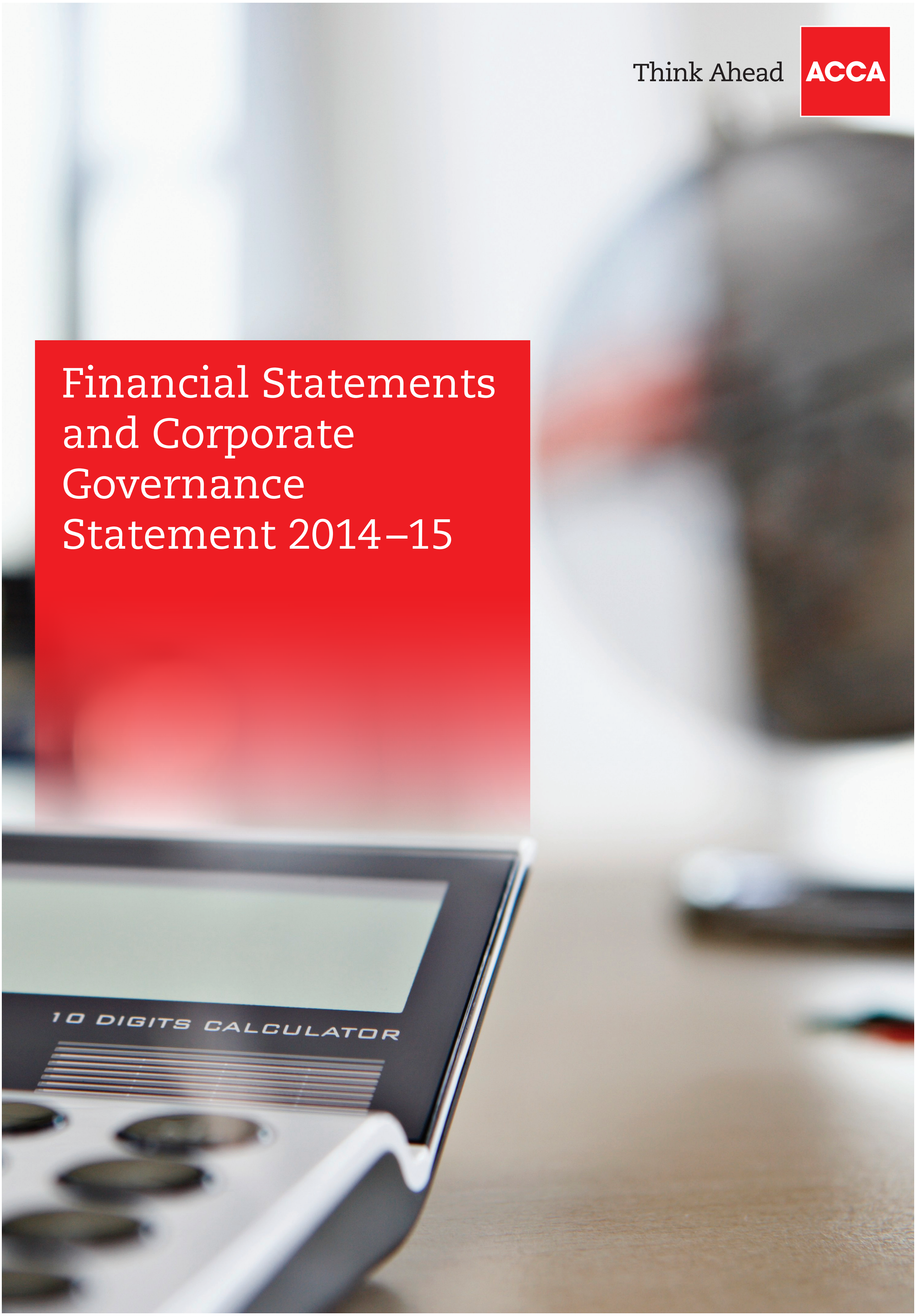
Think Ahead ACCA

Financial Statements and Corporate Governance Statement 2014–15



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ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
FIVE YEAR SUMMARY

ACCA and subsidiaries

	Mar 2015 £'000	Mar 2014 £'000	Mar 2013 £'000	Mar 2012 £'000	Mar 2011 £'000
Operating income	**163,952**	159,026	151,672	143,698	131,787
Gross operating surplus	**16,845**	25,956	21,434	20,147	16,020
Pension curtailment gains	**—**	—	—	7,304	—
Operating surplus	**3,303**	10,733	10,336	12,785	3,591
Other gains/(losses)	**1,203**	(734)	(148)	(296)	129
Net finance income	**869**	334	102	977	751
Surplus before tax	**5,375**	10,333	10,290	13,466	4,471
Tax	**(93)**	(81)	(103)	(76)	(24)
Surplus for the year	**5,282**	10,252	10,187	13,390	4,447
Other comprehensive income excluding actuarial (losses)/gains	**7,018**	3,848	4,923	2,391	1,909
Recognition of actuarial (losses)/gains	**(3,585)**	4,694	(381)	(15,367)	10,888
Total other comprehensive income	**3,433**	8,542	4,542	(12,976)	12,797
Total comprehensive income	**8,715**	18,794	14,729	414	17,244
Non-current assets	**109,663**	76,596	74,696	54,139	48,447
Current assets	**70,305**	88,467	76,354	73,900	56,232
Total assets	**179,968**	165,063	151,050	128,039	104,679
Non-current liabilities	**16,173**	13,200	20,540	19,987	15,068
Current liabilities	**95,472**	92,255	89,696	81,967	63,940
Total liabilities	**111,645**	105,455	110,236	101,954	79,008
Accumulated fund	**41,025**	39,347	24,401	14,595	16,572
Other reserves	**27,298**	20,261	16,413	11,490	9,099
Total funds and reserves	**68,323**	59,608	40,814	26,085	25,671
Total reserves and liabilities	**179,968**	165,063	151,050	128,039	104,679

MEMBERS AND STUDENTS

	Mar 2015	Mar 2014	Mar 2013	Mar 2012	Mar 2011
Members	**178,169**	169,602	161,943	154,337	147,265
Students and affiliates	**455,778**	435,824	425,897	429,879	421,456
	633,947	605,426	587,840	584,216	568,721

All figures are presented under International Financial Reporting Standards (IFRS) as adopted by the European Union.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
FOREWORD

These consolidated financial statements present the results for ACCA and its subsidiaries for the year ended 31 March 2015.

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	Our integrated reporting journey and this year's report
Nature of ACCA's business	Mission and values Competitive environment Economic environment Regulatory environment Products and services	About ACCA Our value creation model
Strategy and strategic outcomes	Strategic priorities Mapping priorities to outcomes	Our strategy to 2020
Resources and relationships	Resources: financial, human and network; brand development Relationships: global partnerships, key employers, strategic partners, regulator	Our value creation model
Governance, risk and corporate assurance	Outline of our approach to governance Approach to risk management and major risk types	Our governance and leadership Our risks and their management
Strategic outcomes – review of performance	KPI results v target	Our strategic performance in 2014/15
Financial review*	Supplementary financial information	Our strategic performance in 2014/15
Social and environmental impact	Our approach to CSR and significant developments	Where material, embedded in the appropriate section in the Integrated Report
Outlook for next year	2014/15 strategic priorities	Our strategy to 2020

*Financial performance in the financial statements is provided in accordance with IFRS. ACCA measures its financial performance on a net operating surplus basis, prior to accounting for other comprehensive income. For the year to 31 March 2015, performance on that basis amounted to £2.8m compared to a target of £0.7m. Net operating surplus is defined as operating surplus net of finance costs.

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 2015

Notes		**31 Mar 2015 £'000**	31 Mar 2014 £'000
	Income		
6	Fees and subscriptions	**70,635**	68,955
7	Operating activities	**93,317**	90,071
	Total income	**163,952**	159,026
	Expenditure		
8	Operational expenditure	**146,653**	132,299
9	Strategic investment expenditure	**13,996**	15,994
	Total expenditure	**160,649**	148,293
	Operating surplus	**3,303**	10,733
10	Other gains/(losses)	**1,203**	(734)
11	Finance income from investments	**1,323**	1,105
11	Finance costs	**(454)**	(771)
	Surplus before tax	**5,375**	10,333
13	Tax	**93**	81
	Surplus for the year	**5,282**	10,252
	Other comprehensive income		
26	Change in fair value of available-for-sale investments	**4,459**	1,350
26	Gains on revaluation of land and buildings	**2,512**	2,455
26	Currency translation differences	**47**	43
22	Recognition of actuarial (losses)/gains	**(3,585)**	4,694
	Other comprehensive income for the year, net of tax	**3,433**	8,542
	Total comprehensive income for the year	**8,715**	18,794

The accompanying notes to the financial statements, on pages 7 to 33, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

Notes		31 Mar 2015 £'000	31 Mar 2014 £'000
	ASSETS		
	Non-current assets		
14	Property, plant and equipment	**24,104**	23,033
15	Intangible assets	**3,490**	3,056
16	Available-for-sale investments	**82,069**	50,507
		109,663	76,596
	Current assets		
17	Trade and other receivables	**23,487**	20,220
16	Available-for-sale investments	**26,019**	35,020
18	Derivative financial instruments	**349**	—
19	Cash and cash equivalents	**20,450**	33,227
		70,305	88,467
	Total assets	**179,968**	165,063
	RESERVES AND LIABILITIES		
	Funds and reserves		
	Accumulated fund	**41,025**	39,347
26	Other reserves	**27,298**	20,261
	Total funds and reserves	**68,323**	59,608
	Non-current liabilities		
20	Finance lease liabilities	**—**	189
21	Deferred tax liabilities	**2,685**	1,656
22	Retirement benefit obligations	**13,488**	11,355
		16,173	13,200
	Current liabilities		
23	Trade and other payables	**19,185**	14,602
	Tax payable	**74**	79
20	Finance lease liabilities	**—**	188
24	Deferred income	**73,088**	72,484
18	Derivative financial instruments	**140**	994
25	Provisions	**2,985**	3,908
		95,472	92,255
	Total liabilities	**111,645**	105,455
	Total reserves and liabilities	**179,968**	165,063

The financial statements were approved and authorised for issue by Council on 20 June 2015 and signed on its behalf by:

A Harbinson, *President* **R Stenhouse**, *Chairman of Audit Committee*

The accompanying notes to the financial statements, on pages 7 to 33, 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 2015

	Other reserves				
	Currency translation £'000	**Land and buildings £'000**	**Available-for-sale investments £'000**	**Accumulated fund £'000**	**Total £'000**
Balance at 1 April 2013	(167)	5,215	11,365	24,401	40,814
Comprehensive income					
Surplus for the financial year	—	—	—	10,252	10,252
Other comprehensive income					
Fair value gains on revaluation:					
- available-for-sale investments	—	—	1,233	—	1,233
- property	—	2,455	—	—	2,455
Tax on fair value gains on revaluation:					
- available-for-sale investments	—	—	117	—	117
Currency translation	43	—	—	—	43
Recognition of actuarial gains	—	—	—	4,694	4,694
Total other comprehensive income	43	2,455	1,350	4,694	8,542
Total comprehensive income for the year	43	2,455	1,350	14,946	18,794
Balance at 31 March 2014	(124)	7,670	12,715	39,347	59,608
Comprehensive income					
Surplus for the financial year	—	—	—	5,282	5,282
Other comprehensive income					
Fair value gains on revaluation:					
- available-for-sale investments	—	—	5,350	—	5,350
- property	—	2,650	—	—	2,650
Tax on fair value gains on revaluation:					
- available-for-sale investments	—	—	(891)	—	(891)
- property	—	(138)	—	—	(138)
Currency translation	47	—	—	—	47
Recognition of actuarial losses	—	—	—	(3,585)	(3,585)
Total other comprehensive income	**47**	**2,512**	**4,459**	**(3,585)**	**3,433**
Total comprehensive income for the year	**47**	**2,512**	**4,459**	**1,697**	**8,715**
Historic cost depreciation transfer	—	19	—	(19)	—
Balance at 31 March 2015	**(77)**	**10,201**	**17,174**	**41,025**	**68,323**

The analysis of reserves is presented in note 26.

The accompanying notes to the financial statements, on pages 7 to 33, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Notes		31 Mar 2015 £'000	31 Mar 2014 £'000
	Cash flows from operating activities		
30	Cash generated from operations	**9,428**	12,418
	Tax paid	**(98)**	(99)
	Net cash from operating activities	**9,330**	12,319
	Cash flows from investing activities		
	Acquisition of property, plant and equipment	**(2,748)**	(2,091)
	Acquisition of intangible assets	**(3,273)**	(1,132)
	Acquisition of available-for-sale investments	**(90,981)**	(82,179)
	Disposal of property, plant and equipment	**265**	41
	Disposal of available-for-sale investments	**73,765**	78,030
	Interest received	**160**	325
	Dividends received	**1,163**	780
	Net cash used in investing activities	**(21,649)**	(6,226)
	Cash flows from financing activities		
	Payments to finance lease creditors	**(377)**	(189)
	Net cash absorbed by financing activities	**(377)**	(189)
	Net (decrease)/increase in cash and cash equivalents	**(12,696)**	5,904
	Cash and cash equivalents at beginning of year	**33,227**	27,220
	Exchange (losses)/gains on cash and cash equivalents	**(81)**	103
19	**Cash and cash equivalents at end of year**	**20,450**	33,227

The accompanying notes to the financial statements, on pages 7 to 33, 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
There were no new standards adopted during the year.

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:

- Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortisation.
  The amendment to these standards state that a revenue-based method is not an appropriate method for which to calculate depreciation or amortisation.
- IFRS 15 Revenue from contracts with customers
  IFRS 15 requires the recognition of revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.
- Amendments to IFRS 11: Acquisition of an interest in a joint operation
  The amendment specifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations, it should apply the relevant principles on business combinations accounting in IFRS 3 and other IFRSs and disclose the relevant information that is required in those IFRSs for business combinations.
- 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 has replaced IAS 39 Financial Instruments: Recognition and Measurement in its entirety.
- Amendments to IAS 27: Equity method in equity financial statements
  The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate (parent only) financial statements.
- Amendments to IFRS 10 and IAS 28
  The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method.
- 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.
- Annual improvements to IFRSs (2012-2014)
  The improvements in these amendments clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.
- 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.
- 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.

1 General information (continued)

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

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-employment benefits

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

iv) Revenue recognition

ACCA's main income is derived from subscription income and examination income. As ACCA's subscription year is not co-terminus with the financial year, ACCA has processes in place to ensure that the recognition of those income streams is in the correct period. In addition there are processes in place to ensure that exam fee income received in advance of providing the exam is deferred into the next period and that subscription income for the year is accrued as appropriate.

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 changes in members' funds and consolidated cash flow statement of ACCA and its subsidiaries(the group) as if they formed a single entity drawn up to 31 March 2014 and 31 March 2015. Where ACCA has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Inter-company transactions and balances between group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(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.

2 Significant accounting policies (continued)

(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.

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.

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.

2 Significant accounting policies (continued)

(j) *Financial instruments(continued)*

Trade and other payables

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

(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 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. 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) *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.

(m) *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)

(n) *Foreign currencies*

Transactions in foreign currencies are converted into sterling, which is the presentational currency of the group, at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, including the financial statements of the non-UK subsidiary undertakings, 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.

(o) *Derivative financial instruments and hedging activities*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. 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.

(p) *Pensions*

ACCA has previously operated defined benefit pension schemes in the UK and Ireland, both of which closed to future accrual on 31 July 2013. Both schemes required 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. Interest on the liability is calculated using the discount rate and is recognised immediately in the statement of comprehensive income.

ACCA operates defined contribution pension schemes for qualifying employees within the UK and Ireland and 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. ACCA has no further payment obligations once the contributions have been paid.

(q) *Provisions*

Provisions for costs 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 Financial Reporting Council (FRC), 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. For certificate of deposits there is a restriction in place of £5m per bank and for working capital balances ACCA considers a figure of £10m per bank to be sufficient although this can be exceeded around times of high activity such as collection of subscription and exam income. ACCA's trade receivables relate substantially to members' and 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

3 Financial risk management (continued)

Credit risk management(continued)

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 (2014: 92%).

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 accounts, term deposits and time deposits. At the balance sheet date ACCA held nil (2014: £2.0m) in term deposits, £26.0m (2014: £35.0m) in time deposits and £20.4m (2014: £31.2m) in call accounts that are expected to readily generate cash inflows for managing liquidity risk. All term and time deposits are due in less than one year.

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

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 88% of ACCA's cash and cash equivalents were held in sterling (2014: 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 and a diversified growth fund, both 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 £6.5m (2014: £4.0m) 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 and Development: delivery of strategic outcomes, corporate training, market research, corporate marketing and promotion, public relations, publishing, technical policy and research, development and maintaining of qualifications, ensuring the integrity of the syllabus and of the examination process, verifying and awarding exemptions and setting and scrutiny of exam papers
- Markets: Staff, operational and promotional costs of ACCA's global operations
- 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, member and student support, examinations, service improvements, Human Resources and corporate recruitment
- Strategic investment: Investment in IT, exam delivery, transformation of customer facing business processes 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 2015, the Accumulated Fund represented 73 days of operating expenditure (31 March 2014: 77 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 2015 £'000	31 Mar 2014 £'000
6	**Fees and subscriptions**		
	Members	**33,631**	31,961
	Affiliates	**5,046**	4,377
	Students	**31,958**	32,617
		70,635	68,955
7	**Operating activities**		
	Qualifications and exams	**80,748**	77,891
	Publications	**2,936**	2,916
	Courses	**4,909**	4,531
	Regulation and discipline	**4,645**	4,558
	Other income	**79**	175
		93,317	90,071
8	**Operational expenditure**		
	Chief Executive's Office	**846**	826
	Markets	**38,133**	29,472
	Strategy and Development	**18,018**	18,288
	Governance	**13,989**	13,298
	Finance and Operations	**75,667**	70,415
		146,653	132,299

Following an internal restructure at the beginning of the financial year the previous year's comparatives have been restated for comparability purposes.

		31 Mar 2015 £'000	31 Mar 2014 £'000
9	**Strategic investment expenditure**		
	Exams Delivery	**8,515**	4,612
	Customer Service Improvements	**527**	2,859
	Market Development	**–**	3,087
	Technology Enablers	**2,963**	1,885
	Portfolio Management	**1,991**	3,551
		13,996	15,994

Strategic investment expenditure relates to project costs within each category and once a project has reached completion then any ongoing expenditure is treated as operational. In the current year, market development expenditure has been treated as operational expenditure, which reflects the nature of the costs.

		31 Mar 2015 £'000	31 Mar 2014 £'000
10	**Other gains/(losses)**		
	Forward currency contracts	**1,203**	(734)

		31 Mar 2015 £'000	31 Mar 2014 £'000
11	**Finance income and costs**		
	Finance income		
	Interest receivable	**160**	325
	Dividends from investments	**1,163**	780
		1,323	1,105
	Finance costs		
	Net finance interest on pension scheme	**(454)**	(771)

12 Surplus before tax

Surplus before tax includes the following:

(a) *Salaries and related costs*

The costs of employing staff during the year were as follows:

	31 Mar 2015 £'000	31 Mar 2014 £'000
Salaries	**45,026**	42,040
Social security costs	**4,816**	4,568
Pension costs (note 22)	**4,993**	4,840
Other staff costs	**2,884**	3,381
	57,719	54,829

The average number of employees was 1,137 (31 March 2014: 1,098).
The average annual salary was £39,601 (31 March 2014: £38,288).

(b) *Income*

Income from subscriptions and examination and exemption fees amounting to £150.6m (31 March 2014: £146.3m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £9.4m (31 March 2014: £9.1m).

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

	31 Mar 2015 £'000	31 Mar 2014 £'000
Depreciation of property, plant and equipment	**4,138**	4,392
Amortisation of intangible assets	**1,743**	1,452
Impairment of intangible assets	**1,096**	214
Foreign exchange (gains)/losses	**(175)**	247

(d) *Auditors' remuneration*

	31 Mar 2015 £'000	31 Mar 2014 £'000
Fees payable to ACCA's auditor for the audit of the parent undertaking and consolidated financial statements – current year	**53**	49
Fees payable to ACCA's auditors and their associates for other services		
– audit fees for UK subsidiaries	**21**	21
– audit fees for non-UK subsidiaries	**54**	57
– audit fees for the corporate KPIs	**3**	3
– iXBRL tagging of accounts for tax compliance	**5**	5
	136	135
Fees payable in respect of the audit of the ACCA Staff Pension Scheme	**7**	6

	31 Mar 2015 £'000	31 Mar 2014 £'000
13 Tax		
The amounts charged in the statement of comprehensive income are as follows:		
Current income taxes at 21% (2014: 23%) on the surplus for the year	**93**	80
Underprovision in respect of prior year	**—**	1
	93	81
The current tax charge is split as follows:		
Domestic	**47**	33
Foreign	**46**	48
	93	81
Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.		
Factors affecting the tax charge for the year		
Surplus before tax	**5,375**	10,252
Surplus before tax multiplied by the standard rate of UK Corporation tax of 21% (2014: 23%)	**1,129**	2,358
Effects of:		
Non-taxable income	**(36,424)**	(37,892)
Expenditure not deductible for tax purposes	**35,630**	35,781
Underprovision in respect of prior year	**—**	1
Depreciation	**9**	11
Capital allowances	**(1)**	(1)
Dividend income	**(234)**	(156)
Deferred tax asset not recognised	**—**	10
Differential in tax rates	**(16)**	(31)
	(1,036)	(2,277)
Total tax charge	**93**	81

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 £351,000 (31 March 2014: £417,000) 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 2013	11,900	3,223	7,596	30,333	53,052
Additions	117	244	569	1,161	2,091
Disposals	—	—	(93)	(2)	(95)
Revaluation surplus	2,333	—	—	—	2,333
Exchange difference	—	(74)	(105)	(55)	(234)
At 31 March 2014	14,350	3,393	7,967	31,437	57,147
Additions	21	662	743	1,322	2,748
Disposals	—	(264)	(268)	(113)	(645)
Revaluation surplus	2,529	—	—	—	2,529
Exchange difference	—	63	81	38	182
At 31 March 2015	**16,900**	**3,854**	**8,523**	**32,684**	**61,961**
Accumulated depreciation					
At 31 March 2013	—	1,419	5,393	23,269	30,081
Depreciation charge	122	383	738	3,149	4,392
Eliminated on disposals	—	—	(62)	(1)	(63)
Eliminated on revaluation	(122)	—	—	—	(122)
Exchange difference	—	(32)	(97)	(45)	(174)
At 31 March 2014	—	1,770	5,972	26,372	34,114
Depreciation charge	121	412	706	2,899	4,138
Eliminated on disposals	—	(133)	(214)	(37)	(384)
Eliminated on revaluation	(121)	—	—	—	(121)
Exchange difference	—	20	65	25	110
At 31 March 2015	**—**	**2,069**	**6,529**	**29,259**	**37,857**
Carrying amount					
At 31 March 2015	**16,900**	**1,785**	**1,994**	**3,425**	**24,104**
At 31 March 2014	14,350	1,623	1,995	5,065	23,033

Freehold property includes land valued at £7,450,000 which is not depreciated. The freehold properties were valued at £16,900,000 as at 31 March 2015. The basis of valuation was at open market value, which equates to the assets' fair value, and was prepared by DTZ, an independent firm of chartered surveyors and property consultant managers, in accordance with the relevant parts of RICS valuation – Professional Standards 2014. Fair value has been defined as' the price that would be received to sell the properties in orderly transactions between market participants at the balance sheet date'. The fair value of the property portfolio has been determined using an income capitalisation technique, whereby market rental values are capitalised with a market capitalisation ra te. The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable recent market transactions on arm's length terms. These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property has been classified as Level 3 in the fair value hierarchy. There were no transfers between Levels 1 and 2 or between Levels 2 and 3 in the fair value hierarchy during the year.

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The effect of a 10% increase in the value of the freehold property held at the balance sheet date would have resulted in an increase in the fair value reserve of £1.4m (2014: £1.4m) 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.

14 Property, plant and equipment (continued)

	31 Mar 2015 £'000	31 Mar 2014 £'000
Cost or valuation comprises freehold property stated at:		
Valuation in 2014	**—**	14,350
Valuation in 2015	**16,900**	—
	16,900	14,350
If land and buildings were stated on the historical cost basis, the amounts would be as follows:		
Cost	**8,530**	8,518
Accumulated depreciation	**(1,254)**	(1,172)
Net book value	**7,276**	7,346

15 Intangible assets

	£'000
Cost	
At 31 March 2013	8,741
Additions	1,132
At 31 March 2014	9,873
Additions	3,273
At 31 March 2015	**13,146**
Accumulated amortisation and impairment	
At 31 March 2013	5,151
Amortisation charge	1,452
Impairment	214
At 31 March 2014	6,817
Amortisation charge	1,743
Impairment	1,096
At 31 March 2015	**9,656**
Carrying amount	
At 31 March 2015	**3,490**
At 31 March 2014	3,056

All intangible assets relate to internally generated development costs. Following an impairment review in accordance with IAS38, an impairment charge of £1.1m has been accounted for.

Amortisation of £1.7m (2014:£1.5m) is included in both operational and strategic investment expenditure while the impairment charge of £1.1m (2014:£0.2m) is included in strategic investment expenditure.

		31 Mar 2015 £'000	31 Mar 2014 £'000
16	**Available-for-sale investments**		
	At valuation		
	At 1 April	**85,527**	80,145
	Additions	**90,981**	82,179
	Disposals	**(73,765)**	(78,030)
	Net gains transferred to fair value reserves	**5,350**	1,233
	Net losses transferred to income	**(5)**	—
	At 31 March	**108,088**	85,527
	Historical cost of tradable investments	**88,358**	71,140

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	**19,912**	11,785
Overseas equities	**33,227**	17,708
UK bonds	**5,380**	3,193
Overseas bonds	**8,185**	10,216
Cash and deposits	**8,046**	3,202
Futures and forward currency contracts	**4,238**	819
Overseas index-linked	**630**	245
Private/unquoted equities	**—**	483
Other	**2,451**	2,856
	82,069	50,507
Current assets		
Certificates of deposit	**26,019**	35,020
	108,088	85,527

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

UK pound	**73,210**	66,403
US dollar	**15,278**	8,214
Swedish Krona	**4,444**	1,791
Mexican Peso	**2,527**	1,651
Japanese Yen	**2,518**	(63)
Hong Kong Dollar	**1,915**	917
Other currencies	**8,196**	6,614
	108,088	85,527

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 0.54% (2014: 0.50%) and these deposits have an average maturity of 56 days (2014: 73 days).

16 Available-for-sale investments (continued)

Fair value hierarchy
ACCA classifies financial instruments measured at fair value in available-for-sale investments according to the following hierarchy:

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

ACCA's available-for-sale investments are classified by the fair value hierarchy as follows:

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
At 31 March 2014				
Quoted equity	50,507	—	—	50,507
Observable inputs	35,020	—	—	35,020
Unobservable inputs	—	—	—	—
Total	85,527	—	—	85,527
At 31 March 2015				
Quoted equity	82,069	—	—	82,069
Observable inputs	26,019	—	—	26,019
Unobservable inputs	—	—	—	—
Total	**108,088**	**—**	**—**	**108,088**

17 Trade and other receivables

	31 Mar 2015 £'000	31 Mar 2014 £'000
Trade receivables	**15,649**	13,278
Accrued income	**1,707**	1,811
Prepayments	**5,371**	4,538
Other receivables	**760**	593
	23,487	20,220

Trade receivables is stated net of an adjustment of £11.5m (2014:£8.4m) to reflect historical experience of customer retention.

17 Trade and other receivables (continued)

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

	31 Mar 2015	restated 31 Mar 2014
At 1 April	**559**	719
Provision for receivables impairment	**309**	399
Receivables written off during the year as uncollectible	**(479)**	(483)
Amounts recovered/released which were previously provided for	**(127)**	(76)
At 31 March	**262**	559

The prior year provision for impairment of trade receivables has been restated to remove the value relating to the historical experience of customer retention as mentioned above.

18 Derivative financial instruments

	31 Mar 2015		31 Mar 2014	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Forward foreign exchange contracts	**349**	**140**	—	994
	349	**140**	—	994

The contracts entered into by ACCA are principally denominated in the geographic areas in which ACCA operates. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. These are known as mark-to-market valuations and have been valued by the providers of the contracts. The valuation methods used are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of the contracts has been classified as Level 2 in the fair value hierarchy. No contracts are designated as hedging instruments, as defined in IAS 39, and consequently all changes in fair value are taken to the statement of comprehensive income.

The amount recognised in the statement of comprehensive income that arises from the forward foreign exchange contracts amounts to a gain of £1.2m (31 March 2014: loss of £0.7m).

Forward foreign exchange contracts
The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2015 were £23.0m (31 March 2014: £22.0m).

19 Cash and cash equivalents

	31 Mar 2015 £'000	31 Mar 2014 £'000
Cash at bank and in hand	**20,450**	31,188
Short term bank deposits	**—**	2,039
	20,450	33,227

The effective interest rate on short term bank deposits was nil% (2014: 0.85%) and these deposits have an average maturity of nil days (2014: 95 days).

	31 Mar 2015 £'000	31 Mar 2014 £'000
20 Finance lease liabilities		
Non-current	—	189
Current	—	188
Total finance lease liabilities	—	377

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.

Gross finance lease liabilities – minimum lease payments		
No later than 1 year	—	188
Later than 1 year and no later than 5 years	—	189
Present value of the finance lease liabilities	—	377

The final payment due on the lease was paid during the financial year. 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 21% (2014: 23%). The major deferred tax liabilities recognised by ACCA and the movements thereon during the current period and previous years relate to the revaluation of available-for-sale investments and freehold property. ACCA has no deferred tax assets.

Deferred tax liabilities

	Total £'000
At 1 April 2013	1,773
Tax charged from reserves	(117)
At 31 March 2014	1,656
Tax credited to reserves	1,029
At 31 March 2015	**2,685**

22 Retirement benefit obligations

(a) *General information*

The financial statements include the financial impact of defined benefit pension schemes operated in the UK and Ireland and which closed to future accrual on 31 July 2013. From that date, members of those schemes, which provided benefits based on final pensionable pay and on a career average revalued earnings (CARE) basis, were entitled to join defined contribution plans which are operated by Zurich Assurance Ltd and Irish Life.

The most recent triennial valuation of the UK scheme was at 1 January 2013. This valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2015. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	
past service	5.9% p.a. to retirement, 3.9% p.a. thereafter
future service	5.9% p.a. to retirement, 3.9% p.a. thereafter
Rate of salary growth	not applicable as scheme closed to future accrual
Limited price indexation of pensions in payment	3.5% p.a.
Retail prices index	3.6% p.a.
Consumer price index	2.9% p.a.

The actuarial valuation of the UK Scheme showed that, at 1 January 2013, the market value of Scheme assets was £70.5m and the value of pension benefits earned was £89.2m. The funding level against technical provisions was therefore 79%.

The most recent triennial valuation of the Irish Scheme was at 1 January 2012. This valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2015. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	
past service	5.3% p.a. to retirement, 4.0% p.a. thereafter
future service	5.3% p.a. to retirement, 4.0% p.a. thereafter
Rate of salary growth	not applicable as scheme closed to future accrual
Inflation	2.0% p.a.

The actuarial valuation of the Irish Scheme showed that, at 1 January 2012, the market value of the Scheme assets was £1.95m and the value of pension benefits earned was £2.44m. The funding ratio was therefore 80%.

	31 Mar 2015	31 Mar 2014
The principal financial assumptions used for the purposes of the figures in these financial statements were as follows:		
Discount rate for UK Scheme	**3.5%**	4.4%
Discount rate for Irish Scheme	**1.5%**	3.8%
Future pension increases (UK Scheme) subject to Limited Price Indexation	**2.9%**	3.4%
Future pension increases (Irish Scheme)	**1.7%**	2.0%

The mortality assumptions for the current year-end for the UK Scheme follows the table known as S1PA, using 90% of the base table with mortality improvements in line with the 2014 version of the CMI model, with a long-term rate of improvement of 1.25% per annum. The same mortality assumptions were used at the previous year end. For the Irish Scheme the mortality assumptions are based on standard mortality tables allowing for future mortality improvements. Assuming retirement at 65, the life expectancy in years are as follows:

	Irish Scheme		UK Scheme	
For a male aged 65	**20.9**	22.7	**23.0**	23.0
At 65 for a male aged 45 now	**23.5**	25.1	**24.8**	24.8
For a female aged 65 now	**23.5**	24.0	**25.4**	25.3
At 65 for a female aged 45 now	**25.6**	26.1	**27.3**	27.2

		31 Mar 2015 £'000	31 Mar 2014 £'000
22	**Retirement benefit obligations (continued)**		
(a)	*General information (continued)*		
	The total pension charge is made up as follows:		
	Pension costs under the UK and Irish Schemes (see note 22c)	**454**	1,139
	Other pension costs made on behalf of the schemes	**106**	143
	Death-in-service premiums	**168**	149
	Payments to defined contribution schemes for certain employees outside the UK and Ireland	**375**	362
	Payments to defined contribution schemes for certain employees in the UK and Ireland	**3,810**	2,934
	Payments for the Pensions Protection Fund levies	**80**	113
	Pension costs	**4,993**	4,840
	Actuarial losses/(gains) recognised in the statement of other comprehensive income for the period	**3,585**	(4,694)

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

		31 Mar 2015 £'000	31 Mar 2014 £'000
(b)	*Pension benefits*		
	Amounts recognised in the balance sheet to reflect funded status		
	Present value of funded obligations	**112,614**	98,656
	Fair value of plan assets	**(99,126)**	(87,301)
	Net liability in the balance sheet at 31 March	**13,488**	11,355
(c)	*Pension costs*		
	The amounts recognised in total comprehensive income for the Schemes are as follows:		
	Current service cost (excluding employee contributions)	**—**	368
	Net interest	**454**	771
	Pension costs under the Schemes	**454**	1,139
(d)	*Movement in the net liability recognised in the balance sheet*		
	At 1 April	**11,355**	18,390
	Pension costs	**454**	1,139
	Contributions paid	**(1,850)**	(3,480)
	Recognition of actuarial losses/(gains)	**3,585**	(4,694)
	Exchange difference	**(56)**	—
	At 31 March	**13,488**	11,355

		31 Mar 2015 £'000	31 Mar 2014 £'000
22	**Retirement benefit obligations (continued)**		
(e)	*Change in benefit obligation*		
	Present value of benefit obligation at 1 April	**98,656**	97,204
	Current service cost (excluding employee contributions)	**—**	368
	Employee contributions	**—**	216
	Interest on obligation	**4,277**	4,438
	Benefits paid	**(1,249)**	(1,092)
	Gain from change in demographic assumptions	**(1,013)**	(1,210)
	Loss from change in financial assumptions	**13,465**	4,398
	Gain from experience	**(1,111)**	(5,621)
	Exchange difference	**(411)**	(45)
	Present value of benefit obligation at 31 March	**112,614**	98,656
	The defined benefit obligation is split as follows		
	Deferred pensioners	**96,984**	84,733
	Pensioners	**15,630**	13,923
	Present value of benefit obligation at 31 March	**112,614**	98,656

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

(f)	*Change in plan assets*		
	Fair value of plan assets at 1 April	**87,301**	78,814
	Interest income	**3,823**	3,667
	Actual return on assets less interest	**7,756**	2,261
	Actual return on plan assets	**11,579**	5,928
	Contributions - employer	**1,850**	3,480
	Contributions - employee	**—**	216
	Benefits paid	**(1,249)**	(1,092)
	Exchange difference	**(355)**	(45)
	Fair value of plan assets at 31 March	**99,126**	87,301
(g)	Sensitivity of overall pension liabilities		
	Increase in liability through 0.25% reduction in discount rate	**6,757**	5,919
	Increase in liability through 0.25% increase in inflation assumption	**4,505**	4,933
	Increase in liability through increase in rate of mortality by 1 year	**2,252**	1,973

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

22 Retirement benefit obligations (continued)

(h) *Plan assets*

Plan assets are comprised as follows:

	31 Mar 2015 £'000	**%**	31 Mar 2014 £'000	%
Equities	**32,028**	**32.3**	44,843	51.4
Diversified Growth Funds	**17,849**	**18.0**	—	0
Bonds	**39,076**	**39.4**	33,659	38.6
Property	**9,923**	**10.0**	8,578	9.8
Cash	**250**	**0.3**	221	0.2
	99,126	**100**	87,301	100

Assets are invested in a range of funds operated by Legal & General, Investec, Barings and Royal London Asset Management. The Trustees believe that investing in a range of funds and investment managers offers the best combination of growth opportunity and risk management. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets.

(i) *Contributions*

In accordance with actuarial advice and with the agreement of ACCA and the UK Pension Scheme's trustees, a recovery plan was put in place with effect from November 2013 and ACCA will contribute annual deficit recovery contributions of £2,000,000 in respect of the UK scheme for a period of 6 years and 3 months, subject to review at future actuarial valuations. With regards to the Irish scheme a triennial valuation was due as at 1 January 2015 and due to the deficit it is expected that a new recovery plan will be put in place. Therefore at this time for the year ended 31 March 2016, it is not known what level of annual deficit contributions ACCA will contribute. In addition it is expected that ACCA will contribute on average 9% of pensionable salary in respect of overseas schemes.

	31 Mar 2015 £'000	31 Mar 2014 £'000
23 Trade and other payables		
Trade payables	**5,658**	3,080
Social security and other taxes	**1,455**	1,366
Accrued expenses	**12,072**	10,156
	19,185	14,602
24 Deferred income		
Deferred income	**73,088**	72,484

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.

25 Provisions

	31 Mar 2014 £'000	Utilised in year £'000	Released in year £'000	Provided in year £'000	31 Mar 2015 £'000
Tax	1,554	(844)	(25)	951	**1,636**
Legal costs	326	(40)	—	86	**372**
Research	336	(165)	(95)	301	**377**
Claims	54	(43)	—	78	**89**
Restructuring	1,538	(1,385)	(73)	418	**498**
Accreditation	100	(87)	—	—	**13**
Total	3,908	(2,564)	(193)	1,834	**2,985**

The tax provision relates to the liability for China turnover, income tax and VAT and tax on transfer pricing in China, Kazakhstan, Malaysia and Singapore.

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

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 represents management's best estimate of ACCA's liability relating to the costs associated with ongoing Financial Reporting Council (FRC) investigations against ACCA members. The FRC is responsible for operating and administering an independent disciplinary scheme - The Accountancy 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 2015/16. There is no expected reimbursement from actual costs accounted for to date.

Following an organisational review of various business activities during the year, ACCA made the decision to rationalise some business activities and at the balance sheet date this has resulted in the communication of redundancy packages to the affected UK staff. The restructuring provision represent management's best estimate of ACCA's liability relating to the costs associated with the roles which have been made redundant. The provision of £498,000 is expected to be fully utilised during 2015/16.

The accreditation provision related to the identification of a number of errors in the award of the UK audit qualification. A number of awards were found, on review, to have been made in error as the members concerned did not have the requisite passes in UK-variant law and/or tax (and held non-UK variants or exemptions instead). The awards were withdrawn in these cases and support in the form of revision courses/study aids has been made available to those members who wish to resume holding the UK audit qualification by obtaining passes in UK-variant law and/or tax. The remainder of the provision is expected to be fully utilised during 2015/16.

26 Other reserves

	Currency translation £'000	Land and buildings £'000	Available-for-sale investments £'000	Total £'000
Balance at 1 April 2013	(167)	5,215	11,365	16,413
Revaluation – gross	—	2,455	1,233	3,688
Revaluation – tax	—	—	117	117
Currency translation differences	43	—	—	43
Balance at 31 March 2014	(124)	7,670	12,715	20,261
Revaluation – gross	—	2,650	5,350	8,000
Revaluation – tax	—	(138)	(891)	(1,029)
Currency translation differences	47	—	—	47
Historic cost depreciation transfer	—	19	—	19
Balance at 31 March 2015	**(77)**	**10,201**	**17,174**	**27,298**

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 2015 £'000	31 Mar 2014 £'000
Capital commitments for property, plant and equipment		
Contracted for at the balance sheet date but not recognised in the financial statements	**—**	96
Authorised but not contracted	**2,296**	2,259

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 2015 £'000	31 Mar 2014 £'000	**31 Mar 2015 £'000**	31 Mar 2014 £'000
Within one year	**3,052**	2,750	**98**	299
In two to five years	**4,545**	4,136	**—**	56
More than 5 years	**—**	530	**—**	—
	7,597	7,416	**98**	355

Operating lease rentals charged to the statement of comprehensive income in the year amounted to £3.7m (31 March 2014: £3.6m).

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	Anthony Harbinson (President) Alexandra Chin (Deputy President) Brian McEnery (Vice President)
Other Council members	Stephen Bailey, Rosanna Choi, Orla Collins, Matilda Crossman, John Cullen, Gustaw Duda, Jenny Gu, Kenneth Henry, Pauline Hobson, Julie Holderness, Lorraine Holleway, Hemraz Hoolash, Lynne Hunt, Nur Jazlan Mohamed, Raphael Joseph, Japheth Katto, Dean Lee, James Lee, Leo Lee, Ayla Majid, Mark Millar, Tom Murray, Kholeka Mzondeki, Mohd Nasir Ahmad, Taiwo Oyedele, Ronnie Patton, Laura Perrin, Melanie Proffitt, Brendan Sheehan, Katerina Sipkova, Marcin Sojda, Robert Stenhouse, Fergus Wong and Belinda Young
Key management personnel	Helen Brand (Chief Executive), Stephen Heathcote, Raymond Jack, Peter Large and Clare Minchington

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 2015 £'000	31 Mar 2014 £'000
Related party transactions		
Honorarium to the office holders	**13**	13
Reimbursement of expenses directly incurred by Council members	**391**	467
Salaries and other short-term employee benefits	**1,391**	1,654
Termination benefits	**—**	319
Post-employment benefits	**106**	127
	1,497	2,100

Following a review of the structure of the Executive Team, the team reduced in size with effect from 1 April 2014. The termination benefits represented the contractual amounts payable to those individuals who have left ACCA and post-employment benefits are the pension contributions payable for those Executive Team members who are members of the pension scheme. Two members of the Executive Team receive an allowance in lieu of pension contributions. The value of those allowances is included in 'Salaries and other short-term employee benefits'.

28 Related party transactions (continued)

	31 Mar 2015 £'000 Owed	31 Mar 2014 £'000 Owed
Related party balances		
Reimbursement of expenses directly incurred by Council members	**7**	25
Bonuses payable to key management personnel	**80**	91

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

29 Principal undertakings (continued)

Subsidiary undertakings (continued)

	Country of registration	**Beneficial holding**	**Nature of business**
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
ACCA Russia Ltd	England & Wales	Ordinary shares	Vehicle for ACCA's operations in Russia
ACCA Ventures Ltd	England & Wales	Ordinary shares	Vehicle for providing online courses
ACCA Tanzania	Tanzania	Limited by guarantee	Vehicle for ACCA's operations in Tanzania
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.

		31 Mar 2015 £'000	31 Mar 2014 £'000
30	**Cash flow statement**		
(a)	*Cash generated from operations*		
	Surplus before tax	**5,375**	10,333
	Adjustments for:		
	Depreciation on property, plant and equipment	**4,138**	4,392
	Amortisation of intangible assets	**1,743**	1,452
	Gain on sale of property, plant and equipment	**(4)**	(9)
	Fair value losses on valuation of available-for-sale investments	**5**	—
	Interest received	**(160)**	(325)
	Dividends received	**(1,163)**	(780)
	Impairment adjustment	**1,096**	214
	Pension costs	**454**	1,139
	Pension contributions paid	**(1,850)**	(3,480)
	Changes in working capital (excluding the effects of exchange differences)		
	Derivative financial instruments	**(1,203)**	734
	Trade and other receivables	**(3,267)**	(3,096)
	Trade and other payables	**4,583**	(173)
	Deferred income	**604**	2,187
	Provisions	**(923)**	(170)
	Cash generated from operations	**9,428**	12,418

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

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

Net book amount	**261**	32
Gain on disposal of property, plant and equipment	**4**	9
Proceeds from disposal of property, plant and equipment	**265**	41

31 Contingencies

ACCA has been discussing a potential liability for GST with the Inland Revenue Authority of Singapore (IRAS). Although a protective assessment has been received from IRAS, it has not taken any account of the costs which may be deductible in arriving at the final liability. This matter is in the early stages of discussion and is likely to remain in progress for a number of months. Due to the preliminary nature of these discussions, there is insufficient certainty to provide an estimate of the potential financial impact.

32 Post balance sheet event

On 8 May 2015, ACCA entered into a lease for the rental of two floors at Adelphi House in London for the period of 15 years. This transaction creates the following operating lease commitments which have not been accounted for in note 27:

Within one year	**2,036**	—
In two to five years	**9,773**	—
More than five years	**24,899**	—
	36,708	—

The *UK Corporate Governance Code*

Council is committed to the highest standards of corporate governance. It supports the framework for corporate governance in the UK set out in the *UK Corporate Governance Code* as revised and re-issued by the UK Financial Reporting Council (FRC) in September 2012. 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 for Council and Committees are published and regularly updated.

Council has adopted a Code of Practice for Council members. This Code of Practice, a link to which is circulated to members with the material for the Annual General Meeting (AGM), applies to Council members when acting in their capacity as Council members and provides a framework for the operation of Council's business. Council is a collegial body and expects all of its members to recognise their collective responsibilities and to comply with the Code. Whatever their geographical or sectoral bases, Council members do not represent particular areas or functions. 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 2014 AGM, Council now has members from 18 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 from among its members in March each year, with a ballot if necessary. Council then formally elects each of the office holders at its first meeting following the AGM in September. 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. Each standing 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. Council members' expenses are routinely subject to a review exercise led by Internal Audit, to verify that they are in accordance with the expenses policy. A copy of the expenses policy is available to members on request from ACCA. Details of material transactions between ACCA and its subsidiaries, and related parties (including members of Council) are provided in the notes to the accounts.

Council maintains a Register of Members' Interests which contains details, for each Council member, of any personal or business interests which might give rise to a potential conflict of interest or duty or which might influence the way in which he or she might vote on Council's affairs. The Register is reviewed annually 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 and a declaration is also made at every meeting.

Council meetings

During the year there were four meetings of Council.

Statement of Council's responsibilities

Although not required to do so, either by the Royal Charter or by UK statute, Council has elected to prepare financial statements under 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 considers that the Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provides information necessary for members to assess ACCA's performance, business model and strategy.

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.

Statement of Council's responsibilities (continued)

ACCA's Integrated Report sets out details of the business risks which ACCA faces and its performance and strategy in addressing these. During 2014-15, 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 2015-16 budget. Council has approved the 2015-16 budget which contains the detailed financial assumptions, allocations and targets to deliver the 2015-16 Strategic Delivery 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 and task forces, 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.

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

		Meetings attended
Chairmen:	Martin Turner, FCCA FCMI CIHM (to 18/9/14)	1/1
	Anthony Harbinson, FCCA MBA (from 18/9/14)	1/1
Other members:	Alexandra Chin, FCCA CA(M) FCTIM	2/2
	Orla Collins FCCA MSc (from 18/9/14)	1/1
	Barry Cooper, FCCA FCPA BCom BEd MEd PhD (to 18/9/14)	1/1
	Anthony Harbinson, FCCA MBA (to 18/9/14)	1/1
	Leo Lee, FCCA FHKICPA LLB MBA	2/2
	Brian McEnery, FCCA	2/2
	Robert Stenhouse, FCCA FCA CTA (from 18/9/14)	1/1
	Martin Turner, FCCA FCMI CIHM (from 18/9/14)	0/1
	Anthony Tyen, FCCA AHKICPA ICSA MBA PhD (to 18/9/14)	1/1

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

Audit Committee
In 2014, the Committee considered whether it wished to voluntarily adopt the enhanced audit report following the issuing of the revised ISA (UK&I) 700 Audit Report. Following consultation with the external auditor, the Committee concluded that it did wish to adopt the new style report, and, as a result, a separate Report from the Audit Committee has been presented at pages 42 to 45.

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 resource allocation and planning. The committee also provides oversight for the transformation programme and its role in delivering ACCA's strategy, including capital investment policies.

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

		Meetings attended
Chairman:	Pauline Hobson, FCCA MBA FCMI	4/4
Other members:	Steve Bailey, FCCA (to 18/9/14)	2/2
	John Cullen, FCCA (from 18/9/14)	2/2
	Kenneth Henry, FCCA PhD CISA CPA CGFM	4/4
	Leo Lee, FCCA FHKICPA LLB MBA	4/4
	Brian McEnery, FCCA (to 18/9/14)	2/2
	Nasir Ahmad, FCCA CA(M) MBA	2/2
	Taiwo Oyedele, FCCA	4/4
Independent members:	Edwin Lawrie, ACIS FIRM ACII	2/4
	Matthew McLelland, BA MA	2/4

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 the Chief Executive and senior staff that is clearly aligned to the delivery of ACCA's strategic objectives by rewarding senior staff for the achievement of high standards of performance and their contribution to the success of ACCA whilst ensuring that the framework adheres to the principles of good corporate governance. The Committee consists of seven members of Council and an independent member appointed by its Nominating Committee.

The Committee's work plan during 2014-15 included: a review of succession planning arrangements for the senior management team; a benchmark review of remuneration within the scope of the Committee; a review of the components and objectives of the senior management reward scheme; and consideration of ACCA's people strategy as a whole.

The Committee has also taken external independent advice from reward consultants New Bridge Street (part of Aon Hewitt Ltd). This advice related to external benchmarking data, survey data, market practice and corporate governance updates.

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

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

		Meetings attended
Chairman:	Lynne Hunt, FCCA	2/2
Other members:	Gustaw Duda, FCCA MBA	1/2
	Anthony Harbinson, FCCA MBA (to 18/914)	1/1
	Hemraz Hoolash, FCCA (from 18/9/14)	1/1
	Leo Lee, FCCA FHKICPA LLB MBA	1/2
	Mark Millar, FCCA	1/1
	Kholeka Mzondeki, FCCA BComm (from 18/9/14)	0/1
	Nasir Ahmad, FCCA CA(M) MBA (from 18/9/14)	1/1
	Anthony Tyen, FCCA AHKICPA ICSA MBA PhD (to 18/9/14)	1/1
	Dean Westcott, FCCA (to 18/9/14)	1/1

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. In 2014 Council agreed that the Regulatory Board should take an enhanced public interest role and sit at the heart of a new unified oversight structure. Council therefore agreed to put in place a single oversight mechanism for all of ACCA's public interest oversight functions.

The remit of the Regulatory Board is to provide independent oversight of ACCA's regulatory arrangements for complaints and discipline, education and learning, examinations, licensing and practice monitoring, and to report to ACCA's Council on the fairness and impartiality of these activities. Placing oversight of ACCA's regulatory arrangements at 'arm's length' from the governance of its other activities helps to reassure stakeholders that ACCA's arrangements are operated impartially, with integrity and in the public interest. The Board now comprises two members of ACCA's Council and six 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 (to 30/9/14)	2/2
	Antony Townsend, BA (from 1/10/14)	2/2
Lay members:	Peter Cadman, LLB (to 30/9/14)	2/2
	Christine Fraser, LLB (to 30/9/14)	2/2
	David Lock, BSc FCSA (from1/10/14)	1/2
	David Thomas, LLB	4/4
	Antony Townsend, BA (to 30/9/14)	2/2
	Frances Walker, LLB Hons	4/4
	Suzy Walton, BSc, PhD (from 1/10/14)	2/2
	Rosalind Wright, CB QC (Hon Causa)	4/4
Members from Council:	John Cullen, FCCA (from 19/9/14)	2/2
	Raphael Joseph, FCCA	4/4
	Robert Stenhouse, FCCA FCA CTA (to 18/9/14)	2/2
	Anthony Tyen, FCCA AHKICPA ICSA MBA PhD (to 18/9/14)	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-boards 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 54 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 discussion session and social event.

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

Senior management and remuneration
The Chief Executive, four Executive Directors (year ended 31 March 2014: seven) and two independent non-executive advisors (year ended 31 March 2014: 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. In the previous year one Director also formed part of the Executive Team. A restructure of the Executive Team took place in January 2014 which resulted in a reduction in the size of the team with effect from 1 April 2014.

The total salary (including bonus and allowances) and benefits of the Chief Executive in the year ended 31 March 2015 was £368,157 (year ended 31 March 2014: £339,772). This includes a fixed non-pensionable allowance in lieu of pension benefits, introduced in August 2013 when the Chief Executive agreed to vary her contract of employment following the closure of the defined benefit pension scheme and an additional allowance in lieu of pension contributions – see 'Pensions and Benefits' below. Excluding the 'pension' allowances referred to above, and to give a 'like for like' comparison, the total salary and benefits for the Chief Executive in the year ended 31 March 2015 was £328,191 (year ended 31 March 2014: £313,490).

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

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

The annual salary review for all staff occurs in April. The salary of the Chief Executive increased by 3% in line with other employees. Following the restructure of the Executive Team, the Executive Directors' base salaries were reviewed and benchmarked against similar roles in other organisations. As a result the salaries for the Executive Director roles increased by between 4.3% and 15.4%. These all came into effect from 1 April 2014.

The base salaries of the Chief Executive and Executive Directors at 31 March 2015 are shown below on a banded basis.

	Number of employees (2014-15)	**Number of employees (2013-14)**
£280,000 - £309,999	1	1
£190,000 - £219,999	2	nil
£160,000 - £189,999	nil	2
£130,000 - £159,999	2	2
£100,000 - £129,999	nil	3

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

All but two of the Executive Team are members of the defined contribution pension scheme in the UK. All employees close to the lifetime allowance may elect to take a non-consolidated cash allowance in lieu of employer pension contributions and two Executive Team members have done so.

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

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

- Private Healthcare (family cover)
- Bi-annual Health screening
- Disability income protection
- Life insurance

Executive Team Reward Plan

Under the Executive Team Reward Plan a reward pool is created based on the ACCA's performance against various performance measures. The primary measure of performance is the Vision measure (number of total members and students) for the year. The reward pool is then subject to a multiplier which is determined based on achievement of the five remaining key performance indicators.

Notwithstanding performance against the performance measures, the Remuneration Committee may enhance or restrict the size of the reward pool if the overall performance of ACCA is impacted by wholly exceptional circumstances or is not considered satisfactory.

The Remuneration Committee is responsible for determining the size of the reward pool and the portion of the reward pool to be allocated to the Chief Executive. The Chief Executive determines the allocation of the remainder of the pool taking into account individual performance over the Financial Year.

Employees

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

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
REPORT FROM THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2015

Role of the Committee

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

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

The Chairman of the Committee provides an annual report to Council on the Committee's activities, both carried out and planned.

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

Committee membership

Robert Stenhouse chairs the Audit Committee. He is a fellow of ACCA. He has been a member of Council since 2009 and is also a member of ACCA's Nominating Committee as well as being the chairman of the Global Forum for Audit and Assurance. He has had business experience of almost 30 years and is currently Director - National Accounting and Audit at Deloitte in the UK. Council therefore considers that he has had recent relevant financial experience. The remaining Committee members, noted below, are all fellows of ACCA and have also had extensive business experience.

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

		Meetings attended
Chairman:	Anthony Harbinson, FCCA MBA (to 18/9/14)	2/2
	Robert Stenhouse FCCA FCACTA (from 18/9/14)	2/2
Other members:	Rosanna Choi FCCA FHKICPA MBA MSc ISM (from 18/9/14)	1/2
	Orla Collins, FCCA MSc	4/4
	Julie Holderness, FCCA	4/4
	Hemraz Hoolash, FCCA	2/4
	Dean Lee FCCA CICPA MPh MBA (from 18/9/14)	1/2
	Coutts Otolo, FCCA CPA(K) (to 18/9/14)	1/2
	Robert Stenhouse FCCA FCACTA (to 18/9/14)	2/2
Independent member:	Willie Wardrop, FCCA BA (to 18/9/2014)	2/2
	Romny Gray LLB Hons (from 18/9/2014)	2/2

The Audit Committee met four times during the year. One of those meetings was an interim update conducted by e-mail.

Appointments to the Committee are made by the Nominating Committee and are for a one year term. The Chairman of the Committee may serve for a maximum of three years, and the independent member for a maximum of six years. The independent member receives remuneration on a fixed attendance fee basis. Meetings are scheduled to ensure that matters in Council's annual work plan which relate to Audit Committee responsibilities are considered on a timely basis.

Both the external auditors and the Senior Internal Auditor have direct access to the Chairman and are entitled to attend Committee meetings.

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

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

Significant issues related to the financial statements

During the previous year, the Committee considered whether it wished its external auditor to voluntarily adopt the enhanced audit report following the issuing of the revised ISA (UK&I) 700 Audit Report. Following consultation with the external auditor, the Committee concluded that it did wish to adopt the new style report, and the necessary changes were made to the audit engagement letter to facilitate that.

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

- **Revenue recognition, including the completeness, existence and accuracy of income recognised in the year** – ACCA's main income is derived from subscription income and examination income. A key risk is that recognition of those income streams is incorrect due to timing differences in the key business processing dates and the financial year-end. The Committee has challenged management that proper processes are in place to ensure that income is recognised in the correct period, and the Committee has also placed reliance on the historic accuracy of income cut-off. An adjustment to income is made each year which reflects the anticipated value of income reversed due to the removal of students and members. Based on scrutiny of this adjustment by the Committee, it is satisfied that these removals relate mainly to students and members billed in advance of services being provided. The Committee agrees with management's representation of income.

- **Existence and valuation of intangible assets** – ACCA capitalises intangible assets where the criteria of IAS38 are met. The Committee is satisfied that management have put appropriate processes in place to only capitalise those items which meet the criteria. Management carry out an annual impairment review of those assets that are capitalised. That impairment review identified that although there were substantial qualitative benefits arising from two of the intangible assets, there were insufficient quantifiable financial benefits which exceeded the carrying value of the asset. In both instances, management fully impaired the asset. Management's view is that this approach to impairment addresses the risk of intangible assets being held at inappropriate carrying values. The Committee is satisfied with the approach adopted by management.

- **Valuation and presentation of retirement benefit scheme liabilities** – the assumptions used by management for the IAS19 valuation are derived in consultation with ACCA's external pension consultant. The consultant undertakes appropriate benchmarking to ensure that the assumptions fall within an acceptable range. Accounting disclosures required by IAS19 are provided by the Scheme Actuaries of the UK and Irish Schemes using the assumptions agreed by management. Those accounting disclosures are reviewed by the pension consultant for reasonableness. The Committee is satisfied that the reliance of management on the pension consultant and Scheme Actuaries results in appropriate accounting for and disclosure of pension matters.

External Audit

A competitive tender for external audit services is conducted every five years. The last competitive tender process was undertaken in 2011, involving members of the Committee supported by internal ACCA management. The recommendation to reappoint BDO LLP as external auditors was approved by the members at the Annual General Meeting in September 2014. Prior to recommending reappointment to Council, the Committee undertakes a detailed performance review of the external auditor, which includes consideration of the FRC Audit Quality Review reports as available. A resolution regarding reappointment is considered at each AGM.

Auditor's independence, effectiveness and objectivity

The Audit Committee monitors 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 the Committee. There were no non-audit services carried out by the external auditor during the year apart from the provision of iXBRL tagging services. The Audit Committee believe that auditor objectivity and independence are safeguarded as these services are carried out by BDO employees who have no involvement with the audit. 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 key performance indicators are set out in note 12 to the financial statements.

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

Audit Committee remains satisfied with BDO LLP's effectiveness and independence and is recommending it for reappointment at the 2015 AGM.

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

Internal Audit

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

The internal audit programme is based upon an assessment of ACCA's strategic risk register. That programme is approved by the Committee in advance of each year and reviewed at each Committee meeting during the year to ensure that satisfactory progress is being made both with the plan and with any recommendations arising from the reviews undertaken. If any such recommendations are unreasonably, in the opinion of the Audit Committee, rejected or delayed by management, then these would be reported to Council. No such report was necessary in the year ended 31 March 2015.

Risk management

Council has overall responsibility for determining risk management policy and the Executive Team has responsibility for designing, implementing and maintaining systems consistent with this policy. The Executive Team does this through a process of delegating to ACCA management the responsibility for identifying, assessing and reporting risks, recording results in a risk register. Risk registers are regularly reviewed by the Executive Team and, where appropriate, are escalated to the strategic risk register. The Audit Committee reviews the risk register at each meeting and also receives a detailed update on each strategic risk on a cyclical basis.

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

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
REPORT FROM THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2015

Activity during the year

During the year to 31 March 2015, Audit Committee has:

- reviewed the annual accounts as at 31 March 2014 and recommended to Council that they be approved
- reviewed the structure and content of the Integrated Report
- considered ACCA's strategic risks and underlying risk management procedures
- reviewed the effectiveness of ACCA's internal controls
- reviewed ACCA's whistleblowing policy
- received reports from the external auditor
- received reports from the Corporate Assurance function and monitored progress with the implementation of the recommendations arising from those
- agreed the fees and terms of appointment of the external auditors and considered the audit quality and effectiveness
- reviewed the Committee's own effectiveness and submitted an annual report on its performance to Governance Design Committee
- received training on various subjects to enhance the Committee's knowledge in respect of specific matters.

Subsequent to the year-end, the Committee has recommended to Council that it approves the annual accounts for the year ended 31 March 2015 and that it recommends that a resolution re-appointing BDO LLP as auditor be put to the AGM in September. The Committee has also considered that the Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provides information necessary for members to assess ACCA's performance, business model and strategy.

Summary

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

Robert Stenhouse
Chairman of the Audit Committee
20 June 2015

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

What we have audited

We have audited the financial statements of the Association of Chartered Certified Accountants ("ACCA") for the year ended 31 March 2015 which comprise the consolidated statement of total 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.

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

Respective responsibilities of Council and auditor

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 applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

The members of Council have voluntarily chosen to include a Corporate Governance Statement within these financial statements highlighting the extent of their compliance with the UK Corporate Governance Code in accordance with the requirements of the Listing Rules of the Financial Services Authority. We have agreed to review and report on this voluntary Corporate Governance Statement, as if it had been prepared under the Listing Rules.

Scope of the audit of the financial statements

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

The accounting function for the group is centrally managed in Glasgow. For the purposes of the group audit we consider that there is one reporting component, consisting of the parent entity and its UK based subsidiaries, all of which are audited by us. The non-UK based subsidiaries are not significant components from a group perspective and these are subject to a high level review by the group audit team. In totality the revenue generated and net assets contributed by the non-UK subsidiaries is immaterial. We do have access to the local statutory auditors should we require any information from them. We also use local BDO network offices to carry out agreed upon procedures at a sample of non-UK branch offices. Based on the above scope we were able to conclude whether sufficient appropriate audit evidence had been obtained as a basis of our opinion on the group financial statements as a whole.

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 2015 and of the group's surplus for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Our assessment of risks of material misstatement and how we addressed these risks

We consider the following risks to be those that had the greatest impact on our audit in the current year by determining our audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. We discussed these risks with the Audit Committee. Their report on those matters that they considered to be significant risks in relation to the financial statements is set out on pages 43 to 46.

- **Revenue recognition, including the completeness, existence and accuracy of income in the year:** As detailed in the accounting policies, revenue consists primarily of subscription income and examination fees, with the subscription year not being co-terminus with the financial year and examination fee income which is received in advance of providing the exam service requiring deferment to the period in which the exam is sat. We reviewed the accounting policies and practices for consistencv of application as well as the basis of any recognition estimates. We reviewed the design and implementation of control procedures relating to revenue recognition and undertook analytical and other substantive testing over revenue. Our audit procedures included using our internal Risk Assurance specialists in order to perform recalculation proofs on all material income streams within ACCA. This work involved the interrogation of the membership and examination database and using published annual fees and charges to estimate expected revenue. Our expected revenue was then adjusted for deferred and accrued income as appropriate, as well as for movements in the bad debt provision. We have recalculated the deferred revenue in relation to subscriptions based on the number of members, students and affiliates. We have also reviewed the calculation of accrued student subscription income which is based on the number of students who have registered since the main subscription run in late 2014. We reviewed the accuracy of the prior year accrued student subscription income in order to further assess the methodology applied in calculating the current year accrued subscription income. The existence of revenue arising from subscription and exemption fees from members and students requires the use of estimation techniques in determining the appropriate revenue adjustment. This is based on historical experience of customer retentions. In order to assess the reasonableness and accuracy of this revenue retention adjustment, we reviewed the evidence and assumptions underlying the historic retention adjustment versus actual revenue amounts adjusted to obtain assurance over the accuracy of the revenue retention methodology. Where changes were made to this methodology we assessed these changes and challenged management's assumptions in light of historic evidence. We recalculated the exam income recognised in the year using the opening deferred revenue balance, the number of students who had entered the June and December 2014 exam diets and the closing deferred revenue balance.

- **Existence and impairment of intangible assets:** intangible assets are recognised, measured and derecognised in line with the accounting policies, which is in line with the guidance contained in IAS 38 Intangible Assets. The assessment of future economic benefits arising from an intangible asset is subjective and requires management to assess the available evidence in light of the requirements of the group's accounting policies. As part of our audit procedures we have undertaken a review of new intangible assets in the year to agree the existence of the associated costs, to challenge management on the benefits expected and to obtain evidence that intangibles are only capitalised in line with stated accounting policies. We have also reviewed existing intangible assets in the year to determine whether there is a need for impairment. We reviewed management's internal impairment review process and challenged management on their assessment of benefits associated with intangibles that had not been impaired. We also challenged the evidence supporting impairment charged in the year by reviewing evidence that the original benefits associated with an intangible were no longer achievable. We have reviewed the amortisation rates applied to intangible assets in use by the group to ensure that these are in line with the stated accounting policy.

- **Valuation and presentation of the retirement benefit scheme liability –** the accounting policies provide detail of the pension schemes operated by the group. Note 22 details the changes to the UK and Irish schemes in the current and previous year and the assumptions adopted by the group in assessing the scheme liabilities in accordance with IAS 19 Employee Benefits. We reviewed the procedures undertaken by management in relation to its assessment of the assumptions and judgements used by the actuaries in determining the overall valuation of the retirement benefit liability. We challenged the assumptions underlying the actuaries' valuations and benchmarked the key assumptions against appropriate sector data. We reviewed the actuarial valuations and the presentation and disclosure in the financial statements.

Our application of materiality

- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the financial statements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. We also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- We determined materiality for the group financial statements as a whole to be £1,500,000. In determining this, we based our assessment on a level of 1% of gross income for the year because the group is income generating but not managed for commercial profit.
- The group audit team performed the audits of all the UK subsidiaries, in accordance with materiality levels used for each significant component which ranged from £1,000 to £1,125,000.
- We agreed with the Audit Committee that we would report to the Committee all audit differences individually in excess of £50,000, as well as differences below that threshold, which, in our view, warranted reporting on qualitative grounds.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Integrated Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Council's statement that they consider the financial statements are fair, balanced and understandable and whether the financial statements appropriately discloses those matters which we communicated to the Audit Committee and which we consider should have been disclosed.

Under the terms of our engagement we have agreed to review:

- the part of the Corporate Governance Statement relating to ACCA's compliance with the provisions of the UK Corporate Governance code specified by the Listing Rules for review by the auditor.

We have nothing to report in respect of these matters.

Martin Gill ACA
For and on behalf of BDO LLP
Chartered Accountants
Glasgow, United Kingdom
20 June 2015
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

Board of Management and Trustees
P D Finch, Chairman
D J Argent
J Beckerlegge
Dr M J M Briston
Mrs S Burd
Mrs J Cole
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

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 2015

The Board submits its report together with the financial statements for the year ended 31 March 2015. 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, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) 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 Fund is governed by 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 2013, the Board passed a resolution to incorporate the charity as a guarantee company and this was approved at the Annual General Meeting in September 2013. The new charitable company was incorporated on 6 February 2014, company number 8880293, and was registered as a charity with the Charity Commission for England and Wales on 25 March 2014, registration number 1156341. The new charity is called The Chartered Certified Accountants' Benevolent Fund. It was registered with OSCR with effect from 9 January 2015. The transfer document to transfer the assets and liabilities from the old charity to the new charity was signed in December 2014 and became effective as of 31 December 2014.

New Board members are normally identified from the ACCA database of members, which lists relevant skills. 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, the 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. 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.

Objectives and activities (continued)

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 a disaster, most recently in Nepal, and will be added to annually at a rate agreed by the Board (currently 5% of the Fund's income excluding support cost donations) 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 relevant 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. The Charity Commission published revised public benefit guidance in September 2013 which the Board has noted.

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 may be continued on an annual basis following submission of the appropriate documentation. Cases are normally 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 but who may be reluctant to approach the Fund directly. The Board believes that the Fund does not receive enough applications, although it tries to contact all potential beneficiaries through a variety of media. Because of this the Board is in an uncertain position and prepares a 15-year plan on an annual basis.

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/uk/en/member/membership-benefit/benevolent-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 on the ACCA website at
http://www.accaglobal.com/uk/en/member/membership-benefit/benevolent-fund/ways-donate

The financial statements for the period are shown on pages 56 to 61. The Statement of Financial Activities on page 56 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 57, shows the total assets of the Fund to be £3,527,381 (2014: £3,223,362), which will generate income to meet its future obligations. The Fund held £677,637 (2014: £308,436) in bank balances and short term deposits 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 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 2015. In particular, it expresses thanks to those who made a financial contribution and those who gave of their time. Donations from members including tax on Gift Aid donations amounted to £50,845
(year ended 31 March 2014: £49,584).

Financial review (continued)
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 is also deeply appreciative of a legacy received of £64,375 during the year from the estate of Brian William Tames.

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.

Achievements and performance
During the year, the Fund agreed to pay grants, ranging from £9 to £2,500 (2014: £229 to £5,000), to 20 (2014: 13) beneficiaries and offered relevant advice and support. The grants amounted to £15,608 (2014: £18,877). Included in this are commitments to 8 (2014: 9) beneficiaries for grants, payable after the year-end, amounting to £4,856 (2014: £4,560). Under SORP 2005 these commitments are included in the financial statements as creditors.

The Board noted the total value of grants given was slightly higher this year although there was a small decrease 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 addition the Fund will not usually provide funds for new business start-ups. 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 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 8.82% (2014: 3.77%) against the benchmark (FTSE WMA Balanced) of 8.82%, (2014: 2.57%) while the total return on income investments for the same period was 2.63% (2014: 2.73%) against the benchmark (FTSE A Govt (All)) of 10.16% (2014: -5.96%). 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.

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.

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 as, in the last four years, the floods in Pakistan and Australia, the earthquake in New Zealand, the Japanese tsunami, the Philippines typhoon and most recently the Nepal earthquake. ACCA has over 178,000 members in 188 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 that anticipate 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 2023, 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.

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 has put a cap on the Disaster Fund at £250,000.

All Fund members are contacted annually about the availability of the Fund; ACCA offices worldwide receive updates of the Fund's activities and policies and there is a link to the Fund's website from the main ACCA website. Despite all these active channels of communication, the Fund still finds it challenging to attract a sufficient number of applicants demonstrating real hardship and, as a consequence, the financial support it is able to give remains limited. The Trustees continue to consider how the work of the Fund could be more widely recognised by developing new publicity and communication strategies. As part of this, a new website for the Fund is being developed and the Fund continues to liaise and work with other benevolent funds.

Plans for the future
As the new charitable company limited by guarantee has now been incorporated and registered as a charity with both the Charity Commission and OSCR, and the transfer document is effective from 31 December 2014, the Board intends to transfer all the assets and liabilities of the charity established by Trust Deed to the new charitable company during the forthcoming year. The new charitable company will then become the main charity and all applications for assistance will be considered by the trustees of this charity. The charity established by Trust Deed will continue to operate until such time that the trustees are satisfied that all the assets and liabilities have been transferred to the charitable company. Only at that time will the trustees consider the dissolution thereof.

During the time taken to transfer the assets and liabilities, the Board will continue to maintain 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 and Business*, the Fund's website, using members' networks, national offices and, it is hoped, by meeting with ACCA's Council.

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.

P David Finch, *Chairman*
27 May 2015

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2015

Notes		**Total funds Year ended 31 March 2015 £**	Total funds Year ended 31 March 2014 £
	Incoming resources		
	Incoming resources from generated funds		
	Voluntary income		
2	Donations	**78,797**	75,864
	Legacies	**64,375**	500
	Credit card royalties	**13,244**	14,458
3	Investment income	**82,971**	80,882
	Total incoming resources	**239,387**	171,704
	Resources expended		
4	*Costs of generating funds*		
	Investment management costs	**15,222**	14,487
5,6	*Charitable activities:*		
	Grants payable	**33,609**	35,845
5,6	*Governance costs*	**17,848**	18,021
7	Transfer to Chartered Certified Accountants' Benevolent Fund (charitable company)	**85,000**	—
	Total resources expended	**151,679**	68,353
	Net incoming resources for the year	**87,708**	103,351
	Other recognised gains and losses		
	Realised gains on sale of investments	**1,877**	25,805
	Unrealised gains on investments	**214,434**	56,297
	Net movement in funds	**304,019**	185,453
	Reconciliation of funds		
	Total funds brought forward at 1 April	**3,223,362**	3,037,909
	Total funds carried forward at 31 March	**3,527,381**	3,223,362

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

The notes on pages 57 to 60 form part of these financial statements.

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
BALANCE SHEET AS AT 31 MARCH 2015

Notes			**31 March 2015**	31 March 2014
		£	**£**	£
	Fixed assets			
8	Investments		**2,718,447**	2,789,805
	Current assets			
9	Loans	**118,238**		107,042
	ACCA current account	**7,633**		19,186
	Tax recoverable	**8,673**		3,239
	Prepayments and accrued income	**4,745**		6,744
	Cash at bank and on deposit	**677,637**		308,436
		816,926		444,647
10	**Creditors:** amounts falling due within one year	**7,992**		11,090
	Net current assets		**808,934**	433,557
	Total assets less current liabilities		**3,527,381**	3,223,362
	Funds			
11	**Unrestricted funds**			
	Designated funds		**219,724**	197,956
	General funds		**3,307,657**	3,025,406
	Total funds		**3,527,381**	3,223,362

The financial statements were approved by the Board of Management on 27 May 2015 and signed on its behalf by:

P David Finch, *Chairman*

The notes on pages 57 to 60 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, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) 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 as shown in notes 5 and 6.

(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 2015	Year ended 31 March 2014
		£	£
2	**Donations**		
	Donations from members	**50,845**	49,584
	Gifts in kind - costs reimbursed by ACCA (notes 12 and 13)	**27,952**	26,280
		78,797	75,864
3	**Investment income**		
	Dividends on listed investments	**70,794**	67,169
	Interest on cash deposits and fixed rate investments	**12,177**	13,713
		82,971	80,882
4	**Investment management costs**		
	Investment management fees	**15,222**	14,487

5 Total resources expended

	Direct costs	**Support costs**	**Year ended 31 March 2015**	Year ended 31 March 2014
	£	**£**	**£**	£
Investment management costs	**15,222**	**—**	**15,222**	14,487
Grants payable	**15,608**	**18,001**	**33,609**	35,845
Governance costs	**7,897**	**9,951**	**17,848**	18,021
	38,727	**27,952**	**66,679**	68,353

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 2015**	Year ended 31 March 2014
		£	**£**	**£**	£
Office costs	Work done	**9,840**	**4,510**	**14,350**	14,000
Trustees expenses	Actual	**4,991**	**3,328**	**8,319**	7,027
Staff expenses	Actual	**1,761**	**1,174**	**2,935**	2,878
Meeting costs	Actual	**1,409**	**939**	**2,348**	2,375
		18,001	**9,951**	**27,952**	26,280

The Fund has no 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 2015 £	31 March 2014 £
7 Charitable donations		
Donation to the Chartered Certified Accountants' Benevolent Fund	**85,000**	—

Prior to the year end, the Fund transferred £85,000 to the new charity limited by guarantee, The Chartered Certified Accountants' Benevolent Fund, as authorised by the transfer documentation which became effective as at 31 December 2014.

	31 March 2015 £	31 March 2014 £
8 Investments		
Quoted investments	**2,547,002**	2,364,805
Unquoted investments	**171,445**	425,000
Market value at 31 March	**2,718,447**	2,789,805
Quoted investments		
Market value at 1 April	**2,364,804**	2,293,996
Acquisitions	**57,611**	66,538
Disposals at carrying value	**(89,847)**	(52,026)
Net unrealised investment gains	**214,434**	56,297
Market value at 31 March	**2,547,002**	2,364,805
Historical cost as at 31 March	**1,673,657**	1,697,259
Investments at market value		
UK Equities	**1,445,937**	1,403,700
Europe Equities	**73,980**	68,325
North America Equities	**257,988**	204,652
Asia Pacific Equities	**160,863**	129,578
Other Global Equities	**51,089**	42,674
UK Gilts	**254,143**	247,335
Other Fixed Interest	**192,038**	168,775
Property	**110,964**	99,766
Total	**2,547,002**	2,364,805

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 2015:

Holding	**Market Value**	**Percentage of Portfolio**
BlackRock Charinco units	**192,038**	7.5%

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

9 Loans

Loans are classified as debtors. Most of the loans are secured by legal charges on freehold properties and are interest-bearing at rates related to bank base rate. One loan of £19,640 was advanced during the year. Three loans are being repaid by instalments. One loan is expected to be repaid in full within one year.

		31 March 2015	31 March 2014
		£	£
10	**Creditors: amounts falling due within one year**		
	Grants committed	**4,506**	4,560
	Accrued expenses	**3,486**	6,530
		7,992	11,090

11 Analysis of net assets between funds

	Investments	Net current assets	Total 2015
	£	**£**	**£**
Unrestricted funds:			
Designated funds	**—**	**219,724**	**219,724**
General funds	**2,718,447**	**589,210**	**3,307,657**
	2,803,447	**808,934**	**3,527,381**

12 Transfers between funds

	General funds	Designated Funds: Disaster Fund	Designated Funds: Loan Fund	Total
	£	**£**	**£**	**£**
At 1 April 2014	3,025,406	90,914	107,042	3,223,362
Net movement in funds for the period	304,019	—	—	304,019
Loan Fund – Loans repaid	5,594	—	(5,594)	—
Loan Fund - Loans Awarded	(19,640)	—	19,640	—
Loan Fund – Written off to forex	2,850	—	(2,850)	—
Transfer in respect of Disaster Fund	(10,572)	10,572	—	—
At 31 March 2015	**3,307,657**	**101,486**	**118,238**	**3,527,381**

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.

13 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 £19,633 (2014: £19,253), 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.

14 Board of Management remuneration

Board members are not remunerated, but may be reimbursed for directly incurred expenses. These costs amounted to £8,319 (2014: £7,027) to 7 (2014: 9) Board members. These are included in the Statement of Financial Activities under income as 'gifts in kind' and under expenditure as 'Support costs'.

15 Auditor's remuneration

The auditor received no remuneration for the period (2014: £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 2015 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 55), 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 2015 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: 27 May 2015

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).