(49)
	Dividends received	**(929)**	(722)
	Pension costs – net interest (receivable)/payable	**(59)**	338
	Interest paid	**456**	365
	Interest expense for leasing arrangements	**502**	903
	Interest expense on dilapidations provision	**275**	126
	Pension contributions paid	**(2,975)**	(2,961)
	Incentive payment in relation to lease termination	**4,000**	–
	Changes in working capital (excluding the effects of exchange differences)		
	Derivative financial instruments	**960**	(1,404)
	Trade and other receivables	**4,686**	13,176
	Trade and other payables	**(2,013)**	(274)
	Deferred income	**856**	2,795
	Lease creditors	**(14,056)**	875
	Provisions	**(4,814)**	2,025
	Cash generated from operations	**10,947**	25,063

(b) *Disposal of property, plant and equipment*

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2023	2022
Net book amount	**12,773**	768
Loss on disposal of property, plant and equipment	**(12,769)**	(101)
Proceeds from disposal of property, plant and equipment	**4**	667

Corporate Governance Statement
for the year ended 31 March 2023

The *UK Corporate Governance Code*

Council is committed to the highest standards of corporate governance. It supports the framework for corporate governance in the UK set out in the *UK Corporate Governance Code* as revised and re-issued by the UK Financial Reporting Council (FRC) in 2018. Council's Nominating and Governance Committee is charged with ensuring that ACCA follows best global practice. Council confirms that, although the *UK Corporate Governance Code* relates to UK listed companies and ACCA is not obliged to comply, and does not comply, with it, ACCA nevertheless follows its guidance as far as this is, in Council's opinion, relevant to ACCA.

Principles of good governance

Council and the Chief Executive
Council is the governing body of ACCA and therefore has a key role in ACCA affairs. Its fundamental purpose is to ensure that ACCA delivers the objectives stated in the Royal Charter. Council's terms of reference highlight its responsibility for determining ACCA's strategic policy objectives and for monitoring the organisation's performance in relation to its strategic plan and annual budget. It delegates certain aspects of this function to Council Board, committees and task forces which operate under its overall guidance and report to it. The Chief Executive manages ACCA's activities and services in accordance with the framework set by Council and reports progress and performance against clear and agreed financial and non-financial measures. Detailed written terms of reference for Council, Council Board and Committees are published and regularly updated.

Council has adopted a Code of Practice for Council members. This Code of Practice, a link to which is circulated to members with the material for the Annual General Meeting (AGM), applies to Council members when acting in their capacity as Council members and provides a framework for the operation of Council's business. Council is a collegial body and expects all of its members to recognise their collective responsibilities and to comply with the Code. Whatever their geographical or sectoral bases, Council members do not represent particular areas or functions. At 31 March 2023 Council had 45 volunteer members. They are all subject to re-election every three years, for a maximum of three terms. The immediate past president also attends Council. They have a wide-ranging remit geared to providing strategic direction for ACCA. Council members examine issues of broad and long-term importance to ACCA and establish ACCA's position on global industry developments as they arise. Following the 2022 AGM, Council now has members from 19 different countries, reflecting the diversity of ACCA and its members. Profiles of Council members are available on the ACCA website at accaglobal.com

The office holders (Officers) of ACCA are the President (Joseph Owolabi), the Deputy President (Ronnie Patton) and the Vice President (Ayla Majid). The incoming Vice President is elected by Council from among its members by ballot each year. Council then formally elects each of the Officers at its first meeting following the AGM, which this year will be held in November. In the normal course of events, in the two succeeding years Council elects the Vice President to serve as Deputy President and then President of ACCA.

Diversity
ACCA supports greater diversity in the composition of boards not only in terms of gender, but also in background and experience.

Council, Board and Committee induction
All newly-elected Council members attend an initial induction session, usually arranged around the AGM. The induction session gives new Council members the chance to find out more about the structure of ACCA, the development of its strategy, and any key issues which are currently before Council. The session is chaired by the President, and new Council members have the opportunity to ask questions of the Officers, the Chief Executive and senior staff.

Corporate Governance Statement
for the year ended 31 March 2023

Principles of good governance (continued)

Mentoring

Every newly-elected Council member is assigned a 'mentor' for their first year on Council. The mentor, an existing member of Council, is responsible for providing guidance to the new Council member, is available to advise on Council's processes and procedures, and can provide background to the issues debated by Council. The guidelines for the mentoring process are available on request from ACCA.

Performance appraisal

Council members are subject to an annual performance appraisal process. They complete self-assessment questionnaires, in which they are asked to consider their performance in relation to the skills sets required of Council members and the positivity of their voluntary contribution to ACCA. All questionnaires are reviewed by the President and Chief Executive who decide whether further counselling is needed. A review of the overall process, and in particular of any common themes which may have been identified, is provided at a Council meeting.

Importantly, the self-assessment process invites Council members to identify any areas in which they feel they need further training. Responses form the basis of a training plan (to be developed on an individual or group basis) which will address the identified needs. In addition, training on areas such as presentation skills, media awareness and committee chairing is on offer to all Council members.

Council members' interests

The Officers receive a small honorarium for each year they serve as an officer. No other member of Council has received any payment in respect of services to Council, other than by way of reimbursement or payment of expenses incurred in providing such services. A copy of the expenses policy is available to members on request from ACCA. Details of material transactions between ACCA and its subsidiaries, and related parties (including members of Council) are provided in the notes to the accounts.

Council maintains a Register of Members' Interests which contains details, for each Council member, of any personal or business interests which might give rise to a potential conflict of interest or duty or which might influence the way in which he or she might vote on Council's affairs. The Register is reviewed annually, usually in August, when Council members are asked to review and update their entries. New Council members are asked to complete a declaration for the Register as part of their induction to Council and a declaration is also made at every meeting.

Council meetings

During the year there were four meetings of Council.

Statement of Council's responsibilities

Although not required to do so, either by the Royal Charter or by UK statute, Council has elected to prepare financial statements under UK-adopted International Accounting Standards, which give a true and fair view of the state of affairs of ACCA and its subsidiaries at the end of each accounting period and of the results for the period.

In preparing these financial statements, Council ensures that:

- suitable accounting policies are selected and applied consistently;
- reasonable and prudent judgements and fair accounting estimates are made;
- UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are correctly prepared on the going concern basis.

Council considers that the Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for members to assess ACCA's performance, business model and strategy.

Corporate Governance Statement
for the year ended 31 March 2023

Statement of Council's responsibilities (continued)

Council has delegated to the Chief Executive and the senior staff its responsibility to keep proper accounting records, that are sufficient to show and explain ACCA's transactions and which disclose with reasonable accuracy at any time the financial position of ACCA, to safeguard its assets and to take reasonable steps for the prevention and detection of fraud and other irregularities.

ACCA's Integrated Report sets out details of the business risks which ACCA faces and its performance and strategy in addressing these. During 2022-23, ACCA established strategic targets, which were agreed by Council Board, and also established measures against the Strategy to 2025 which formed the basis for developing five-year financial projections and were used to develop the 2023-24 budget. Council Board approved the 2023-24 budget in February 2023, which contained the detailed financial assumptions, allocations and targets to deliver the 2023-24 Strategic Delivery Plan. Despite the global uncertainty Council remains satisfied that ACCA has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be adopted in preparing the financial statements.

Internal control

Council is responsible for ensuring that a system of internal control is maintained; no system can, however, provide absolute assurance against material misstatement or loss. ACCA's strategy is determined by Council. Financial and non-financial performance is reviewed regularly against target. Regular internal audit reviews of key processes in ACCA's offices are carried out by a combination of internal staff and external consultants.

Relations with members

The AGM, held annually in November or at such other time as Council determines (subject to there being not more than 15 months between AGMs), is the formal platform for communications with members. Member networks provide the opportunity for communications between ACCA and its members at a local level, throughout the world. Members are encouraged to take part in a wide range of business and social events. Council also distributes to all members an annual review of activities together with a summary of financial and other information. As in recent years the annual review will take the form of an Integrated Report.

Council is responsible for the oversight and integrity of the corporate and financial information included on ACCA's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Governance structure

The current structure has evolved over the years. Council continues to review regularly the roles, responsibilities and effectiveness of Council, Council Board, Regulatory Board and Committees to ensure that they remain fit for purpose. Council has established a number of committees to support it in delivery of its responsibilities to maintain the highest standards of corporate governance.

Council Board

The Council Board was established during the year ended 31 March 2020. It normally meets six times a year and has responsibility for the holistic oversight of the implementation of ACCA's strategy and to support agile decision making. During the year there were six meetings which took place virtually.

Corporate Governance Statement
for the year ended 31 March 2023

Council Board (continued)

The members of the Council Board during the year and their attendance at meetings were:

		Meetings attended
Chairs:	Joseph Owolabi, FCCA CIA PMIIA MAICD (from 10/11/22)	2/2
	Orla Collins, FCCA LCI QFA MSc (to 10/11/22)	4/4
Other members:	Mohd Nasir Ahmad, FCCA CA(M) MBA (Finance) (to 10/11/22)	4/4
	Susan Allan, FCCA (to 10/11/22)	4/4
	Helen Brand, BA OBE	6/6
	Ayla Majid, FCCA (from 10/11/22)	2/2
	Joseph Owolabi, FCCA CIA PMIIA MAICD (to 10/11/22)	4/4
	Ronnie Patton, FCCA MBA ADE FHEA	6/6
	Melanie Proffitt, FCCA (from 10/11/22)	2/2
	Brendan Sheehan, FCCA (from 10/11/22)	2/2
	Alice Yip, FCCA HKICPA CIA FHKIoD	5/6

The Council Board also includes the following non-Council members who were appointed following a global search and who bring diverse insights from their extensive global careers.

	Anand Aithal	4/6
	Daryl Fielding	6/6

Details of the terms of reference for the Council Board are available from secretariat@accaglobal.com

Nominating and Governance Committee

Nominating and Governance Committee is responsible for making recommendations to Council for appointments to Council, Council Board, standing committees and task forces, Council representation to International Assembly, Regulatory Board, and trustees of the pension scheme, including independent members. The Committee also identifies and endorses ACCA's member nominations to key external organisations. The Committee also has direct responsibility to develop and keep under review succession planning arrangements for ACCA's Officers and committee chairs and to play a proactive role in the identification of potential Council members. Appointments to committees are made annually by Council. The Committee will pursue continual improvement in governance design in ACCA in order to reflect best global practice. It gives ACCA a standing mechanism for reviewing governance design and planning in the short, medium and long term. This provides clear lines of sight between the development and implementation of ACCA's strategy and how ACCA's governance structures might need to evolve to support the delivery of strategy in the future.

The members of Nominating and Governance Committee during the year and their attendance at meetings were:

		Meetings attended
Chairs:	Joseph Owolabi, FCCA CIA PMIIA MAICD (from 10/11/22)	1/1
	Orla Collins, FCCA LCI QFA MSc (to 10/11/22)	1/1
Other members:	Liz Blackburn, FCCA (from 10/11/22)	1/1
	Orla Collins, FCCA LCI QFA MSc (from 10/11/22)	1/1
	Sharon Critchlow, FCCA CFP Chartered FCSI	2/2
	Michelle Hourican, FCCA MSc CIPPe (from 10/11/22)	1/1
	Ayla Majid, FCCA (from 10/11/22)	1/1
	Mark Millar, FCCA CA (CA ANZ) FHFMA (to 10/11/22)	1/1
	Joseph Owolabi, FCCA CIA PMIIA MAICD (to 10/11/22)	1/1
	Siobhan Pandya, FCCA (to 10/11/22)	1/1
	Ronnie Patton, FCCA MBA ADE FHEA	2/2
	Arthur Lee, FCCA HKICPA ACMA CPA (to 10/11/22)	1/1
Non-Council member	Anand Aithal	2/2

Details of the terms of reference for Nominating and Governance Committee are available from secretariat@accaglobal.com

Corporate Governance Statement
for the year ended 31 March 2023

Audit Committee

A separate Report from the Audit Committee has been presented at pages [54 to 57]. This is in accordance with the revised ISA (UK) 700 Audit Report which was issued in 2019 and updated in January 2020.

Remuneration Committee

Remuneration Committee is responsible for determining and agreeing a policy framework for the remuneration of the Chief Executive and senior staff that is clearly aligned to the delivery of ACCA's strategic objectives. This is achieved by rewarding senior staff for high standards of performance and their contribution to the success of ACCA whilst ensuring that the framework adheres to the principles of good corporate governance. The Committee currently consists of eight members of Council and an external adviser.

The Committee's work plan during 2022-23 included: a review of succession planning arrangements for the senior management team; a benchmark review of remuneration within the scope of the Committee; a review of the components and objectives of the senior management reward scheme; and consideration of ACCA's people strategy as a whole.

The Committee has also taken external independent advice from reward consultants Aon. This advice related to external benchmarking data and market practice.

The Committee will be required to use their discretion and report on whether the remuneration policy operated as intended and what (if any) changes were required.

The Chief Executive, the Secretary (in his role as Secretary to the Committee) and other members of staff may attend meetings at the invitation of the Committee Chair. No Executive is present when their own remuneration is discussed.

The members of Remuneration Committee during the year and their attendance at meetings were:

		Meetings attended
Chair:	Datuk Zaiton Mohd Hassan, FCCA (from 10/11/22)	0/0
	Melanie Proffitt, FCCA (to 10/11/22)	2/2
Other members:	Victoria Ajayi, FCCA (from 10/11/22)	0/0
	Natalie Chan, FCCA CFA	2/2
	Sharon Critchlow, FCCA CFP Chartered FCSI (from 10/11/22)	0/0
	Cristina Gutu, FCCA DipIFR CPC (from 10/11/22)	0/0
	Datuk Zaiton Mohd Hassan, FCCA (to 10/11/22)	2/2
	Dean Lee, FCCA (to 10/11/22)	2/2
	Nauman Asif Mian, FCCA ACA CIA (from 10/11/22)	0/0
	Ayla Majid, FCCA (to 10/11/22)	2/2
	Siobhan Pandya, FCCA	2/2
	Ernest Wong, FCCA FCA FCPA CFA MSc (Oxon) (from 10/11/22)	0/0
	Matthew Wong, FCCA (to 10/11/22)	2/2
External adviser	Jackie Waller	2/2

Details of the terms of reference for Remuneration Committee are available from secretariat@accaglobal.com

Corporate Governance Statement
for the year ended 31 March 2023

Regulatory Board

ACCA's Regulatory Board brings together all of ACCA's public interest oversight functions into a single entity. The Board's public interest role sits at the heart of ACCA's oversight structure and it provides independent oversight over all of ACCA's public interest oversight functions – complaints and discipline, education and learning, examinations, licensing monitoring and professional and ethical standards.

The Regulatory Board is supported in its work by three sub-boards; the Appointments, Qualifications and Standards Boards. Each is constituted as a self-standing board, with each having - with the exception of the chair who is appointed by the Regulatory Board and drawn from its membership - separate personnel to the Regulatory Board to enable the Regulatory Board to take a more detached view of the work of the sub-boards.

The remit of the Regulatory Board is to provide independent oversight of ACCA's regulatory arrangements for complaints and discipline, education and learning, examinations, licensing and practice monitoring, and to report to ACCA's Council on the fairness and impartiality of these activities. Placing oversight of ACCA's regulatory arrangements at 'arm's length' from the governance of its other activities helps to demonstrate to stakeholders that ACCA's arrangements are operated impartially, with integrity and in the public interest. The Regulatory Board comprises an independent Lay (ie non-accountant) Chair, five lay members and two members of ACCA's Council.

The Regulatory Board is supported in its oversight activities by its three sub-boards:

- Appointments Board – is responsible for the appointment, assessment and removal of panel members (including chairs), disciplinary assessors, regulatory assessors and legal advisers that are required for a robust disciplinary and regulatory process. The Board has four members, including a Regulatory Board-appointed lay chair, and is entirely composed of lay members to ensure that the appointment of disciplinary and regulatory chairs, committee members, assessors and legal advisers remains at furthest possible arm's length from Council.
- Qualifications Board – is responsible for general oversight of ACCA's education and learning framework and examination arrangements. This includes ratification of the examination results and other matters relating to the integrity of the qualifications process. The Board has six members and comprises a Regulatory Board-appointed chair, three lay members and two Council members.
- Standards Board – is responsible for ensuring ACCA's *Rulebook* is compliant with ACCA's statutory obligations, Privy Council requirements and rule change decisions by Council, by providing the detailed scrutiny and due diligence to the proposed changes to ACCA's rules, regulations and the code of ethics and conduct. The Board has four members and comprises a Regulatory Board-appointed chair, two lay members and a Council member.

The members of the Regulatory Board during the year and their attendance at Board meetings were:

		Meetings attended
Chair:	Lucy Winskell, OBE DL	4/4
Lay members:	Richard Cooper, IEE/IET	4/4
	Amin Dawuda BA (Hons)	3/4
	William Matthews, C.Eng, MIET, MCIM	4/4
	Nora Nanayakkara, BA MBA	4/4
	Tom Spender, LLB	4/4
Members from Council:	Liz Blackburn, FCCA Chartered MCSI (from 10/11/22)	2/2
	Sharon Critchlow, FCCA APFS Chartered MCSI FRSA (to 10/11/22)	2/2
	Den Surfraz, FCCA	3/4

Profiles of the Board members can be found on ACCA's website (accaglobal.com). The Regulatory Board's Terms of Reference are also available from ACCA's website at Regulatory board | ACCA Global

Lay members receive a small retainer and an attendance fee per meeting.

The Regulatory Board and its sub-boards are supported internally by the ACCA Secretariat.

Corporate Governance Statement
for the year ended 31 March 2023

International Assembly

ACCA's International Assembly is a diverse representative group of ACCA members whose role is to provide input into strategy and development through its advisory role to Council. The International Assembly was formed in recognition of ACCA's growth with an increasingly diverse and mobile membership. There are 54 representatives on the International Assembly, representing all regions where there are ACCA members. The International Assembly meets once a year, at an appropriate point in the period September to November when the meeting is timed to enable Council and Assembly members to meet virtually and interact in a joint discussion session and in addition, the Assembly met again virtually at the mid-point in the year to increase engagement.

Details of the terms of reference of the International Assembly are available on request from ACCA.

Senior management and remuneration

The chief executive and five executive directors (year ended 31 March 2022: five) form the Executive Board and are responsible for the day-to-day management of ACCA on behalf of Council and for the implementation of Council policy.

The total salary (including bonus and allowance paid) and benefits of the chief executive in the year ended 31 March 2023 was £507,386 (year ended 31 March 2022: £435,308). This includes a fixed non-pensionable allowance in lieu of pension benefits for the chief executive – see 'Pensions and Benefits' below.

When reviewing the salaries of the members of the Executive Board, the Remuneration Committee takes into account the salary increases applying to the rest of the workforce and external benchmark data. External benchmark data is obtained on pay in other professional membership associations (including a subgroup of accountancy associations) and general industry data for organisations of a similar size.

ACCA utilises contribution-based pay where employees' salaries are reviewed based upon their performance in role and position in range.

The base salaries of the chief executive and executive directors at 31 March 2023 and 31 March 2022 are shown below on a banded basis.

	Number of employees (2022-23)	Number of employees (2021-22)
£370,000 - £399,999	1	1
£250,000 - £279,999	1	1
£220,000 - £249,999	4	4

Pensions and Benefits

The chief executive and executive directors in the defined benefit pension scheme ceased accruing benefits in July 2013 at which point all employees were provided with defined contribution benefits from the UK's existing defined contribution pension plan. The decision to close the defined benefit pension scheme reflected the need to ensure that the benefits delivered are sustainable for the longer term.

Two of the Executive Board are contributing members of the defined contribution pension plan in the UK. All employees close to the lifetime allowance may elect to take a non-consolidated cash allowance in lieu of employer pension contributions and three Executive Board members, including the chief executive, have previously made this election.

All UK employees (including the Executive Board UK members) can receive up to 9% of salary as an employer contribution (dependent on an employee contribution of at least 6% of salary) and are able to participate in the flexible benefits offering which is available to all ACCA UK-based employees.

Corporate Governance Statement
for the year ended 31 March 2023

Pensions and Benefits (continued)

It is ACCA's policy to provide the following Group funded benefits to each UK member of the Executive Board:

- Private Healthcare (family cover)
- Bi-annual Health screening
- Group income protection
- Life insurance
- Critical illness cover

The non-UK members of the Executive Board are provided with similar benefits, as applicable, aligned to their geographic location.

Executive Board Reward Plan

On an annual basis, the Remuneration Committee uses the corporate strategic measures and targets agreed by Council Board to determine the reward plan for the Executive Board for that year. This arrangement is structured to reward behaviour and performance that is appropriate for ACCA and focus the organisation on those elements of ACCA's Strategy which Council Board believes require the greatest focus at a particular point in time.

Under the reward plan, members of the Executive Board are eligible to receive a maximum payment of 25% of base salary per annum of which 21% is assessed against ACCA performance over the financial year and the remaining 4% is determined by personal performance. The Remuneration Committee determines the level of award up to 21% achieved against ACCA targets for all executive directors alongside the level of award against personal targets for the chief executive. In turn, the chief executive determines how much of the 4% personal performance award is allocated to each of the executive directors. The chief executive is not present when her remuneration is discussed.

This is a fair, transparent reward approach which has been created in line with ACCA's reward principles, supporting the achievement of our strategy and assessing performance over a meaningful period that reflects our focus on sustained performance, suitable for a long-term business. The basis of the award is transparent through the use of relevant and measurable performance targets, which are subject to external assurance and are clearly linked to driving value.

The Remuneration Committee has complete and sole discretion to moderate (up or down – including to 0%) the level of award determined if it does not believe the level adequately reflects underlying corporate performance or for any other reason.

Employee Disciplinary Arrangements

A legal review of the employment contracts in place for senior staff has previously been undertaken to assess them against the fundamental principles of the ACCA Code of Ethics. The review confirmed that current employment contracts are consistent with all of the code's principles and in terms of employment law are in line with best practice in all material respects.

The review, which ACCA still considers relevant, established unequivocally that appropriate arrangements are in place to address any disciplinary issues which may arise.

Employees

ACCA is committed to ensuring that employees are engaged in their work and committed to ACCA's goals and values. Further details about ACCA's commitments to and engagement with staff are included in ACCA's Integrated Report.

Corporate Governance Statement
for the year ended 31 March 2023

ACCA's commitments to Sustainable Development

ACCA's purpose, values and strategy to 2025 already closely align to the UN Sustainable Development Goals (SDGs). In December 2020, ACCA set out its commitments to the SDGs, which will be delivered by 2030 in line with the UN's decade of action.

ACCA believes that it can make the most significant contribution by supporting and empowering our proud, connected community. It is in a strong position to positively influence governments, policy makers and regulators on sustainability matters, and develop the profession in alignment with the SDGs. Commitments are being made as an employer and in relation to operations, including the commitment to becoming Net Zero by 2030.

In March 2021, ACCA agreed its approach to embedding the commitments and using them to inform how the strategy is delivered. During the year ended 31 March 2023, ACCA started to build a holistic picture of existing and planned cross-organisation activity and use this to identify synergies and opportunities. As this is developed, the Integrated Report will be used to update stakeholders on progress against these commitments. Further details can be found in this year's Integrated Report.

Climate Change Disclosures

Legislation now exists in the UK for all large companies to provide information in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations for accounting periods starting on or after 6 April 2022. While ACCA is currently not in scope for reporting in relation to this, it will consider the climate reporting requirements, how it identifies and responds to climate-related issues and assess any potential impact on future financial statements as reporting in this area evolves.

General Data Protection Regulation (GDPR)

ACCA has policies, privacy statements and procedures to comply with the GDPR and provides training to all staff as appropriate.

Council members' confirmation

In so far as each of the Council members are aware, they have taken all the steps that they ought to have taken to make themselves aware of any relevant information needed by ACCA's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Council members are not aware of any relevant audit information of which the auditor is unaware.

Report from the Audit Committee
for the year ended 31 March 2023

Role of the Committee

The Audit Committee reports to the Council Board and its activities are guided by terms of reference approved by Council.

The Committee provides oversight of the financial information published by ACCA, ensuring that appropriate internal controls and processes are in place to safeguard the integrity of that information. The Committee also oversees the relationship with the external auditor, ensuring that appropriate processes are in place for the appointment and remuneration of the auditor and that the auditor's independence is not compromised. The Committee is also responsible for reviewing the effectiveness of ACCA's risk management processes and processes for ensuring compliance with governance arrangements across its operations globally.

The Chair of the Committee provides an annual report to Council and reports to the Council Board following each meeting on the Committee's activities, both carried out and planned.

Details of the terms of reference for Audit Committee are available on request from ACCA.

Committee membership

Susan Allan chairs the Audit Committee. She is a fellow of ACCA and has been a member of Council since 2014. Susan is the finance director for Willerby Holiday Homes, a privately owned business in the UK of 70 years' standing. Before this, she was head of finance at DFS, where she led the commercial business partnering team and also helped float the company on the UK stock exchange. Council therefore considers that she has had recent relevant financial experience. The remaining Committee members, noted below, are all fellows of ACCA and also have extensive business experience.

The members of Audit Committee during the year and their attendance at meetings were:

		Meetings attended
Chairs:	Susan Allan, FCCA (from 10/11/22)	1/1
	Brendan Sheehan, FCCA (to 10/11/22)	2/2
Other members:	Carol-Ann Boothe, FCCA CPA CGMA CGFM (to 10/11/22)	2/2
	Michelle Hourican, FCCA MSc CIPPe	3/3
	Babajide Ibironke, FCCA FCA FCTI F.I.o.D	3/3
	Paula Kensington, FCCA (to 10/11/22)	2/2
	Lock Peng Kuan, C.A. (M), FCCA, CPA (Cambodia), BA (UK), CMIIA	3/3
	Oxana Losevskaya, FCCA	3/3
	Philip Maher, FCCA (from 10/11/22)	1/1
	Gillian McCreadie, FCCA (from 10/11/22)	1/1
	Marta Rejman, FCCA	3/3

The Audit Committee met three times during the year.

Appointments to the Committee are made by the Nominating and Governance Committee and are for a one-year term. The Chair of the Committee may serve for a maximum of three years. Meetings are scheduled to ensure that matters in Council's annual work plan which relate to Audit Committee responsibilities are considered on a timely basis.

Both the external auditor and the Head of Internal Audit have direct access to the Chair and are entitled to attend Committee meetings.

Report from the Audit Committee
for the year ended 31 March 2023

Committee membership (continued)

In making appointments to the Audit Committee, Nominating and Governance Committee considers the following specific skills criteria:

- experience in the operations of a large and complex organisation
- extensive knowledge and experience of ACCA's strategies and activities
- knowledge and experience of risk management and internal control processes
- suitably inquisitive nature to ensure that matters before the Committee are subject to appropriate and robust scrutiny
- recent experience/knowledge of current financial reporting/auditing standards
- awareness of good corporate governance practices
- experience of working with an Audit Committee.

Significant issues related to the financial statements

The Committee considered the following matters, which it considers to be significant, in its review of the financial statements. In arriving at its view of these matters, the Committee made appropriate challenges of management to receive the required assurances.

- **Revenue recognition, including the completeness, existence and accuracy of income recognised in the year** – ACCA's main income is derived from subscription income and examination income. A key risk is that recognition of those income streams is incorrect due to timing differences in the key business processing dates and the financial year-end. Following the implementation of IFRS 15 *Revenue from Contracts with Customers* the Committee has challenged management that proper processes are in place to ensure that income is recognised in the correct period. The Committee has also placed reliance on the historic accuracy of income cut-off and an adjustment to income is made each year which reflects the anticipated value of income reversed due to the removal of members and future members. Due to the impacts of inflation and other macro-economic issues, the Committee challenged management in relation to IFRS 9 *Financial Instruments* and the possibility of higher expected credit losses. Under IFRS 9, ACCA has reviewed its expected credit losses in relation to members and future members being unable to pay fees and subscriptions and is satisfied that the level of expected credit losses is appropriate. Based on scrutiny by the Committee, it is satisfied that these removals relate mainly to members and future members billed in advance of services being provided. The Committee agrees with management's representation of income.
- **Valuation and presentation of retirement benefit scheme assets and liabilities** – the assumptions used by management for the IAS 19 valuation are derived in consultation with ACCA's external pension consultant. The consultant undertakes appropriate benchmarking to ensure that the assumptions fall within an acceptable range. Accounting disclosures required by IAS 19 are provided by the Scheme Actuaries of the UK and Irish Schemes using the assumptions agreed by management. Those accounting disclosures are reviewed by the pension consultant for reasonableness. The Committee is satisfied that the reliance of management on the pension consultant and Scheme Actuaries results in appropriate accounting for and disclosure of pension matters.
- **Going concern** – Management has continued to consider ACCA's ability to continue as a going concern and how that impacts the financial statements of ACCA. The Committee challenged management in their accounting and assessment of going concern on the financial statements which includes:
  - Appropriateness of going concern in the preparation of financial statements in accordance with IAS 1 *Presentation of Financial Statements*
  - Changes in expected credit losses on financial assets in accordance with IFRS 9 *Financial Instruments*.
  - Sensitivities of key performance drivers such as recruitment, retention and exam entries
  - Potential impact of contingent tax liabilities or further disposal of leases
  - Impacts of inflation, interest rate increases and other macro-economic issues
  - Other considerations such as breach of the terms of contracts and effect of changes in circumstances which may affect recognition and measurement of revenue, deferred tax liabilities, as well as disclosure and presentation of financial statements

Based on the evidence provided and audit scrutiny the Committee is satisfied with the approach adopted by management and that the financial statements can be prepared on the going concern basis.

Report from the Audit Committee
for the year ended 31 March 2023

External Audit

In keeping with good governance practice, ACCA's policy is to conduct a tender for the provision of external audit services every five years. Grant Thornton UK LLP were proposed for reappointment in July 2020 following a tender process and ratified by Council, in line with bye-law 40. They were formally reappointed at the 2020, 2021 and 2022 Annual General Meetings.

Prior to recommending reappointment to Council, the Committee undertakes a detailed performance review of the external auditor, which includes consideration of the FRC Audit Quality Review reports as available. A resolution regarding reappointment is considered at each AGM.

Auditor's independence, effectiveness and objectivity

The Audit Committee monitors non-audit services being provided to ACCA by the external auditor to ensure that any services provided do not impair their independence or objectivity. All non-audit services are required to be pre-approved by the Chair of the Committee if the value is above £10k or 20% of the estimated annual level of the Auditor's fee. Details of the amounts paid to the external auditor and other advisors during the year for the audit of ACCA, its pension schemes, additional services relating to the audit of the corporate key performance indicators and non-audit services are set out in note 12 to the financial statements.

The Audit Committee is responsible to Council for ensuring that the external auditor remains independent of ACCA in all material respects and that they have adequate resources available to them to enable the delivery of an objective audit to the membership.

The external auditor is required to rotate the audit partner responsible for ACCA audits in accordance with Financial Reporting Council (FRC) guidance.

Risk management

Audit Committee, as delegated by Council, has responsibility for reviewing the effectiveness of the internal controls established by management including the risk management process. The Executive Board has responsibility for designing, implementing and maintaining systems consistent with this policy. The Executive Board does this through a process of delegating to ACCA management the responsibility for identifying, assessing and reporting risks, and recording results in a hierarchy of risk registers. Risk registers are regularly reviewed by the Executive Board and, where appropriate, risks are escalated to the overarching Corporate Risk register. The Audit Committee reviews the Corporate Risk register at each meeting.

These procedures are designed to identify and manage those risks that could adversely impact the achievement of ACCA's strategy and objectives. While they do not provide absolute assurance against material misstatements or loss, Council is of the opinion that proper systems of risk management and internal control are in place within ACCA.

Internal Audit

Representatives from ACCA's Internal Audit function are invited to attend each Audit Committee meeting where assurance is provided that internal control activities, which have been subject to audit, are operating effectively.

Internal Audit produces a risk based annual plan which sets out its priorities and audit programme for the year ahead. The key driver of the plan is ACCA's Corporate Risk Register and the Strategy to 2025. The plan is approved by the Committee in advance of each year and reviewed at each Committee meeting during the year to ensure that satisfactory progress is being made both with the plan and with the implementation of any recommendations arising from the reviews undertaken. If any such recommendations are unreasonably, in the opinion of the Audit Committee, rejected or delayed by management, then these would be reported to Council. No such report was necessary in the year ended 31 March 2023.

Report from the Audit Committee
for the year ended 31 March 2023

Activity during the year

During the year ended 31 March 2023, Audit Committee has:

- reviewed the annual accounts for the year ended 31 March 2022 and recommended to Council that they be approved
- reviewed the structure and content of the Integrated Report
- considered the availability of the subsidiary audit exemption for UK subsidiaries
- considered ACCA's strategic risks and underlying risk management procedures
- reviewed the effectiveness of ACCA's internal controls and noted the updates
- reviewed ACCA's fraud/whistleblowing notifications
- received reports from the external auditor
- reviewed the policy on auditors providing non-audit services
- agreed the fees and terms of appointment of the external auditor and considered audit quality and effectiveness
- approved the audit fees for the year ended 31 March 2023
- received reports from the internal auditor
- received reports from the Corporate Assurance function, which included Information Security, and monitored progress with the implementation of the recommendations arising from those
- commissioned an independent assessment of the quality of internal audit from the Chartered Institute of Internal Auditors in accordance with corporate governance best practice and noted ACCA's very strong performance with full conformance with 57 of the 58 principles
- reviewed ACCA's global procurement processes
- reviewed the Committee's own effectiveness and submitted an annual report on its performance to Nominating and Governance Committee
- met with both internal audit and the external auditor without management present
- received training on various subjects to enhance the Committee's knowledge in respect of specific matters.

Subsequent to the year-end, the Committee has recommended to the Council Board that it recommends to Council, that Council approves the annual accounts for the year ended 31 March 2023. The Committee has also considered that the Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for members to assess ACCA's performance, business model and strategy. The Committee will be concluding its recommendation on the appointment of auditors in advance of the AGM in November.

Summary

The Committee has fulfilled the responsibilities of its terms of reference throughout the year.

Susan Allan
Chair of the Audit Committee
1 July 2023

Independent auditor's report to the Council of the Association of Chartered Certified Accountants

Opinion

Our opinion on the group financial statements is unmodified

We have audited the group financial statements of the Association of Chartered Certified Accountants and its subsidiary undertakings (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Members' Funds, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2023 and of its surplus for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the group financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group to cease to continue as a going concern.

Our evaluation of the Council's assessment of the group's ability to continue to adopt the going concern basis of accounting included, but was not restricted to:

- obtaining and understanding management's assessment of going concern based on what they have prepared and challenging the assumptions used in the cash flow forecasts;
- challenging management on key assumptions driving the forecasts and the scope of scenario planning undertaken;
- corroborating management assumptions;
- obtaining management's reverse stress test and downside scenarios, which reflect management's assessment of uncertainties. The assumptions regarding the forecast period and reduced trading levels, together with any available mitigating actions, were evaluated for plausibility;
- performing further sensitivities on scenarios to determine impact on available headroom; and
- evaluating the polices and disclosures in respect of going concern given in the financial statements for appropriateness.

Independent auditor's report to the Council of the Association of Chartered Certified Accountants

In our evaluation of the Council's conclusions, we considered the inherent risks associated with the group's business model and management's assessment including the impact arising from macro-economic uncertainties such as the ongoing Russia-Ukraine conflict and increasing inflation, we assessed and challenged the reasonableness of estimates made by the Council and the related disclosures and analysed how these risks might affect the group's financial resources or ability to continue operations over the going concern period.

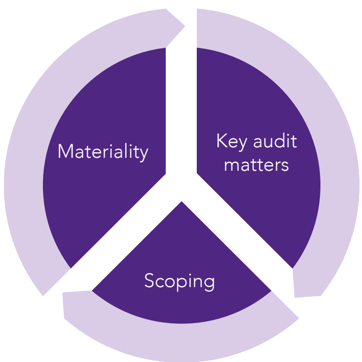
In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Grant Thornton



Overview of our audit approach

- Overall materiality: £4,395,971 which represents 2% of the group's **total income**.

Key audit matters (KAM) were identified as:

- Revenue recognition (same as previous year); and
- Accuracy of the defined pension scheme liabilities (same as previous year)

Our auditor's report for the year ended 31 March 2022 included one key audit matter that has not been reported as key audit matter in our current year's report. This relates to intangible assets where a significant proportion were written off in the prior year following the implementation of IFRIC updates. The exclusion of this matter in our current year's report reflects our risk assessment, wherein the group's intangible assets have an immaterial net book value position and therefore a lower risk assessment relating to this matter.

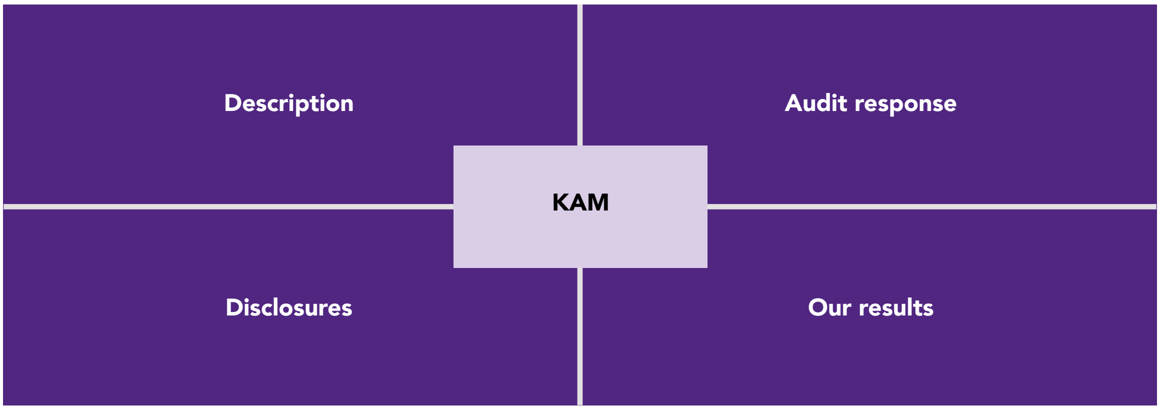
We undertook full scope audit procedures on the significant group components, being the Association of Chartered Certified Accountants (parent company) and Certified Accountants Investment Company Limited. This gave us coverage of 97% of total income and 92% of total assets.

Due to the UK sanctions, imposed following the outset of the Russia/Ukraine conflict – the Russia (Sanctions) (EU Exit) Regulations 2019 (as amended) – we have not performed any audit procedures or inquiries in respect of the group's Russian operations. We note the Russian component is insignificant to the overall group and is quantitatively immaterial to the group financial statements.

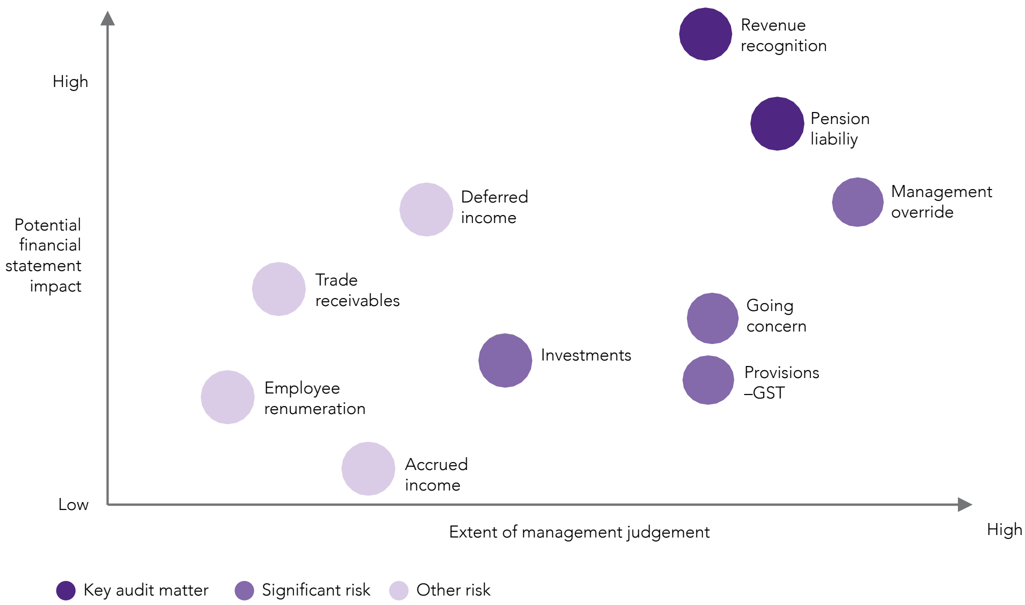
Independent auditor's report to the Council of the Association of Chartered Certified Accountants

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Independent auditor's report to the Council of the Association of Chartered Certified Accountants

Key audit matter	How our scope addressed the matter
Risk 1 Revenue Recognition We identified occurrence of revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. Revenue from fees and subscriptions together with qualifications and exams, totalled £219,799k for the year ended 31 March 2023. The ACCA make an annual adjustment to income to reflect the anticipated value of income reversed due to removal of students and members as a result of non-payment of subscriptions and/or fees. The adjustment arises from the existence of manual adjustments and estimates. The adjustment is based on historical experience in each geographic location the ACCA operates in to determine the number of members to be struck off. The estimate is subject to possible management bias as there may be an incentive to inflate member numbers. There is a risk that the associated significant income streams of fees and subscriptions are not recognised in the correct financial year or in line with IFRS15 'Revenue from Contracts with Customers'.	In responding to the key audit matter, we performed the following audit procedures: Assessed the revenue recognition policy to check whether it is in accordance with IFRS15 'Revenue from Contracts with Customers'; Substantively tested a sample of revenue recognised in the year from subscriptions, exams and practicing certificates to invoices and supporting documentation to check members were active and to assess whether revenue was recognised in the correct period and that the amount was consistent with the published pricing for each type of service provided; Performed substantive analytical procedures by developing an expectation of total revenue recognised from different revenue streams as well as for deferred and accrued income based on source data; A sample from the adjustments made for removed members was selected and the corresponding ID's have been traced to the system to ensure that the individuals have been inactive for the correct amount of time required before being removed; and Performed procedures to check the completeness of the adjustment by tracing items included in our prior year debtors testing which had been provided for within the Expected Credit Loss provision were then subsequently captured as part of the current year strike off process and removed from the ledgers.
Relevant disclosures in the Consolidated Financial Statements • Financial statements: Note 2 (ciii) Critical accounting estimates and judgements - Revenue recognition; Note 4 Segmental reporting; Note 6 Operating income; Note 7 Subscriptions. • Audit committee report: Significant issues relating to the financial statements – Revenue recognition, including the completeness, existence and accuracy of income recognised in the year.	**Our results** Overall, our testing did not identify any evidence of material misstatement in respect of revenue recognition.

Independent auditor's report to the Council of the Association of Chartered Certified Accountants

Key audit matter	How our scope addressed the matter
Risk 2 Accuracy of defined benefit pension scheme liabilities We identified the accuracy of defined benefit pension scheme liabilities, as one of the most significant assessed risks of material misstatement due to error. As at 31 March 2023, the UK pension scheme had recorded a deficit of £620k and the Irish scheme had a deficit of £251k. The accuracy achieved by estimating the liabilities of the pension scheme in accordance with 'International Accounting Standard ('IAS') 19 'Employee Benefits', is inherently judgemental and sensitive to the selection and alteration of key inputs and therefore susceptible to management bias. Given the material size of the pension scheme, even small movements in the inputs and assumptions could cause the obligation to be materially misstated in the group financial statements.	In responding to the key audit matter, we performed the following audit procedures: Reconciled the overall liability, consolidated income statement charge and consolidated statement of other comprehensive income charge to the International Accounting Standard ('IAS') 19 'Employee Benefits' reports provided by the Pension Scheme's actuary; Assessed the professional qualifications of management's expert and engaged internal actuary experts to challenge the inputs, assumptions and calculations used in valuing the obligation disclosed in the financial statements, namely the discount rates and life expectancy factors applied; Performed substantive analytical procedures by comparing pension member numbers year on year to identify unusual movements and assess reasonableness of inputs used in calculating the estimated liability; and Assessed the relevant disclosures to check they conform with the requirements of IAS 19.
Relevant disclosures in the Consolidated Financial Statements • Financial statements: Note 2 (ci/r) Critical accounting estimates and judgements – Pension and other post-employment benefits; Note 22 Retirement benefit obligation. • Audit committee report: Significant issues related to the financial statements – Valuation and presentation of retirement benefit scheme assets and liabilities.	**Our results** We have not identified any material misstatements from the testing performed in relation to the valuation of the defined benefit pension scheme liabilities.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

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Materiality was determined as follows:

Materiality measure	Group
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£4,395,971, which is 2% of total income.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: Total income was considered the most appropriate benchmark given the Council's focus on vision (ie member retention) and value (ie progression of exam entries, percentage of affiliates achieving membership within four years). After reviewing industry competitors' benchmarks and the risk associated with the audit, we have determined 2% of total income to be an appropriate benchmark. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2022 to reflect the increase in the benchmark percentage applied to total income in the year. The benchmark was increased due to there being no change in the business model which has reduced our perceived level of risk in the current year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£3,296,978, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered a number of factors which could impact the probability that the aggregate of all uncorrected and undetected misstatements exceeds materiality. These factors include objectives, strategies, business risks, fraud risks and previously identified misstatements. In addition to these, we have considered our risk assessment of controls and utilised prior year knowledge and experience from the audit to determine the performance materiality amount.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We determined a lower level of specific materiality (being the threshold for communication) for the following areas: Key management personnel remuneration.

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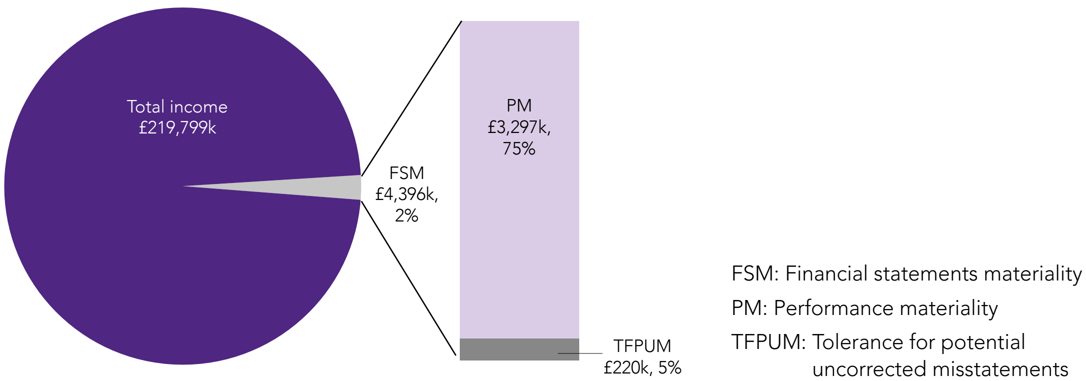
Materiality measure	Group
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£219,799 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines the scope of our audit work for each component within the group, which when taken together, enables us to form an audit opinion on the group financial statements;
- We considered size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed on each component;
- We obtained an understanding of the component-level controls of the group, which assisted us in identifying and assessing the risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy; and
- Due to the UK sanctions, imposed following the onset of the Russia/Ukraine conflict – the Russia (Sanctions) (EU Exit) Regulations 2019 (as amended) – we have not performed any audit procedures or inquiries in respect of the group's Russian operations. We note the Russian component is insignificant to the overall group and is quantitatively immaterial to the group financial statements and as such this has not impacted our ability to form an opinion over the group financial statements.

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Identifying significant components

- The group audit team evaluated components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of key sections as compared to the total group position. Benchmarks considered included total income and total assets.
- Two components, the parent company and Certified Accountants Investment Company Limited, were identified as significant through assessing their relative share of the benchmarks considered.
- Additional components were selected based on an assessment of the risk of material misstatement to the group.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We have tailored our audit response accordingly, and all work, including audit procedures that respond to the key audit matters were undertaken directly by the group engagement team.
- We performed the audit of financial information of the following components using component materiality (full-scope audit) on the parent entity and Certified Accountants Investment Company Limited.
- We performed specified audit procedures on the financial information of the component (specified audit procedures) of ACCA (Shanghai) Consulting Co Limited and ACCA Singapore Pte Limited.
- For all other entities (excluding ACCA Russia Limited)., we performed analytical procedures, using group materiality.

Performance of our audit

- In total, 97% of group income and 92% of total assets were subject to full-scope audit procedures, with the remaining revenues and assets being subject to analytical procedures to group materiality with the exception of those that fall within ACCA Russia Ltd.
- An internal specialist team was engaged in evaluating the group's internal control environment, including its IT systems and controls, in respect of one accounting system utilised within the revenue process.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Council are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Responsibilities of Council

As explained more fully in the Statement of Council's responsibilities, Council is responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the Council are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those related to the reporting framework (UK-adopted international accounting standards);
- We understood how the group is complying with the relevant legal and regulatory frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures, and other senior members of the team as deemed reasonable, such as in-house legal and tax departments;
- We corroborated our enquiries through the checking of Council and Audit Committee minutes, and Internal Audit reports, as well as making further enquiries with to those charged with governance. All parties confirmed they were not aware of any instances of non-compliance and nor did they have any knowledge of actual, suspected, or alleged fraud;
- Checks of internal audit reports were also undertaken to identify any control deficiencies, non-compliance with regulatory framework, the use of whistleblowing facilities and alleged instances of fraud;
- We assessed the susceptibility of the group's financial statements to material misstatements, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the group financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries relating to judgemental areas of income (for example deferred income), potential management bias in determining estimates relating to provisions, pension assets and liabilities, recoverability of intercompany balances and right-of-use assets. Audit procedures performed by the group engagement team included:
    - assessing the design and implementation of controls and journal testing and any journal entries which were inconsistent with our expectations based on the understanding gained;
    - utilising internal auditor experts for areas of high judgement (specifically pension liability assumptions such as discount rates, inflation and mortality assumptions and tax relation to the goods and services tax provision);
    - challenging judgements, assumptions and estimates utilised in relation to potential management bias;
    - In addition to this, we completed audit procedures in relation to the estimates and judgements that compromise the basis of preparation of the financial statements.

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Auditor's responsibilities for the audit of the group financial statements (continued)

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner assessed the appropriateness of the collective competence and capabilities of the engagement team which included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of similar nature and complexity through appropriate training and participation;
  - the specialist skills required in relation to valuation of pension liability assumptions and specific tax provisions;
  - knowledge of the industry in which the client operates; understanding of the legal and regulatory requirements specific to the group; including the provision of the applicable legislation and statutory provisions;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal experts and specialists, and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout;
- In assessing the potential risk of material misstatement, we obtained an understanding of the entity's operations (including the nature of its income streams, account balances, expected disclosures and business risks) and the entities' control environment;
- No component auditors were engaged as part of the group audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Council's members, as a body, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the Council 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 Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

1 July 2023

ACCA
The Adelphi
1-11 John Adam Street
London
WC2N 6AU

info@accaglobal.com
accaglobal.com

Think Ahead