FINANCIAL STATEMENT

CONTENTS

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
FIVE YEAR SUMMARY

ACCA and subsidiaries

		restated	restated	restated	
	Mar 2013 £'000	Mar 2012 £'000	Mar 2011 £'000	Mar 2010 £'000	Dec 2008 £'000
Operating income	**151,672**	143,698	131,787	137,353	107,810
Gross operating surplus	**22,415**	20,147	16,020	9,562	11,676
Pension curtailment gains	—	7,304	—	—	—
Operating surplus/(deficit)	**10,463**	12,785	3,591	(1,742)	3,406
Other (losses)/gains	**(148)**	(296)	129	55	—
Income from investments	**956**	977	751	1,143	1,395
Surplus/(deficit) before tax	**11,271**	13,466	4,471	(544)	4,801
Tax	**(103)**	(76)	(24)	(18)	(16)
Other comprehensive income	**4,923**	2,391	1,909	4,190	(5,523)
Recognition of actuarial (losses)/gains	**(1,362)**	(15,367)	10,888	(4,545)	(18,202)
Total other comprehensive income	**3,561**	(12,976)	12,797	(355)	(23,725)
Total comprehensive income	**14,729**	414	17,244	(917)	(18,940)
Non-current assets	**74,696**	54,139	48,447	42,738	31,475
Current assets	**76,354**	73,900	56,232	51,100	29,568
Total assets	**151,050**	128,039	104,679	93,838	61,043
Non-current liabilities	**20,540**	19,987	15,068	26,878	22,045
Current liabilities	**89,696**	81,967	63,940	58,533	29,654
Total liabilities	**110,236**	101,954	79,008	85,411	51,699
Accumulated fund	**24,401**	14,595	16,572	1,237	6,344
Other reserves	**16,413**	11,490	9,099	7,190	3,000
Total funds and reserves	**40,814**	26,085	25,671	8,427	9,344
Total reserves and liabilities	**151,050**	128,039	104,679	93,838	61,043

MEMBERS AND STUDENTS

	Mar 2013	Mar 2012	Mar 2011	Mar 2010	Dec 2008
Members	**161,943**	154,337	147,265	140,225	131,398
Students and affiliates	**425,897**	429,879	421,456	402,866	365,049
	587,840	584,216	568,721	543,091	496,447

The column for Mar 2010 represents the 15 month period to 31 March 2010. All other columns represent the calendar years ending on the last day of the months shown. All figures are presented under International Financial Reporting Standards (IFRS) as adopted by the European Union. The reasons for the restatements are detailed in note 1 of the financial statements.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
FOREWORD

These consolidated financial statements present the results for ACCA and its subsidiaries for the year ended 31 March 2013.

ACCA publishes an Integrated 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 Report is a wider representation of information which is important to understanding 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.

Management commentary – key headings	**Content**	**Integrated Report reference**
Introduction	Context and basis of preparation	About this report
Nature of ACCA's business	Mission and values Competitive environment Economic environment Regulatory environment Products and services	What matters to us Recognition Leading and shaping the agenda of the global profession Best-in-class products and services
Strategy and strategic outcomes	Strategic priorities Mapping priorities to outcomes	Our strategy
Resources and relationships	Resources: financial, human and network; brand development Relationships: global partnerships, key employers, strategic partners, regulator	Partnerships and alliances Our people
Governance, risk and corporate assurance	Outline of our approach to governance Approach to risk management and major risk types	Our governance Our risks
Strategic outcomes – review of performance	KPI results v target	Our strategic progress
Financial review	Supplementary financial information	Our financial performance*
Social and environmental impact	Our approach to CSR and significant developments	Separate CSR report will be published on website
Outlook for next year	2013/14 strategic priorities	Future outlook

*Financial performance in the financial statements is provided in accordance with IFRS. ACCA measures its financial performance on a gross operating surplus basis, prior to charging strategic investment expenditure. For the year to 31 March 2013, performance on that basis amounted to £22.4m compared to a target of £13.6m.

Readers of these financial statements are encouraged to access our Integrated Report, which can be found at: www.accaglobal.com/

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

Notes		**31 Mar 2013 £'000**	31 Mar 2012 £'000
	Income		
6	Fees and subscriptions	**64,148**	62,000
7	Operating activities	**87,524**	81,698
	Total income	**151,672**	143,698
	Expenditure		
8	Operational expenditure	**129,257**	123,551
9	Strategic investment expenditure	**11,952**	14,666
	Total expenditure	**141,209**	138,217
	Surplus of income over expenditure	**10,463**	5,481
22	Pension curtailment gains	**—**	7,304
	Operating surplus	**10,463**	12,785
10	Other losses	**(148)**	(296)
11	Income from investments	**956**	977
	Surplus before tax	**11,271**	13,466
13	Tax	**103**	76
	Surplus for the year	**11,168**	13,390
	Other comprehensive income		
26	Change in fair value of available-for-sale investments	**3,428**	511
26	Gains on revaluation of land and buildings	**1,579**	1,751
26	Currency translation differences	**(84)**	129
22	Recognition of actuarial losses	**(1,362)**	(15,367)
	Other comprehensive income for the year, net of tax	**3,561**	(12,976)
	Total comprehensive income for the year	**14,729**	414

The accompanying notes to the financial statements, on pages 7 to 31, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

Notes		31 Mar 2013 £'000	*restated* 31 Mar 2012 £'000
	ASSETS		
	Non-current assets		
14	Property, plant and equipment	**22,971**	20,997
15	Intangible assets	**3,590**	4,942
16	Available-for-sale investments	**48,135**	28,200
		74,696	54,139
	Current assets		
17	Trade and other receivables	**17,124**	20,295
16	Available-for-sale investments	**32,010**	26,422
19	Cash and cash equivalents	**27,220**	27,183
		76,354	73,900
	Total assets	**151,050**	128,039
	RESERVES AND LIABILITIES		
	Funds and reserves		
	Accumulated fund	**24,401**	14,595
26	Other reserves	**16,413**	11,490
	Total funds and reserves	**40,814**	26,085
	Non-current liabilities		
20	Finance lease liabilities	**377**	—
21	Deferred tax liabilities	**1,773**	1,020
22	Retirement benefit obligations	**18,390**	18,967
		20,540	19,987
	Current liabilities		
23	Trade and other payables	**14,775**	16,215
	Tax payable	**97**	72
20	Finance lease liabilities	**189**	—
24	Deferred income	**70,297**	65,001
18	Derivative financial instruments	**260**	112
25	Provisions	**4,078**	567
		89,696	81,967
	Total liabilities	**110,236**	101,954
	Total reserves and liabilities	**151,050**	128,039

The financial statements were approved and authorised for issue by Council on 15 June 2013 and signed
on its behalf by:

B J Cooper, *President* **A Harbinson**, *Chairman of Audit Committee*

The accompanying notes to the financial statements, on pages 7 to 31, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2013

	Other reserves				
	Currency Translation £'000	**Land and Buildings £'000**	**Available-for-sale investments £'000**	**Accumulated fund £'000**	**Total £'000**
Balance at 1 April 2011	(212)	1,885	7,426	16,572	25,671
Comprehensive income					
Surplus for the financial year	—	—	—	13,390	13,390
Other comprehensive income					
Fair value gains on revaluation:					
- available-for-sale investments	—	—	287	—	287
- property	—	1,751	—	—	1,751
Tax on fair value gains on revaluation:					
- available-for-sale investments	—	—	224	—	224
Currency translation	129	—	—	—	129
Recognition of actuarial losses	—	—	—	(15,367)	(15,367)
Total other comprehensive income	129	1,751	511	(15,367)	(12,976)
Total comprehensive income for the year	129	1,751	511	(1,977)	414
Balance at 31 March 2012	(83)	3,636	7,937	14,595	26,085
Comprehensive income					
Surplus for the financial year	—	—	—	11,168	11,168
Other comprehensive income					
Fair value gains on revaluation:					
- available-for-sale investments	—	—	4,181	—	4,181
- property	—	1,579	—	—	1,579
Tax on fair value gains on revaluation:					
- available-for-sale investments	—	—	(753)	—	(753)
Currency translation	(84)	—	—	—	(84)
Recognition of actuarial losses	—	—	—	(1,362)	(1,362)
Total other comprehensive income	**(84)**	**1,579**	**3,428**	**(1,362)**	**3,561**
Total comprehensive income for the year	**(84)**	**1,579**	**3,428**	**9,806**	**14,729**
Balance at 31 March 2013	**(167)**	**5,215**	**11,365**	**24,401**	**40,814**

The analysis of reserves is presented in note 26.

The accompanying notes to the financial statements, on pages 7 to 31, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

Notes		**31 Mar 2013 £'000**	31 Mar 2012 £'000
	Cash flows from operating activities		
30	Cash generated from operations	**25,688**	25,603
	Tax paid	**(78)**	(29)
	Net cash from operating activities	**25,610**	25,574
	Cash flows from investing activities		
	Acquisition of property, plant and equipment	**(4,644)**	(5,811)
	Acquisition of intangible assets	**(1,028)**	(2,218)
	Acquisition of available-for-sale investments	**(121,357)**	(62,735)
	Disposal of property, plant and equipment	**3**	22
	Disposal of available-for-sale investments	**100,001**	41,783
	Interest received	**310**	295
	Dividends received	**644**	658
	Net cash used in investing activities	**(26,071)**	(28,006)
	Cash flows from financing activities		
	Acquisition of finance lease funds	**566**	—
	Payments to finance lease creditors	**—**	(201)
	Net cash absorbed by financing activities	**566**	(201)
	Net increase/(decrease) in cash and cash equivalents	**105**	(2,633)
	Cash and cash equivalents at beginning of year	**27,183**	29,660
	Exchange (losses)/gains on cash and cash equivalents	**(68)**	156
19	**Cash and cash equivalents at end of year**	**27,220**	27,183

The accompanying notes to the financial statements, on pages 7 to 31, are an integral part of this statement.

1 General information

ACCA is a body incorporated under Royal Charter, and with statutory recognition, in the UK. Council has concluded that as an international organisation, ACCA should prepare financial statements which comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

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

Changes in accounting policies

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, may have an effect on ACCA's future financial statements:

- IAS 1 (amendment) Presentation of Items of Other Comprehensive Income
  The amendment requires companies to group together items within OCI that may be reclassified to the profit or loss section of the income statement.
- IAS 12 (amendment) Deferred tax: Recovery of Underlying Assets
  IAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery will normally be through sale.
- IAS 19 Employee Benefits
  IAS 19 removes the expected return on plan assets from the statement of comprehensive income.
- IAS 28 Investments in Associates and Joint Ventures
  Equity accounting is required for both of these types of investments unless the investing entity is a venture capital organisation, mutual fund, unit trust or similar entity in which case the entity may account for those investments in accordance with the applicable financial statements standard.
- Improvements to IFRSs (2009-2011)
  The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.
- IFRS 9 Financial Instruments
  IFRS 9 introduced new requirements for the classification and measurement of financial assets and the classification and measurement requirements for financial liabilities along with the requirements for recognition and derecognising of financial assets and liabilities. IFRS 9 Financial Instruments will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety.
- IFRS 12 Disclosure of Interests in Other Entities
  The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.
- IFRS 13 Fair Value Measurement
  IFRS 13 is intended to clarify the fair value measurement objective, harmonise the disclosure requirements contained in a number of other IFRSs and improve consistency in application.
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition guidance
  The amendments clarify transition guidance and provide additional transition relief, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
  The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

None of the other new standards, interpretations and amendments are expected to have an effect on ACCA's future financial statements.

Restatement of prior year figures

Following a review of the disclosures of the salaries and related costs in note 12a), the previous year's figures for salaries and social security costs have been restated to take account of some salary recharge costs to projects which were omitted from the original salary costs in error.

1 General information (continued)

Restatement of prior year figures (continued)

Following a review of the accounting treatment for the impairment of trade debtors, the current year's figures include the full value of debt which is expected to be written off and this has been offset by a reduction in the deferred income creditor. The previous year's figures have been restated for consistency and the impact thereof is shown in notes 17 and 24.

The impact figures of sensitivities around the actuarial assumptions in note 22 have been restated as the previous year's figures were calculated on the net liability as opposed to the present value of funded obligations.

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 IFRSs as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets and derivative instruments at fair value through income and expenditure.

(b) *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, although 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.

i) Pension and other post retirement benefits

ACCA accounts for pension and other post retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit 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.

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 balance sheet. Deferred tax assets and liabilities are measured using tax rates 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. 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) Provision for bad debts

Provision is made when there is objective evidence that ACCA will not be able to collect certain debts. ACCA is required to estimate the level of bad debt provision based on detailed analysis and experience of historic bad debt rates in the context of the current debtor profile.

2 Significant accounting policies (continued)

(c) *Income*

Members', students' and affiliates' fees and subscriptions are accounted for as income in the period to which they relate. Income from qualifications and examinations relate to examination and exemption income from the Professional qualification and our entry level qualifications. Examination income is accounted for in the period in which the exam was sat while exemption income is accounted for in the period in which it was received. 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. Courses 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 revenues are recorded as earned or as the services are performed.

(d) *Basis of consolidation*

The consolidated financial statements comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of members equity and consolidated cash flow statement of ACCA and the enterprises under its control (its subsidiary undertakings) drawn up to 31 March 2012 and 31 March 2013. Control is defined as the ability to govern the financial and operating policies of an invested enterprise so as to obtain benefits from its activities.

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.

(e) *Segmental reporting*

ACCA has one operating segment and this is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Executive Team that makes the strategic decisions. Within that segment, income activities are reported by type and expenditure activities are reported by function.

(f) *Property, plant and equipment*

All property, plant and equipment are 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. Subsequently, property is regularly revalued as appropriate, but at least triennially on a formal basis. Surpluses arising on revaluations are taken to land and buildings reserve. Deficits that offset previous surpluses of the same asset are taken to fair value reserve while all other decreases are charged to other comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the fair value reserve is transferred to the accumulated fund.

(g) *Depreciation*

Depreciation is provided on all property, plant and equipment, other than freehold land which is not depreciated, 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:

- freehold property - over 50 to 100 years;
- leasehold improvements - over the unexpired portion of the lease;
- plant and equipment - over 4 to 10 years;
- computer systems and equipment - over 2 to 4 years.

(h) *Intangible assets*

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 is 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.

2 Significant accounting policies (continued)

(h) *Intangible assets (continued)*

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 development project employee costs and an appropriate portion of relevant overheads. Development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period. Internally generated intangible assets are amortised over their estimated useful lives, which are usually no more than four years. Amortisation begins when the intangible asset is available for use.

(i) *Impairment of non-financial assets*

Intangible assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. 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 to sell and value in use.

(j) *Financial instruments*

Financial instruments recognised in the balance sheet include cash and cash equivalents, available-for-sale investments, certificates of deposit, 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.

ACCA assesses at each balance sheet date whether a financial asset is impaired. Where a financial asset shows an indicator of impairment, it is tested to assess whether it should be specifically impaired. The recoverable amounts of financial assets are calculated by discounting the estimated future cash flows using the original effective interest rate. Where the recoverable amount is less than the carrying value, an impairment loss is recognised. Subsequent to recognising that impairment, the impairment may be recovered if an event occurred that reverses the impairment indicator.

Subsequent to initial recognition, financial instruments are measured as set out below.

Trade and other receivables

Trade and other receivables are stated at amortised cost based on the original invoice amount less an allowance for any irrecoverable amounts. Provision is made when there is objective evidence that ACCA will not be able to collect certain debts. Bad debts are written off when identified. Terms on receivables balances range from 30 to 90 days.

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. Short-term is defined as being three months or less. This definition is also used for the cash flow statement.

Available-for-sale investments

The portfolio of quoted investments, which is managed by professional fund managers, is held for the long term and is classified as "available-for-sale" investments. Investments are initially recognised at fair value. Available-for-sale investments are carried at fair value, stated as market value as at the balance sheet date, with all changes in fair value recorded in reserves. When the available-for-sale investments are sold the cumulative gains and losses previously recognised in reserves are recycled through comprehensive income for the current period. Where an impairment loss arises from the fair value being below cost, this is recognised in other comprehensive income.

Certificates of deposit

The portfolio of certificates of deposit, which is managed by professional cash managers, is held for the short to medium term and is classified as "available-for-sale" instruments. The certificates of deposit are carried at fair value, stated as market value as at the balance sheet date, with all changes in fair value recorded in reserves. When the certificates of deposit are sold the cumulative gains and losses previously recognised in reserves are recycled through comprehensive income for the current period. Where an impairment loss arises from the fair value being below cost, this is recognised in other comprehensive income.

Trade and other payables

Trade and other payables are recognised at amortised cost. Terms on trade payables balances range from immediate to 30 days.

2 Significant accounting policies (continued)

(k) *Impairment of financial assets*

At each balance sheet date, ACCA reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, ACCA estimates the recoverable amount of the cash-generating unit to which the asset belongs. An impairment loss is charged to the statement of comprehensive income immediately unless the asset is carried at its revalued amount (see note 2f).

In respect of available-for-sale financial assets, at the balance sheet date ACCA assesses whether there is objective evidence that the financial assets are impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale assets, the cumulative loss – measured as the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in comprehensive income – is removed from fair value reserves and recognised in the separate consolidated income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in comprehensive income, the impairment loss is reversed through the separate consolidated income statement.

Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms and the collective impairment provision is estimated for any such group where credit risk characteristics of the group of financial assets has deteriorated. Factors such as any deterioration in country risk, technological obsolescence as well as identified structural weaknesses or deterioration in cash flows are taken into consideration and the amount of the provision is based on the historical loss pattern within each group.

(l) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

(m) *Leasing and hire purchase*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and are depreciated over the shorter of their estimated useful life and the term of the lease. The capital elements of future obligations under the finance leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

(n) *Tax*

Tax includes all taxes based upon the taxable profits of the group. Full provision for deferred taxation is made using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax movements in respect of unrealised revaluation surpluses are taken to reserves. 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.

2 Significant accounting policies (continued)

(o) *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, are translated at the rate of exchange ruling at the balance sheet date. On consolidation the income and expense 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 are taken to the currency translation reserve.

(p) *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. 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 statement of comprehensive income at fair value. ACCA does not engage in any other hedging activities.

(q) *Pensions*

ACCA operates defined benefit pension schemes in the UK and Ireland. Both schemes require contributions to be made to separately administered funds. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Past service costs are charged or credited in the statement of comprehensive income in the period in which they arise. The liability recognised in the balance sheet in respect of the defined benefit pension schemes is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

ACCA operates defined contribution pension schemes for qualifying employees within the UK and Ireland for certain employees outside the UK and Ireland. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

(r) *Provisions*

Provisions for legal costs and claims and research grants are recognised when: ACCA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reasonably estimated. ACCA recognises provisions relating to costs associated with any investigations by The Accountancy and Actuarial Discipline Board (AADB), other regulatory bodies or internally which involve ACCA members.

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, certificates of deposit, bonds held as available-for-sale investments, 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. ACCA's trade receivables relate substantially to members' and students' 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. 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 students and members from the receivables ledger 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 balance sheet date 92% of ACCA's trade and other receivables were held in sterling (2012: 95%).

3 Financial risk management (continued)

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 two 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 uses a specialist cash management company to invest cash surpluses with major banks of suitable credit standing to spread the risk. Cash surpluses are invested in interest bearing current and call financial statements, term deposits and time deposits. At the balance sheet date ACCA held £4.0m (2012: £5.6m) in term deposits, £32.0m (2012: £26.4m) in time deposits and £23.2m (2012: £21.5m) in call accounts that are expected to readily generate cash inflows for managing liquidity risk.

Liquidity is managed to ensure investments are liquidated in a timely manner to meet operating requirements.

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.

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. 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 all 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 balance sheet date 96% of ACCA's cash and cash equivalents were held in sterling (2012: 95%).

Other price risk relates to the risk of changes in market prices of the available-for-sale investments and the investments held by the defined benefit pension schemes. ACCA invests surplus cash in a managed fund operated by Baillie Gifford and in doing so exposes itself to the fluctuations in price that are inherent in such a market. ACCA's Resource Oversight Committee has given Baillie Gifford discretionary management of the funds. The effect of a 10% increase in the value of the non-current available-for-sale investments held at the balance sheet date would have resulted in an increase in the fair value reserve of £3.7m (2012: £2.1m) net of deferred tax. A 10% decrease in their value would, on the same basis, have decreased the fair value reserve by the same amount.

4 Segmental reporting

ACCA has taken the view that, for reporting purposes, it has one operating segment which relates to the supply of services to its stakeholders including members, students and affiliates. ACCA does not report income or expenditure by region, activity or product type. During the year ACCA's income activities were organised by category: Fees and subscriptions, qualifications and examinations, publications, courses, regulation and discipline and other income. These are ACCA's categories reported internally for income purposes and are detailed in notes 6 and 7. A short description of the main categories are as follows:

- Fees and subscriptions: Comprise members', students' and affiliates' fees and subscriptions for the relevant period.
- Qualifications and examinations: Examination and exemption income from the Professional and other qualifications.
- Publications: Income generated from royalties, mailing services and advertising.
- Courses: Continuing Professional Development (CPD) income and CPD events in association with other member bodies via professional alliances.
- Regulation and discipline: Audit, practice and other certificates.

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

- Chief Executive's Office: Chief Executive non-salary costs and IFAC costs
- Strategy: Delivery of strategic outcomes and market research
- Markets: Staff, operational and promotional costs of ACCA's national offices around the world
- Brand: Corporate marketing and promotion, public relations, publishing, technical policy and research and the Policy unit
- Learning: Development and maintaining of qualifications, ensuring the integrity of the syllabus and of the examination process, verifying and awarding exemptions and setting and scrutiny
- People: HR, corporate recruitment, corporate training and Executive Team costs
- Governance: Regulation of members, Secretariat, professional conduct, practice monitoring, legal services and internal audit
- Finance and Operations: IT, pension costs, depreciation, corporate services, finance and procurement
- Service Delivery: member and student support, examinations, service improvements
- Strategic investment: Investment in IT, transformation of customer facing business processes, key compliance activity and market development

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 2013, the Accumulated Fund represented 46 days of operating expenditure (31 March 2012: 31 days). ACCA's Resource Oversight Committee reviews the financial position of ACCA at each committee meeting. ACCA is not subject to any material externally imposed capital requirements.

		31 Mar 2013 £'000	31 Mar 2012 £'000
6	**Fees and subscriptions**		
	Members	**29,791**	28,110
	Affiliates	**3,726**	3,334
	Students	**30,631**	30,556
		64,148	62,000
7	**Operating activities**		
	Qualifications and exams	**75,391**	68,663
	Publications	**2,659**	3,465
	Courses	**5,009**	5,035
	Regulation and discipline	**4,255**	3,998
	Other income	**210**	537
		87,524	81,698
8	**Operational expenditure**		
	Chief Executive's Office	**945**	812
	Strategy	**1,515**	1,345
	Markets	**30,986**	30,930
	Brand	**10,540**	10,537
	Learning	**6,431**	8,156
	People	**7,131**	5,349
	Governance	**13,641**	11,133
	Finance and Operations	**29,985**	25,089
	Service Delivery	**28,083**	30,200
		129,257	123,551
9	**Strategic investment expenditure**		
	Information Technology	**594**	4,247
	Process Development	**9,280**	9,784
	Compliance	**414**	635
	Market Development	**1,664**	—
		11,952	14,666
10	**Other losses**		
	Forward currency contracts	**(148)**	(296)
11	**Income from investments**		
	Interest receivable	**310**	295
	Fair value gains	**2**	24
	Dividends from investments	**644**	658
		956	977

		31 Mar 2013 £'000	*restated* 31 Mar 2012 £'000
12	**Operating result**		
	The operating result includes the following:		
(a)	*Salaries and related costs*		
	The costs of employing staff during the year were as follows:		
	Salaries	**39,888**	35,355
	Social security costs	**4,075**	3,789
	Pension costs excluding curtailment gains (note 22)	**3,461**	2,060
	Other staff costs	**1,624**	2,198
		49,048	43,402

The average number of employees was 1,061 (31 March 2012: 1,032).
The average annual salary was £37,595 (31 March 2012: £34,259).

The previous year's salary and social security costs have been restated to take account of some salary recharge costs to projects which were omitted from the overall salary costs in error.

(b) *Income*

Income from subscriptions and examination and exemption fees amounting to £138.9m (31 March 2012: £130.7m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £10.5m (31 March 2012: £10.2m).

		31 Mar 2013 £'000	*restated* 31 Mar 2012 £'000
(c)	*Depreciation and amortisation*		
	Depreciation of property, plant and equipment	**4,204**	3,332
	Amortisation of intangible assets	**1,794**	1,507
	Impairment of intangible assets	**586**	14
(d)	*Auditors' remuneration*		
	Fees payable to ACCA's auditor for the audit of the parent undertaking		
	and consolidated financial statements – current year	**53**	49
	- prior year	**8**	—
	Fees payable to ACCA's auditors and their associates for other services		
	– audit fees for UK subsidiaries	**20**	23
	– audit fees for non-UK subsidiaries	**55**	44
	– audit fees for the corporate KPIs	**3**	3
	– XBRL tagging of accounts for tax compliance	**5**	5
	– pension accounting advice	**—**	2
		144	126
	Fees payable in respect of the audit of the ACCA Staff Pension Scheme	**8**	8

	31 Mar 2013 £'000	31 Mar 2012 £'000
13 Tax		
The amounts charged in the statement of comprehensive income are as follows:		
Current income taxes at 24% (2012: 26%) on the surplus for the year	**103**	68
Underprovision in respect of prior year	**—**	8
	103	76
The current tax charge is split as follows:		
Domestic	**103**	76
Foreign	**—**	—
	103	76

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

	31 Mar 2013 £'000	31 Mar 2012 £'000
Factors affecting the tax charge for the year		
Surplus before tax	**11,271**	13,466
Surplus before tax multiplied by the standard rate of UK Corporation tax of 24% (2012: 26%)	**2,705**	3,501
Effects of:		
Non-taxable income	**(38,186)**	(39,144)
Expenditure not deductible for tax purposes	**35,729**	35,876
Underprovision in respect of prior year	**—**	8
Depreciation	**9**	10
Capital allowances	**(2)**	(5)
Dividend income	**(155)**	(171)
Deferred tax asset not recognised	**3**	—
Differential in tax rates	**—**	1
	(2,602)	(3,425)
Total tax charge	**103**	76

The tax charge arises from non-mutual trading profits, investment income and gains on disposal of property and investments, where applicable. The group tax charge has been reduced by £374,000 (31 March 2012: £477,000) as a result of charitable donations to the Certified Accountants Educational Trust.

14 Property, plant and equipment

	Freehold property £'000	Leasehold improve-ments £'000	Plant & equipment £'000	Computer systems & equipment £'000	Total £'000
Cost or valuation					
At 31 March 2011	8,941	2,388	6,218	22,582	40,129
Additions	39	478	838	4,456	5,811
Disposals	—	(3)	(174)	(65)	(242)
Revaluation surplus	1,420	—	—	—	1,420
Exchange difference	—	(22)	(33)	(24)	(79)
At 31 March 2012	10,400	2,841	6,849	26,949	47,039
Additions	26	381	802	3,435	4,644
Disposals	—	(14)	(73)	(67)	(154)
Revaluation surplus	1,474	—	—	—	1,474
Exchange difference	—	15	18	16	49
At 31 March 2013	**11,900**	**3,223**	**7,596**	**30,333**	**53,052**
Accumulated depreciation					
At 31 March 2011	226	885	4,287	17,881	23,279
Depreciation charge	105	265	570	2,392	3,332
Eliminated on disposals	—	(1)	(138)	(47)	(186)
Eliminated on revaluation	(331)	—	—	—	(331)
Exchange difference	—	(18)	(11)	(23)	(52)
At 31 March 2012	—	1,131	4,708	20,203	26,042
Depreciation charge	105	309	686	3,104	4,204
Eliminated on disposals	—	(32)	(28)	(65)	(125)
Eliminated on revaluation	(105)	—	—	—	(105)
Exchange difference	—	11	27	27	65
At 31 March 2013	**—**	**1,419**	**5,393**	**23,269**	**30,081**
Carrying amount					
At 31 March 2013	**11,900**	**1,804**	**2,203**	**7,064**	**22,971**
At 31 March 2012	10,400	1,710	2,141	6,746	20,997

Freehold property includes land valued at £3,350,000 which is not depreciated. The freehold properties were valued at £11,900,000 as at 31 March 2013. The basis of valuation was at open market value for existing use, which equates to the assets' fair value, and was prepared by Kinney Green, an independent firm of chartered surveyors and property consultant managers. The valuation was carried out on an informal basis to establish whether there had been any depreciation in value of the properties since the 'red book' valuation as at 31 March 2012. The resulting increase in value was deemed material enough for Council to incorporate this value in these financial statements at the balance sheet date.

14 Property, plant and equipment (continued)

	2013	2012
	£'000	£'000
Cost or valuation comprises freehold property stated at:		
Valuation in 2012	**—**	10,400
Valuation in 2013	**11,900**	—
	11,900	10,400
If land and buildings were stated on the historical cost basis, the amounts would be as follows:		
Cost	**8,401**	8,375
Accumulated depreciation	**(1,091)**	(1,011)
Net book value	**7,310**	7,364

15 Intangible assets

	£'000
Cost	
At 31 March 2011	5,495
Additions	2,218
At 31 March 2012	7,713
Additions	1,028
At 31 March 2013	**8,741**
Accumulated amortisation and impairment	
At 31 March 2011	1,250
Amortisation charge	1,507
Impairment	14
At 31 March 2012	2,771
Amortisation charge	1,794
Impairment	586
At 31 March 2013	**5,151**
Carrying amount	
At 31 March 2013	**3,590**
At 31 March 2012	4,942

All intangible assets relate to internally generated development costs. Following an impairment review by management, it was recognised that the benefits which were originally identified for the Script Scanning project had been fully realised over the past three years and was unlikely to bring future benefits. Therefore the project was fully impaired. It was also established that the anticipated benefits from the Digital Foundations project were unlikely to be fully realised and therefore the project was partially impaired.

The main intangible assets carried at the balance sheet date relate to the development of the Foundations in Accountancy syllabus (£1.0m), PCI compliance (£0.6m), Process Transformation (£0.5m) and CSI Programme (£0.5m).

		31 Mar 2013 £'000	31 Mar 2012 £'000
16	**Available-for-sale investments**		
	At valuation		
	At 1 April	**54,622**	33,359
	Additions	**121,357**	62,735
	Disposals	**(100,001)**	(41,783)
	Net gains transferred to fair value reserves	**4,181**	287
	Net (losses)/gains transferred to income	**(14)**	24
	At 31 March	**80,145**	54,622
	Historical cost of tradable investments	**66,191**	26,394

Available-for-sale investments, comprising units in one of Baillie Gifford's managed funds, units in Baillie Gifford's Diversified Growth Fund and certificates of deposits held by Royal London Cash Management, are fair valued annually at the close of business on the balance sheet date. Wherever possible, fair value is determined by reference to Stock Exchange quoted bid prices or to the Fund Manager's quoted prices. Available-for-sale investments are classified as non-current assets unless they are expected to be realised within twelve months of the balance sheet date.

Concentration of available-for-sale investments		
Non-current assets		
UK equities	**11,996**	10,443
Overseas equities	**15,620**	11,457
UK bonds	**2,463**	1,796
Overseas bonds	**9,232**	3,001
Cash and deposits	**3,791**	1,503
Futures and forward currency contracts	**1,294**	—
Overseas index-linked	**678**	—
Private/unquoted equities	**678**	—
Other	**2,383**	—
	48,135	28,200
Current assets		
Certificates of deposit	**32,010**	26,422
	80,145	54,622

Available-for-sale investments are denominated in the following currencies

UK pound	**61,995**	45,779
US dollar	**8,154**	3,299
Euro	**3,676**	1,619
Yen	**1,388**	1,057
Swedish Krona	**1,333**	900
Other currencies	**3,599**	1,968
	80,145	54,622

ACCA monitors its exposures by way of regular reports from Baillie Gifford who have discretionary management of the investment portfolio.

The effective interest rate on the certificates of deposit was 0.44% (2012: 0.97%) and these deposits have an average maturity of 78 days (2012: 60 days).

	31 Mar 2013 £'000	*restated* 31 Mar 2012 £'000
17 Trade and other receivables		
Trade receivables	**10,580**	13,283
Accrued income	**1,490**	1,829
Prepayments	**4,424**	4,741
Other receivables	**630**	442
	17,124	20,295

Movements on the provision for impairment of trade receivables are as follows:

		restated
At 1 April	**12,164**	12,791
Provision for receivables impairment	**7,987**	8,017
Receivables written off during the year as uncollectible	**(7,947)**	(8,556)
Amounts recovered which were previously provided for	**(188)**	(88)
At 31 March	**12,016**	12,164

As mentioned in note 1, trade receivables figures have been restated to reflect the impairment provision of the full amount of the relevant debt. This resulted in a reduction of £4.215m in the comparative figure for the previous year.

18 Derivative financial instruments

	31 Mar 2013		31 Mar 2012	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Forward foreign exchange contracts	**—**	**260**	—	112
	—	**260**	—	112

The amount recognised in the statement of comprehensive income that arises from the forward foreign exchange contracts amounts to a loss of £148k (31 March 2012: loss of £296k).

Forward foreign exchange contracts
The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2013 were £18,772k (31 March 2012: £17,330k).

	31 Mar 2013 £'000	31 Mar 2012 £'000
19 Cash and cash equivalents		
Cash at bank and in hand	**23,207**	21,542
Short term bank deposits	**4,013**	5,641
	27,220	27,183

The effective interest rate on short term bank deposits was 0.73% (2012: 0.71%) and these deposits have an average maturity of 63 days (2012: 33 days).

	31 Mar 2013 £'000	31 Mar 2012 £'000
20 Finance lease liabilities		
Non-current	**377**	—
Current	**189**	—
Total finance lease liabilities	**566**	—

The carrying amounts of the finance lease liabilities equal their fair value and are denominated in sterling.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	31 Mar 2013 £'000	31 Mar 2012 £'000
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**189**	—
Later than 1 year and no later than 5 years	**377**	—
Present value of the finance lease liabilities	**566**	—

There are no finance charges payable on the finance leases.

21 Deferred tax liabilities

Deferred tax liabilities are calculated in full on temporary differences under the balance sheet liability method using a principal tax rate of 23% (2012: 24%). The following are the major deferred tax liabilities recognised by ACCA and the movements thereon during the current period and previous years. ACCA has no deferred tax assets.

Deferred tax liabilities

	Revaluation of available-for-sale investments £'000	**Total £'000**
At 1 April 2011	1,244	1,244
Tax credited to reserves	(224)	(224)
At 31 March 2012	1,020	1,020
Tax charged from reserves	753	753
At 31 March 2013	**1,773**	**1,773**

22 Retirement benefit obligations

(a) *General information*

In the UK and Ireland, ACCA operates pension schemes ("the Schemes") providing benefits based on final pensionable pay and on a career average revalued earnings (CARE) basis. The assets of the Schemes are held separately from those of ACCA and invested with the Scottish Widows Fund and Life Assurance Society, Legal & General, Royal London Asset Management and Irish Life. Contributions to the Schemes are determined by a qualified actuary on the basis of triennial valuations. In accordance with the schedule of contributions, members of the Schemes contributed 8% of their pensionable pay to the pension schemes and the balance of contribution required is provided by ACCA. The UK scheme based on final pensionable pay was closed to new members with effect from 1 July 2007 and those members still in the scheme at that date then began to accrue benefits under the CARE basis. Since 1 July 2007 new employees have been able to join defined contribution plans which are operated by Zurich Assurance Ltd and Irish Life. Due to a legislative change, the Irish employees ceased to be members of the UK scheme with effect from 31 March 2007 and were transferred to a new scheme - the ACCA Ireland Pension Scheme.

During 2010 and 2011, ACCA undertook a review of the defined benefit pension schemes in both the UK and Ireland. As a result of that review, a number of changes were made to the schemes' benefits which resulted in a curtailment of both schemes at 31 July 2011. A number of options were presented to scheme members and 111 members elected to leave the schemes on that date, with the remaining 172 members due to leave the scheme on or before 31 July 2013. From that date, both the UK and Irish scheme will be closed to future accrual and the remaining members will be able to join the defined contribution plan.

The most recent triennial valuation of the UK scheme was at 1 January 2010 (the 1 January 2013 triennial valuation is in progress). This 1 January 2010 valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2013. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	
past service	6.4% p.a. to retirement, 4.9% p.a. thereafter
future service	6.4% p.a. to retirement, 4.9% p.a. thereafter
Rate of salary growth	4.5% p.a.
Limited price indexation of pensions in payment	3.2% p.a.
Retail prices index	3.7% p.a.
Consumer price index	3.0% p.a.

	31 Mar 2013	31 Mar 2012
The principal financial assumptions used for the purposes of the figures in these financial statements were as follows:		
Discount rate	**4.6%**	4.8%
Expected return on plan assets (average)	**6.1%**	6.3%
Future salary increases	**2.0%**	2.0%
Future pension increases subject to Limited Price Indexation	**3.4%**	3.3%

The mortality assumptions for the current year-end follows the table known as S1PA, using 90% of the base table with medium cohort mortality improvements subject to a 1.25% minimum to the annual improvements. The same mortality assumptions were used at the previous year end. Assuming retirement at 65, the life expectancy in years are as follows:

For a male aged 65	**22.9**	22.8
At 65 for a male member aged 45 now	**25.3**	25.2
For a female aged 65 now	**25.6**	25.5
At 65 for a female member aged 45 now	**28.0**	27.9

22 Retirement benefit obligations (continued)

(a) *General information (continued)*

The sensitivity of the overall pension liability to changes in the principal assumptions is:

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.25% (2012:0.25%)	Decrease/increase by £3.9m (2012:£6.0m)
Inflation rate	Increase/decrease by 0.25% (2012:0.25%)	Increase/decrease by £3.9m (2012:£4.3m)
Rate of mortality	Increase by 1 year	Increase by £2.7m (2012:£2.3m)

The sensitivities are based on the present value of funded obligations. As mentioned in note 1, the prior year figures have been restated to reflect the correct basis of calculation.

The actuarial valuation of the UK Scheme showed that, at 1 January 2010, the market value of Scheme assets was £47.1m and the value of pension benefits earned was £66.9m. The funding level against technical provisions is therefore 70%.

	31 Mar 2013 £'000	31 Mar 2012 £'000
The total pension charge is made up as follows:		
Pension costs under the UK and Irish Schemes (see note 22c)	**1,045**	(6,726)
Other pension costs made on behalf of the schemes	**212**	137
Death-in-service premiums	**144**	147
Payments to defined contribution schemes for certain employees outside the UK and Ireland	**251**	264
Payments to defined contribution schemes for certain employees in the UK and Ireland	**1,700**	874
Payments for the Pensions Protection Levy	**109**	60
Pension costs	**3,461**	(5,244)
Pension costs (excluding curtailment gains – see note 22c)	**3,461**	2,060
Actuarial losses recognised in the statement of other comprehensive income for the period	**1,362**	15,367
Cumulative actuarial losses recognised in the statement of other comprehensive income	**30,122**	28,760

Defined contribution schemes are operated for qualifying employees within the UK and 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.

(b) *Pension benefits*

	31 Mar 2013 £'000	31 Mar 2012 £'000
Amounts recognised in the balance sheet to reflect funded status		
Present value of funded obligations	**97,204**	85,143
Fair value of plan assets	**(78,814)**	(66,176)
Present value of unfunded obligations (funded status)	**18,390**	18,967
Unrecognised actuarial losses	**—**	—
Net liability in the balance sheet at 31 March	**18,390**	18,967

		31 Mar 2013 £'000	31 Mar 2012 £'000
22	**Retirement benefit obligations (continued)**		
(c)	*Pension costs*		
	The amounts recognised in total comprehensive income for the Schemes are as follows:		
	Current service cost (excluding employee contributions)	**1,172**	877
	Interest cost on obligation	**4,090**	3,924
	Expected return on plan assets	**(4,217)**	(4,223)
	Curtailment gains	**—**	(7,304)
	Pension costs under the Schemes	**1,045**	(6,726)
(d)	*Change in benefit obligation*		
	Present value of benefit obligation at 1 April	**85,143**	73,826
	Current service cost (excluding employee contributions)	**1,172**	877
	Employee contributions	**650**	750
	Interest on obligation	**4,090**	3,924
	Benefits paid	**(959)**	(733)
	Curtailment gains	**—**	(7,304)
	Actuarial loss	**7,103**	13,889
	Exchange difference	**5**	(86)
	Present value of benefit obligation at 31 March	**97,204**	85,143

Amounts recognised in the balance sheet for pensions are predominantly non-current and are reported as non-current liabilities.

		31 Mar 2013 £'000	31 Mar 2012 £'000
(e)	*Movement in the net liability recognised in the balance sheet*		
	At 1 April	**18,967**	13,824
	Pension costs	**1,045**	(6,726)
	Contributions paid	**(2,984)**	(3,498)
	Recognition of actuarial losses	**1,362**	15,367
	At 31 March	**18,390**	18,967
(f)	*Change in plan assets*		
	Fair value of plan assets at 1 April	**66,176**	60,002
	Expected return on assets	**4,217**	4,223
	Actuarial gain/(loss) on assets	**5,741**	(1,478)
	Actual return on plan assets	**9,958**	2,745
	Contributions - employer	**2,984**	3,498
	Contributions - employee	**650**	750
	Benefits paid	**(959)**	(733)
	Exchange difference	**5**	(86)
	Fair value of plan assets at 31 March	**78,814**	66,176

22 Retirement benefit obligations (continued)

(g) *Plan assets*

Plan assets are comprised as follows:

	31 Mar 2013 £'000	**%**	31 Mar 2012 £'000	%
Equities	**40,158**	**50.9**	34,209	51.7
Bonds	**31,176**	**39.6**	25,586	38.6
Property	**7,338**	**9.3**	6,271	9.5
Cash	**142**	**0.2**	110	0.2
	78,814	**100**	66,176	100

The largest proportion of assets is invested in equities via pooled funds managed by Legal & General, although the Trustees of the schemes also invest in bonds, cash and property. The Trustees believe that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are held in a globally diversified portfolio of international blue chip entities. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets.

(h) *Defined benefit obligation trends*

	31 Mar 2013 £'000	31 Mar 2012 £'000	31 Mar 2011 £'000	31 Mar 2010 £'000	31 Dec 2008 £'000
Scheme assets	**78,814**	66,176	60,002	52,575	37,753
Scheme liabilities	**(97,204)**	(85,143)	(73,826)	(78,235)	(59,791)
Scheme deficit	**(18,390)**	(18,967)	(13,824)	(25,660)	(22,038)
Experience adjustments on liabilities (£'000s)	**141**	(1,218)	(1,224)	1,356	(1,698)
As a % of scheme liabilities	**0.2**	(1.4)	(1.7)	1.7	(2.8)
Experience adjustments on assets (£'000s)	**5,741**	(1,478)	10,510	7,640	(13,934)
As a % of scheme assets	**7.3**	(2.2)	17.5	14.5	(36.9)

In accordance with actuarial advice and with the agreement of ACCA and the UK Pension Scheme's trustees, for the year ended March 2014, ACCA will contribute 12% of pensionable salary up to the date of scheme closure, together with annual deficit recovery contributions of £2,000,000 in respect of the UK scheme and on average 10% of pensionable salary in respect of overseas schemes. With regards to the Irish scheme it is expected that for the year ended 31 March 2014, ACCA will contribute 12.8% of pensionable salary up to the date of scheme closure, together with annual deficit contributions of £38,500.

		31 Mar 2013 £'000	*restated* 31 Mar 2012 £'000
23	**Trade and other payables**		
	Trade payables	**2,481**	1,524
	Social security and other taxes	**1,379**	1,214
	Accrued expenses	**10,915**	13,477
		14,775	16,215
24	**Deferred income**		
	Deferred income	**70,297**	65,001

Deferred income comprises fees and subscriptions from members and students accounted for in advance less an appropriate provision for bad debt as well as exam fees paid in advance by students and monitoring contract income paid in advance.

As mentioned in note 1, deferred income figures have been restated to take account of the effect of the full debt being provided for in trade receivables which impacts on the level of income deferred. This resulted in a reduction of £4.215m in the comparative figure for the previous year.

25 Provisions

	Tax £'000	**Legal costs £'000**	**Research £'000**	**Claims £'000**	**Total £'000**
At 1 April 2012	—	168	199	200	567
Utilised during the year	—	—	(162)	—	(162)
Released during the year	—	(38)	—	(100)	(138)
Provided during the year	3,600	—	211	—	3,811
At 31 March 2013	**3,600**	**130**	**248**	**100**	**4,078**

During the year, sufficient progress has been made in resolving outstanding tax matters in the UK and China to enable a provision to be made. In the prior year, these were disclosed as a contingent liability. In the UK, the provision relates to the registration of ACCA for VAT in the UK and the potential tax due under the reverse charge legislation. In China, a change in legislation has given rise to a liability for turnover and income tax from 1 January 2011 and the provision is the estimated liability arising from that date.

The research provision represents grants and other payments to which the Certified Accountants Educational Trust is committed as part of its continuing sponsorship of accounting research.

The claims provision represent management's best estimate of ACCA's liability relating to the costs associated with ongoing Accountancy and Actuarial Discipline Board (AADB) investigations against ACCA members. The AADB is responsible for operating and administering an independent disciplinary scheme covering members of the six professional accountancy bodies in the UK and Ireland. It is possible that some of this provision will be incurred in 2013/14. There is no expected reimbursement from actual costs accounted for to date.

The legal costs provision relates to the costs which ACCA may be liable for when undertaking investigations into any ACCA members' conduct which contributed to the collapse of Anglo Irish Bank.

26 Other reserves

	Currency translation £'000	Land and buildings £'000	Available-for-sale investments £'000	Total £'000
Balance at 1 April 2011	(212)	1,885	7,426	9,099
Revaluation – gross	—	1,751	287	2,038
Revaluation – tax	—	—	224	224
Currency translation differences	129	—	—	129
Balance at 31 March 2012	(83)	3,636	7,937	11,490
Revaluation – gross	—	1,579	4,181	5,760
Revaluation – tax	—	—	(753)	(753)
Currency translation differences	(84)	—	—	(84)
Balance at 31 March 2013	**(167)**	**5,215**	**11,365**	**16,413**

The land and buildings fair value reserve represents the excess of the open market value over the depreciated historic cost of the Group's properties, net of deferred taxation. The available-for-sale investments fair value reserve represents the excess of unrealised gains and losses on available-for-sale investments over their historic costs, net of deferred taxation. The currency translation reserve represents the exchange differences arising on the translation of the assets and liabilities of the non-UK subsidiary undertakings.

27 Commitments

	31 Mar 2013 £'000	31 Mar 2012 £'000
Capital commitments for property, plant and equipment		
Contracted for at the balance sheet date but not recognised in the financial statements	**—**	—
Authorised but not contracted	**2,432**	2,208

Operating lease commitments
At the balance sheet date the group had outstanding commitments under non-cancellable leases, which fall due as follows.

	Land and buildings		**Other**	
	31 Mar 2013 £'000	31 Mar 2012 £'000	**31 Mar 2013 £'000**	31 Mar 2012 £'000
Within one year	**2,802**	2,837	**376**	285
In two to five years	**4,659**	5,181	**269**	330
More than 5 years	**1,127**	1,815	**—**	—
	8,588	9,833	**645**	615

Operating lease rentals charged to the statement of comprehensive income in the year amounted to £3,703k (31 March 2012: £3,256k).

The future commitment in respect of the lease entered into by CAET, for which ACCA has provided a guarantee, amounted to £3,710k (2012: £4,240k) at the balance sheet date.

28 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	Barry Cooper (President) Martin Turner (Deputy President) Anthony Harbinson (Vice President)
Other Council members	Rizwan Akhtar, Stephen Bailey, Sharon Burd, Alexandra Chin, Francis Chittenden, Rosanna Choi, Orla Collins, Matilda Crossman, Gustaw Duda, Jenny Gu, Kenneth Henry, Pauline Hobson, Julie Holderness, Hemraz Hoolash, Ladislav Hornan, Lynne Hunt, Raphael Joseph, Japheth Katto, Dato' Khalid Ahmad, Lazaros Lazarou, James Lee, Leo Lee, Brian McEnery, Hamish McKay, Mark Millar, Kholeka Mzondeki, Coutts Otolo, Taiwo Oyedele, Laura Perrin, Azza Raslan, Robert Stenhouse, Anthony Tyen, Dean Westcott, Belinda Young and Amy Yung
Key management personnel	Helen Brand (Chief Executive), Judith Bennett, Alan Hatfield, Stephen Heathcote, Kathy Grimshaw, Raymond Jack, Peter Large, Jasmine Lassen, Clare Minchington, Darren Parris and Neil Stevenson

The office holders 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 ACCA. 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. Key management personnel are remunerated as shown below.

	31 Mar 2013 £'000	31 Mar 2012 £'000
Related party transactions		
Honorarium	**14**	14
Reimbursement of expenses directly incurred by Council members	**333**	337
Salaries and other short-term employee benefits	**1,489**	1,322
Post-retirement benefits	**173**	91
	Owed	**Owed**
Related party balances		
Reimbursement of expenses directly incurred by Council members	**2**	—
Bonuses payable to key management personnel	**105**	124

29 Principal undertakings

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
Association of Authorised Public Accountants	England & Wales	Limited by guarantee	Professional accounting and supervisory body
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
ACCA Malaysia Sdn. Bhd.	Malaysia	Ordinary shares	Vehicle for ACCA's operations in Malaysia
ACCA Mauritius	Mauritius	Ordinary shares	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

29 Principal undertakings (continued)

	Country of registration	Beneficial holding	Nature of business
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

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. This company was established to replace CCAB Ltd which was dissolved in October 2011 and ACCA's shareholding of £172 (17.2%) was redeemed at par.

	31 Mar 2013 £'000	*restated* 31 Mar 2012 £'000
30 Cash flow statement		
(a) *Cash generated from operations*		
Surplus before tax	**11,271**	13,466
Adjustments for:		
Depreciation on property, plant and equipment	**4,204**	3,332
Amortisation of intangible assets	**1,794**	1,507
Loss on sale of property, plant and equipment	**26**	34
Fair value losses/(gains) on valuation of available-for-sale investments	**14**	(24)
Interest received	**(310)**	(295)
Dividends received	**(644)**	(658)
Impairment adjustment	**586**	14
Pension costs	**1,045**	(6,726)
Pension contributions paid	**(2,984)**	(3,498)
Changes in working capital (excluding the effects of exchange differences)		
Inventories	**—**	11
Derivative financial instruments	**148**	296
Trade and other receivables	**3,171**	75
Trade and other payables	**(1,440)**	738
Deferred income	**5,296**	17,202
Provisions	**3,511**	129
Cash generated from operations	**25,688**	25,603

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

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

	31 Mar 2013 £'000	31 Mar 2012 £'000
Net book amount	**29**	56
Loss on disposal of property, plant and equipment	**(26)**	(34)
Proceeds from disposal of property, plant and equipment	**3**	22

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 Financial Reporting Council in May 2010. Council's Governance Design Committee is charged with ensuring that ACCA follows good practice. Council confirms that, although the *UK Corporate Governance Code* relates to UK listed companies and ACCA is not obliged to 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 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 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. Council has 37 members, 36 of whom are elected by the membership as a whole and subject to re-election every three years, plus one co-opted member. Council members are volunteers, who can stand for election for a maximum of three terms of three years. 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 2012 AGM, Council now has members from 16 different countries, reflecting the diversity of ACCA and its members. Profiles of Council members are available on request from ACCA.

The office holders of ACCA are the President, the Deputy President and the Vice President. The incoming Vice President is chosen by Council members in March each year from among its members, with a ballot if necessary. Council then formally elects each of the office-holders at its first meeting following the AGM each year. 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.

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. One further induction session is held during a member's first year on Council. This provides further points of clarification relating to the member's own experience on Council and also provides a briefing on the work of standing committees. Each committee is also asked to organise, as early as possible in the Council year, a training session for its members on key areas falling within the remit of the committee.

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.

Principles of good governance (continued)

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. 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 chairmanship is on offer to all Council members.

Council members' interests

The office holders 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. 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 conflict of interest or influence the way in which he or she might vote on Council's affairs. The Register is reviewed annually in April 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.

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 International Financial Reporting Standards (IFRS), 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 year.

In preparing these financial statements, Council ensures that:

- suitable accounting policies are selected and applied consistently;
- reasonable and prudent judgements and accounting estimates are made;
- IFRS as adopted by the European Union have been followed; and
- the financial statements are prepared on the going concern basis.

Council has delegated to the Chief Executive and the senior staff its responsibility to keep proper accounting records 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 2012/13, ACCA prepared a five-year Corporate Plan which provided an indication of the likely strategic priorities over each financial year, formed the basis for developing five-year financial projections and was used to develop the 2013/14 budget. Council has approved the 2013/14 budget which contains the detailed financial assumptions, allocations and targets to deliver the 2013/14 Corporate Plan and is therefore 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 in the five-year Corporate Plan. Actual 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 September, 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. For the current year the annual review will take the form of an Integrated Report.

Council is responsible for the maintenance 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 developed organically over the years. Council continues to review regularly the roles, responsibilities and effectiveness of Council, Regulatory Board and Committees to ensure that they remain fit for purpose. During 2010/11, a review of the governance structure was carried out and the proposal to reform the Council Committee structure was approved by Council in March 2011 and put in place with effect from September 2011.

Nominating Committee
Nominating Committee is responsible for making recommendations to Council for appointments to Council, standing committees, technical committees, International Assembly, Regulatory Board, trustees of the pension scheme, task forces and finish groups, including independent members. It also has direct responsibility to develop and keep under review succession planning arrangements for ACCA's Officers and committee chairmen and to play a proactive role in the identification of potential Council members. Appointments to committees are made annually by Council.

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

		Meetings attended
Chairmen:	Dean Westcott, FCCA (to 20/9/12)	2/2
	Barry Cooper, FCCA FCPA BCom BEd MEd PhD (from 20/9/12)	1/1
Other members:	Sharon Burd, FCCA MBA IPFA (to 20/9/12)	1/2
	Barry Cooper, FCCA FCPA BCom BEd MEd PhD (to 20/9/12)	2/2
	Anthony Harbinson, FCCA MBA (from 20/9/12)	1/1
	Leo Lee, FCCA LLB MBA FHKICPA	3/3
	Brian McEnery, FCCA (from 20/9/12)	1/1
	Laura Perrin, FCCA BA (to 20/9/12)	1/2
	Martin Turner, FCCA MCMI FCHL (Wales)	2/3
	Anthony Tyen, FCCA FHKICPA ICSA MBA (from 20/9/12)	1/1
	Dean Westcott, FCCA (from 20/9/12)	1/1

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

Audit Committee
ACCA's Audit Committee is responsible, on behalf of Council, for:

- ensuring that all significant activities of ACCA are subject to independent review and audit;
- monitoring ACCA's relationship with its auditors;
- reviewing the effectiveness of risk management policies and procedures;
- reviewing the effectiveness of internal controls including financial, operational and compliance controls.

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

		Meetings attended
Chairman:	Anthony Harbinson, FCCA MBA	3/3
Other members:	Gustaw Duda, FCCA MBA (to 20/9/12)	1/1
	Julie Holderness, FCCA	2/3
	Hemraz Hoolash, FCCA	3/3
	Hamish McKay, FCCA	2/3
	Coutts Otolo, FCCA CPA(K) (from 20/9/12)	2/2
	Robert Stenhouse, FCCA FCA CTA	3/3
	Amy Yung, FCCA FHKICPA ICSA IIA	2/3
Independent member (i.e. non-Council member):		
	Willie Wardrop, FCCA BA	3/3

Audit Committee meets at least three times a year. Both the external auditors and the Senior Internal Auditor have direct access to the chairman and are entitled to attend its meetings.

In November 2009, Audit Committee agreed that there should be a competitive tender for external audit services every five years. A tender process was undertaken in 2011, and the recommendation to reappoint BDO LLP as external auditors was approved by the members at the AGM in September 2012. Every year, there is a detailed performance review by Audit Committee, which includes consideration of the FRC Annual Quality Review reports as available, following which a recommendation is made to Council prior to each AGM.

During the year Audit Committee has:

- reviewed the financial statements, having received a report from the external auditors on their review and audit of the financial statements;
- considered the output of the procedures used to manage risk within ACCA;
- reviewed the effectiveness of ACCA's internal controls;
- considered the letter to management from the external auditors on their review of the internal controls;
- agreed the fees and terms of appointment of the external auditors, including their quality and effectiveness;
- reviewed its own effectiveness; and
- agreed the work plans of internal audit and information security and reviewed the output from these plans.
- agreed a revised Council Expenses policy
- received training on I-XBRL and 'the changing role of the audit committee'

Auditor's independence and objectivity
Audit Committee monitors regularly any 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 Audit Committee. There were no non-audit services carried out by the external auditor during the year. Details of the amounts paid to the external auditor during the year for the audit of ACCA, its pension schemes and additional audit services relating to the audit of the corporate KPIs are set out in note 12 to the financial statements.

The independent member of Audit Committee receives remuneration on a fixed attendance fee basis.

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

Governance Design Committee
ACCA's Governance Design Committee pursues continual improvement in governance design in ACCA in order to reflect best global practice. During 2010/11, the then Governance Committee undertook on Council's behalf a review of ACCA's overall governance structures. The over-arching objective of the review was to ensure that ACCA's governance design is closely aligned to, and provides optimum oversight of, the delivery of ACCA's overall strategy. The new framework, agreed by Council in March 2011, was implemented with effect from September 2011.

Key features of the new framework include:

- the transformation of Governance Committee into the new Governance Design Committee, which 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
- a combined resource oversight committee which enables integrated human and financial resource allocation and planning. The committee also provides oversight for the transformation programme and its role in delivering ACCA's strategy to 2015, including capital investment policies.

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

		Meetings attended
Chairman:	Brian McEnery, FCCA	3/3
Other members:	Rizwan Akhtar, FCCA ACMA (to 20/9/12)	1/1
	Steve Bailey, FCCA (from 20/9/12)	1/2
	Jenny Gu, FCCA CICPA (to 20/9/12)	1/1
	Kenneth Henry, FCCA PhD CISA CPA CGFM	3/3
	Pauline Hobson, FCCA MBA FCMI	3/3
	Mark Millar, FCCA (to 20/9/12)	1/1
	Taiwo Oyedele, FCCA (from 20/9/12)	2/2
	Martin Turner, FCCA (from 20/9/12)	2/2
Independent members:	Edwin Lawrie, ACIS FIRM ACII (from 20/9/12)	2/2
	Matthew McLelland, BA MA (from 20/9/12)	2/2

The independent members of Governance Design Committee receive remuneration on a fixed attendance fee basis.

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

Remuneration Committee
ACCA's Remuneration Committee is responsible for determining and agreeing a policy framework for the remuneration of ACCA's Chief Executive and the senior staff in order to encourage performance of a consistently high standard and to reward individuals for their contribution to the success of ACCA. The committee consists of seven members of Council and an independent member appointed by its Nominating Committee.

The Committee's work plan during 2012/13 included: a review of succession planning arrangements for the senior management team; a benchmark review of remuneration within the scope of the Committee; consideration of options for possible future disclosure of Executive Directors' remuneration; and determination of the performance targets for 2013/14 in the context of the reward scheme for senior staff.

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

		Meetings attended
Chairman:	Lynne Hunt, FCCA (from 20/9/12)	1/1
	Martin Turner, FCCA MCMI FCHL (Wales) (to 20/9/12)	1/1
Other members:	Sharon Burd, FCCA	1/2
	Gustaw Duda, FCCA MBA	2/2
	Anthony Harbinson, FCCA MBA	2/2
	Lynne Hunt, FCCA (to 20/9/12)	1/1
	Leo Lee, LLB MBA FCCA FHKICPA	2/2
	Martin Turner, FCCA MCMI FCHL (Wales) (from 20/9/12)	1/1
	Anthony Tyen, FCCA FHKICPA ICSA MBA (from 20/9/12)	1/1
Independent member:	Richard Moule, BA IPD	1/2

The independent member of Remuneration Committee receives remuneration on a fixed attendance fee basis.

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

Regulatory Board
ACCA's Regulatory Board was launched in September 2008, bringing together all of ACCA's previous governance arrangements for regulation and discipline into a single entity. The remit of the Regulatory Board is to provide independent oversight of ACCA's regulatory and disciplinary activities, and to report to ACCA's Council on the fairness and impartiality of these activities. Placing oversight of regulation and discipline at 'arm's length' from the governance of ACCA's other activities helps to reassure stakeholders that ACCA's arrangements are operated impartially, with integrity and in the public interest. The Board comprises three members of ACCA's Council and seven independent 'lay' appointees - non-accountants - one of whom is Lay Chairman.

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

		Meetings attended
Chairman:	Katrina Wingfield, LLB Hons Exon Solicitor Advocate	4/4
Lay members:	Steve Barrow, BSc Hons DTS DMS	4/4
	Peter Cadman, LLB	4/4
	Barbara Duffner, BA MCIPD OBE	4/4
	Christine Fraser, LLB	4/4
	Alan Kershaw, MA (to 30/9/12)	2/2
	David Lock, BSc Mphil FCIS ARPS (to 30/9/12)	2/2
	Frances Walker, LLB Hons (from 1/10/12)	2/2
	Rosalind Wright, CB QC (Hon Causa) (from 1/10/12)	2/2
Members from Council:	Raphael Joseph, FCCA	4/4
	Robert Stenhouse, FCCA FCA CTA	4/4
	Anthony Tyen, FCCA FHKICPA ICSA MBA (from 20/9/12)	2/2

Profiles of the Board members can be found on ACCA's website (www.accaglobal.com). The Regulatory Board's Terms of Reference are available on request from ACCA.

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

The Regulatory Board and its sub-committees are supported internally by the Governance Executive Directorate.

International Assembly

ACCA's International Assembly was formed in 1997. It remains a unique resource to ACCA and no other body has such a diverse representative group 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 53 representatives on the International Assembly, representing all regions where there are ACCA members. The International Assembly usually meets in November each year and the meeting is timed to enable Council and Assembly members to interact at a joint session.

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

Senior management and remuneration

The Chief Executive, seven Executive Directors (year ending 31 March 2012: six), two Directors (year ending 31 March 2012: one) and two independent non-executive advisors (year ending 31 March 2012: two) form the Executive Team and are responsible for the day-to-day management of ACCA on behalf of Council and for the implementation of Council policy: they are not directors within the meaning of company law. Nevertheless, Council discloses that the emoluments of the Chief Executive, Executive Directors and Directors for the year were £1,489,087 (year to 31 March 2012: £1,321,653). Eight of the Executive Team also accrue retirement benefits under the defined benefit scheme operated by ACCA, while the other two members of the Executive Team have joined the defined contribution plan. The defined benefit scheme will close to future accrual in July 2013, after which those eight members of the Executive Team will be able to join the defined contribution plan.

The total salaries and benefits of the Chief Executive in the year to 31 March 2013 was £293,117 (year to 31 March 2012: £274,368).

The two independent non-executive advisors receive remuneration on a fixed attendance fee basis.

Corporate Social Responsibility (CSR)

ACCA produced its first CSR report in 2009/10 and continues to produce an annual statement which is available at www.accaglobal.com/

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 engagements with staff are included in ACCA's Integrated Report.

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 information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Council members are not aware of any relevant audit information of which the auditors are unaware.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

We have audited the financial statements of the Association of Chartered Certified Accountants and its subsidiaries (the Group) for the year ended 31 March 2013 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in members' funds and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our report has been prepared pursuant to our engagement letter with Council and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our engagement letter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of Council and auditors

As explained more fully in the statement of Council's responsibilities, Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its surplus for the year then ended; and

- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Opinion on other matters

In our opinion the information given in the Integrated Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BDO LLP
Chartered Accountants
Glasgow
United Kingdom

15 June 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
REFERENCE AND ADMINISTRATIVE DETAILS
CHARITY NUMBERS 222595 AND SC039877

Board of Management and Trustees
Dr M J M Kedslie, President
D J Argent
J Beckerlegge
J Cole
P D Finch
J D Moore OBE
A Sandison
A G Thorne

Honorary Secretary
H McCash

Principal Office
29 Lincoln's Inn Fields
London
WC2A 3EE

Honorary Auditor
BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

Principal Banker
Clydesdale Bank plc
1 Woodside Crescent
Glasgow
G3 7UL

Solicitors
Bates Wells & Braithwaite London LLP
2-6 Cannon Street
London
EC4M 6YH

Tods Murray LLP
Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9AG

Wilsons Solicitors LLP
Alexandra House
St Johns Street
Salisbury
Wiltshire
SP1 2SB

Investment Manager
Charles Stanley & Co. Limited
25 Luke Street
London
EC2A 4AR

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 MARCH 2013

The Board submits its report together with the financial statements for the year ended 31 March 2013. The financial statements have been prepared in accordance with the Accounting policies set out in note 1 to the financial statements and comply with the Fund's governing document, the Charities Act 2011 and the Statement of Recommended Practice *'Accounting and Reporting by Charities'* (SORP 2005).

Structure, governance and management
The Fund is an unincorporated charity established by Trust Deed in 1918 and is registered by the Charity Commission for England and Wales, registration number 222595 and with OSCR in Scotland, registration number SC039877. The governing document of the Fund is the Rules of the Fund.

Under the Rules of the Fund, there must be at least seven, and no more than 12, members of the Board of Management. The Board must consist only of Fund members, each of at least two years' standing. Every member of the member body, ACCA (Association of Chartered Certified Accountants), is *ipso facto* a member of the Fund. Board members are elected at the Annual General Meeting, to hold office for one year and are eligible for re-election.

The Board met four times in the year. At each meeting it considers applications from potential beneficiaries and reviews the financial position of the Fund. A strategy meeting is held annually at which the Board agrees the broad strategy and activities of the Fund including consistency of grant-making, investments, reserves and risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the Board is delegated to the Secretary and the administrator. In the previous year the Board passed a resolution to incorporate the charity and this is ongoing. At this year's Annual General Meeting the members will be asked to vote on resolutions to progress this including a resolution to transfer all the assets and liabilities to a new charitable company in due course.

New Board members are sought through dialogue with ACCA, which holds a database of ACCA members. ACCA can identify members who have the relevant skills needed to complement those of the current Board. The Board has a New Trustee Induction pack which is given to new Board members. The pack includes a copy of the Rules of the Fund, a brief history of the Fund, last three years' annual reports, recent minutes, a copy of the Charity Commission guidance 'The Essential Trustee: What you need to know' and a copy of the most recent management financial statements, strategy and 15-year rolling plan.

The Fund is a member of the Association of Charitable Organisations (ACO). The ACO provides much helpful information on good practice, changes in the law affecting charities and acts as a voice lobbying on behalf of the benevolent sector charities with the Government and Regulators.

Objectives and activities
The principal object of the Fund is to raise and maintain a fund for the purpose of assisting persons in need who are, or have been, members of ACCA or the Association of Authorised Public Accountants, and their families and dependants. The Board is also empowered to assist other charitable institutions as it sees fit. The principal policy adopted by the Board of Management to further the objects of the Fund has been, and continues to be, to make timely grants and/or loans to members and their families, who face hardship or need at any time. These loans are normally secured and are either interest free or linked to bank base rate.

The Fund employs no staff. Its administration, including routine legal advice, is provided by ACCA. Members of the Board of Management also devote time to the Fund's affairs at meetings, travel to and from meetings and communications between meetings for which they receive no remuneration. Board members come from a wide geographical base which ensures as wide as possible knowledge base within the Board. The Fund is also supported by other members of the Fund and ACCA staff who may, as volunteers, visit applicants and beneficiaries from time to time when requested by the Fund. The Fund is not otherwise dependent on the services of volunteers or donations in kind.

The Fund's unrestricted funds include two designated funds: a Loan Fund and a Disaster Fund. The former is equal to the total amount of loans to beneficiaries and recognises the fact that these amounts are not available for the Fund's day-to-day operations. The latter will be used to provide emergency assistance to members and their families who have been affected by national or international disaster and will be added to annually at a rate agreed by the Board (currently 5% of the Fund's income excluding support cost donations, previously it was 5% of the Fund's total income) up to a cap of £250,000 (previously £100,000).

Public benefit

The Fund's principal charitable purpose is to give to those members of ACCA or the Association of Authorised Public Accountants and their families and dependants, who are in need, by reason of age, ill-health, disability, financial hardship or other disadvantage. The Fund assists its beneficiaries by awarding grants or loans of money, the provision of specific items, the payment of services and non-financial advice and support. The Board is of the view that the Fund meets the public benefit requirement by relieving members and their families and dependants of financial hardship. As reported last year, the Fund was a member of a steering group co-ordinated by the ACO which successfully made representations to the Charity Tribunal to demonstrate that benevolent funds provide public benefit. The Charity Commission is required to publish guidance on public benefit and the Board can confirm that it has had regard to that guidance. A revised guidance has been drafted and consultation on that guidance closed in September 2012. The Charity Commission aims to publish the revised guidance in 2013 which the Board will take note of.

Grant making policy

The Fund exists to help members and their dependants - both financially and with appropriate advice. The Board encourages applications for assistance from all members and their dependants. Applicants submit financial and other information in a specific format. Each case is considered on its own merits and is sympathetically reviewed. Assistance may take the form of one-off grants to help in the short-term, regular ongoing grants or a loan which would normally be secured on the applicant's property. In certain cases where an applicant has been successful, grants can be continued on an annual basis following submission of the appropriate documentation. Cases are usually reviewed annually.

The Board asks that members of the Fund advise the Secretary of the Fund of any potential beneficiaries they believe to be in need, and who may be reluctant to approach the Fund directly.

The Board reviews its guidelines for granting assistance annually. Details of how to apply for grants and other assistance, together with the relevant forms, are available from the Secretary and the ACCA website at http://www.accaglobal.com/members/fund

Financial review

The Fund is currently able to finance its activities from donations, legacies and the income from its investment portfolio which provide funds to meet anticipated needs in the short term. In addition, the Fund receives royalties on an affinity credit card scheme operated by MBNA. Details of the MBNA MasterCards, which are issued with the ACCA logo, are available at
http://uk.accaglobal.com/uk/members/support/uk/credit_card on the ACCA website.

The financial statements for the period are shown on pages 45 to 50. The Statement of Financial Activities on page 45 shows the incoming resources available to the Fund and the extent to which these resources have been applied. This, together with the Balance Sheet on page 46, shows the total assets of the Fund to be £3,037,909 (2012: £2,698,649), which will generate income to meet its future obligations. The Fund held £286,246 (2012: £178,553) in bank balances and short term deposits at 31 March 2013 and, in the opinion of the Board, the Fund continues to be in a position to pursue its charitable activities in the foreseeable future. Governance costs for the current year include legal costs relating to the proposed incorporation of the Benevolent Fund.

The Board is grateful to all who have contributed in any way to the work of the Fund during the year to 31 March 2013. In particular, it expresses thanks to those who made a financial contribution and those who gave of their time. Donations from members amounted to £54,556 (year ended 31 March 2012: £40,115) and this included a very generous one-off donation of £10,000 from a Hong Kong member. The Board would like to thank all those members who have made donations to the Fund, particularly those who are UK taxpayers and have completed Gift Aid declarations which allow the Fund to reclaim basic rate tax paid on these donations. This method of giving is very tax efficient and the Board encourages UK taxpayers to consider completing Gift Aid declarations if they have not already done so. The Board also encourages donors to gift shares directly to the Fund in order to gain the tax benefits available both to the Fund and the donor.

The Board appreciates any help members can give in ensuring that the Fund can provide support to all those who have reason to ask for it. From the grateful letters the Board receives, it can assure members that the assistance the Fund provides is highly appreciated. Please help the Board to ensure that it can continue to fulfil the objectives of the Fund.

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 MARCH 2013

Achievements and performance
During the year, the Fund agreed to pay grants, ranging from £150 to £3,000 (2012: £13 to £4,380), to 14 (2012: 13) beneficiaries and offered non-financial advice and support. The grants amounted to £15,379 (2012: £19,258). Of this, the Board has a commitment to 9 (2012: 3) beneficiaries for grants, payable after the year-end, amounting to £5,948 (2012: £2,715). Under SORP 2005 these commitments are included in the financial statements as creditors.

The Board noted the total value of grants given was disappointingly lower this year although there was a small increase in the number of beneficiaries to whom assistance was given. Efforts have been made to increase the number of applications as it is evident that global economic conditions continue to be difficult and that some beneficiaries have greater needs. Although the Fund continues to receive a number of debt-related applications, the Board does not normally assist in these cases unless the clearance of debts would mean that the applicant's income would then exceed their expenditure by a comfortable enough margin to allow them to make a fresh start. In some cases, the applicant's position often appears to be unsustainable in the longer-term. If the Board believes the applicant has no realistic alternative to an arrangement with their creditors, or bankruptcy, it will reluctantly decide that temporary financial assistance would do no more than delay the inevitable. In order to promote the Fund further, the Board continues to review its communication strategies, improve its profile on the website and embark on a number of proactive publicity opportunities where possible. It also strives to maintain close contacts with ACCA's branches and offices overseas.

Investment policy and performance
The Board has considered the most appropriate policy for investing funds and has delegated the management of its investments to Charles Stanley & Co. Ltd. The Board considers that it is appropriate to invest directly in particular investments as well as some common investment funds designed for the charity sector. The Fund's overall investment aim is to increase the total value of its investment portfolio on a total returns basis in the longer term. The Fund invests the designated emergency fund and a proportion of its other unrestricted reserves in cash and short-term deposits that can be readily accessed so that the Fund can react quickly to particular emergencies and other urgent needs for support.

The Board considers its asset allocation strategy regularly and formally reviews its investment strategy every three years. The Board considers its Statement of Investment Principles as part of this review.

The total return on capital investments for the year was 10.97% (2012: 2.01%) against the benchmark (FTSE APCIMS Balanced) of 9.96%, (2012: 0.56%) while the total return on income investments for the same period was 3% (2012: 2.62%) against the benchmark (FTSE A Govt (All)) of 1.55% (2012: 0.5%). The Board considers the overall return on long term investments and deposits for the period to be encouraging and in line with the positive movements in the stock markets during that period.

Reserves policy
The Board aims to maintain unrestricted funds at a level that will meet anticipated demands for assistance as and when they arise as well as special demands in times of emergency such has been seen in the last three years with regards to the floods in Pakistan and Australia, the earthquake in New Zealand and the Japanese tsunami. ACCA has over 154,000 members in 170 countries and the reserves policy reflects the uncertainties that this brings.

The Board assesses the reserves to be retained in the context of its long-term strategic projections. These estimate anticipated growth in membership numbers and take account of demographic changes, such as increases in the number of retired members, and the likely effects of the African AIDS pandemic on members' families. The Board has prepared a 15-year projection, updated annually, which indicates that, while the Fund is likely to be able to increase its reserves in the short to medium term, the growth in total demand will mean that, from 2022, the Fund's expenditure will exceed its income and it will be necessary to apply its reserves to meet these needs. This shortfall is expected to increase in subsequent years.

The Board therefore considers that its unrestricted reserves are adequate to meet current levels of demand but that it is necessary to increase these over the next 10 years so that it can continue to relieve distress even after demands on its resources have outstripped its income.

The Board accepts that it could not allow the period during which expenditure exceeds income to deplete unrestricted reserves entirely but it believes that there is sufficient time to review the actual situation before any action needs to be taken. Therefore, the policy is to continue building up reserves by means of annual surpluses and careful management of the investment assets. The position is regularly reviewed by the Board.

Reserves policy (continued)
The Board has also designated some of the unrestricted funds as a Disaster Fund for use in case of a national or international disaster, whether the result of forces of nature, terrorism or war, which affects a significant number of members. This is shown separately in the financial statements. The Board recently decided to increase the cap on the Disaster Fund to £250,000 from £100,000.

Risk management
The Board examines and reviews annually the major strategic, business and operational risks which the Fund faces and confirms that systems have been established so that the risks may be effectively monitored and their impact mitigated as far as possible.

Plans for the future
The Board anticipates maintaining its efforts to attract applications for assistance from members and to treat these with courtesy and concern, making every possible effort to ensure that support is offered in all appropriate cases.

In particular, the Board will continue to promote the Benevolent Fund across the world to try and reach all members. This will be done with features in *Accounting & Business*, using members' networks, national offices and, it is hoped, by meeting with ACCA's Council.

The Board aims to complete the creation of a company limited by guarantee registered as a charity with the Charity Commission and OSCR and, subject to the approval of members at the AGM, to transfer the assets and liabilities of the charity established by Trust Deed to the new charity before the end of the next financial year.

Board of Management's responsibilities in relation to the financial statements
The Board of Management is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Board of Management is responsible for preparing financial statements for each accounting period which give a true and fair view of the Fund's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Board should follow best practice and

- select suitable policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Board of Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and which enables it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the rules. It is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor
The Board of Management has taken all the steps that it ought to have taken to make itself aware of any information needed by the Fund's auditor for the purposes of his audit and to establish that the auditor is aware of that information. The Board is not aware of any relevant audit information of which the auditor is unaware.

BDO LLP has expressed their willingness to continue in office. The Fund is most grateful for BDO LLP's support and a resolution to re-appoint them will be proposed at the annual general meeting.

Dr M J M Kedslie, *President*
5 June 2013

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2013

Notes		**Total funds Year ended 31 March 2013 £**	Total funds Year ended 31 March 2012 £
	Incoming resources		
	Incoming resources from generated funds		
	Voluntary income		
2	Donations	**82,489**	68,056
	Legacies	**—**	8,751
	Credit card royalties	**16,173**	18,930
3	Investment income	**78,626**	67,645
	Total incoming resources	**177,288**	163,382
	Resources expended		
4	*Costs of generating funds*		
	Investment management costs	**12,491**	12,330
5,6	*Charitable activities:*		
	Grants payable	**33,639**	37,223
5,6	*Governance costs*	**15,201**	15,536
	Total resources expended	**61,331**	65,089
	Net incoming resources for the year	**115,957**	98,293
	Other recognised gains and losses		
	Realised losses on sale of investments	**(1,703)**	(6,961)
	Unrealised gains on investments	**225,006**	39,226
	Net movement in funds	**339,260**	130,558
	Reconciliation of funds		
	Total funds brought forward at 1 April	**2,698,649**	2,568,091
	Total funds carried forward at 31 March	**3,037,909**	2,698,649

All amounts relate to continuing activities and to unrestricted funds. There were no other gains and losses other than those disclosed above.

The notes on pages 47 to 50 form part of these financial statements.

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
BALANCE SHEET AS AT 31 MARCH 2013

Notes		£	31 March 2013 £	31 March 2012 £
	Fixed assets			
7	Investments		**2,634,027**	2,396,772
	Current assets			
8	Loans	**110,042**		113,302
	ACCA current account	**2,749**		—
	Tax recoverable	**4,441**		4,216
	Prepayments and accrued income	**10,072**		11,538
	Cash at bank and on deposit	**286,246**		178,553
		413,550		307,609
9	**Creditors:** amounts falling due within one year	**9,668**		5,732
	Net current assets		**403,882**	301,877
	Total assets less current liabilities		**3,037,909**	2,698,649
	Funds			
11	**Unrestricted funds**			
	Designated funds		**193,685**	189,477
	General funds		**2,844,224**	2,509,172
	Total funds		**3,037,909**	2,698,649

The financial statements were approved by the Board of Management on 5 June 2013 and signed on its behalf by:

Dr M J M Kedslie, *President*

The notes on pages 47 to 50 form part of these financial statements.

1 Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Fund's financial statements:

(a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Statement of Recommended Practice *'Accounting and Reporting by Charities'* (SORP 2005), the Charities Act 2011 and applicable UK Accounting Standards.

(b) *Fixed asset investments*

Fixed asset investments are stated at market value as at the balance sheet date. The Statement of Financial Activities includes net gains and losses arising on revaluation and disposals during the period.

(c) *Incoming resources*

All incoming resources are accounted for on an accruals basis except for donations which are accounted for when received. Legacies are recognised when there is entitlement and certainty of receipt and the amount can be measured with sufficient reliability. Investment income is stated gross of taxation recoverable. Interest receivable on loans is recognised when receipt can be established with sufficient reliability. Gifts in kind are recognised at their market value on receipt (see notes 12 and 13).

(d) *Unrestricted funds*

The unrestricted general funds represent the amounts retained to ensure the continuing charitable activities of the Fund.

Designated funds are unrestricted funds that are set aside at the discretion of the trustees for specific purposes. The purpose of specific designated funds is shown in note 11 to the financial statements.

(e) *Resources expended*

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Fund to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

(f) *Support costs*

Support costs comprise the costs of administrative support provided by ACCA and trustees' expenses, both of which are apportioned between Grants Payable and Governance Costs on the basis of the time spent on each activity. Details of support costs are given in notes 6, 12 and 13.

(g) *Charitable activities*

Costs of charitable activities include grants made and an apportionment of overhead and support costs as shown in notes 5 and 6.

(h) *Governance costs*

Governance costs comprise expenditure relating to the Fund's governance and include any costs related to audit, legal and professional fees together with an apportionment of overhead and support costs.

(i) *Loans*

Loans are accounted for as a debtor once the funds have been remitted to the beneficiary and the appropriate documentation has been received. Although loans are treated as current assets, it is not expected that any of them will be repaid in full within one year. Provision is made for non-repayment of the loans when the trustees believe there is little likelihood of recovery. Interest on loans is not accounted for until the loans are repaid.

(j) *Grant-making*

Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the Benevolent Fund.

		Year ended 31 March 2013 £	Year ended 31 March 2012 £
2	**Donations**		
	Donations from members	**54,556**	40,115
	Gifts in kind - costs reimbursed by ACCA (notes 12 and 13)	**27,933**	27,941
		82,489	68,056
3	**Investment income**		
	Dividends on listed investments	**62,736**	56,538
	Interest on cash deposits and fixed rate investments	**15,890**	11,107
		78,626	67,645
4	**Investment management costs**		
	Investment management fees	**12,491**	12,330

5 **Total resources expended**

	Direct costs £	Support costs £	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Investment management costs	**12,491**	**—**	**12,491**	12,330
Grants payable	**15,379**	**18,260**	**33,639**	37,223
Governance costs	**5,528**	**9,673**	**15,201**	15,536
	33,398	**27,933**	**61,331**	65,089

6 **Support costs**

Support costs, consisting of trustees expenses and the office costs of the Fund, including staff salaries, are split between grant making and governance on the estimated time spent on each activity as shown in the table below.

Support costs	**Basis of apportionment**	**Grants payable** £	**Governance costs** £	**Year ended 31 March 2013** £	Year ended 31 March 2012 £
Office costs	Work done	**9,900**	**4,100**	**14,000**	12,500
Trustees expenses	Actual	**4,959**	**3,306**	**8,265**	9,711
Staff expenses	Actual	**1,571**	**1,047**	**2,618**	2,994
Meeting costs	Actual	**1,830**	**1,220**	**3,050**	2,736
		18,260	**9,673**	**27,933**	27,941

The Fund has no directly paid employees. The Secretary and administrative staff are employed by ACCA and a proportion of their staff costs is included in support costs above.

		31 March 2013 £	31 March 2012 £
7	**Investments**		
	Quoted investments	**2,293,996**	2,056,772
	Unquoted investments	**340,031**	340,000
	Market value at 31 March	**2,634,027**	2,396,772
	Quoted investments		
	Market value at 1 April	**2,056,772**	1,937,952
	Acquisitions	**124,249**	267,449
	Disposals at carrying value	**(112,031)**	(187,855)
	Net unrealised investment gains	**225,006**	39,226
	Market value at 31 March	**2,293,996**	2,056,772
	Historical cost as at 31 March	**1,665,179**	1,623,069
	Investments at market value		
	UK Equities	**1,292,663**	1,182,137
	Investment Trusts	**62,236**	35,030
	UK Gilts	**265,748**	250,836
	Insurance	**63,307**	44,917
	Unit Trusts & OEICs	**523,856**	472,652
	Offshore UK Authorised	**50,735**	41,173
	US Large - Cap Blend Equity	**35,451**	30,027
	Total	**2,293,996**	2,056,772

All investment assets were held in the UK except as disclosed above. The unquoted investments relate to fixed rate bonds and deposits held with UK financial institutions.

The following individual shareholdings or investments are considered individually to be material with the market values and proportion of the portfolio shown as at 31 March 2013:

Holding	**Market Value**	**Percentage of Portfolio**
BlackRock Charinco units	**172,860**	7.5%

The trustees set 5% of period-end market value of the investment portfolio as the threshold for reporting material investments.

8 Loans

Loans are classified as debtors. Most of the loans are secured by legal charges on freehold properties and are either interest free or at bank base rate. No loans were advanced during the year. One loan is being repaid by instalments. It is not expected that any of the loans will be repaid in full within one year.

		31 March 2013 £	31 March 2012 £
9	**Creditors: amounts falling due within one year**		
	Grants committed	**5,948**	2,715
	Accrued expenses	**3,720**	3,000
	Amounts due to ACCA	**—**	17
		9,668	5,732

10 Analysis of net assets between funds

	Investments	Net current assets	Total 2013
	£	£	£
Unrestricted funds:			
Designated funds	—	193,685	193,685
General funds	2,634,027	210,197	2,844,224
	2,634,027	403,882	3,037,909

11 Transfers between funds

	General funds	Designated Funds Disaster fund	Designated Funds Loan fund	Total
	£	£	£	£
At 1 April 2012	2,509,172	76,175	113,302	2,698,649
Net movement in funds for the period	339,260	—	—	339,260
Loan Fund – Loans repaid	3,260	—	(3,260)	—
Transfer in respect of Disaster Fund	(7,468)	7,468	—	—
At 31 March 2013	2,844,224	83,643	110,042	3,037,909

The designated Disaster Fund is available to provide emergency assistance to members and their families who have been affected by national or international disaster. The designated Loan Fund is maintained at a value equal to the total amount of loans to beneficiaries and recognises the fact that these amounts are not available for the Fund's day-to-day operations.

12 Related party transactions

The Fund exists to provide assistance to persons in need who are or have been members of ACCA or related organisations and their families and dependants. ACCA is responsible for the administration of the Fund and bears some of its overhead expenses which are not reflected in the Statement of Financial Activities. However, staff costs and expenses incurred by ACCA amounting to £19,668 (2012: £18,230), are included as income in the Statement of Financial Activities as 'gifts in kind' and the expenditure as 'Support costs'.

ACCA also collects certain income and pays certain expenditure on behalf of the Fund and there may, therefore, at any time be a balance outstanding between the Fund and ACCA. Any such balance at the year end is identified separately in the balance sheet.

13 Board of Management remuneration

Board members are not remunerated, but may be reimbursed for directly incurred expenses. These costs amounted to £8,265 (2012: £9,711) to 8 (2012: 8) Board members. These are included as income in the Statement of Financial Activities as 'gifts in kind' and the expenditure as 'Support costs'.

14 Auditor's remuneration

The auditor received no remuneration for the period (2012: £nil).

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND

We have audited the financial statements of The Chartered Certified Accountants' Benevolent Fund for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor
As explained more fully in the Board of Management's Responsibilities Statement (set out on page 44), the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2013 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP
Statutory Auditor,
Glasgow,
United Kingdom
Date: June 2013

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ACCA
29 Lincoln's Inn Fields
London WC2A 3EE
United Kingdom
www.accaglobal.com