

An aerial photograph of a two-lane road winding through a forest. A red car is driving on the road. The forest is split into two halves: the left side has bare, white trees, and the right side has dense, green trees.

Integrated
**annual
report**
and **financial
statements**

For the year ended **31 March 2023**

Think Ahead

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01

About ACCA



About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

FOUNDED IN

1904

MEMBERS

247,000

FUTURE MEMBERS

526,000

COUNTRIES GLOBALLY

181

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Our purpose

We're a force for public good. We lead the global accountancy profession by creating opportunity.

Our values



Inclusion

We create opportunity for all. We remove artificial barriers, create connections and embrace diversity.



Integrity

We're ethical, honest and accountable and encourage the same from others. We act in the public interest and focus on long-term value.



Innovation

We think ahead. We explore new ideas, creating solutions that ensure our community and the wider profession is ready for today and tomorrow.

member

spotlight



Prudence Muchinouta FCCA, chief financial officer, Community Markets for Conservation

Prudence Muchinouta is the CFO of a social enterprise that supports wildlife conservation in Zambia. She oversees finance, IT, procurement, and HR for the organisation, which empowers small-scale farmers, especially women, through sustainable agricultural practices.

Prudence's passion for climate and gender issues led her to speak at COP26, inspiring her to contribute more to global challenges. Recognised for her dedication, she received the ACCA Africa CFO award for her environmental, social, and governance efforts.



Learn more about Prudence's journey in **AB magazine**

02

About this report



About this report

This report is designed to give anyone whose success depends on ACCA – especially our members, future members, education providers and employers – insight into the strategic thinking that drives ACCA forward, encompassing our strategy, governance, performance and prospects in the context of our global environment.

This is our twelfth annual integrated report, and it has been prepared in accordance with the **International <IR> Framework**. As a strong supporter of the global sustainability reporting standards developed by the International Sustainability Standards Board (ISSB), we're committed to adopting the ISSB standards in our future integrated annual reports. For the second year, we are using the Exposure Draft of IFRS S2 *Climate-related Disclosures* as guidance as we report against our climate commitments.



Oversight and responsibility

ACCA's Audit Committee reviews this report, which our Council Board and then ACCA's governing Council subsequently approves. In this way, ACCA's Council is ultimately responsible for ensuring the report's integrity. The Audit Committee has confirmed that it has applied its collective mind to the preparation and presentation of this report and that, in its considered opinion, it is presented in accordance with the International <IR> Framework.



External assurance

Our external auditor has assured our detailed consolidated financial statements. The external auditor considers whether the integrated report is consistent with the financial statements and the information that they have received during their external audit. We have also received separate external assurance on our strategic performance results.



[Read the Financial statements](#)



Want more detail?

We aim to keep this report concise. If you'd like to know anything that you can't find here, or you'd like to give us feedback, please contact us at external.reporting@accaglobal.com.

member

spotlight



Leona Mondsee, FCCA, chief financial officer, Rebank

Leona Mondsee's passion for problem-solving led her to the tech industry, where she's now chief financial officer of Rebank, a start-up that allows users to organise financial applications, accounts and payments in one place.

Leona believes that embracing technology and automation is the future of finance and will allow accountants to focus on more strategic tasks and business objectives. She sees the goal of a CFO as translating business objectives and automating repetitive tasks to free up talented professionals to add value in other ways.

 [Learn more about Leona's journey in AB magazine](#)

03

Our 2022-23 highlights



Our 2022-23 highlights

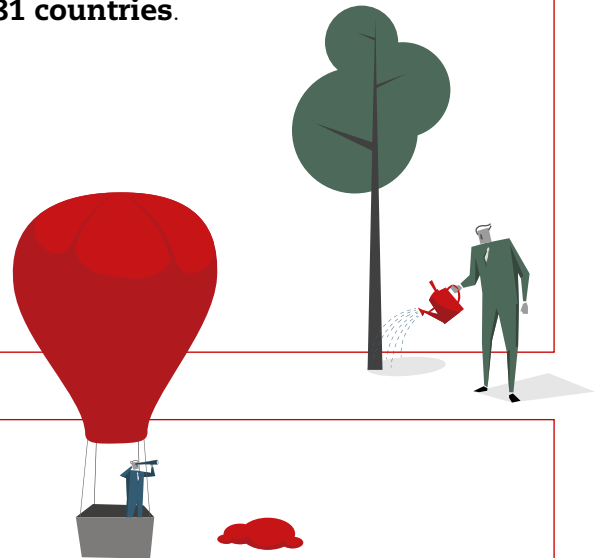
We're a force for public good. We lead the global accountancy profession by creating opportunity. This year we continued to progress ACCA's purpose against a backdrop of continuing turbulence and volatility in the global environment.



We enhanced our **sector-specific, learning and careers support:**

- hosting our twelfth *Virtual public sector conference* which attracted over 10,500 registrations from 171 countries
- creating toolkits focused on talent, sustainability and green budgeting for small and medium sized practices (SMPs), small and medium sized enterprises (SMEs) and the public sector including *How SMEs can create a more sustainable world* with Chartered Accountants Australia and New Zealand (CA ANZ)
- strengthening our support for the banking, financial services and insurance sector including a report with our strategic alliance partner, CA ANZ on *FinTech State of Play*, a financial services sector hub and a *Sustainability in Banking* virtual experience programme with CIMB Group
- holding ten virtual careers fairs events for different countries and regions across the world which attracted over 17,500 attendees and 843 employers.

We grew our membership by **2.8%** with **247,000 members** now supporting economic growth across **181 countries**.



We championed the role of the profession in **building sustainable economies and organisations:**

- launching *Accounting for a better world*, our agenda for action uniting the accountancy profession for the public good
- being a gold sponsor of the 21st World Congress of Accountants (themed *Building Trust, Enabling Sustainability*)
- taking part in COP27 where we launched our new *Climate finance course* with CFA Institute
- hosting our annual flagship virtual event, *Accounting for the future* which focused on sustainability and attracted 32,000 delegates from 183 countries
- launching our *Global talent trends survey 2023*, one of the largest ever studies across the accountancy profession about the world of work.

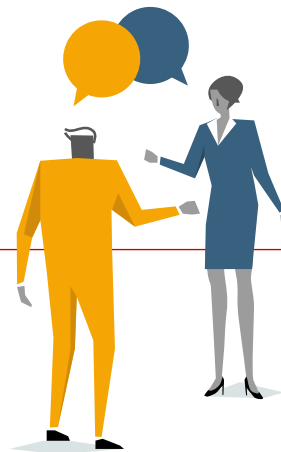
We continued to ensure ACCA is the **#1 global choice for employers** with an employer **Net Promoter Score of +50.9** and **87% of employers satisfied with ACCA.**



We innovated to drive student progression including launching **My Exam Performance**, a personalised exam performance feedback tool for students.



We **won Communications Campaign of the Year** at the 2022 International Accountancy Forum & Awards for our 'Rethinking...' series of brand themes.



We **worked in partnership** to strengthen the profession:

- continuing our successful strategic alliance with CA ANZ to support our members and develop the global profession
- partnering with the United Arab Emirates' Ministry of Economy and the Emirates Association for Accountants and Auditors to provide the exams required to complete the *UAE Fellowship* programme
- publishing *Public Trust in Tax 2022* with the International Federation of Accountants
- becoming founding partners of the IFRS Foundation's Partnership Framework for Capacity Building which is focused on ensuring readiness for the new IFRS Sustainability Disclosure Standards
- launching ACCA's *Certificate in International Reporting* in Vietnamese in partnership with the Vietnam Association of Certified Public Accountants and renewing our agreement with the Ministry of Finance in Vietnam as we work together to strengthen the profession
- signing a new Mutual Recognition Agreement with the Institute of Chartered Accountants of Sri Lanka.

member

spotlight



Sharon Barnes-Simmonds FCCA, chief financial officer, Action Against Hunger Canada

Sharon Barnes-Simmonds left a successful career in the film industry to pursue a more meaningful path as CFO of Action Against Hunger Canada. She's now part of a global network overseeing the funding of humanitarian projects in 55 countries, supporting 28 million people annually.

Sharon is dedicated to promoting representation of minority groups in the finance profession and is also a passionate volunteer. She serves as the President of Kiwanis Club of Toronto Caribbean, an organisation making a positive impact on the lives of children and communities.



Learn more about Sharon's journey in **AB magazine**

04



President's message

When I look back on the year, it strikes me as a period of real achievement for ACCA and ACCA members. This year I have met countless members and future members across the world who are all striving to serve their communities, businesses and clients to the full extent of their ability.

I always knew that my fellow members were dedicated and devoted to their profession and the people around them. But even so, as I have experienced and seen for myself the scale of their selfless service, so often it has taken my breath away.

We talk often about the global reach of ACCA, and we must never forget that this truly is our super-power. It is impossible to think of any other organisation or association where so many people of different cultures, countries and creeds can unite around a shared purpose and single set of values.

Wherever they are in the world, our members display the qualities of inclusion, integrity and innovation. They are dedicated to serving the public good, and in playing their full part in extending opportunities for ever-more people all around the world to pursue a professional education and build a good, decent, rewarding career. That represents an enormous contribution to the world, and every ACCA member should be proud of their achievements.

It's also been a year when ACCA has led the global accountancy profession, and continued to advocate for a better, more sustainable way of doing business that brings prosperity, stability and security for all people, everywhere. We have published ground-breaking, headline-making, agenda-setting research and reports in a dazzling array of areas, including global talent trends, global economic conditions, green finance, sustainability assurance, public sector finance, the Africa Continental Free Trade Area agreement, SMEs, public trust in tax, EdTech and FinTech, climate reporting and accounting for a better world.

It all adds up to a formidable body of work, and a serious contribution to our long-term vision of being #1 in developing the accountancy profession the world needs.

I know that there are many more achievements, many more accomplishments, much more success in our future, and that ACCA members will continue to come together to give the world the accountancy profession it needs.

Joseph Owolabi FCCA

05



Chief executive's strategic report

In the past year, ACCA and its community have continued to lead the profession forward.

We exceeded our ambitions for member growth and affiliate conversion, both contributing to a growing market share; and we retained an excellent employer Net Promoter Score (NPS). And the ACCA community has high perceptions of ACCA's ability to shape the profession and promote the highest standards. In the spirit of full disclosure, however, we also experienced recruitment, retention and progression challenges – all against a volatile external backdrop.

While the external headwinds we experienced were outside of our control, we placed an emphatic focus on what we could drive forward: progressing ACCA's purpose, vision, and strategic ambition through three strategic priorities. And these enabled us to keep serving the ACCA community's diverse needs while also leading the profession forward.

'At its simplest form, our strategic performance highlights and challenges can be summarised in the table below.'



Areas of strong performance

- A consistently growing membership
- An increasing market share
- Strong affiliate to member conversion
- Consistently high perceptions of ACCA's integrity and innovation
- Strong employer and member NPS
- Rising student perceptions



Strategic performance challenges

- Student recruitment
- Exam entry – and linked to this, the % of students passing an exam in the year
- Member and future member retention
- A decline in certain member perceptions

Chief executive's strategic report (continued)

Delivering employability

In 2022-23 ACCA carried out a significant and extensive range of activity to create the right environment for member and future member success (with a focus on recognition, relevance and brand). Highlights included: launching our new initiative, *Accounting for a better world*; developing global policy positions to ensure ACCA can engage with governments and policy makers on the role the profession can play; super-connecting and building our brand with employers, universities and partners; connecting our community through our strategic alliances and partnerships; and our presence at major events (including the World Congress of Accountants), strengthening our sector-specific support, maximising our careers and learning support, and protecting our license to operate and recognition as a statutory regulator and qualifying body.

'During 2022-23 we enjoyed strong employer and member NPS, grew our membership and market share, and maintained high stakeholder perceptions of ACCA's innovation and integrity. We know, however, that we need to strengthen the future member pipeline, continue to deliver member value and improve member and future member retention.'

Despite recruiting over 87,000 students in the year, we fell short of our ambitions – and due to this, along with retention challenges, our overall student file has contracted. Imperatives for 2023-24 will be to articulate how rewarding a career in accountancy and finance can be and seize market opportunity, progress our vision for the future of learning and assessment, build member pride and maintain our position as the #1 global choice for employers.

Driving student progression


In 2022-23 we continued to drive student progression: ensuring as many students as possible were able to sit exams; strengthening relationships with education partners and tutors to support exam success; and innovating and enhancing the ACCA Qualification. A particular highlight in 2022-23 has been the introduction of *My Exam Performance* for students. This new resource is highly valued by students and, along with the *ACCA Study Hub* and *CBE Practice Platform*, will be key to driving exam performance.

As with previous years during the strategy to 2025, however, our most significant strategic performance challenge relates to the volume of exam entries. Despite our students in China being affected by Covid-19 lockdowns for three-quarters of the performance year, I am delighted to confirm that China provided by far the highest overall exam entries of all our markets – in March 2023 we saw the highest number of students from China enter exams since December 2021.

We have, however, seen changing student behaviours on a global scale, with students no longer entering exams at the pace they were pre-pandemic, and not completing the suite of exams as rapidly as they once did. We know that motivating and supporting our students and offering a comprehensive suite of support to our education providers will continue to be important in 2023-24.

Delivering and embedding our transformation

In 2022-23 our greatest challenge in this priority area was the progression of ACCA's continuing digital transformation. A review of our programme of work concluded that the proposed go-live date of October 2023 was no longer achievable, so at the end of the performance year we began the process of seeking a new supplier partner to deliver the next phase of this work.

 [Read the Financial statements](#)

Elsewhere, during the year we implemented and embedded changes to ACCA's delivery model to drive greater agility and maximum impact in how we deliver to market, as well as realising strategic efficiencies. Through this, we freed up our relationships teams to focus on strengthening meaningful partnerships across our global footprint. We have also benefited from introducing a greater number of globally distributed teams to develop our content and enhance how we deliver it to market; and we matured our approach to strategic planning, insights and analytics.

Finally, by ring-fencing strategic investment to build our capabilities and transform our operations, we continued to innovate in the year (including progressing our vision for the future of learning and assessment, rolling-out remote exams and delivering *My Exam Performance*) to drive our strategic performance and ensure a successful and sustainable organisation for the future.

'Last year, the ACCA community kept on demonstrating the value of the profession in times of continuing change and disruption. I want to thank all ACCA members and future members who contributed to the profession, business and society in the year – because by doing so, you've progressed ACCA's purpose.'

Our strategic focus for 2023-24: **Being bold: creating and taking opportunity** reflects our plans to capitalise on a world of opportunity on behalf of the ACCA community. At ACCA we lead, we challenge and we champion fresh thinking. Throughout our proud history, we've innovated and advanced the profession, creating opportunity and delivery value. And we've done all of this while staying true to our values.

So in the year ahead, we'll move confidently forward as we continue to develop the accountancy profession the world needs, with the ACCA community proudly leading the way.



Helen Brand OBE
Chief executive


member spotlight



Hussain Al Qadhi ACCA, group financial controller, Cool Inc

A former police officer and Big Four manager, Hussain Al Qadhi is now the group financial controller at Cool Inc, a Saudi-Arabian start-up focused on developing luxury leisure, tourism and hospitality activities in the country.

Hussain credits his ACCA qualification as being a 'door-opener', and he's committed to mentoring and inspiring others in their career journeys.

 [Learn more about Hussain's journey in AB magazine](#)

06

Strategy to 2025



ACCA's strategy to 2025 sets out how we will secure a vibrant future for ACCA by fulfilling our purpose, remaining true to our values and realising our vision.



Strategic outcomes

Lead

Our proud connected community delivers change for public good.
 To deliver this strategic outcome, our ambitions focus on two key elements: **business and society** and **community**.

ACCA's ability to lead a trusted, inclusive global profession depends on the value we deliver to business and society, which is driven by the collective insight of ACCA's members and wider community. ACCA stands for a trusted, inclusive profession that builds ethical and sustainable businesses and economies; and we deliver public value through our proud, connected community which has ACCA members at its heart.

Create

Our unique knowledge enables us to shape the future and create long-term value.
 To deliver this strategic outcome, our ambitions focus on two key elements: **knowledge** and **value**.

ACCA's community generates unique knowledge that drives the profession forward. We're able to draw on this collective knowledge and ensure we share knowledge across it. We also maximise this knowledge to create forward-thinking solutions that enable us to deliver the trusted, ethical professionals the world needs. This benefits business and society, with ACCA's members playing a key role wherever they are based.

An underpinning **Deliver** outcome sets out the operational capabilities we will focus on to deliver the Lead and Create strategic outcomes set out in the strategy to 2025. The Executive Board oversees progress against our **Deliver** capabilities (partners, talent and digital). These are not linked to remuneration.

Measuring performance

We assess our progress in delivering the strategy to 2025 through seven measures, adopting a balanced scorecard approach.

The strategic performance targets for each measure are set by the Council Board to track our progress in delivering our strategic outcomes. The targets are linked to executive remuneration.

Strategic outcome	Measure	Rationale
Vision	Number of members	Our members are central to our vision. A growing membership strengthens our ability to deliver what the world needs.
Lead	Brand trust	Our ability to shape and lead the profession is dependent on trust in the ACCA brand.
Business and society	Financial sustainability (surplus/deficit)	By ensuring ACCA's financial sustainability, we'll be able to deliver long-term value to business and society.
Community	NPS	We want to make sure our community sees continued value in an ongoing relationship with ACCA.
Create	Number of future members	The number of future members indicates ACCA's continuing attractiveness and relevance to business and society.
Knowledge	ACCA understands my needs (perception survey)	Understanding the needs of our community enables us to think ahead and create relevant solutions.
Value	Progression	The successful progress of future generations to membership remains key to our long-term sustainability, and the value ACCA members deliver to business and society in the future.

member

spotlight



Jason Wang FCCA, executive director and chief financial officer, H&H Group

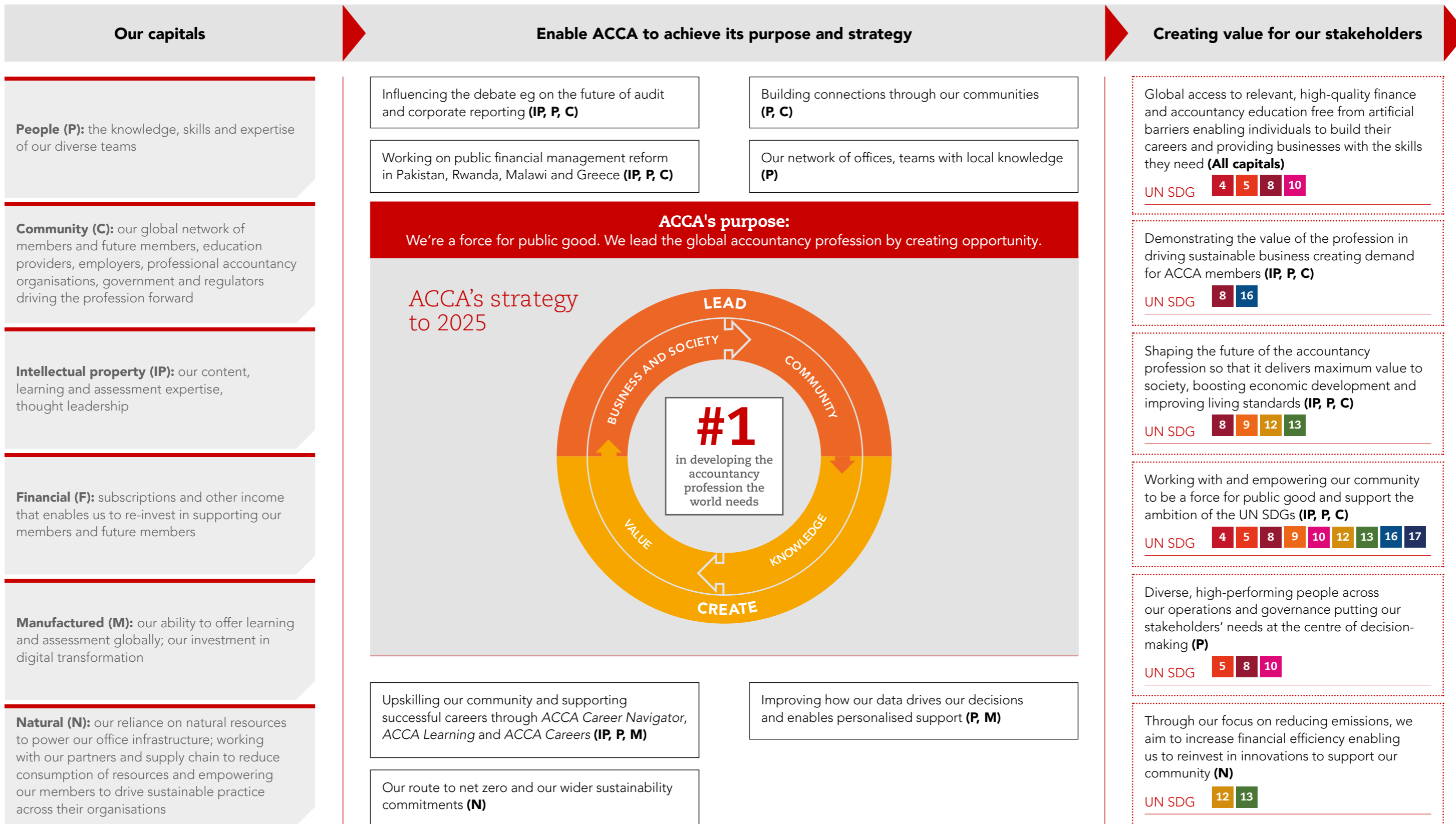
Jason Wang is a multi award-winning CFO and executive director at H&H Group, a global health and nutrition organisation. His strategic vision and ability to always think ahead has played a big part in H&H Group's global expansion.

With a career history spanning the public sector, investment banking and corporate finance, Jason believes the key to being a good finance leader is being a hands-on partner and combining strong financial knowledge and skills with good business instincts.



Learn more about Jason's journey in **AB magazine**

07 Our value creation model to 2025



Our capitals

People (P): the knowledge, skills and expertise of our diverse teams

Community (C): our global network of members and future members, education providers, employers, professional accountancy organisations, government and regulators driving the profession forward

Intellectual property (IP): our content, learning and assessment expertise, thought leadership

Financial (F): subscriptions and other income that enables us to re-invest in supporting our members and future members

Manufactured (M): our ability to offer learning and assessment globally; our investment in digital transformation

Natural (N): our reliance on natural resources to power our office infrastructure; working with our partners and supply chain to reduce consumption of resources and empowering our members to drive sustainable practice across their organisations

Enable ACCA to achieve its purpose and strategy

Influencing the debate eg on the future of audit and corporate reporting **(IP, P, C)**

Building connections through our communities **(P, C)**

Working on public financial management reform in Pakistan, Rwanda, Malawi and Greece **(IP, P, C)**

Our network of offices, teams with local knowledge **(P)**

ACCA's purpose:
We're a force for public good. We lead the global accountancy profession by creating opportunity.

ACCA's strategy to 2025

#1
in developing the accountancy profession the world needs

LEAD
COMMUNITY
KNOWLEDGE
CREATE
BUSINESS AND SOCIETY
VALUE

Upskilling our community and supporting successful careers through ACCA Career Navigator, ACCA Learning and ACCA Careers **(IP, P, M)**

Improving how our data drives our decisions and enables personalised support **(P, M)**

Our route to net zero and our wider sustainability commitments **(N)**

Creating value for our stakeholders

Global access to relevant, high-quality finance and accountancy education free from artificial barriers enabling individuals to build their careers and providing businesses with the skills they need **(All capitals)**
UN SDG **4 5 8 10**

Demonstrating the value of the profession in driving sustainable business creating demand for ACCA members **(IP, P, C)**
UN SDG **8 16**

Shaping the future of the accountancy profession so that it delivers maximum value to society, boosting economic development and improving living standards **(IP, P, C)**
UN SDG **8 9 12 13**

Working with and empowering our community to be a force for public good and support the ambition of the UN SDGs **(IP, P, C)**
UN SDG **4 5 8 9 10 12 13 16 17**

Diverse, high-performing people across our operations and governance putting our stakeholders' needs at the centre of decision-making **(P)**
UN SDG **5 8 10**

Through our focus on reducing emissions, we aim to increase financial efficiency enabling us to reinvest in innovations to support our community **(N)**
UN SDG **12 13**

member

spotlight



Elaine Boyd FCCA, director of audit quality and appointments, Audit Scotland

Elaine Boyd is the director of audit quality and appointments at Audit Scotland, the chair of ACCA Scotland's Members' Committee, a trustee at Exceed Worldwide and recently joined the Financial Reporting Council stakeholder involvement group representing external public sector audit.

A passionate supporter of equality, diversity, and inclusion, Elaine has cerebral palsy, and has been a charity trustee and representative for various related organisations over the past 20 years. Elaine's advocacy work also earned her an Officer of the Order of the British Empire (OBE) for her services to charity and public service in the King's 2023 New Year Honours list.

 [Learn more about Elaine's journey in AB magazine](#)

08

The global context, stakeholder engagement and materiality



The global context, stakeholder engagement and materiality



The global context

A number of key factors are shaping our external environment. In this section of the report, we share ACCA's view of the accelerating global headwinds impacting global business and society and a set of key challenges the profession itself must address.

Major global headwinds

The global economy



The Covid-19 pandemic and the invasion of Ukraine have created profound turbulence in the world economy, slowing global growth and putting significant pressure on prices, in particular energy and food. Rapidly rising inflation in 2022-23 had a significant impact on economies and businesses and drove up the cost of living for people across multiple countries.

ACCA and the Institute of Management Accountants' quarterly *Global economic conditions survey* finds confidence now starting to rise, with the economic climate helped by the relaxation of China's zero-Covid policies and energy prices starting to return to normal in Europe. Our analysis indicates a number of specific markets and regions are also tipped for strong growth. Overall, however, we anticipate a level of continuing economic challenge, with inflation easing at differing levels and affordability issues remaining widespread in 2023-24. We recognise the importance of providing upskilling and employability resources to drive individual security in an uncertain world. We also recognise the importance of creating and taking opportunity on behalf of the ACCA community to ensure a successful and sustainable future.

The geopolitical environment



Geopolitical tensions and conflict continued in the year. In addition to the severe impacts of the conflict within Ukraine, we are now seeing new migratory flows and the potential for wider geopolitical impact. We are also monitoring and responding to rapidly changing dynamics in other markets and regions such as Myanmar and Afghanistan. Geopolitical impacts have also resulted in increased complexity for organisations such as ACCA which operate across multiple markets and jurisdictions. Ultimately, as a global body we recognise ACCA has a role to play in developing and strengthening the profession in the face of different national and regional challenges.

Sustainability and climate change



The world is facing grave challenges. Just prior to COP27, the United Nations (UN) published its Emissions Gap report for 2022, in which they state that the international community is falling far short of the Paris Agreement goals and there is currently no credible pathway in place to keep the rise in global temperatures below the key threshold of 1.5 degrees Celsius. The UN is calling for an urgent global transformation to avoid climate disaster.

ACCA aims to reinforce the role of the accountancy profession in helping organisations adapt and transform rapidly, and adopt the sustainable practices required to avert this. The unique view that professional accountants have across the organisations they work for and advise, coupled with their ethical and technical competencies, makes them vital to this transformation. We are also driving sustainability in the broader sense, removing artificial barriers to the profession and driving inclusion so the ACCA community can play a role in creating a better and fairer world.

Key challenges for the profession

Increasing public demand for business and government accountability



Society increasingly expects government and business intervention to drive more ethical approaches. The profession has a major role to play in helping organisations create and report on long-term value that benefits all stakeholders, playing their part in building a more prosperous future for society through a just transition which balances business profitability, social equity and environmental action.

The increasing complexity of the global economy and the disruption caused by technology also poses challenges for regulators, and ACCA will continue to engage with regulators on meeting these challenges. The future of audit has also been subject to scrutiny and challenge in the UK, and we anticipate that future reforms to the UK's audit and corporate governance regime will have far-reaching consequences for the audit profession and regulators.

Continuous learning and digitisation of education



We continue to experience accelerating employer and member demand for upskilling and training. The need to remain relevant in the face of disruption, combined with a greater desire to change job roles and careers more swiftly than in the past, mean that continuous learning is here to stay. The major shift towards digital is also transforming how people learn and raising their expectations of digital education and learning provision.

Attractiveness and relevance of the profession



A wide range of sources indicate a continuing global demand for accountants. The increasing public demand for business and government accountability has also placed an emphasis on transparent reporting and driving a sustainable approach to the global economy.

Digital acceleration is, however, creating disruption within the profession. In addition, the profession is facing stiff competition from other sectors that appeal to new generations entering the workplace. We recognise how important it is to demonstrate the value of the profession and ACCA's relevance and attractiveness, while equipping members and future members with relevant skills and creating the right conditions for the ACCA community to thrive.

Workplace transformation




The world of work continues to change radically: the future of work in the profession will increasingly involve technology, such as robotic process automation and artificial intelligence, replacing or supplementing human tasks. In addition to this, in the aftermath of the pandemic and in light of the current economic conditions, employers are seeking support to adapt to the disruption and transformation taking place. Increasingly, they need to demonstrate agility and flexibility in their business models as they respond to unprecedented disruption, transforming their workplaces and embracing digital, hybrid and remote ways of working.

New entrants to the workplace also have strong expectations around work-life balance, wellbeing and remote working. While ACCA already has a flexible qualification structure, our future thinking will keep building on this. Attracting talent to the workplace also points to the need for purpose-led strategies and new ways of working. With employers spreading their nets further to access the global talent pool; distributed workforces may support greater social inclusion in the workplace.

Stakeholder engagement and materiality

Our purpose sets out the overarching value we seek to create and deliver. In addition to this, ACCA relies on and creates value for a wide network of stakeholders, and we recognise that ACCA's sustainable success depends on the input and involvement of our stakeholders. ACCA has developed value propositions for all major stakeholders, which we use to inform how we engage with and support them. These are published on our website.

 Learn more at accaglobal.com






We continually engage extensively with our stakeholders as we seek to learn from them and meet their needs. In addition, we increasingly draw on insights and analytics to understand the impact of the products and services we offer and inform how we can deliver greater value.

In previous years, we have conducted a standalone annual materiality survey. Recognising the limitations with this, we have moved to a new materiality assessment approach this year, drawing on a substantial set of inputs.

These include:

- thought leadership from leading institutions to ensure we included global economic and geopolitical trends in our analysis
- ACCA insights publications, many of which are based on extensive surveys, round table discussions and interviews with the ACCA community
- ACCA relationship surveys which target one-twelfth of our members and future members* every month, and our annual employer survey (with 1,155 respondents) and education provider survey (with 432 respondents)
- input from our teams across our markets who have a focus on engaging with our stakeholders.

Through these inputs, we have identified material matters affecting all stakeholders and the profession, reflected in our analysis of the global context. We have also identified the key material issues for members, future members*, employers and education providers.

 All stakeholders and the profession			
<ul style="list-style-type: none"> ■ The global economy ■ The geopolitical environment ■ Sustainability and climate change ■ Increasing public demand for business and government accountability 		<ul style="list-style-type: none"> ■ Continuous learning and the digitalisation of education ■ Attractiveness and relevance of the profession ■ Workplace transformation 	
 Members	 Future members	 Employers	 Education providers
<ul style="list-style-type: none"> ■ Recognition and integrity of the ACCA brand ■ Value for money and relevant resources ■ Careers and employability support 	<ul style="list-style-type: none"> ■ Well-connected community ■ Support to become members ■ Careers and employability support 	<ul style="list-style-type: none"> ■ Shaping the future of the profession ■ Attracting talent ■ A strong relationship with ACCA ■ Ease of doing business 	<ul style="list-style-type: none"> ■ A strong relationship with ACCA to drive business success ■ Teaching and tutor capability support

The summary at the end of this report highlights how these material issues link to our commitments to the UN Sustainable Development Goals and corporate risks and provides examples of our response in 2022-23.

* 'Future members' is a term that includes students and affiliates. Affiliates are students who have completed all ACCA exams but have yet to apply for membership, most commonly because they are still working towards the practical experience element.

Taking ACCA forward in 2023-24

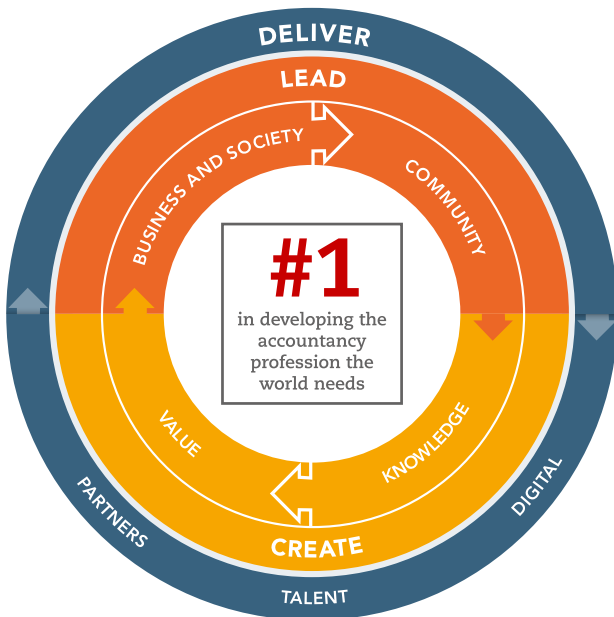
Our strategic focus in 2023-24 is **Being bold: creating and taking opportunity**.

We have identified five key strategic opportunities which represent ACCA’s response to the global context and material matters for our stakeholders, and these have informed our strategic focus. We are planning a set of bold moves to capitalise on these opportunities as we serve the ACCA community and embed ACCA as the #1 global choice for employers, existing and prospective partners and new entrants to the profession.

In the year ahead, we will also ensure we deliver our strategic ambitions in a way that progresses our commitment to sustainable development and our ongoing journey to net zero.

Looking beyond 2023-24: developing ACCA’s future strategy

In 2023-24 we will start to develop ACCA’s future strategy, drawing on extensive analysis of the global environment, strategic challenges and opportunities, and stakeholder behaviours and perceptions. The development of the strategy will involve challenging all our thinking and developing strategic scenarios as we shape and test our approach. The outcome will be a bold and innovative strategy that meets the demands of the global marketplace, sets the pace for the profession and ensures a successful and sustainable future for ACCA and its community.



Lead

- Building the attractiveness and relevance of the profession
- Targeting geographies, sectors and segments

Create

- Driving student progression
- Strengthening our insights to drive performance

Deliver

- Drawing on all our capabilities to deliver value

member

spotlight



Trevor Yeung FCCA, senior dispute support manager, Deloitte Korea

Trevor Yeung found his passion in forensic accounting. With a background in economics and his ACCA qualification, Trevor navigates complex cross-border disputes and investigations with ease.

Beyond his work, Trevor is a Grade 8 violinist and clarinet player, has written a book on cryptocurrency and acts as an ACCA ambassador in Seoul.

 [Learn more about Trevor's journey in AB magazine](#)

member


spotlight



Teuta Oruçi FCCA, founder of Cleantech360

Shortly after arriving in the UK as an asylum seeker in the early 1990s, Teuta Oruçi began studying for her ACCA Qualification through evening classes.

Now, as the founder of Cleantech360, she focuses on environmental sustainability and helps startups in her sector access funding, using her expertise in blockchain technology. Teuta has also recently joined ACCA's global sustainability forum.

 [Learn more about Teuta's journey in AB magazine](#)

09

Strategic performance in 2022-23



Strategic performance in 2022-23

Our strategic focus in 2022-23

In 2022-23 we focused on three strategic priorities to progress ACCA's purpose, work towards our strategic vision and drive performance.

Delivering employability

We want our members to be in demand, enjoy meaningful careers and deliver change for public good. So we'll build our brand power across our markets, connecting our community and working closely with employers to understand their needs so we can maximise the career and learning support we offer.

Driving student progression

We want every student to value and progress their journey with ACCA. So we'll enable students to sit exams wherever possible, working alongside our partners to support them to confidently enter and pass, and clearly demonstrate that we have their best interests at heart.

Delivering and embedding our transformation

We want to keep innovating and changing to take the strategy forward. So we'll continue to focus on delivering new digital capabilities and embedding these to their maximum impact, including progressing our future vision for learning and assessment to ensure we deliver what the world needs.

Strategic performance across the balanced scorecard

For the 2022-23 performance year we targeted performance across ACCA's balanced scorecard, having focused on specific critical strategic focus targets in the prior two years. We achieved our targets for two out of seven strategic measures. These were *Vision*, which we measure through the number of members, and *Lead: business and society* which we measure through our in-year financial performance. In this section, we share more information on performance, highlighting areas of strong performance and challenges that have informed our focus for 2023-24.

Strategic outcome	Strategic measure	2022-23 target	2022-23 actual	Result
Vision	# of members	247,100	247,734	achieved
Lead: brand trust (four elements to be met)	Inclusion: % agree that ACCA acts with members' and future members' best interests at heart	68.5%	68.0%	not met
	Innovation: % agree that ACCA shapes the accountancy profession	80%	83.7%	
	Integrity: % agree that ACCA promotes the highest professional and ethical standards	80%	88.1%	
	Member market share	21.9%	22.1%	
Lead: business and society	Financial sustainability: in-year financial performance (surplus/deficit before tax)	£(7.4)m deficit	£3.9m surplus	achieved
Lead: community	Net promoter score	+33.0	+31.9	not met
Create	Number of future members	542,300	526,520	not met
Create: knowledge	% agree that ACCA understands my needs as a member / future member	63%	61.8%	not met
Create: value – progression (three elements to be met)	# of exam entries	631,000	552,359	not met
	% of students passing an exam in the year	30.0%	27.2%	
	% of affiliates achieving membership within four years	67.5%	67.9%	

Vision

of members

Five-year performance

	Prior year actuals				Target	Actual
	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
# of members	219,031	227,332	233,019	240,952	247,100	247,734

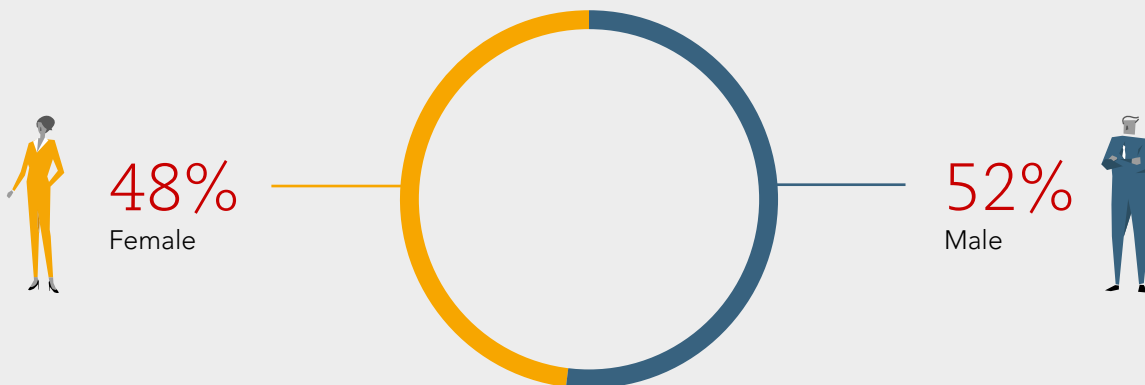
We grew our member numbers by **6,782** to **247,734 members**, reflecting year-on-year growth of **2.8%** – a result that exceeded our ambitions. The strength of our performance in this space signals the continuing value of the ACCA designation and the commitment of those future members coming through to membership.



6,782 members

Our strong performance was due to member admissions: we welcomed 13,125 new members, 661 ahead of planned performance. For member retention, we set a target of 97.6%, in line with our 2021-22 performance; we ended the year at 97.4%.

Members gender profile



Lead

Brand trust

Four elements must be met to achieve the *Lead: brand trust* target. While we exceeded our ambitions for the *Integrity and Innovation* perception measure elements and for member market share, we did not meet our ambitions for the *Inclusion* perception measure. As a result, we did not meet the overall target.

Perception metrics across the balanced scorecard

We collect relationship survey data every month from one-twelfth of our members and future members. This allows us to see long-term trends more clearly. Our reporting is based on 12 months of rolling data which provides the moving annual total. As this sampling method was introduced in 2020-21, we can only provide three rather than five years of data.



Inclusion:

% agree that ACCA acts with members' and future members' best interests at heart

Perceptions that ACCA acts with members' and future members' best interests at heart rose by 0.5% in the year to 68%. This was, however, 0.5% short of the target we set. Member perceptions ended the year above the overall target at 71.3%. Affiliates (60.5%) and students (65.2%) ended the year below target. Both, however, improved by 1.2% in the year.

Three-year performance

	Prior year actuals		Target	Actual
	2020-21	2021-22	2022-23	2022-23
% agree that ACCA acts with members' and future members' best interests at heart	67.4%	67.5%	68.5%	68.0%



Innovation:

% that agree that ACCA shapes the accountancy profession

Perceptions that ACCA shapes the accountancy profession declined by 0.2% in the year to 83.7%. However, this was 3.7% above the target we set. All stakeholder groups (members, affiliates and students) achieved a score of 80%+.

Three-year performance

	Prior year actuals		Target	Actual
	2020-21	2021-22	2022-23	2022-23
% agree that ACCA shapes the accountancy profession	83.8%	83.9%	80%	83.7%



Integrity:

% agree that ACCA promotes the highest professional and ethical standards

Perceptions that ACCA promotes the highest professional and ethical standards rose by 0.2% in the year to 88.1%. This was 8.1% above the target we set. All stakeholder groups (members, affiliates and students) achieved a score of 80%+.

Three-year performance

	Prior year actuals		Target	Actual
	2020-21	2021-22	2022-23	2022-23
% agree that ACCA promotes the highest professional and ethical standards	87.8%	87.9%	80%	88.1%



Market share

We measure our share of the total memberships of ACCA, AICPA, CIMA, CPA Australia, and ICAEW, using the results published by each professional accountancy body in their annual reports. Our target for the year was 21.9% and we exceeded this by 0.2%, ending the year with 22.1%.

Five-year performance

	Prior year actuals				Target	Actual
	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
Member market share	20.4%	20.8%	21.1%	21.7%	21.9%	22.1%

Business and society

Our *Lead: business and society* measure focuses on ACCA's financial sustainability: specifically, our in-year financial performance. We ended the year with a surplus of £3.9m before tax against a targeted £(7.4)m deficit.

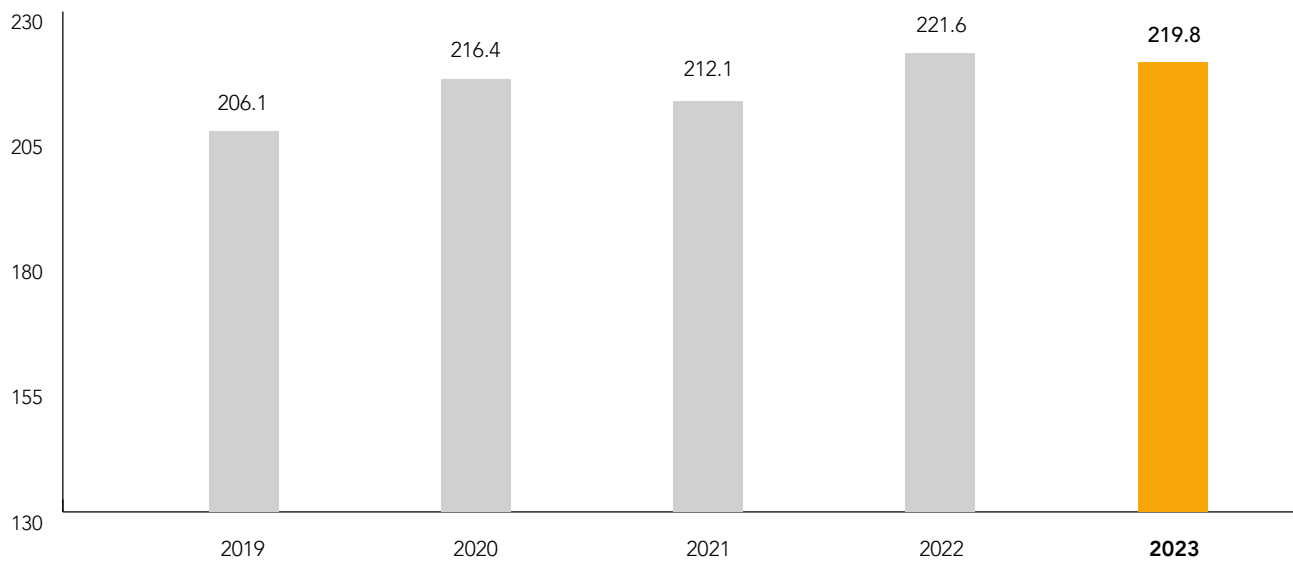
In this section we share more on revenue, operating expenditure, our surplus before tax and our funds and liquid reserves. You can find more detailed financial information in our consolidated financial statements.

[Read the Financial statements](#)

Five-year performance

	Prior year actuals				Target	Actual
	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
Surplus / (deficit) before tax	£(35.8)m	£(3.3)m	£12.0m	£(0.9)m	£(7.4)m	£3.9m

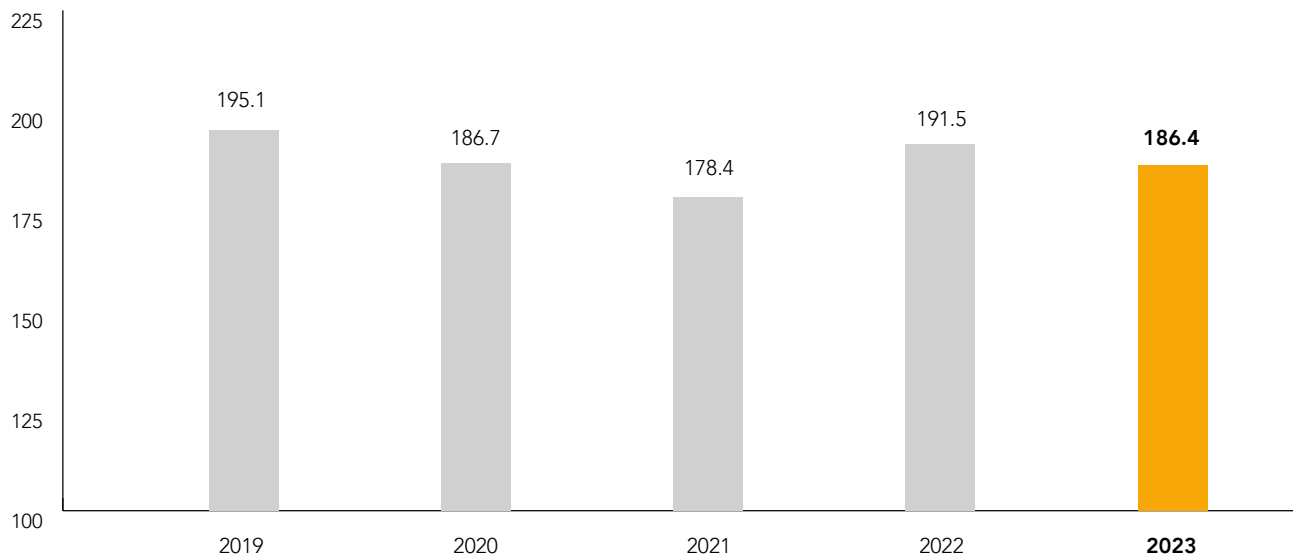
Revenue (£m)



Overall revenue fell by £1.8m (0.8%) to £219.8m in 2022-23. While the headline movement is a slight decrease, revenue by country experienced growth across almost all markets except for China which was £11.5m down year on year.

China remains a strong contributor to ACCA's revenue but was challenged during the year due to ongoing restrictions locally from its zero-Covid policy. Investment in India has supported revenue growth of £4.3m compared to the prior year and this, along with other year-on-year increases, has offset the main impact of China.

Operating expenditure (£m)

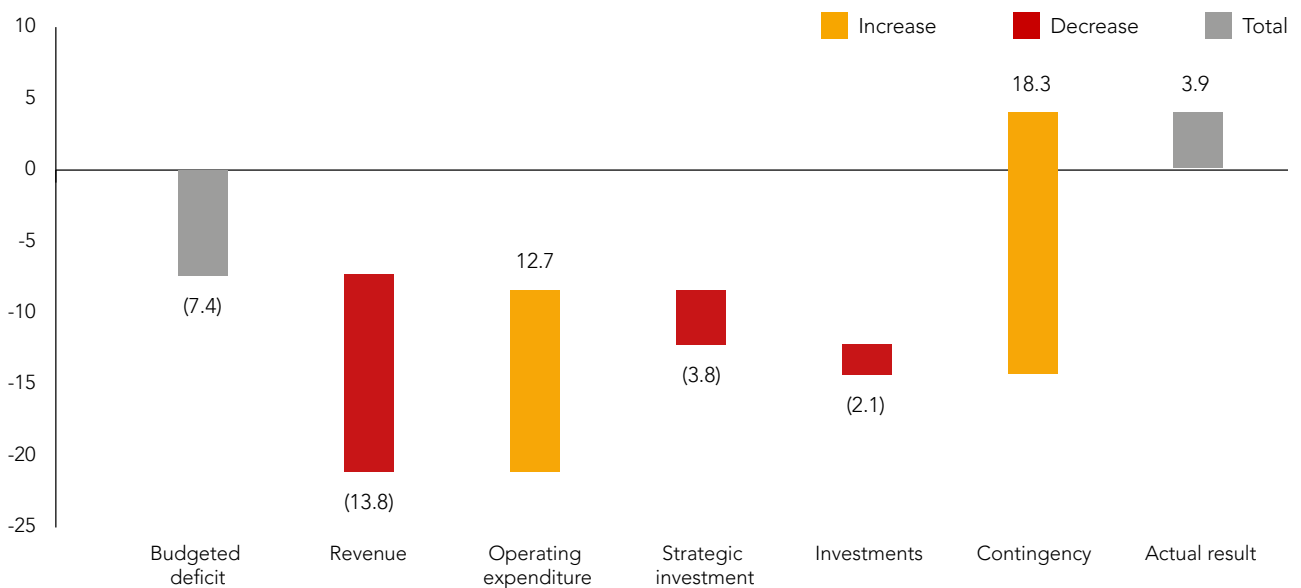


Operating expenditure reduced by £5.1m (2.6%) from the prior year to £186.4m.

As the risk to our revenue projections for China materialised, cost reduction programmes were instigated to ensure we were able to support a range of adverse outcomes.

Salary costs reduced by £1m as a result of the benefits from organisational changes in the year. Discretionary operating costs were reduced by £4.1m mainly as a result of the response to the revenue shortfall in China.

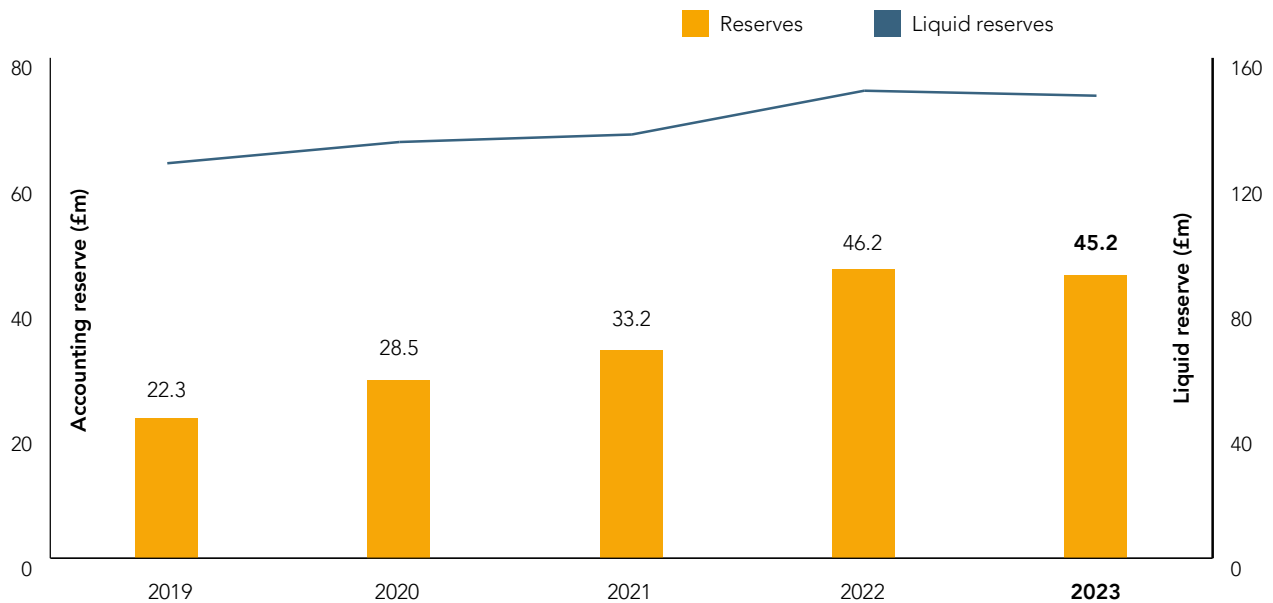
Surplus before tax (£m)



Our pre-tax surplus of £3.9m was £11.3m above our budget deficit of £(7.4)m. It was apparent that revenue was under threat early in the year and despite holding a healthy contingency against this and other risks, it was unclear how it may develop. Various scenarios were considered, and additional cost reduction programmes were initiated to support the contingency against some of the more challenging scenarios. Our change programmes

required additional funding during the year to respond to various operational changes and our investment income and exposure to foreign currency markets also contributed negatively to our budget. As our exam revenue stabilised and then recovered towards the end of 2022-23, the combined effect of the contingency held and the cost savings made, ultimately led to the significant improvement in the strategic measure.

Funds and liquid reserves (£m)



ACCA's Council Board has a long-term target to build and maintain the accumulated fund to 60 days of operating expenditure and this was achieved for March 2023.

The Council Board also monitors balance sheet liquidity and has agreed that it will maintain a level of liquid reserves to cover ACCA's exposure to corporate risks which could reduce its overall financial strength. Liquid reserves are defined as the total of cash, liquid short-term and long-term investments, less any short-term borrowing.

Given the improved cash and operating cost base, ACCA surrendered its £25m revolving credit facility, obtained through the UK government's CLBIL scheme. This facility was taken out as part of ACCA's response to Covid but was ultimately not necessary.

At March 2023, our total liquid reserves were £147.9m and within that amount, our cash balances were £30.6m.

Community

Three-year performance

	Prior year actuals		Target	Actual
	2020-21	2021-22	2022-23	2022-23
Net promoter score	+31.4	+31.6	+33.0	+31.9

For *Community*, our overall NPS rose from +31.6 last year but fell 1.1 points short of target. Despite this, any score above +30 is considered a strong result, and our employer score is at +50.9, a clear indication that employers see ACCA as both relevant and attractive.

The member score has remained stable with a year-end position of +38.0 against last year's +38.1. The student score has improved with a year-end position of +15.9 (+1.9 above last year). The affiliate result, however, declined by -0.8 points in the year to +19.1 and we will be analysing and responding to this in the year ahead.



Create

Number of future members

Five-year performance

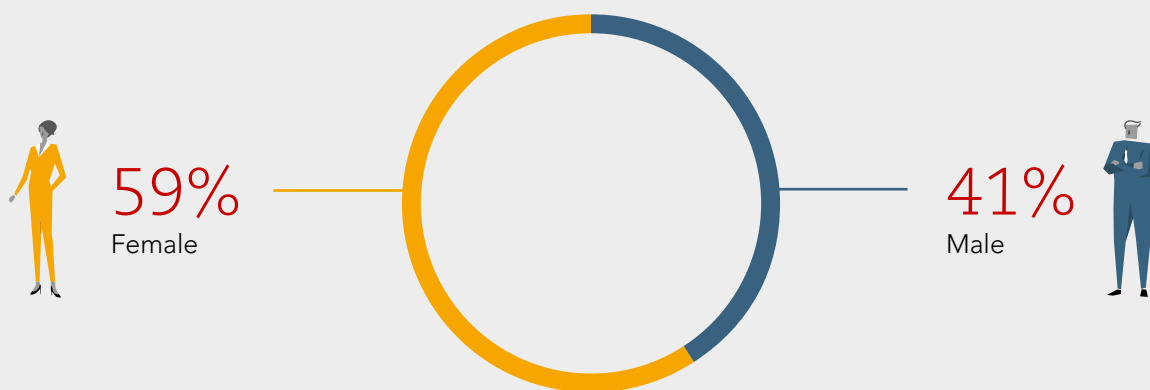
	Prior year actuals				Target	Actual
	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
# future members	527,331	544,446	536,815	541,930	542,300	526,520

For *Create*, the number of future members, we ended the year with 526,520 future members*. In this performance area we faced significant challenges - largely as a result of external forces, including Covid-19 restrictions in China which continued to December 2022, the ongoing conflict in Ukraine affecting the ACCA community in the region, and also the resulting broader economic conditions which have impacted many markets across the world.

While we attracted over 87,000 new recruits, a positive sign of ACCA's continuing relevance and attractiveness, this fell short of our recruitment ambitions. We were also impacted by lower than planned future member retention. As a result, the number of students contracted by 2.8%.

An imperative for the year ahead will be to articulate how rewarding a career in accountancy and finance can be and maximise market opportunity – while also maintaining our position as the #1 global choice for employers.

Future members gender profile



* We define future members as both affiliates and students.

Knowledge

Three-year performance

	Prior year actuals		Target	Actual
	2020-21	2021-22	2022-23	2022-23
% agree that ACCA understands my needs as a member / future member	62.1%	62%	63%	61.8%

For *Create: knowledge*, we target a percentage of members and future members agreeing that ACCA understands their needs. Our year-end result fell short of target by 1.2%; this also represents a small decline of 0.2% on the previous year.

Affiliates, at 53.6%, rose by 0.7% in the year and students, at 62.7%, rose by 0.3%. Member perceptions, at 61.6%, declined by 0.8%. We recognise the ACCA community's needs are likely to be changing rapidly in line with the disruption in the external environment. An imperative for 2023-24 will be to create the right environment for the ACCA community to thrive by building a deeper understanding of changing member and future member needs and responding swiftly to these.



Value

For *Create: value*, there are three progression elements to be met to achieve the overall target. And although we exceeded our ambitions for affiliate to member conversion, we experienced significant challenges with exam entry which had a knock-on effect on the percentage of students passing an exam in the year. As a result, we did not meet the overall target.

Despite achieving over 550,000 exam entries, we ended the year 12% behind target. This was partly due to a smaller pool of students available to enter exams, and partly due to higher number of exam session cancellations and withdrawals than we anticipated in the year.


The external headwinds played their part; we are also seeing changing student behaviours.

While their perceptions of ACCA are rising and they're engaging with the wide range of education support ACCA offers, students are not entering and completing the exams at the pace they were pre-pandemic.

Driving student progression, therefore, remains an imperative for 2023-24.

Exam entries


Five-year performance



	Prior year actuals				Target	Actual
	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
# of exam entries	782,253	722,740	595,425	624,170	631,000	552,359

% of students passing an exam in the year

Four-year performance




	Prior year actuals			Target	Actual
	2019-20	2020-21	2021-22	2022-23	2022-23
% of students passing in the year	33.6%*	28.1%*	29.9%*	30%	27.2%

* In 2022-23 the Council Board agreed a change to how we calculate performance for the percentage of students passing an exam in the year. To offer a like-for-like comparison with previous years, we have provided adjusted performance figures for the three years prior to 2022-23.

% of affiliates achieving membership within four years

Five-year performance



	Prior year actuals				Target	Actual
	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
% of affiliates achieving membership within four years	67.0%	68.2%	67.5%	66.8%	67.5%	67.9%


member spotlight



Kranti Puri ACCA, head of finance, VSO Nepal

Kranti Puri built her career both in Kathmandu and London. Starting out as an intern, she's now head of finance at VSO Nepal, an organisation that aims to create long-lasting change in some of the poorest regions in the world.

For Kranti, leading a finance team comes with the responsibility to create equal opportunities. Kranti's dedication to gender equality empowers colleagues and provides an inspiring example for women in Nepal.

 [Learn more about Kranti's journey in AB magazine](#)

member

spotlight



Esther Gutierrez ACCA, senior associate, PwC Denmark

Growing up in a developing country and working from a young age to contribute to her family's finances, Esther Gutierrez recognised the practicality and stability of a career in accountancy.

Esther began self-studying the ACCA Qualification in 2019 and passed her final exams in 2022. Now settling into her role as a senior associate at PwC Denmark, Esther enjoys spending time mentoring students in the Philippines who are also looking to gain their ACCA Qualification.

 Learn more about Esther's journey in **AB magazine**

10


Delivering sustainability



Delivering sustainability


Sustainability is intrinsic to ACCA's role within the accountancy profession, and our purpose, values and strategy reflect this. Our primary method of measuring progress is through the strategy to 2025 balanced scorecard. Additional information on our sustainability journey is shared in this section of the report.

In 2020 we developed a set of commitments to the UN SDGs which articulate in a holistic way how ACCA and its community are contributing to the transformation needed to create a fairer and better world. These commitments bring our external and internal intent together, guiding how we deliver our strategy.

 Learn more at accaglobal.com

Our approach in 2022-23

We know we can make the most significant contribution to sustainability by supporting and empowering the ACCA community. We have embedded sustainability in the ACCA Qualification, and we offer a broad range of technical guidance, continuous learning and insights on sustainable practices and reporting. ACCA's 2022-23 and 2023-24 brand theme, *Accounting for a better world*, is focused on sustainable development and practices.

 Learn more at accaglobal.com

In addition to inspiring and upskilling members and future members, ACCA has been working with governments, policy makers and businesses to drive positive change and create a better and fairer future. Our two global policy positions, developed in the year, focus on *developing skilled workforces* and *building sustainable economies*.

Our 2022-23 highlights at the start of this report and our materiality section include a number of examples of sustainability activities. We also took steps in the year to progress our corporate approach to sustainable development.



Establishing a steering group for sustainable development.


This became operational in July 2022, and provides a central point of oversight for ACCA's sustainability activity. The steering group is chaired by Maggie McGhee, executive director – strategy and governance, who holds overall responsibility for sustainability matters, with progress and recommendations presented to the Executive Board.



Progressing our journey to carbon net zero.

Following a detailed exercise across our 57 offices around the world, we have established our baseline carbon footprint to measure our progress to net zero with transparency and integrity. We have adopted a science-based approach to measurement after improvements in measuring net zero led us to reassess our methodology and original aim of achieving net zero by 2030. We have now revised and published our net zero target, which is to deliver a 50% reduction in carbon emissions by 2030 and net zero by 2045.

Our targets are aligned with the latest science-based best practice, including the shift from carbon offsetting to carbon reduction. The Covid-19 pandemic drove a substantial reduction in our carbon footprint, and we're now focusing on long-term strategies to maintain and build on this. We are also working towards integrating our net zero ambitions across our supply chain and prioritising the use of renewable energy.


 Learn more at accaglobal.com



Articulating corporate risks.

In 2022-23 we aligned all risks at the corporate level to ACCA's commitments to the UN SDGs and we are embedding the same approach at the directorate and functional levels through twice-yearly risk register reviews. Adopting a risk-based approach to sustainability ensures we can robustly identify and manage any risks that threaten our ability to meet our stated commitments.

- we remodelled our London office realising benefits in terms of costs (savings of £8m over the next five years) and carbon emissions (with changes equating to a 70% reduction in carbon emissions, and expected energy consumption to reduce by 70%). We also improved the functionality of the space to support wellbeing, flexible working and a digital-first approach.

 Learn more at accaglobal.com

Our approach in 2023-24

The work carried out across ACCA to deliver the strategy to 2025 and progress our purpose in line with our values already drives the majority of ACCA's UN SDG commitments forward.



Rolling out internal training.

In 2022 we introduced e-learning for ACCA employees to support them in understanding how, through the work they do to deliver the strategy, they can also drive ACCA's approach to sustainable development and our journey to carbon net zero.

While this e-learning is not mandatory, over 800 employees across ACCA's global network have now completed it, and it is included in ACCA's induction programme for new employees. Delivering sustainably is also embedded in ACCA's approach to strategic planning and is regularly discussed with employees, including at ACCA's global virtual conference for all employees in February 2023.

In 2023-24 we will continue to develop and nurture a fair and inclusive profession and provide the ACCA community with the relevant learning and skills to drive change for public good through the finance function. Our *Accounting for a better world* initiative and related policy activity, professional insights, and learning resources are all focused on this agenda.

Taking the global context and regulatory environment into account, and ACCA's strategic ambitions for the year ahead, we have identified the following two areas of focus for sustainable development in 2023-24:


- driving the adoption of the new IFRS Sustainability Disclosure Standards across the ACCA community and
- progressing ACCA's journey to carbon net zero.

2023-24 is a landmark year for sustainable development, with new global standards being introduced to drive a globally consistent approach to sustainability reporting. New regulations are also fast emerging. In the year ahead we plan to deliver a positive global impact by upskilling and supporting the ACCA community – and employers – to adapt to the new sustainability standards, influence practical approaches to regulatory implementation across different countries, and work in partnership with national bodies so they build the capacity they need to adapt and thrive.

ACCA's net zero journey is underway and we will progress this in 2023-24 and beyond to ensure ACCA plays its part in delivering a low-carbon future for the planet.

In additional developments:

- we introduced a new supplier code of conduct in the year and are working with suppliers to embed this

 Learn more at accaglobal.com

- we progressed our diversity and inclusion plan for employees, with more information shared in the Governance, Leadership and People section of this report
- we continued to embed a digital-first approach to work, driving effective, inclusive and flexible working which also reduces our carbon footprint

member spotlight



Annette Boulter FCCA, group finance director, Hidrostal

Annette Boulter is a qualified accountant and engineer, currently serving as group finance director for Hidrostal's UK division, leading the financial operations of three companies within the organisation.

Annette was formally diagnosed as autistic five years ago, and her support dog Doris has played a significant role in empowering her throughout her career and daily life.

Annette's openness about her diagnosis and advocacy for neurodiversity has made her a role model for many. As an active member of the ACCA Corporate Sector Members Network Panel, she encourages other neurodiverse people in the profession to embrace their unique skills and strengths.



Learn more about Annette's journey in **AB magazine**

11

Our risks and their management

Our risks and their management

Risk management plays an integral part in helping ensure that ACCA achieves its strategic vision to be #1 in developing the accountancy profession the world needs.

We consider risk across three broad types:

- risks to the accountancy profession and the value that accountancy brings to society
- risks to (the needs of) members and future members
- risks that if left to crystallise could impact on our ability to deliver our corporate plans, strategy and our long-term sustainability.

The overall objective of our enterprise risk management (ERM) approach is to support ACCA's strategy and embed a risk culture that ensures our decision-making is risk-aware, balanced and transparent.

At ACCA we use Protecht ERM risk software to provide a holistic view of organisation-wide risks and opportunities in one central repository. This process is supported by internal subject matter experts and contributions from wider stakeholders across the organisation, while we continue to monitor changes in our wider environment that could impact our strategy.

Nine risks are currently on our corporate level risk register. These are principal risks that are intrinsic to the achievement of our strategy and operations. In 2022–23 our corporate risks have remained stable but robustly managed to reflect internal and external changes within our operating environment. Our strategic risks are reviewed monthly. We undertake a combination of qualitative and quantitative risk assessments to ensure our risks are effectively managed.

Ownership and oversight

Our corporate risk register records the top cross-cutting risks and uncertainties that we believe ACCA faces. These risks, should they crystallise, have been judged to pose a significant threat to the successful delivery of our strategy and to ACCA's longer-term sustainability.

Each corporate-level risk is owned by a member of the Executive Board, with the entire team reviewing all risks frequently to reflect any market, legislative and/or operational developments, adjusting mitigation and risk profiles accordingly. ACCA's central risk team also supports a bottom-up risk management process through biannual reviews and quality assurance monitoring to ensure all underlying risks that contribute to strategic risks are well managed by risk owners and action managers across the organisation.

Our Audit Committee exercises independent oversight of ACCA's risk management process, providing assurance to ACCA's Council, via the Council Board, on the adequacy and effectiveness of our controls and risk management process.

Risk appetite statement

ACCA has an overarching risk appetite statement, supported by sub-statements setting out our risk appetite across a range of distinct and specific areas. In 2022–23, we have aligned all risks at the corporate level to ACCA's commitments to the UN SDGs. You can read more in the Delivering sustainability section of this report. Adopting a risk-based approach to sustainability, especially climate risks, ensures we can robustly identify and manage any risks that threaten our ability to meet our stated commitments.

Overarching risk appetite statement

In achieving our vision of being #1 in developing the accountancy profession the world needs, we seek opportunities to operate in every country where we believe we can positively contribute to the accountancy profession and create public value. We have an open appetite for taking well-managed risk where innovation and transformation can create change for public good, build long-term value, and create opportunities for clear improvements in our ability to achieve our vision and strategy. Trust and integrity sit at the heart of our ambition. To this end, we hold a risk-averse appetite to risks that call into question the ethics of the profession, the value accountancy creates, or establishes doubt about our own ethics as an organisation.

Corporate risks and uncertainties

Risk	Key mitigations
Inability to accurately forecast income and costs	<ul style="list-style-type: none"> ■ Monthly review of variances in key income streams. ■ Quarterly forecasting of financial performance to give early warnings of shortfalls. ■ Ongoing financial scenario development based on latest information. ■ Key costs forecasted on driver-based modelling. ■ Exam Forecasting Forum reviews exam volume forecasts in consideration of capacity.
Supporting our students in exam progression and ensuring that affiliates accomplish their journey to full membership	<ul style="list-style-type: none"> ■ Supporting capability building of learning partners and tutors to adapt to qualification changes and address market-specific challenges. ■ Strategic partner approach with key Approved Learning Partners. ■ Monitoring of future member progression rates. ■ Partner support – train the trainer. ■ Enhanced resource offering to improve employability. ■ Introduction of remote practical experience supervision (RPES) to support affiliates.
Failures in our end-to-end exam processes	<ul style="list-style-type: none"> ■ Robust end-to-end processes and controls. ■ Contracts with strategic suppliers to ensure process deliveries within required performance measure and governance framework. ■ Exam Contingency Group monitors and addresses potential and actual disruption to exams. ■ Exams compensation and insurance policies in place. ■ Lessons learned outputs continually reviewed.
Ability to operate across markets is restricted	<ul style="list-style-type: none"> ■ Monthly monitoring and escalation of recognition risks. ■ Leveraging existing forms of recognition and partnerships across our markets, including those with national bodies, regulators and relevant ministerial authorities. ■ Cross-functional support, expertise and collaboration to strengthen the profession, develop and deliver partnerships, and market recognition initiatives for enhancement of global recognition portfolio.
Failure to comply with existing, changing or new regulatory or legislative requirements	<ul style="list-style-type: none"> ■ Internal/external audit process in place to address compliance. ■ In-country legal advisers identify changing and new legislation. ■ Subject matter experts across ACCA provide expert compliance advice. ■ Global compliance management framework is in place that enhances ACCA's ability to maintain its licenses needed to operate globally.
Loss of data or sensitive information	<ul style="list-style-type: none"> ■ Regular reviews against ACCA's industry-standard controls framework to measure IT security status and maturity improvements, and ensure that targeted activities provide value to ACCA's overall cyber security posture. ■ Cyber Security Team contributes to compliance and regulatory governance forums to ensure understanding of compliance position and requirements on ACCA. ■ Utilisation of technical security capabilities to safeguard against malicious activity and cyber-attack.
Failure to comply with educational regulators' requirements	<ul style="list-style-type: none"> ■ Quarterly review to confirm compliance with Ofqual conditions. ■ Customer Service Regulatory Compliance Group established. ■ Annual review and statement of compliance with Ofqual and SQA conditions. ■ Continual improvement of production and delivery systems and/or processes to detect and prevent error.
Digital transformation	<ul style="list-style-type: none"> ■ Rolling external assurance plan in place for each reporting year focused on benefits realisation, change management approach, areas of potential risk of scope creep. ■ Supporting cultural change elements through activities to support digital skills and capabilities ■ Reviews of all architecture directions and solution blueprints to ensure alignment with the roadmap. ■ Benefits tracked and incorporated into five-year plan and reviewed every six months. ■ Digital Maturity Model to support realisation of benefits to both internal and external stakeholders.
Relevance and attractiveness of the accountancy profession	<ul style="list-style-type: none"> ■ Developing a consistent, compelling message around why accountancy presents a strong and viable career. ■ Future of Learning and Assessment Programme looking at the future structure, content and positioning of the ACCA Qualification. ■ ACCA research and insights promoting the attractiveness and relevance of accountancy. ■ Demonstration of our sustainability credentials. ■ Enhanced segmentation of, and research into, prospect groups to better define outreach.

member

spotlight



Chandi Mwenebunu FCCA, group treasurer, Afreximbank

Chandi Mwenebunu is Afreximbank's group treasurer, overseeing funding, financial risks, and cash management. In his ten years with the bank, he's made a significant impact in supporting African trade and free trade initiatives like the African Continental Free Trade Agreement.

Chandi splits his time between Cairo and his family in Glasgow, enjoying hiking and supporting Celtic FC in his free time.

 [Learn more about Chandi's journey in AB magazine](#)

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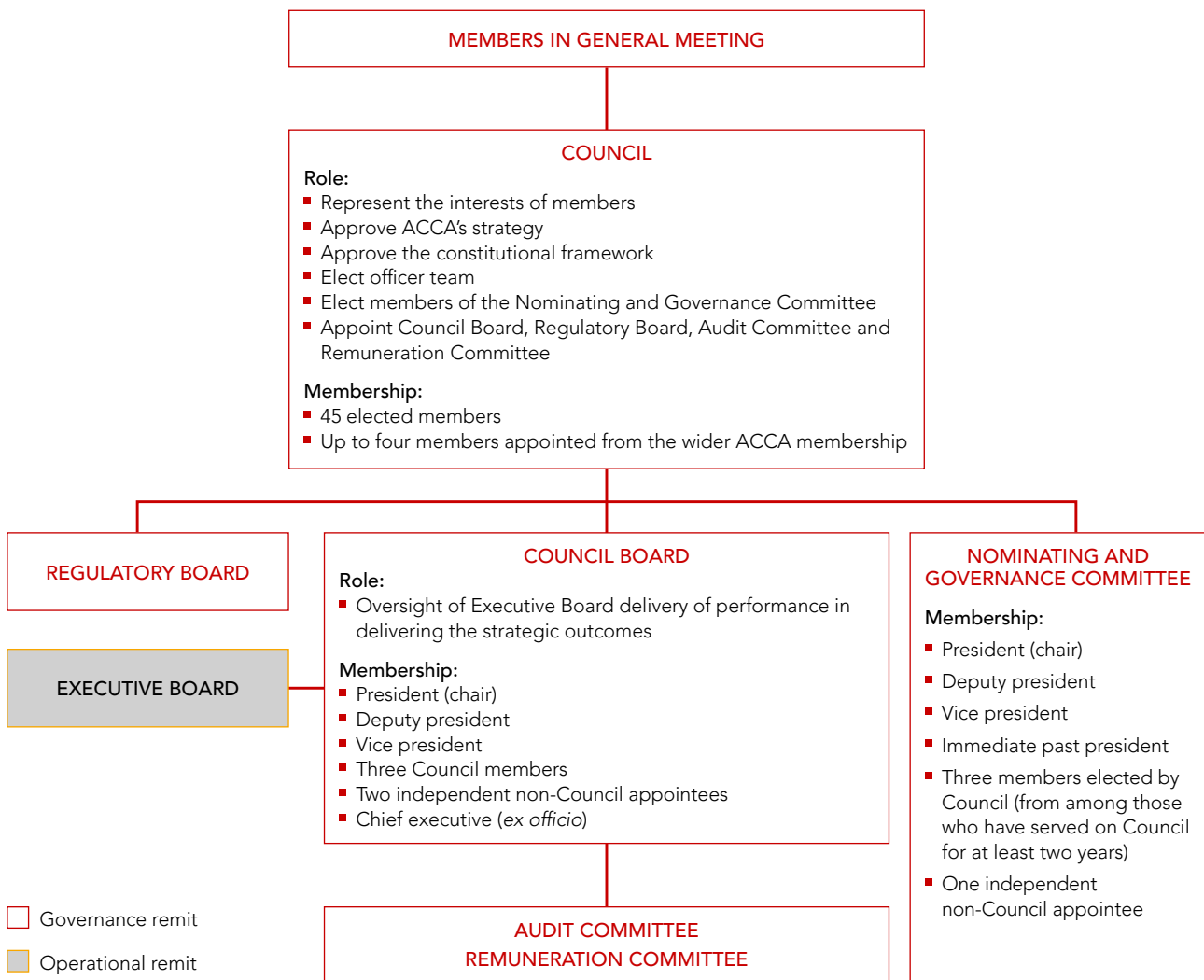
Governance, leadership and people



Governance, leadership and people

Our governance and leadership is formed of our Council, our Council Board and our Executive Board. Working together, they are responsible for developing and leading the execution of ACCA's strategic vision, on behalf of our members.

ACCA's governance model



Reforms in 2022-23

In November 2022, we completed the implementation of a programme of governance reforms which increased the size of Council over three years from 36 to 45 members, equally phased as three additional seats per year. To ensure geographical diversity of representation, we have implemented a mechanism of 'caps and collars', with:

- a cap of equal to or no more than 50% of Council members coming from the same region
- a collar of at least one Council member from each ACCA region.

Election by the global membership remains the primary process for populating Council, with full transparency on the caps and collars in place as the mechanism for reserved places. Should the cap be triggered following a Council election, the election results would be used to take the lowest 'successful' candidate in the election from that region and replace with the next highest 'unsuccessful' candidate not from that region. Should the collar be triggered, this is filled through the co-option route, via recommendation from the Nominating and Governance Committee to Council.

The three additional places on Council created in 2022 were all filled through election, with the cap or collar mechanisms not being triggered.

Council – responsibilities and composition


Council's responsibilities are to:

- ensure that ACCA operates in the public interest and delivers the objectives stated in its Royal Charter
- set the overall direction of ACCA through its contribution to the design of strategy with the Executive Board and its overall approval of ACCA's strategy
- elect a president, deputy president and vice president to function as the leadership of ACCA's membership
- act as ambassadors for ACCA and engage with ACCA members to explain and promote ACCA's strategic direction
- appoint a Council Board to provide appropriate challenge to, and oversight of, the Executive Board's plans for the implementation of strategy, including the achievement of targets for performance and outcomes
- provide assurance to members at large as to sound financial and general management through an Audit Committee reporting to the Council Board (although the appointment of external auditors is reserved for the Annual General Meeting)
- appoint a Nominating and Governance Committee to ensure Council remains reflective of the membership and that overall governance design and planning supports the delivery of ACCA's strategy
- appoint a Remuneration Committee to report to the Council Board, dealing with the remuneration and performance management of the chief executive, oversight of the same for the executive directors and oversight of all other aspects of ACCA's people strategy
- appoint a Regulatory Board to report to Council on the operation of ACCA's disciplinary and regulatory procedures.

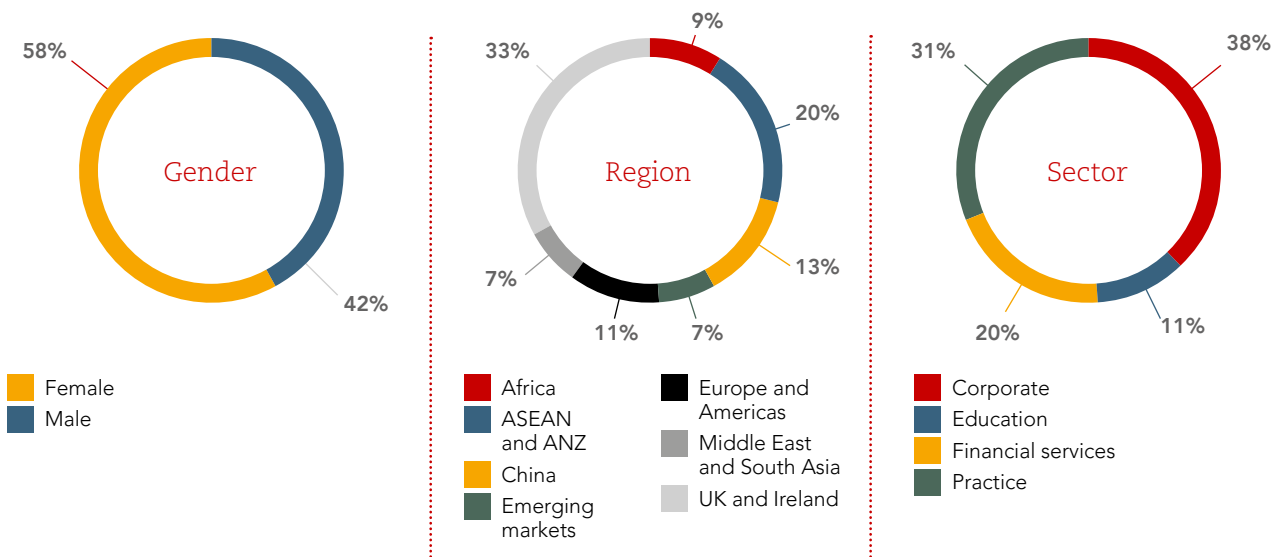
Council 2022-23

Alice Yip	Liz Blackburn
Amos Ng	Lock Peng Kuan
Anastasia Chalkidou	Marta Rejman
Ayla Majid (vice president)	Maryam Abisola Adefarati
Babajide Ibrinke	Matthew Wong
Brendan Sheehan	Md Arif Al Islam
Carol-Ann Boothe	Melanie Proffitt
Cathal Cusack	Merina Abu Tahir
Cristina Gutu	Michelle Hourican
Dani (Ladan) Saghafi	Natalie Chan
Datuk Zaiton Mohd Hassan	Nauman Asif Mian
Den Surfraz	Oluwaseyi Oshibolu
Dinesh Jangid	Orla Collins (past president)
Dinusha Weerawardane	Oxana Losevskaya
Ernest Wong	Paula Kensington
Gary Kent	Philip Maher
Gillian McCreadie	Ronnie Patton (deputy president)
Helen Morgan	Sharon Critchlow
Ian Ng	Shujuan (Jane) Yang
James Lizars	Siobhan Pandya
Jennifer Yuen Chun Tan	Susan Allan
Joe O'Regan	Trusha Lakhani
Joseph Owolabi (president)	Victoria Ajayi

Profiles of all Council members can be found on our website.

 Learn more at accaglobal.com

Council demographics



Council held **four meetings** during the reporting year.

Council Board responsibilities and composition

The Council Board's responsibilities are to:

- oversee the Executive Board's performance in delivering the five-year strategic outcomes set by Council
- oversee resource utilisation throughout the organisation
- approve annual targets (tracking performance against strategic outcomes)
- approve enabling strategies to deliver Council's five-year strategy
- be accountable, and report, to Council regarding performance in delivering the five-year strategy
- oversee the work of the Audit and Remuneration Committees.

There are nine places on the Council Board, comprising the president (chair of the Board), deputy president, vice president, three Council members nominated by Council, two appointed independent board members and the chief executive (ex officio). Council members of the Council Board are appointed for a one-year term.

Council Board 2022-23



Joseph Owolabi FCCA
Chair (president)



Ronnie Patton FCCA
Deputy president



Ayla Majid FCCA
Vice president



Melanie Proffitt FCCA
Council member



Brendan Sheehan FCCA
Council member



Alice Yip FCCA
Council member



Anand Aithal
Non-Council member



Daryl Fielding
Non-Council member



Helen Brand OBE
Chief executive (ex officio)

International Assembly

In addition to these formal governance bodies, ACCA also has a global representational body of members, the International Assembly, which meets virtually at least once a year and contributes to the formulation and development of Council's strategy by ensuring that it reflects and is relevant to the challenges facing the organisation and its members globally.

member

spotlight



Fatma Al-Maawali FCCA, project manager, Oman Ministry of Finance

As the leader of a major National Asset Register (NAR) project for Oman's Ministry of Finance, Fatma Al-Maawali is responsible for making the first ever proper verification and valuation of all the government's assets.

Fatma is also committed to empowering women and mentoring youth through various NGOs and speaking events.




Her ACCA Qualification has also helped her set up her own side business, a clothing boutique devoted to the abaya – the traditional dress for Omani women.



 [Learn more about Fatma's journey in AB magazine](#)

Executive Board responsibilities and composition

ACCA's Executive Board, led by the chief executive, is responsible for the delivery of ACCA's agreed strategy and leading ACCA's operations. The team consists of the chief executive and five executive directors. They are supported by a wider global leadership group of directors and other senior employees with significant operational and strategic responsibilities.

ACCA's Executive Board are:

	Helen Brand Chief executive
	Julie Hotchkiss Executive director – people and transformation
	Maggie McGhee Executive director – strategy and governance


	Alan Hatfield Executive director – content, quality and innovation
	Raymond Jack Executive director – finance and operations
	Lucia Real Martin Executive director – relationships

Maggie McGhee also holds responsibility for sustainability matters at ACCA and chairs ACCA's steering group on sustainable development which was established in 2022-23.

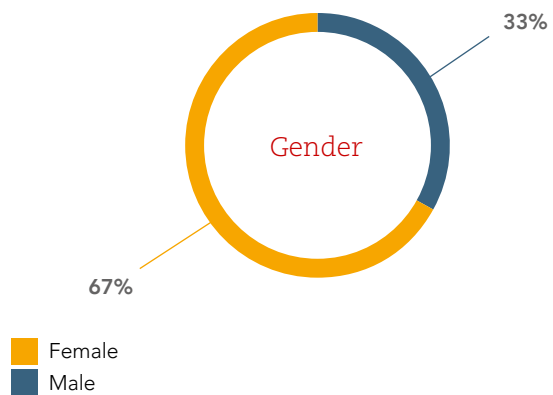
In 2022-23, the Markets directorate was renamed Relationships and organised into three regions (Africa; Asia-Pacific; and Europe, Eurasia, Middle East and Americas), three priority countries (China, UK and India), and Partnerships and Recognition.

From 1 April 2023, the Executive Team is known as the Executive Board. This change aligns better with the Council Board and Regulatory Board nomenclature. It supports greater clarity on understanding the role of the Executive Board as having overall responsibility for the effective delivery of ACCA's strategy and plans and being the primary decision-making body of ACCA's management. The overall responsibilities and composition of the Executive Board have not changed as a result of the new name.

Biographies and details of the responsibilities of Executive Board members are on our website.

 Learn more at accaglobal.com

Executive Board demographics



Executive Board reward plan

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

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

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

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

 [Read the Financial statements](#)

Executive Board remuneration

The total remuneration (including salary, allowances, bonuses and taxable benefits) of the chief executive in the year ended 31 March 2023 was £507,386 (year ended 31 March 2022: £435,308). This includes a fixed non-pensionable allowance in lieu of pension benefits.

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

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

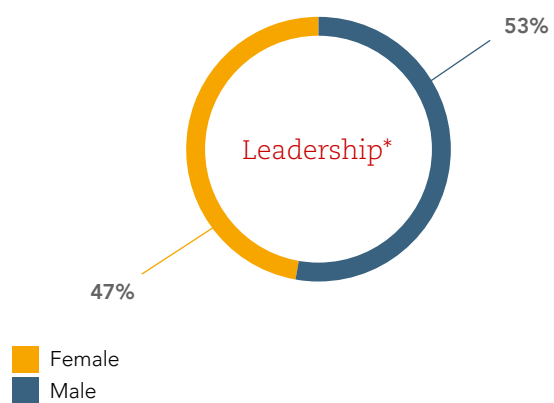
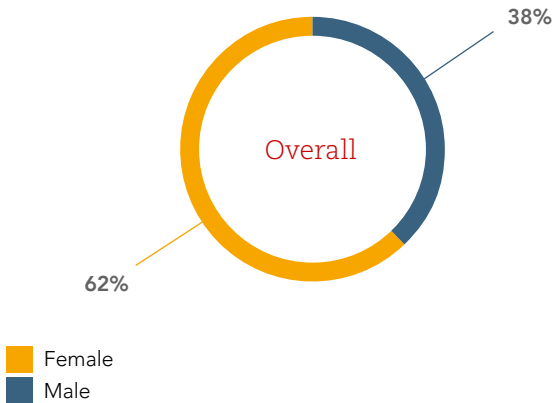
People

Talent is one of the three core capabilities we are developing to deliver the strategy to 2025. We offer the opportunity to be part of a purpose driven, dynamic organisation that makes a difference to societies around the world. We nurture forward thinkers who live our values and embrace the diverse perspectives of our global community, working together to create exciting solutions. We invest in our people, helping them grow and reward them for their role in delivering our vision.

Number of employees

ACCA relies on a diverse global workforce to deliver its strategy. At 31 March 2023, ACCA had 1,341 full-time equivalent employees – 36 fewer overall than the prior year.

Employee gender diversity

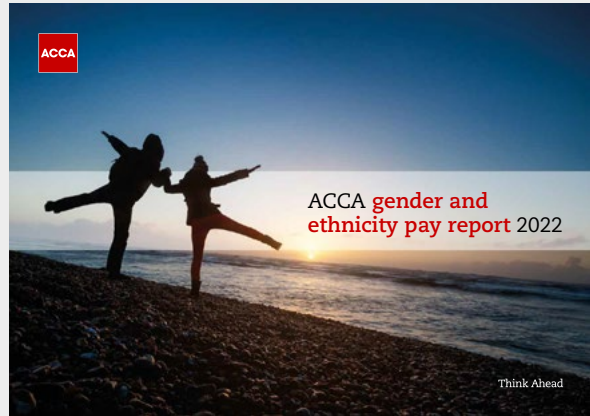


* the Executive Board and their direct reports

UK gender and ethnicity pay gap reporting

Each year we submit gender and ethnicity pay information for our UK-based employees to the UK government. We also publish a more detailed narrative on the results on our website. In April 2022 and April 2023, we submitted information to the UK government as usual, and we have brought the results for 2021-22 and 2022-23 together in one narrative that spans both performance years. You can read this on our website.

[Learn more at accaglobal.com](https://accaglobal.com)



The ACCA mean gender pay gap for 2022-23 is

4.64%

The ACCA median gender pay gap for 2022-23 is

2.05%

Although we are still in the early stages of gathering ethnicity data, we are starting to see more accuracy as declarations of ethnicity increase. We will continue to strengthen our ethnicity pay gap reporting and continue to take the actions needed to drive improvements in both cases, which will also benefit ACCA employees globally.

Diversity and inclusion

In 2022-23 we continued to progress our inclusion and diversity plan, both through our inclusion and diversity community groups – *Embrace (LGBTQIA+)* and *Impact (Ethnicity)* – and a programme of global activity.

Our inclusion and diversity steering group, which is chaired by Julie Hotchkiss, executive director – people and transformation, oversees all these activities and monitors progress towards becoming a more inclusive organisation against a mix of quantitative and qualitative indicators. These indicators focus on balanced representation with respect to gender and ethnicity at senior leadership level, and responses to five of our employee engagement survey questions which make up an inclusion and diversity index. Activity highlights in 2022-23 are below.



Inclusion week – a celebration of inclusion and diversity spearheaded by Inclusive Employers, an external organisation we joined in 2022. The week gave ACCA people the opportunity to take part in events focusing on the power of inclusion - sharing their stories and talking about what inclusion and identity meant to them.



A series of **employee listening sessions** to gain feedback on people's everyday experience of diversity and inclusion at ACCA and suggestions for further development, which has informed a refreshed roadmap of diversity and inclusion activity.



An interactive **cross-cultural awareness programme** which attracted participation from a wide range of employees across ACCA.



A new **diverse leadership development programme** for a cohort of emerging talent from 11 different countries.



A refresh of our **diversity and inclusion intranet resources** for all employees.



Employee engagement

We survey ACCA's global employee network twice each year to measure engagement, track progress against our inclusion and diversity plans, assess how we're doing on our culture change journey, and identify challenges and issues we need to address. In April 2022 our overall engagement score dropped four points below the external global benchmark of 74%, primarily due to organisation changes which were announced in March 2022. By October 2022, we had gained much of the lost ground with an increase of three points – one point below the benchmark.



April 2022

66% of employees said they were happy working at ACCA and would recommend ACCA as a great place to work (based on 79% response rate).



October 2022

72% of employees said they were happy working at ACCA and would recommend ACCA as a great place to work (based on 82% response rate).

We continue to see positive perceptions relating to the personal aspect of working at ACCA, for example: 'My Manager' and 'My Team', connection to ACCA's purpose, the quality and transparency of communications within ACCA and improved perceptions of personal empowerment and being themselves at work. Broader organisational factors such as opportunities for continuous improvement, understanding and removing barriers to execution and clarity of our organisational decision-making processes continue to be key areas of focus. We have organisational and team action plans to address these areas, driving improvement in employee experience and ultimately organisational performance.

Employee performance, development and wellbeing

In our employee communications we continue to emphasise the importance of being outcome and performance focused. Our performance and development approach ensures people's efforts are aligned to our strategic outcomes and people are empowered to deliver their best for ACCA.

At the start of the performance year, employees work with their managers to agree performance objectives that are aligned to our strategic ambitions. Performance is then reviewed formally at mid-year and end-of-year reviews, supported by regular one-to-ones to track progress and discuss the support or development needed to deliver objectives and demonstrate ACCA's behaviours.

ACCA encourages all employees to reflect on the knowledge, skills and behaviours that underpin their performance, and create personal development plans that build capability in relation to current and potential future roles (a career plan). This year we launched Workday Learning, a technology platform which gives our people access to a wide variety of learning resources to support their development. Workday Learning is fully integrated with LinkedIn learning, a library of over 16,000 online courses covering a wide range of business, creative and technical subjects.

In addition, we encourage employees to become mentors or to seek out a mentor to support their learning goals. ACCA also funds essential CPD activities, and the development of high priority specialist skills.

In support of our talent ambitions, we also delivered a high-impact leadership development programme for 21 participants across ACCA, focused on building readiness for more senior leadership positions and strengthening the diversity of our talent pipeline. This *Diverse leadership development programme* was well received, and a further programme is being planned for the coming year.

In the year, we supported the wellbeing of our people through engagement and learning events and a new wellbeing framework which has helped people easily access a wide range of resources.

Our ACCA wellbeing community, Thrive, continues to be very active, and this year we have consolidated our principles and practices around flexible working to ensure the needs of customers, teams and individuals are balanced.

We recognise that ACCA's employee culture is key to the delivery of the strategy to 2025. Our behaviour framework details our desired behaviours, which are closely aligned to ACCA's purpose and values. This year we have also created additional behaviour examples for each directorate to help people visualise what effective culture looks like at a practical, local level.

Organisational changes in 2022-23

In March 2022, we announced organisational changes to transform how we deliver to the marketplace and create value for our stakeholders. These changes were set out in detail in ACCA's annual integrated report for the year ending 31 March 2022. Having completed these changes, we are now in the 'embed and improve' phase to ensure the changes we have made are well managed and sustainable. This phase of the plan is also focused on change leadership, building capability and communications. We have carried out perception surveys to gauge employees' views and are using these to measure how the changes are embedding and identify any improvements needed.

Responding to geopolitical conflict

ACCA has a set of geopolitical principles that guide ACCA's response to geopolitical tension and conflict. The safety of our people is always our primary concern. We are also committed to supporting our members and future members fairly and inclusively wherever they are in the world.

Modern Slavery Act statement

ACCA is committed to acting ethically and with integrity in all our business dealings and relationships. You can read our Modern Slavery Act statement on our website.



Learn more at accaglobal.com

member


spotlight



Astor Law FCCA, head of global internal audit, HSBC

28 years of experience in banking combined with a passion for internal audit has allowed Astor Law to gain a unique perspective on how businesses operate across different markets and departments.

As HSBC's top internal auditor for Asia Pacific, Astor believes in the power of the three Cs – curiosity, courage, and commitment – for professional growth. She's committed to mentoring and coaching young talents and supporting their career progression.













 [Learn more about Astor's journey in **AB magazine**](#)

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Responding to material issues





This summary provides examples of how ACCA has responded to the material issues affecting our stakeholders in 2022-23.










Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
 Impacting all stakeholders and the profession			
 <p>The global economy</p>	<ul style="list-style-type: none"> Monitoring and sharing insights on the economic climate through the quarterly ACCA/IMA <i>Global economic conditions survey</i> – the largest regular economic survey of accountants around the world. Raising the salary threshold for reduced subscriptions for members in employment but on low salaries to (GBP) £14,000, increasing the number of members who can benefit. Providing subscription support for the ACCA community in markets severely impacted by economic turbulence. 	<p>Inability to accurately forecast income and costs</p>	 
 <p>Geopolitical environment</p>	<ul style="list-style-type: none"> Developing a dedicated hub for members and future members in Ukraine, and wider advice for the ACCA community on dealing with sanctions. Offering subscription support for the ACCA community in specific markets severely affected by geopolitical conflict. Offering advice and support for displaced and migrating members on ACCA's Ukraine hub. Developing a set of geopolitical principles to guide our decision-making during tension and conflict. 	<p>The ability to operate within markets is restricted</p> <p>Failure to comply with existing, changing or new regulatory or legislative requirements</p>	  
 <p>Sustainability and climate change</p>	<ul style="list-style-type: none"> Championing the role of the profession in building sustainable economies and organisations through our <i>Accounting for a better world</i> initiative. Providing input into the International Sustainability Standards Board's global sustainability standards Taking part in COP27 to demonstrate the profession's commitment to the sustainability agenda. Becoming founding partners of the IFRS Foundation's Partnership Framework for Capacity Building which aims to support preparers, investors and other capital market stakeholders in preparing for the new IFRS Sustainability Disclosure Standards. Publishing sustainability related insights and toolkits for employers and members including <i>Companies' readiness to adopt IFRS S2 climate-related disclosures</i> (with the University of Glasgow Adam Smith Business School), <i>How SMEs can create a more sustainable world</i> (with our strategic alliance partner, CA ANZ), and <i>Green budgeting: a toolkit for public sector finance professionals</i>. Hosting global live events (such as <i>IFRS sustainability standards: are you ready?</i>). Launching a new <i>Climate finance</i> course (with CFA Institute). Enabling the ACCA community to make a difference by sharing the positive impact members are making. Delivering ACCA's strategy in a way that supports our commitments to the UN SDGs – covered in the Delivering Sustainability section of this report. 	<p>Relevance and attractiveness of the accountancy profession</p> <p>Failure to comply with existing, changing or new regulatory or legislative requirements</p> <p>Digital transformation</p>	  

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Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
 <p>Increasing public demand for business and government accountability</p>	<ul style="list-style-type: none"> ■ Developing global policy positions (<i>developing a skilled workforce and building sustainable economies</i>) to provide a focus for ACCA's work with governments and policy makers. ■ Gold sponsor of the 21st World Congress of Accountants, which was themed <i>Building Trust: Enabling Sustainability</i>. ■ Driving a focus on the professionalisation of the public sector as governments take on a bigger role in building sustainable economies, including a global guide for professionalisation in public sector finance produced with IFAC. ■ Engaging with consultations in the UK to represent the views of the ACCA community on the future of audit. ■ Ensuring our regulatory and disciplinary arrangements are robust, relevant and proportionate to our global membership – with more information in ACCA's regulatory report on accaglobal.com. ■ Working in partnership with international and local stakeholders on this agenda, including partnering with the United Arab Emirates government to strengthen the audit profession and partnering with the Vietnam government to support the implementation of International Financial Reporting Standards. ■ Delivering ACCA's strategy in a way that supports our commitments to the UN SDGs – covered in the Delivering Sustainability section of this report. 	<p>Relevance and attractiveness of the accountancy profession</p> <p>Failure to comply with existing, changing or new regulatory or legislative requirements</p>	  
 <p>Continuous learning and the digitisation of education</p>	<ul style="list-style-type: none"> ■ Publishing relevant insights including <i>EdTech: supercharging careers in accountancy</i> in partnership with EdX, which explores how the fast-evolving use of technology is shaping accountancy education and the careers it supports. ■ Supporting members to upskill by offering a broad range of online learning resources and events, and continually strengthening the ACCA Learning portfolio. ■ Offering a range of digital education support including the pilot <i>ACCA Study Hub</i> and <i>My Exam Performance</i>. ■ Continuing to invest in our future vision for learning and assessment which encompasses the ACCA Qualification, continuous learning innovations and access to quality digital education. 	<p>Digital transformation</p> <p>Supporting our students in exam progression and ensuring that affiliates accomplish their journey to full membership</p> <p>Failure in our end-to-end exam processes</p>	 

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Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
 <p>Attractiveness and relevance of the profession</p>	<ul style="list-style-type: none"> ■ Championing the role of the profession and strengthening ACCA's brand power through our <i>Accounting for a better world</i> initiative and related brand themes. ■ Evolving the ACCA Qualification to ensure its continuing attractiveness and relevance – including introducing professional skills marks to the <i>Strategic Professional</i> Options exams to allow students to demonstrate technical expertise alongside a set of key skills required of a professional accountant (communication, analysis and evaluation, commercial acumen and professional scepticism). ■ Continuing to invest in our future vision for learning and assessment to ensure ACCA delivers the knowledge and skills that meet the needs of business and society and are highly attractive to employers and new entrants. 	<p>Relevance and attractiveness of the accountancy profession</p> <p>Failure to comply with educational regulators' requirements</p>	  
 <p>Workplace transformation</p>	<ul style="list-style-type: none"> ■ Publishing the first edition of our new annual research piece <i>Global talent trends 2023</i>, – one of the largest ever studies across the accountancy profession – evaluating the world of work and key threats and opportunities. ■ Launching a pilot online <i>Next Gen Voice</i> community to learn from Gen Z and attract them to the profession. ■ Making organisational changes to transform how we work, deliver to the marketplace and create value for stakeholders. 	<p>Digital transformation</p> <p>Attractiveness and relevance of the profession</p>	   







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Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
 Members			
<p>Recognition and integrity of the ACCA brand</p>	<ul style="list-style-type: none"> ■ Championing the role of the profession and strengthening ACCA's brand power through our <i>Accounting for a better world</i> initiative and related brand themes. ■ Ensuring our regulatory and disciplinary arrangements are robust, relevant and proportionate to our global membership – with more information in ACCA's regulatory report on accglobal.com. ■ Continuing our strategic alliance with CA ANZ, which is designed to create public value by benefiting the wider profession. In the year we published joint research, offered joint education and member support to benefit our respective members and future members, carried out communications and events activity, with CA ANZ involved in our <i>Accounting for the future</i> and <i>Virtual public sector</i> conferences. We also highlighted the positive impact of our strategic alliance at the World Congress of Accountants. ■ Developing the profession in partnership with others, including developing a <i>Professional Accreditation Programme in Public Finance Management (PFM)</i> for Pakistan, sponsored by the World Bank, and working with the national accountancy body in Thailand (TFAC) to support its internationalisation agenda. ■ Continuing to offer mutual recognition agreements (MRAs) with prestigious accountancy bodies across the world including a new MRA with the national accountancy body in Sri Lanka (ICASL). ■ Additional activity shared in <i>Material issues for all stakeholders</i>. 	<p>Ability to operate across markets is restricted</p> <p>Failure to comply with existing, changing, or new regulatory or legislative requirements</p> <p>Loss of data or sensitive information</p> <p>Failure to comply with educational regulators' requirements</p> <p>Digital transformation</p> <p>Relevance and attractiveness of the profession</p>	 
<p>Value for money and relevant resources</p>	<ul style="list-style-type: none"> ■ Supporting our members to upskill and deliver value across all sectors through our sector-specific support, which includes our public sector hub, our virtual public sector conference, our practice connect hub, and our members' hub for the financial services, banking and insurance sector. ■ Continually strengthening the <i>ACCA Learning</i> portfolio which includes free, discounted and paid-for learning. ■ Hosting live events throughout the year for members including our flagship annual virtual conference, <i>Accounting for the future</i> which was attended by 32,000 delegates. ■ Sharing information with members through regular ezines and AB magazine. 	<p>Digital transformation</p> <p>Relevance and attractiveness of the accountancy profession</p>	 
<p>Careers and employability support</p>	<ul style="list-style-type: none"> ■ Offering a range of employability support – <i>ACCA Career Navigator</i>, <i>ACCA Learning</i>, <i>ACCA Careers</i> – and holding virtual careers fairs for markets and regions across the world. ■ Placing a brand focus on your career, publishing an AB magazine skills special edition and developing a <i>Your career hub</i> featuring access to career support and information. ■ Additional activity shared in <i>Value for money and relevant sources</i> and in <i>Material issues impacting all stakeholders</i>. 	<p>Relevance and attractiveness of the accountancy profession</p> <p>Ability to operate across markets is restricted</p>	  







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Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
 Future members			
Well-connected community	<ul style="list-style-type: none"> Connecting future members with employers through our programme of virtual careers fairs. Connecting affiliates with volunteer ACCA members through our <i>remote practical experience supervisor programme</i>, where the member engages with the affiliate and their employer to review their work and sign off performance objectives. 	Relevance and attractiveness of the accountancy profession Ability to operate across markets is restricted	 
Support to become members	<ul style="list-style-type: none"> Delivering a broad range of digital education and learning provision including the <i>ACCA Study Hub</i> pilot, arranging mock events which draw from the <i>ACCA Study Hub</i> and utilise ACCA's <i>CBE Practice Platform</i>, hosting global and local live events, supplemented by on demand video content, as well as maximising the use of social media platforms to motivate and inform students. Rolling out <i>My Exam Performance</i> – online exam feedback to inform and motivate students to progress in the exams. Piloting <i>InSession Plus</i> to give an immersive exam preparation journey for students in the lead up to exam week. Ensuring as many students as possible were able to enter exams including through our online exams with remote invigilation. 	Failures in our end-to-end exam processes Supporting our students in exam progression and ensuring that our affiliates accomplish their journey to full membership Digital transformation	 
Careers and employability support	<ul style="list-style-type: none"> Offering a range of employability support – <i>ACCA Career Navigator</i>, <i>ACCA Learning</i>, <i>ACCA Careers</i> – and holding virtual careers fairs for markets and regions across the world. 	Relevance and attractiveness of the accountancy profession Digital transformation	
 Employers			
Shaping the future of the profession	<ul style="list-style-type: none"> Championing the role of the profession in building sustainable economies and organisations through our <i>Accounting for a better world</i> initiative and related brand themes, and insights. 89% of employers agree ACCA is shaping the global accountancy profession, and a high proportion of employers we surveyed (84%) engage with ACCA's insights, with users (86%) agreeing these reflect the issues they face. Continuing to invest in our future vision for learning and assessment to ensure ACCA delivers the knowledge and skills that meet the needs of business and society and are highly attractive to employers and new entrants. 	Relevance and attractiveness of the accountancy profession Ability to operate across markets is restricted	 






CONTINUED



Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
Attracting talent	<ul style="list-style-type: none"> ■ We published the first edition of our new annual research piece <i>Global talent trends 2023</i>, one of the largest ever studies across the accountancy profession - evaluating the world of work and key threats and opportunities. ■ 83% of employers confirm they plan to recruit in the year, with 90% agreeing we provide relevant skills for their organisation and 80% agreeing ACCA's global community opens doors to new opportunities. This is reflected through their engagement with the ACCA <i>Careers</i> jobs board and our virtual careers fairs in which 843 employers actively participated attracting some 17,580 attendees, 42,956 job views and 8,625 job applications. ■ Launching a pilot online <i>Next Gen Voice</i> community to learn from Gen Z and attract them to the profession. 	<p>Relevance and attractiveness of the accountancy profession</p> <p>Ability to operate across markets is restricted</p> <p>Supporting our students in exam progression and ensuring that our affiliates accomplish their journey to full membership</p>	  
A strong relationship with ACCA	<ul style="list-style-type: none"> ■ Engaging through round table discussions and seeking their input into ACCA's published insights. ■ The organisation changes we made at the start of the year have enabled our relationships teams across the world to strengthen and grow ACCA's partnerships with employers, sharing and gaining insights on the topics that matter to them. 90% agree our business development managers show how ACCA can support their business. 	<p>Relevance and attractiveness of the accountancy profession</p>	
Ease of doing business	<ul style="list-style-type: none"> ■ Providing a self-service portal which provides reporting, customer information and billing options – and enables employers to self-serve on exam entry and fee sponsorship on behalf of their employees. ■ Increasing the number of dedicated account managers who are focused on supporting employers and improving their experience in transacting with ACCA. ■ 85% of employers rate ACCA positively for ease of doing business, and 83% of employers confirm we are providing a customer service that meets their needs. 	<p>Digital transformation</p>	 

CONTINUED



Material issue	Examples of our response in 2022-23	Link to corporate risk	Linked UN SDG commitment
 Education providers			
<p>A strong relationship with ACCA to drive business success</p>	<ul style="list-style-type: none"> ■ The organisation changes we have made have enabled our Relationships teams across the world to strengthen and grow ACCA's partnerships with education providers. Overall satisfaction of their relationship with ACCA is 83%. 	<p>Relevance and attractiveness of the accountancy profession</p> <p>Failure to comply with educational regulators' requirements</p> <p>Failure in our end-to-end exam processes</p> <p>Supporting our students in exam progression and ensuring that our affiliates accomplish their journey to full membership</p>	 
<p>Teaching and tutor capability support</p>	<ul style="list-style-type: none"> ■ Increased guidance for tutors on how to embed ACCA student support initiatives (such as <i>CBE Practice Platform</i> mock exams) into their own programmes. ■ Hosting a global university conference which attracted 861 attendees and featured 57 speakers from across the world. ■ Hosting a broad range of tutor support including digital <i>train the trainer</i> and <i>train the marker</i> sessions, and support through the <i>Education Hub</i> and, for those in pilot markets, the <i>ACCA Study Hub</i>. 	<p>Digital transformation</p> <p>Relevance and attractiveness of the accountancy profession</p>	 

member

spotlight



Jack Eckworth FCCA, finance director, Off-Piste Wines

Jack Eckworth is the finance director of Off-Piste Wines, a fast-growing wine importer in the UK.

As a board member, Jack is integral to much of the company's strategic decision-making. Despite business challenges including the impact of Brexit and the Covid-19 pandemic, Jack led the successful transformation of the company's financial processes to accommodate its rapid growth, with turnover almost doubling in five years.

 [Learn more about Jack's journey in AB magazine](#)

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Financial statements



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Consolidated five-year summary

ACCA and subsidiaries

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

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

Members and future members

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


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

Foreword

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

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


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

 [Read the Integrated report](#)

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

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

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

 [Read the Integrated report](#)

Consolidated Income Statement for the year ended 31 March 2023

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

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

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

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

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

Consolidated Statement of Financial Position as at 31 March 2023

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

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



J Owolabi, President



S Allan, Chair of Audit Committee

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

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

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

The analysis of reserves is presented in note 26.

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

Consolidated Cash Flow Statement for the year ended 31 March 2023

	31 Mar 2023 £'000	31 Mar 2022 £'000
Notes		
	Cash flows from operating activities	
30	10,947	24,188
	(1,073)	(1,936)
	9,874	22,252
	Cash flows from investing activities	
14	(2,289)	(2,535)
16	(69,186)	(63,533)
30	4	667
16,30	65,818	42,201
11	416	49
11	929	722
	(4,308)	(22,429)
	Cash flows from financing activities	
20	(4,315)	(6,762)
	–	875
20	(4,000)	–
11	(456)	(365)
11	(502)	(903)
11	(275)	(126)
	(9,548)	(7,281)
	(3,982)	(7,458)
	34,340	40,918
	258	880
19	30,616	34,340

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

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

1 General information

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

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

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

- ***Annual improvements to IFRSs (2018-2020) (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)***

The improvements in these amendments clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.

- ***Small amendments to IAS 16***

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

- ***Amendments to IAS 37***

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

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

New and revised IFRS in issue but not yet effective

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

- ***Amendments to IAS 1***

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

- ***Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

- ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)***

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

- ***Definition of Accounting Estimates (Amendments to IAS 8)***

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.

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

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

2 Significant accounting policies

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

(a) Basis of preparation

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

(b) Going concern

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

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

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

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

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

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

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

(c) Critical accounting estimates and judgements

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

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

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

2 Significant accounting policies (continued)

(c) Critical accounting estimates and judgements (continued)

i) Pension and other post-employment benefits

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

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

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

ii) Taxation

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

iii) Revenue recognition

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

iv) Provision for credit loss

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

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

2 Significant accounting policies (continued)

(c) Critical accounting estimates and judgements (continued)

v) Leased assets

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

(d) Income

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

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

(e) Basis of consolidation

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

(f) Property, plant and equipment

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

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

2 Significant accounting policies (continued)

(g) Depreciation

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

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

(h) Intangible assets

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

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

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

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

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

(i) Financial instruments

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

Trade and other receivables

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

Trade and other payables

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

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

2 Significant accounting policies (continued)

(i) Financial instruments (continued)

Financial assets

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

Cash and cash equivalents

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

Cash funds and cash deposits

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

Financial liabilities

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

(j) Impairment of financial assets

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

(k) Impairment of non-financial assets

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

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

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

2 Significant accounting policies (continued)

(l) Leased assets

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

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

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

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

As a lessee

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

2 Significant accounting policies (continued)

(m) Tax

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

(n) Foreign currencies

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

(o) Derivative financial instruments and hedging activities

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

(p) Provisions

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

(q) Pensions – Defined benefit schemes

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

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

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

2 Significant accounting policies (continued)

(r) Pensions – Defined contribution schemes

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

(s) Contingent liabilities

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

(t) Reserves policy

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

3 Financial risk management

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

Credit risk management

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

Liquidity risk

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

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

3 Financial risk management (continued)

Liquidity risk (continued)

Secured bank facility and assets pledged as security

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

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

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

- a) Guarantees to the Bank the punctual performance by ACCA of all its obligations from time to time under the Facility Agreement;
- b) Undertakes that whenever ACCA does not pay any amount obliged when due, it will immediately on demand pay that amount as if it were the principal obligor; and
- c) Agrees with the Bank that if, for any reason, any amount claimed hereunder is not recoverable on the basis of a guarantee, it will, as an independent and primary obligation, indemnify the Bank on demand against any cost, loss or liability it incurs as a result of the Borrower not paying any amount which would, but for such reason, have been payable by it on the date when it would have been due. The amount payable by CAIC under this indemnity will not exceed the amount it would have had to pay hereunder if the amount claimed had been recoverable on the basis of a guarantee.

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

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

Market risk

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

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

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

3 Financial risk management (continued)

Market risk (continued)

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

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

Other risks in relation to the impact of Covid-19, inflation and other macro-economic issues

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

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

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

4 Income and expenditure reporting

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

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

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

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

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

5 Capital

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

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

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

5 Capital (continued)

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

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

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

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

31 Mar	31 Mar
2023	2022
£'000	£'000

6 Operating income

Met over time

Admission and registration fees	12,559	12,115
Subscriptions (see note 7)	105,144	103,006
Regulation and discipline	6,620	6,174

Point in time

Examinations	77,158	80,638
Exemptions	12,039	12,914
Other income	6,279	6,711
	219,799	221,558

7 Subscriptions

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

8 Operational expenditure

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

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

	31 Mar 2023 £'000	31 Mar 2022 £'000
9 Strategic investment expenditure		
Digital Transformation	20,530	16,611
Exams Delivery	3,838	5,048
Strategic Efficiency	1,478	2,393
Workplace Transformation	1,153	2,873
Meet Compliance	292	99
Continuous Learning	183	–
Market Adoption	32	676
Portfolio Management	1,142	1,339
	28,648	29,039
<p>Strategic investment expenditure relates to project costs within each category, and once a project has reached completion then any ongoing expenditure is treated as operational. The Digital Transformation programme continues to transform the core business systems following the successful delivery of Dynamics 365 for finance in the previous year (CRM, data, information management). The Exams Delivery programme is developing our exams platform to ensure it remains relevant to our future members. The Strategic Efficiency project was initiated to consider changes necessary within ACCA's operational environment to maintain financial sustainability. Workplace Transformation relates to the costs involved by ACCA to embrace digital technology to be able to thrive in a rapidly changing world.</p>		
10 Other (losses)/gains		
Forward currency contracts	(960)	1,404
Net foreign exchange gains/(losses)	669	(1,325)
	(291)	79
11 Income/(losses) from investments and finance costs		
(a) Income/(losses) from investments		
Interest receivable	416	49
Dividends from investments	929	722
Realised (losses)/gains on disposals of investments	(789)	102
Unrealised losses on change of fair value of investments	(11)	(1,145)
	545	(272)
(b) Finance costs		
Net finance interest on defined benefit pension schemes	59	(338)
Interest expense for leasing arrangements	(502)	(903)
Interest expense for dilapidations provision	(275)	(126)
Other interest payable	(181)	(16)
Non-utilisation fee (note 3)	(275)	(349)
	(1,174)	(1,732)

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

	31 Mar 2023 £'000	31 Mar 2022 £'000
12 Surplus/(deficit) before tax		
Surplus/(deficit) before tax includes the following:		
(a) Salaries and related costs		
The costs of employing staff during the year were as follows:		
Salaries	66,688	65,320
Social security costs	7,645	6,905
Pension costs (note 22)	6,696	6,842
Other staff costs	1,450	4,557
	82,479	83,624
Average number of staff employed during the year		
Employees	1,327	1,394
Full-time equivalents	1,300	1,362
The average annual salary per employee was £50,255 (31 March 2022: £46,857). The figures above include the salaries and bonuses payable to the Executive Board (see note 27 for more details).		
(b) Income		
Income from subscriptions, examination and exemption fees amounting to £194.3m (31 March 2022: £196.6m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £14.9m (31 March 2022: £14.1m).		
(c) Depreciation, amortisation and foreign exchange (gains)/losses		
Depreciation of property, plant and equipment (note 14)	6,325	8,243
Amortisation of intangible assets (note 15)	701	1,345
Foreign exchange (gains)/losses	(669)	1,325
(d) Auditors' remuneration		
Fees payable to ACCA's auditor, Grant Thornton UK LLP, for the audit of		
– the parent undertaking and consolidated financial statements	130	93
– of UK subsidiaries and charities	31	56
– of the ACCA Staff Pension Scheme	12	11
– of non-UK subsidiaries	7	8
	180	168
Fees payable to member firms of Grant Thornton International Ltd for other non-audit services		
– taxation services in China	14	19
– non-audit services in China	7	8
	21	27
Fees payable to ACCA's other auditors for		
– audit fees for non-UK subsidiaries	75	72
– audit fees for the corporate KPIs	5	5
	80	77

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

31 Mar 31 Mar
2023 2022
£'000 £'000

13 Tax

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

Current income taxes at 19% (2022: 19%) on the surplus/(deficit) for the year	891	2,335
Under/(over)provision in respect of prior year	93	(11)
	984	2,324

The current tax charge is split as follows:

Domestic	393	(13)
Foreign	591	2,337
	984	2,324

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

Factors affecting the tax charge for the year

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

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

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

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

14 Property, plant and equipment

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

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

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

	£'000
Property	12,351

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

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

15 Intangible assets

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

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

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

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

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

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

Concentration of financial assets

Non-current

UK equities	257	1,441
Overseas equities	9,451	15,649
Fixed interest government bonds	2,086	284
Fixed interest non-government bonds	19,296	22,107
Inflation-linked bonds	8,527	8,322
Absolute return	5,381	9,045
Multi asset credit	7,547	5,606
Property and property debt	7,460	9,932
Alternatives	10,113	–
Total return	1,981	–
Cash and deposits	4,631	4,789
	76,730	77,175

Current

Cash funds	29,995	44,982
Cash deposits	18,000	–
	47,995	44,982
	124,725	122,157

Financial assets are denominated in the following currencies

UK Pound	118,522	110,333
US Dollar	3,868	7,672
Japanese Yen	1,337	723
Other currencies	998	4,521
Negative positions	–	(1,092)
	124,725	122,157

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

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

16 Financial assets (continued)

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

Fair value hierarchy

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

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

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

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

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

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

Commitments

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

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

17 Trade and other receivables

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

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

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

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

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

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

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

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

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

18 Derivative financial instruments

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

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

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

Forward foreign exchange contracts

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

19 Cash and cash equivalents

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

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

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

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

20 Leases

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

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

The movement in the lease liabilities during the years was as follows:

At 1 April	30,004	35,891
Addition of new leases	2,869	1,750
Disposals	(14,056)	(875)
Lease repayments	(4,817)	(7,665)
Interest costs	502	903
At 31 March	14,502	30,004

The consolidated income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets		
Property	4,323	5,873
Interest expense (included in finance cost)	502	903

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

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

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

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

20 Leases (continued)

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

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

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

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

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

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

Lease payments not recognised as a liability

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

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

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

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

20 Leases (continued)

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

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

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

21 Deferred tax liabilities

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

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

22 Retirement benefit obligations

(a) General information

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

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

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

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

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

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

22 Retirement benefit obligations (continued)

(a) General information (continued)

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

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

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

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

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

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

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

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

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

22 Retirement benefit obligations (continued)

(a) General information (continued)

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

(b) Pension costs

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

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

The amounts recognised in total comprehensive income for the schemes are as follows:

Net interest	(59)	338
Pension costs under the Schemes	(59)	338

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

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

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

22 Retirement benefit obligations (continued)

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

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

Pension deficit/(asset) on UK Scheme	620	(1,110)
Pension deficit on Ireland Scheme	251	592
Net liability/(asset) at 31 March	871	(518)

(e) Pension benefits

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

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

(f) Change in benefit obligation

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

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

(g) The defined benefit obligation is split as follows

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

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

22 Retirement benefit obligations (continued)

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

(i) *Plan assets*

The major categories of plan assets are as follows:

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

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

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

22 Retirement benefit obligations (continued)

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

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

(k) *Defined benefit obligation trends*

The major categories of plan assets are as follows:

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

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

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

24 Deferred income

Deferred income	92,002	91,146
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Deferred income comprises fees and subscriptions from members and future members accounted for in advance, exam fees paid in advance by future members and monitoring contract income paid in advance.

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

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

25 Provisions

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

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

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

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

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

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

26 Currency reserve

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

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

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

27 Related party transactions

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

Relationships

Council members as office holders	Joseph Owolabi (President) Ronnie Patton (Deputy President) Ayla Majid (Vice President)
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The office holders receive a small honorarium for each year they serve as an officer. In accordance with the Council Travel and Expenses policy, Council members are reimbursed for any expenses which they directly incur on behalf of ACCA as part of their role as a Council member.

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

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

27 Related party transactions (continued)

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

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

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

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

28 Principal undertakings

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

Subsidiary undertakings

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

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

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

28 Principal undertakings (continued)

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

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

Other undertakings

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

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

29 Contingent liabilities

Overseas taxation

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

30 Cash flow statement

	31 Mar 2023 £'000	31 Mar 2022 £'000
(a) Cash generated from operations		
Surplus/(deficit) before tax	3,879	(862)
Adjustments for:		
Depreciation on property, plant and equipment	6,325	8,243
Amortisation of intangible assets	701	1,345
Loss on disposal of property, plant and equipment	12,769	101
Realised loss/(gain) on sale of investments	789	(102)
Unrealised losses on investments	11	1,145
Interest received	(416)	(49)
Dividends received	(929)	(722)
Pension costs – net interest (receivable)/payable	(59)	338
Interest paid	456	365
Interest expense for leasing arrangements	502	903
Interest expense on dilapidations provision	275	126
Pension contributions paid	(2,975)	(2,961)
Incentive payment in relation to lease termination	4,000	–
Changes in working capital (excluding the effects of exchange differences)		
Derivative financial instruments	960	(1,404)
Trade and other receivables	4,686	13,176
Trade and other payables	(2,013)	(274)
Deferred income	856	2,795
Lease creditors	(14,056)	875
Provisions	(4,814)	2,025
Cash generated from operations	10,947	25,063
(b) Disposal of property, plant and equipment		
In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:		
Net book amount	12,773	768
Loss on disposal of property, plant and equipment	(12,769)	(101)
Proceeds from disposal of property, plant and equipment	4	667

Corporate Governance Statement for the year ended 31 March 2023

The UK Corporate Governance Code

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

Principles of good governance

Council and the Chief Executive

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

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

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

Diversity

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

Council, Board and Committee induction

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

Corporate Governance Statement for the year ended 31 March 2023

Principles of good governance (continued)

Mentoring

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

Performance appraisal

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

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

Council members' interests

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

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

Council meetings

During the year there were four meetings of Council.

Statement of Council's responsibilities

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

In preparing these financial statements, Council ensures that:

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

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

Corporate Governance Statement for the year ended 31 March 2023

Statement of Council's responsibilities (continued)

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

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

Internal control

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

Relations with members

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

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

Governance structure

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

Council Board

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

Corporate Governance Statement for the year ended 31 March 2023

Council Board (continued)

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

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

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

Anand Aithal	4/6
Daryl Fielding	6/6

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

Nominating and Governance Committee

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

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

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

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

Corporate Governance Statement for the year ended 31 March 2023

Audit Committee

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

Remuneration Committee

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

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

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

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

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

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

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

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

Corporate Governance Statement for the year ended 31 March 2023

Regulatory Board

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

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

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

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

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

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

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

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

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

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

Corporate Governance Statement for the year ended 31 March 2023

International Assembly

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

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

Senior management and remuneration

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

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

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

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

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

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

Pensions and Benefits

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

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

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

Corporate Governance Statement for the year ended 31 March 2023

Pensions and Benefits (continued)

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

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

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

Executive Board Reward Plan

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

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

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

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

Employee Disciplinary Arrangements

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

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

Employees

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

Corporate Governance Statement for the year ended 31 March 2023

ACCA's commitments to Sustainable Development

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

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

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

Climate Change Disclosures

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

General Data Protection Regulation (GDPR)

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

Council members' confirmation

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

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

Role of the Committee

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

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

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

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

Committee membership

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

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

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

The Audit Committee met three times during the year.

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

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

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

Committee membership (continued)

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

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

Significant issues related to the financial statements

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

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

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

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

External Audit

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

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

Auditor's independence, effectiveness and objectivity

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

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

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

Risk management

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

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

Internal Audit

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

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

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

Activity during the year

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

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

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

Summary

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



Susan Allan
Chair of the Audit Committee

1 July 2023

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

Opinion

Our opinion on the group financial statements is unmodified

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

In our opinion, the group financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

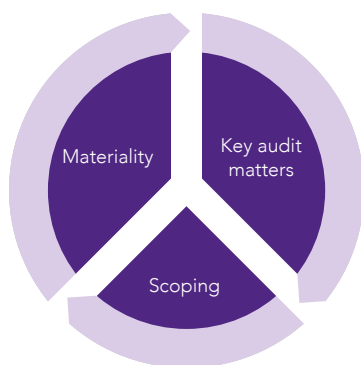
In our evaluation of the Council's conclusions, we considered the inherent risks associated with the group's business model and management's assessment including the impact arising from macro-economic uncertainties such as the ongoing Russia-Ukraine conflict and increasing inflation, we assessed and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

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

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

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

Our approach to the audit



Overview of our audit approach

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

Key audit matters (KAM) were identified as:

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

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

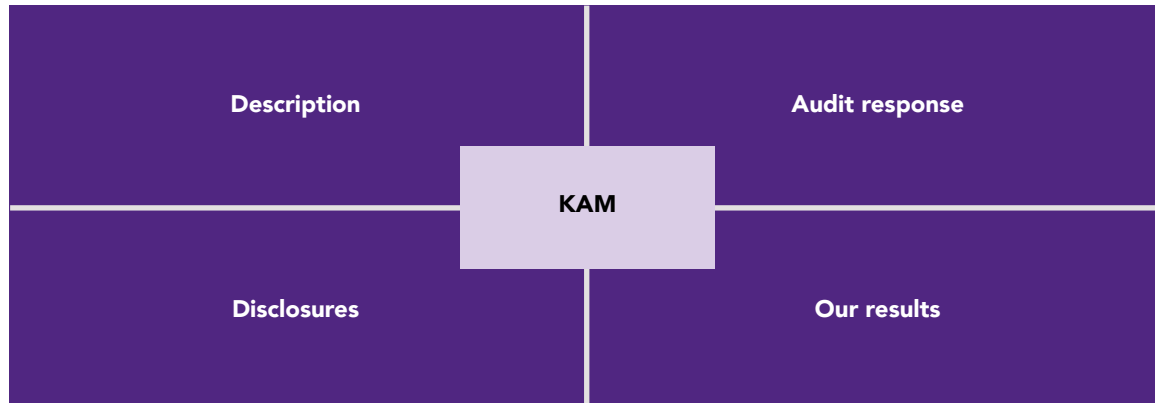
We undertook full scope audit procedures on the significant group components, being the Association of Chartered Certified Accountants (parent company) and Certified Accountants Investment Company Limited. This gave us coverage of 97% of total income and 92% of total assets.

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

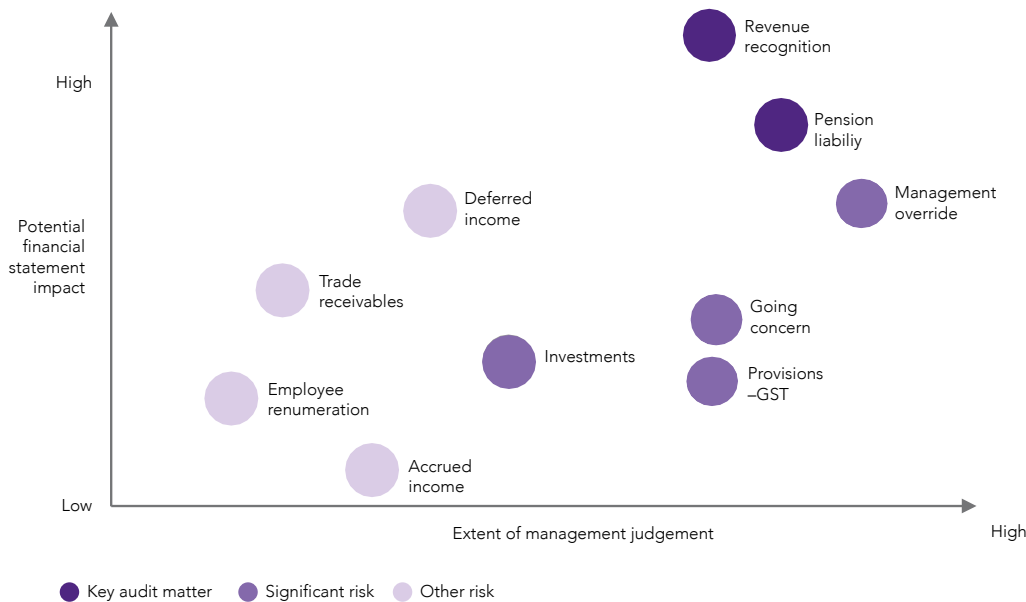
Independent auditor’s report to the Council of the Association of Chartered Certified Accountants

Key audit matters

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



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



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

Key audit matter

Risk 1 Revenue Recognition

We identified occurrence of revenue recognition as one of the most significant assessed risks of material misstatement due to fraud.

Revenue from fees and subscriptions together with qualifications and exams, totalled £219,799k for the year ended 31 March 2023.

The ACCA make an annual adjustment to income to reflect the anticipated value of income reversed due to removal of students and members as a result of non-payment of subscriptions and/or fees.

The adjustment arises from the existence of manual adjustments and estimates. The adjustment is based on historical experience in each geographic location the ACCA operates in to determine the number of members to be struck off. The estimate is subject to possible management bias as there may be an incentive to inflate member numbers. There is a risk that the associated significant income streams of fees and subscriptions are not recognised in the correct financial year or in line with IFRS15 'Revenue from Contracts with Customers'.

Relevant disclosures in the Consolidated Financial Statements

- Financial statements: Note 2 (ciii) Critical accounting estimates and judgements - Revenue recognition; Note 4 Segmental reporting; Note 6 Operating income; Note 7 Subscriptions.
- Audit committee report: Significant issues relating to the financial statements – Revenue recognition, including the completeness, existence and accuracy of income recognised in the year.

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

Assessed the revenue recognition policy to check whether it is in accordance with IFRS15 'Revenue from Contracts with Customers';

Substantively tested a sample of revenue recognised in the year from subscriptions, exams and practicing certificates to invoices and supporting documentation to check members were active and to assess whether revenue was recognised in the correct period and that the amount was consistent with the published pricing for each type of service provided;

Performed substantive analytical procedures by developing an expectation of total revenue recognised from different revenue streams as well as for deferred and accrued income based on source data;

A sample from the adjustments made for removed members was selected and the corresponding ID's have been traced to the system to ensure that the individuals have been inactive for the correct amount of time required before being removed; and

Performed procedures to check the completeness of the adjustment by tracing items included in our prior year debtors testing which had been provided for within the Expected Credit Loss provision were then subsequently captured as part of the current year strike off process and removed from the ledgers.

Our results

Overall, our testing did not identify any evidence of material misstatement in respect of revenue recognition.

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

Key audit matter

Risk 2 Accuracy of defined benefit pension scheme liabilities

We identified the accuracy of defined benefit pension scheme liabilities, as one of the most significant assessed risks of material misstatement due to error.

As at 31 March 2023, the UK pension scheme had recorded a deficit of £620k and the Irish scheme had a deficit of £251k.

The accuracy achieved by estimating the liabilities of the pension scheme in accordance with 'International Accounting Standard ('IAS') 19 'Employee Benefits', is inherently judgemental and sensitive to the selection and alteration of key inputs and therefore susceptible to management bias. Given the material size of the pension scheme, even small movements in the inputs and assumptions could cause the obligation to be materially misstated in the group financial statements.

Relevant disclosures in the Consolidated Financial Statements

- Financial statements: Note 2 (ci/r) Critical accounting estimates and judgements – Pension and other post-employment benefits; Note 22 Retirement benefit obligation.
- Audit committee report: Significant issues related to the financial statements – Valuation and presentation of retirement benefit scheme assets and liabilities.

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

Reconciled the overall liability, consolidated income statement charge and consolidated statement of other comprehensive income charge to the International Accounting Standard ('IAS') 19 'Employee Benefits' reports provided by the Pension Scheme's actuary;

Assessed the professional qualifications of management's expert and engaged internal actuary experts to challenge the inputs, assumptions and calculations used in valuing the obligation disclosed in the financial statements, namely the discount rates and life expectancy factors applied;

Performed substantive analytical procedures by comparing pension member numbers year on year to identify unusual movements and assess reasonableness of inputs used in calculating the estimated liability; and

Assessed the relevant disclosures to check they conform with the requirements of IAS 19.

Our results

We have not identified any material misstatements from the testing performed in relation to the valuation of the defined benefit pension scheme liabilities.

Our application of materiality

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

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Materiality was determined as follows:

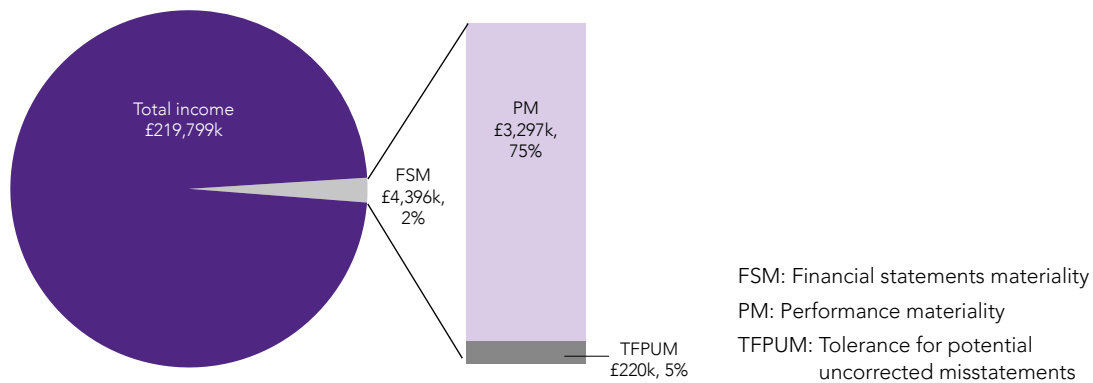
Materiality measure	Group
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements.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

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

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

Overall materiality



An overview of the scope of our audit

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

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

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

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Identifying significant components

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

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

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

Performance of our audit

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

Other information

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

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

We have nothing to report in this regard.

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Responsibilities of Council

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

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the Council's members, as a body, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the Council members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

1 July 2023



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Think Ahead