INTEGRATION / TRANSPARENCY / ACCOUNTABILITY

ACCA

ACCOUNTS 2011-12

CONTENTS

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
FIVE YEAR SUMMARY

ACCA and subsidiaries

		Restated	Restated	Restated	Restated
	Mar 2012 £'000	Mar 2011 £'000	Mar 2010 £'000	Dec 2008 £'000	Dec 2007 £'000
Operating income	**143,698**	131,787	137,353	107,810	91,603
Gross operating surplus	**20,147**	16,020	9,562	11,676	5,255
Pension curtailment gains	**7,304**	—	—	—	—
Operating surplus/(deficit)	**12,785**	3,591	(1,742)	3,406	1,255
Other (losses)/gains	**(296)**	129	55	—	—
Income from investments	**977**	751	1,143	1,395	1,270
Surplus/(deficit) before tax	**13,466**	4,471	(544)	4,801	2,525
Tax	**(76)**	(24)	(18)	(16)	(24)
Other comprehensive income	**2,391**	1,909	4,190	(5,523)	1,212
Recognition of actuarial (losses)/gains	**(15,367)**	10,888	(4,545)	(18,202)	(1,534)
Total comprehensive income	**414**	17,244	(917)	(18,940)	2,179
Non-current assets	**54,139**	48,447	42,738	31,475	38,051
Current assets	**78,115**	61,071	55,612	29,568	19,006
Total assets	**132,254**	109,518	98,350	61,043	57,057
Non-current liabilities	**19,987**	15,068	26,878	22,045	6,160
Current liabilities	**86,182**	68,779	63,045	29,654	22,613
Total liabilities	**106,169**	83,847	89,923	51,699	28,773
Accumulated fund	**14,595**	16,572	1,237	6,344	19,761
Other reserves	**11,490**	9,099	7,190	3,000	8,523
Total funds and reserves	**26,085**	25,671	8,427	9,344	28,284
Total reserves and liabilities	**132,254**	109,518	98,350	61,043	57,057

MEMBERS AND STUDENTS

	Mar 2012	Mar 2011	Mar 2010	Dec 2008	Dec 2007
Members	**154,337**	147,265	140,225	131,398	122,426
Students and affiliates	**429,879**	421,456	402,866	365,049	325,606
	584,216	568,721	543,091	496,447	448,032

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

Council has elected to change the accounting policy for the recognition of actuarial gains and losses arising on the defined benefit pension schemes and for the consolidation treatment of The Certified Accountants Educational Trust. Full explanation of these changes, and the impact of them, is disclosed in Note 3 to the consolidated financial statements. Each year of this five year financial summary fully reflects the revised accounting policies. IAS1 requires the presentation of the adjusted balance sheet at 1 April 2010, and this is provided on page 5. The total funds and reserves as at 31 March 2010 contained in the five year summary is consistent with those disclosed in the adjusted balance sheet at 1 April 2010.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

FOREWORD

These consolidated financial statements present the results for ACCA and its subsidiaries for the year ended 31 March 2012.

In previous years, ACCA has presented a Management Commentary to provide users of the financial statements with integrated information that provides a context for those statements. This year, ACCA has developed its first Integrated Report. Our Integrated Report provides a wide range of information about ACCA's strategy, governance, performance and prospects to show how we create value for our stakeholders and explains the place we occupy in society.

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

Management commentary – key headings	**Content**	**Integrated Report reference**
Introduction	Context and basis of preparation	About this report
Nature of ACCA's business	Mission and values Competitive environment Economic environment Regulatory environment Products and services	Who we are Why we were created Our mission and values What's happening in our environment
Strategy and strategic outcomes	Strategic priorities Mapping priorities to outcomes	Our strategy to 2015
Resources and relationships	Resources: financial, human and network; brand development Relationships: global partnerships, key employers, strategic partners, regulator	How we create value How we've developed our capital in 2011/12 ACCA around the globe in 2011/12
Governance, risk and corporate assurance	Outline of our approach to governance Approach to risk management and major risk types	Our risks How we are governed
Strategic outcomes – review of performance	KPI results v target	Our strategic performance
Financial review	Supplementary financial information	Our financial performance*
Social and environmental impact	Our approach to CSR and significant developments	Separate CSR report will be published on website
Outlook for next year	2011/12 strategic priorities	How we plan to develop ACCA further to 2015

*Financial performance in the financial statements is provided in accordance with IFRS. ACCA measures its financial performance on a gross operating surplus basis, prior to charging strategic development expenditure and the pension curtailment. For the year to 31 March 2012, performance on that basis amounted to £20.147m compared to a target of £15.830m.

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

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

Notes		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
	Income		
7	Fees and subscriptions	**62,000**	57,067
8	Operating activities	**81,698**	74,720
	Total income	**143,698**	131,787
	Expenditure		
9	Operational expenditure	**123,551**	115,767
10	Strategic development expenditure	**14,666**	12,429
	Total expenditure	**138,217**	128,196
	Surplus of income over expenditure	**5,481**	3,591
24	Pension curtailment gains	**7,304**	—
	Operating surplus	**12,785**	3,591
11	Other (losses)/gains	**(296)**	129
12	Income from investments	**977**	751
	Surplus before tax	**13,466**	4,471
14	Tax	**76**	24
	Surplus for the year	**13,390**	4,447
	Other comprehensive income		
28	Change in fair value of available-for-sale investments	**511**	2,121
28	Gains on revaluation of land and buildings	**1,751**	—
28	Currency translation differences	**129**	(212)
24	Recognition of actuarial (losses)/gains	**(15,367)**	10,888
	Other comprehensive income for the year, net of tax	**(12,976)**	12,797
	Total comprehensive income for the year	**414**	17,244

The accompanying notes to the financial statements, on pages 8 to 33, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

Notes		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
	ASSETS			
	Non-current assets			
15	Property, plant and equipment	**20,997**	16,850	15,751
16	Intangible assets	**4,942**	4,245	2,514
17	Available-for-sale investments	**28,200**	27,352	24,473
		54,139	48,447	42,738
	Current assets			
18	Inventories	**—**	11	28
19	Trade and other receivables	**24,510**	25,209	26,242
20	Derivative financial instruments	**—**	184	55
17	Available-for-sale investments	**26,422**	6,007	4,653
21	Cash and cash equivalents	**27,183**	29,660	24,634
		78,115	61,071	55,612
	Total assets	**132,254**	109,518	98,350
	RESERVES AND LIABILITIES			
	Funds and reserves			
	Accumulated fund	**14,595**	16,572	1,237
28	Other reserves	**11,490**	9,099	7,190
	Total funds and reserves	**26,085**	25,671	8,427
	Non-current liabilities			
22	Finance lease liabilities	**—**	—	225
23	Deferred tax liabilities	**1,020**	1,244	993
24	Retirement benefit obligations	**18,967**	13,824	25,660
		19,987	15,068	26,878
	Current liabilities			
25	Trade and other payables	**16,215**	15,477	13,729
	Tax payable	**72**	25	28
22	Finance lease liabilities	**—**	201	225
26	Deferred income	**69,216**	52,638	48,117
20	Derivative financial instruments	**112**	—	—
27	Provisions	**567**	438	946
		86,182	68,779	63,045
	Total liabilities	**106,169**	83,847	89,923
	Total reserves and liabilities	**132,254**	109,518	98,350

The financial statements were approved and authorised for issue by Council on 23 June 2012 and signed on its behalf by:

D R Westcott, *President* **A Harbinson**, *Chairman of Audit Committee*

The accompanying notes to the financial statements, on pages 8 to 33, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2012

	Other reserves				
	Currency Translation £'000	**Land and Buildings £'000**	**Available-for-sale investments £'000**	**Accumulated fund £'000**	**Total £'000**
Balance at 31 March 2010 - restated	—	1,885	5,305	1,237	8,427
Comprehensive income - restated					
Surplus for the financial year	—	—	—	4,447	4,447
Other comprehensive income					
Fair value gains on revaluation:					
- available-for-sale investments	—	—	2,372	—	2,372
Tax on fair value gains on revaluation:					
- available-for-sale investments	—	—	(251)	—	(251)
Currency translation differences	(212)	—	—	—	(212)
Recognition of actuarial gains	—	—	—	10,888	10,888
Total other comprehensive income - restated	(212)	—	2,121	10,888	12,797
Total comprehensive income for the year - restated	(212)	—	2,121	15,335	17,244
Balance at 31 March 2011 - restated	(212)	1,885	7,426	16,572	25,671
Comprehensive income					
Surplus for the financial year	—	—	—	13,390	13,390
Other comprehensive income					
Fair value gains on revaluation:					
- available-for-sale investments	**—**	**—**	**287**	**—**	**287**
- property	**—**	**1,751**	**—**	**—**	**1,751**
Tax on fair value gains on revaluation:					
- available-for-sale investments	**—**	**—**	**224**	**—**	**224**
Currency translation differences	**129**	**—**	**—**	**—**	**129**
Recognition of actuarial losses	**—**	**—**	**—**	**(15,367)**	**(15,367)**
Total other comprehensive income	**129**	**1,751**	**511**	**(15,367)**	**(12,976)**
Total comprehensive income for the year	**129**	**1,751**	**511**	**(1,977)**	**414**
Balance at 31 March 2012	**(83)**	**3,636**	**7,937**	**14,595**	**26,085**

The analysis of reserves is presented in note 28.

The accompanying notes to the financial statements, on pages 8 to 33, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Notes		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
	Cash flows from operating activities			
32	Cash generated from operations	**25,603**	14,263	18,178
	Tax paid	**(29)**	(17)	(25)
	Net cash from operating activities	**25,574**	14,246	18,153
	Cash flows from investing activities			
	Acquisition of property, plant and equipment	**(5,811)**	(4,923)	(5,742)
	Acquisition of intangible assets	**(2,218)**	(2,872)	(2,623)
	Acquisition of available-for-sale investments	**(62,735)**	(36,039)	(23,185)
	Disposal of property, plant and equipment	**22**	56	26
	Disposal of available-for-sale investments	**41,783**	34,178	18,001
	Interest received	**295**	199	296
	Dividends received	**658**	552	845
	Net cash used in investing activities	**(28,006)**	(8,849)	(12,382)
	Cash flows from financing activities			
	Payments to finance lease creditors	**(201)**	(249)	(192)
	Net cash absorbed by financing activities	**(201)**	(249)	(192)
	Net (decrease)/increase in cash and cash equivalents	**(2,633)**	5,148	5,579
	Cash and cash equivalents at beginning of year	**29,660**	24,634	19,070
	Exchange gains/(losses) on cash and cash equivalents	**156**	(122)	(15)
21	**Cash and cash equivalents at end of year**	**27,183**	29,660	24,634

The accompanying notes to the financial statements, on pages 8 to 33, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 General information

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

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

This report and the financial statements have been prepared for the year ended 31 March 2012. The comparative figures are for the year ended 31 March 2011.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 April 2011.

IAS 24 Related Party Disclosures
The revised standard has simplified the definition of a related party transaction. Additional disclosures have been provided where transactions with related entities fall within the new definition.

IAS 19 Employee Benefits
Early adoption of the elimination of the corridor approach has been applied and actuarial gains and losses have been recognised in Other Comprehensive Income. Full detail of the impact of this change in policy is provided in Note 3.

b) New standards, interpretations and amendments not yet effective

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

- IAS 1 (amendment) Presentation of items of other comprehensive income
  The amendment requires companies to group together items within OCI that may be reclassified to the profit or loss section of the income statement.
- IAS 12 (amendment) Deferred tax: Recovery of Underlying Assets
  IAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery will normally be through sale.
- Improvements to IFRSs (2010)
  The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.
- IFRS 9 Financial Instruments
  IFRS 9 introduced new requirements for the classification and measurement of financial assets and the classification and measurement requirements for financial liabilities along with the requirements for recognition and derecognising of financial assets and liabilities. IFRS 9 Financial Instruments will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety.
- IFRS 10 Consolidated Financial Statements
  IFRS 10 establishes a single control model that applies to all entities and may change which entities are within a group.
- IFRS 13 Fair value measurement
  IFRS 13 is intended to clarify the fair value measurement objective, harmonise the disclosure requirements contained in a number of other IFRSs and improve consistency in application.

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

2 Significant accounting policies

(a) *Financial statements preparation*

The financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

(b) *Critical accounting estimates and judgements*

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

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

i) Pension and other post retirement benefits

ACCA accounts for pension and other post retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of ACCA's defined benefit pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in note 24 to the consolidated financial statements.

ii) Taxation

ACCA is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the balance sheet. Deferred tax assets and liabilities are measured using tax rates expected to apply when the temporary differences reverse.

ACCA operates in many countries in the world and is subject to many tax laws and regulations. Where the precise impact of these laws and regulations is unclear then reasonable estimates may be used to determine the tax charge included in the financial statements. If the tax eventually payable or reclaimable differs from the amounts originally estimated then the difference will be charged or credited in the financial statements of the year in which it crystallises.

(c) *Income*

Members', students' and affiliates' fees and subscriptions are accounted for as income in the period to which they relate. Income from qualifications and examinations relate to examination and exemption income from the Professional qualification and our entry level qualifications and are accounted for in the period to which they relate. Income generated from Publications relates to royalties, advertising and mailing services. Royalties receivable in respect of the assignment, to third parties, of copyrights in educational publications are accounted for as income in the period in which the underlying sales take place. Courses income is accounted for as the services are performed. Income from regulation and discipline relates to annual licence fees, monitoring visit fees and fines recoverable and all are accounted for as income in the period to which they relate. Other revenues are recorded as earned or as the services are performed.

(d) *Basis of consolidation*

The consolidated financial statements comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of members equity and consolidated cash flow statement of ACCA and the enterprises under its control (its subsidiary undertakings) drawn up to 31 March 2011 and 31 March 2012. Control is defined as the ability to govern the financial and operating policies of an invested enterprise so as to obtain benefits from its activities.

2 Significant accounting policies (continued)

(e) *Segmental reporting*

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

(f) *Property, plant and equipment*

All property, plant and equipment are initially recorded at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequently, property is regularly revalued as appropriate. Surpluses arising on revaluations are taken to land and buildings reserve. Deficits that offset previous surpluses of the same asset are taken to fair value reserves while all other decreases are charged to the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the fair value reserve is transferred to the accumulated fund.

(g) *Depreciation*

Depreciation is provided on all property, plant and equipment, other than freehold land which is not depreciated, at rates calculated to write-off the cost or valuation, of each asset on a straight-line basis over its expected useful life, as follows:

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

(h) *Impairment of financial assets*

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

In respect of property, plant and equipment and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statement of comprehensive income.

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

2 Significant accounting policies (continued)

(h) *Impairment of financial assets (continued)*

Impairment losses recognised in the separate consolidated statement of comprehensive income on equity investments are not reversed through the separate consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the separate consolidated statement of comprehensive income.

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

(i) *Intangible assets and impairment*

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

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

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

Intangible assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(j) *Inventories*

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

(k) *Leasing and hire purchase*

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

(l) *Tax*

Tax includes all taxes based upon the taxable profits of the group. Full provision for deferred taxation is made using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax movements in respect of unrealised revaluation surpluses are taken to reserves. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2 Significant accounting policies (continued)

(m) *Foreign currencies*

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

(n) *Derivative financial instruments and hedging activities*

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

ACCA enters into forward currency contracts, whereby the exchange rate is agreed in advance and the currency is bought on a monthly basis. ACCA's forward currency contracts are classified as current assets or current liabilities as the maturity of the contracts are less than 12 months. Gains and losses on forward exchange contracts are recognised in the statement of comprehensive income at fair value.

(o) *Pensions*

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

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

(p) *Provisions*

Provisions are recognised when ACCA has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated. ACCA recognises provisions relating to costs associated with any investigations by The Accountancy and Actuarial Discipline Board (AADB), other regulatory bodies or internally which involve ACCA members.

(q) *Financial instruments*

Financial instruments recognised in the balance sheet include cash and cash equivalents, available-for-sale investments, certificates of deposit, derivative financial instruments, trade and other receivables and trade and other payables. Financial instruments are initially valued at fair value. Financial assets are derecognised when the rights to receive cash flows from the asset have expired. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

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

2 Significant accounting policies (continued)

(q) *Financial instruments (continued)*

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

Trade and other receivables

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

Cash and cash equivalents

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

Available-for-sale investments

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

Certificates of deposit

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

Trade and other payables

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

3 Change in accounting policies

Pension - actuarial gains and losses

Council has changed its policy for accounting for actuarial gains and losses arising from the defined benefit pension schemes operating in the UK and Ireland. Previously, cumulative actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions have been recognised over the average remaining working lives of Scheme members to the extent that they exceed 10% of the greater of the defined benefit obligation and plan assets. This was known as the corridor method and had the effect of smoothing actuarial gains and losses over long periods.

Changes to IAS 19 have been published which propose to remove the corridor method for accounting periods starting after 1 January 2013. Thereafter, all actuarial gains and losses must be accounted for as incurred through other comprehensive income. Council supports this change which it believes greatly improves the relevance of the information in the balance sheet by ensuring that all liabilities are realised.

Consolidation of The Certified Accountants Educational Trust (CAET)

The consolidated financial statements include the results of CAET. CAET is a charitable trust which promotes the ACCA Qualification and provides supporting educational materials, and provides conferences and courses for ACCA members. Previously, CAET had not been consolidated, however IAS 27 states that consolidated financial statements should include all subsidiaries of the parent. A review of the standard has led Council to conclude that it is appropriate to consolidate.

3 Change in accounting policies (continued)

Impact of changes

Both of these changes in policy have been applied retrospectively and, in accordance with IAS 8, all prior periods presented in the financial statements have been adjusted. In accordance with IAS 1, an additional balance sheet presenting the restated position at 1 April 2010 has been provided.

The following table summarises the effect on the primary financial statements of both of these changes in policy. Where appropriate, the notes to the financial statements have also been restated and have been clearly labelled as such.

	Period ended 31 March 2011 £'000	Period ended 1 April 2010 £'000
Statement of Comprehensive Income		
Surplus for the year		
Pension	1,203	1,256
CAET	833	(3)
	2,036	1,253
Other comprehensive income		
Pension	10,888	(4,545)
Movement in total comprehensive income	12,924	(3,292)

	31 March 2011 £'000	1 April 2010 £'000
Balance Sheet		
Non-current assets		
CAET	1,181	918
Current assets		
CAET	1,207	1,250
Total assets	2,388	2,168
Funds and reserves		
Pension	(10,420)	(22,511)
CAET	1,273	440
Total funds and reserves	(9,147)	(22,071)
Non-current liabilities		
Pension	10,420	22,511
Current liabilities		
CAET	1,115	1,728
Total reserves and liabilities	2,388	2,168

4 Financial risk management

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

Credit risk management

Credit risk arises principally from cash and cash equivalents, deposits with banks and financial institutions, certificates of deposit, bonds held as available-for-sale investments, derivative financial instruments and trade receivables. ACCA regularly monitors and reviews its exposure with key banking and investment manager

4 Financial risk management (continued)

Credit risk management (continued)

suppliers and for deposits, only independently rated banks and financial institutions with a minimum rating of 'A' are used. ACCA's trade receivables relate substantially to members' and students' fees and subscriptions. The credit risk is that the customer fails to discharge its obligation in respect of the instrument. ACCA has no significant concentration of credit risk, with exposure spread over a large number of customers and countries throughout the world. ACCA believes that the maximum exposure equates to the carrying value of trade and other receivables. Management reviews the trade receivables balance on a regular basis and undertakes an exercise to remove students and members from the receivables ledger register for non-payment of annual fees and subscriptions. The level of removals is shown in notes 13 and 19 of the consolidated financial statements. At the balance sheet date 95% of ACCA's trade and other receivables were held in sterling (2011: 99%).

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. ACCA receives the majority of its income as subscriptions at the start of the calendar year, or as exam fees, relating to two exam sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk. In addition to its own bankers, ACCA uses a specialist cash management company to invest cash surpluses with major banks of suitable credit standing to spread the risk. Cash surpluses are invested in interest bearing current and call financial statements, term deposits and time deposits. At the balance sheet date ACCA held £5.6m (2011: £1m) in term deposits, £26.4m (2011: £6.0m) in time deposits and £21.5m (2011: £28.7m) in call accounts that are expected to readily generate cash inflows for managing liquidity risk.

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

Market risk

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

Interest rate risk relates to the risk of loss due to fluctuations in both cash flows and the fair value of financial assets and liabilities due to change in market interest rates. ACCA invests surplus cash in the short-term and in doing so exposes itself to the fluctuation in interest rates that are inherent in such a market. A movement in the interest rate of 1.5% either way would not have a material effect on the surplus reported in the financial statements.

Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange risk. ACCA operates internationally and is exposed to foreign currency exchange risk arising from the transfer of foreign currency to its national offices. Where possible, ACCA will allow the national offices to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. However, many national offices have insufficient reserves of their functional currency and rely on transfers of foreign currency from ACCA. ACCA mitigates the risk with regards to income because all fees and subscriptions charged by ACCA are in sterling. In addition, ACCA uses forward currency contracts to mitigate the risk of currency fluctuations. At the balance sheet date 95% of ACCA's cash and cash equivalents were held in sterling (2011: 98%).

Other price risk relates to the risk of changes in market prices of the available-for-sale investments. ACCA invests surplus cash in a managed fund operated by Baillie Gifford and in doing so exposes itself to the fluctuations in price that are inherent in such a market. ACCA's Resource Oversight Committee has given Baillie Gifford discretionary management of the funds. The effect of a 10% increase in the value of the available-for-sale investments held at the balance sheet date would have resulted in an increase in the fair value reserve of £4.2m (2011: £2.5m) net of deferred tax. A 10% decrease in their value would, on the same basis, have decreased the fair value reserve by the same amount.

5 Segmental reporting

ACCA has taken the view that, for reporting purposes, it has one operating segment which relates to the supply of services to its stakeholders including members, students and affiliates. ACCA does not report income or expenditure by region, activity or product type. During the year ACCA's income activities were organised by category: Fees and subscriptions, qualifications and examinations, publications, courses, regulation and discipline and other income. These are ACCA's categories reported internally for income purposes and are detailed in notes 7 and 8. A short description of the main categories are as follows:

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

Expenditure is reported internally by function and these are detailed in notes 9 and 10. A short description of the expenditure categories are as follows:

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

6 Capital

ACCA considers its capital to be its accumulated fund and its fair value 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 2012, the Accumulated Fund represented 31 days of operating expenditure (31 March 2011 - restated: 37 days). ACCA's Resource Oversight Committee reviews the financial position of ACCA at each committee meeting. ACCA is not subject to any material externally imposed capital requirements.

		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
7	**Fees and subscriptions**		
	Members	**28,110**	26,005
	Affiliates	**3,334**	2,805
	Students	**30,556**	28,257
		62,000	57,067
8	**Operating activities**		
	Qualifications and exams	**68,663**	63,102
	Publications	**3,465**	2,674
	Courses	**5,035**	5,059
	Regulation and discipline	**3,998**	3,588
	Other income	**537**	297
		81,698	74,720
9	**Operational expenditure**		
	Chief Executive's Office	**812**	786
	Strategy	**1,345**	1,955
	Markets	**31,033**	29,725
	Brand	**10,327**	10,213
	Learning and Products	**8,294**	5,031
	People	**5,349**	5,196
	Governance	**11,133**	10,517
	Finance and Operations	**55,258**	52,344
		123,551	115,767
10	**Strategic development expenditure**		
	Information Technology	**4,247**	1,062
	Process Development	**9,784**	10,895
	Compliance	**635**	472
		14,666	12,429
11	**Other (losses)/gains**		
	Forward currency contracts	**(296)**	129
12	**Income from investments**		
	Interest receivable	**295**	199
	Fair value gains	**24**	—
	Dividends from investments	**658**	552
		977	751

		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
13	**Operating result**		
	The operating result includes the following:		
(a)	*Salaries and related costs*		
	The costs of employing staff during the year were as follows:		
	Salaries	**33,468**	31,683
	Social security costs	**3,588**	3,188
	Pension costs excluding curtailment gains (note 24)	**2,060**	2,842
	Other staff costs	**2,198**	1,773
		41,314	39,486

The average number of employees was 1,032 (31 March 2011: 981).
The average annual salary was £32,430 (31 March 2011: £32,297).

(b) *Income*

Income from subscriptions and examination and exemption fees amounting to £130.7m (31 March 2011: £120.2m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £10.2m (31 March 2011: £8.7m).

		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
(c)	*Depreciation and amortisation*		
	Depreciation of property, plant and equipment	**3,332**	3,513
	Amortisation of intangible assets	**1,507**	722
	Impairment of intangible assets	**14**	419
(d)	*Auditors' remuneration*		
	Fees payable to ACCA's auditor for the audit of the parent undertaking and consolidated financial statements	**49**	55
	Fees payable to ACCA's auditors and their associates for other services		
	– audit fees for UK subsidiaries	**23**	26
	– audit fees for non-UK subsidiaries	**44**	35
	– audit fees for the corporate KPIs	**3**	3
	– XBRL tagging of accounts for tax compliance	**5**	5
	– pension accounting advice	**2**	—
		126	124
	Fees payable in respect of the audit of the ACCA Staff Pension Scheme	**8**	7

14 Tax

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
The amounts charged in the statement of comprehensive income are as follows:		
Current income taxes at 26% (2011: 28%) on the surplus for the year	**68**	24
Underprovision in respect of prior year	**8**	—
	76	24
The current tax charge is split as follows:		
Domestic	**76**	14
Foreign	**—**	10
	76	24
Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.		
Factors affecting the tax charge for the year		
Surplus before tax	**13,466**	4,471
Surplus before tax multiplied by the standard rate of UK Corporation tax of 26% (2011: 28%)	**3,501**	1,252
Effects of:		
Non-taxable income	**(39,144)**	(37,207)
Expenditure not deductible for tax purposes	**35,876**	36,140
Underprovision in respect of prior year	**8**	—
Depreciation	**10**	15
Capital allowances	**(5)**	(5)
Dividend income	**(171)**	(155)
Non-trade charges	**—**	1
Utilisation of previously unrecognised deferred tax asset	**—**	(7)
Differential in tax rates	**1**	(10)
	(3,425)	(1,228)
Total tax charge	**76**	24

The tax charge arises from non-mutual trading profits, investment income and gains on disposal of property and investments. The group tax charge has been reduced by £477,000 (31 March 2011: £380,000) as a result of charitable donations to the Certified Accountants Educational Trust.

15 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Plant & equipment £'000	Computer systems & equipment £'000	Total £'000
Cost or valuation					
At 31 March 2010 - restated	8,726	1,961	5,546	19,340	35,573
Additions	244	403	767	3,260	4,674
Disposals	(29)	—	(53)	(4)	(86)
Exchange difference	—	24	(42)	(14)	(32)
At 31 March 2011- restated	8,941	2,388	6,218	22,582	40,129
Additions	39	478	838	4,456	5,811
Disposals	—	(3)	(174)	(65)	(242)
Revaluation surplus	1,420	—	—	—	1,420
Exchange difference	—	(22)	(33)	(24)	(79)
At 31 March 2012	**10,400**	**2,841**	**6,849**	**26,949**	**47,039**
Accumulated depreciation					
At 31 March 2010 - restated	123	674	3,828	15,197	19,822
Depreciation charge	103	194	536	2,680	3,513
Eliminated on disposals	—	—	(50)	(4)	(54)
Exchange difference	—	17	(27)	8	(2)
At 31 March 2011 - restated	226	885	4,287	17,881	23,279
Depreciation charge	105	265	570	2,392	3,332
Eliminated on disposals	—	(1)	(138)	(47)	(186)
Eliminated on revaluation	(331)	—	—	—	(331)
Exchange difference	—	(18)	(11)	(23)	(52)
At 31 March 2012	**—**	**1,131**	**4,708**	**20,203**	**26,042**
Carrying amount					
At 31 March 2012	**10,400**	**1,710**	**2,141**	**6,746**	**20,997**
At 31 March 2011 - restated	8,715	1,503	1,931	4,701	16,850
At 31 March 2010 - restated	8,603	1,287	1,718	4,143	15,751

Freehold property includes land valued at £3,350,000 which is not depreciated. The freehold properties were valued at £10,400,000 as at 31 March 2012. The basis of valuation was at open market value for existing use and was prepared by Kinney Green, an independent firm of chartered surveyors and property consultant managers. Council is not aware of any events or changes in circumstances during the period which would have a significant impact on the carrying value of ACCA's property, plant and equipment at the balance sheet date.

15 Property, plant and equipment (continued)

	2012	2011
	£'000	£'000
Cost or valuation comprises freehold property stated at:		
Deemed cost/valuation in 2008	**—**	8,200
Additions in 2009-10 at cost	**—**	526
Additions in 2010-11 at cost	**—**	244
Disposals in 2010-11	**—**	(29)
Valuation in 2012	**10,400**	—
	10,400	8,941

	2012	2011
If land and buildings were stated on the historical cost basis, the amounts would be as follows:		
Cost	**8,375**	8,337
Accumulated depreciation	**(1,011)**	(932)
Net book value	**7,364**	7,405

16 Intangible assets

	£'000
Cost	
At 31 March 2010	2,623
Additions	2,872
At 31 March 2011	5,495
Additions	2,218
At 31 March 2012	**7,713**
Accumulated amortisation and impairment	
At 31 March 2010	109
Amortisation charge	722
Impairment	419
At 31 March 2011	1,250
Amortisation charge	1,507
Impairment	14
At 31 March 2012	**2,771**
Carrying amount	
At 31 March 2012	**4,942**
At 31 March 2011	4,245

All intangible assets relate to internally generated development costs. Following an impairment review by management, it was recognised that the benefits which were originally identified for the Harvard Manage Mentor Online Toolkit were not going to be realised. Therefore the project was fully impaired.

The main intangible assets carried at the balance sheet date relate to the development of the Foundations in Accountancy syllabus (£1.6m), PCI compliance (£1m), Digital Foundations (£1.1m) and Process Transformation (£0.7m).

		31 Mar 2012 £'000	31 Mar 2011 £'000
17	**Available-for-sale investments**		
	At valuation		
	At 1 April	**33,359**	29,126
	Additions	**62,735**	36,039
	Disposals	**(41,783)**	(34,178)
	Net gains transferred to fair value reserves	**287**	2,372
	Net gains transferred to income	**24**	—
	At 31 March	**54,622**	33,359
	Historical cost of tradable investments	**26,394**	24,687

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

Concentration of available-for-sale investments		
Non-current assets		
UK equities	**10,443**	10,648
Overseas equities		
North America	**3,373**	2,954
Europe	**3,285**	3,534
Asia Pacific	**2,394**	2,453
Emerging	**2,405**	2,257
UK bonds	**1,796**	1,652
Overseas bonds	**3,001**	2,445
Futures and forward currency contracts	**—**	14
Cash and deposits	**1,503**	1,395
	28,200	27,352
Current assets		
Certificates of deposit	**26,422**	6,007
	54,622	33,359

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

UK pound	**45,779**	24,568
US dollar	**3,299**	3,036
Euro	**1,619**	1,633
Yen	**1,057**	1,116
Other currencies	**2,868**	3,006
	54,622	33,359

ACCA monitors its exposures by way of regular reports from Baillie Gifford who have discretionary management of the investment portfolio. None of these financial assets are impaired.

The effective interest rate on the certificates of deposit was 0.97% (2011: 0.79%) and these deposits have an average maturity of 60 days (2011: 46 days).

18 Inventories

Inventories comprise ACCA merchandise and relate to finished goods at cost.

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
19 Trade and other receivables			
Trade receivables	**17,498**	19,013	19,876
Accrued income	**1,829**	737	837
Prepayments	**4,741**	4,750	4,852
Other receivables	**442**	709	667
Tax recoverable	**—**	—	10
	24,510	25,209	26,242

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

At 1 April	**7,952**	5,750	3,145
Provision for receivables impairment	**3,802**	5,365	4,537
Receivables written off during the year as uncollectible	**(3,717)**	(3,093)	(1,871)
Amounts recovered which were previously provided for	**(88)**	(70)	(61)
At 31 March	**7,949**	7,952	5,750

20 Derivative financial instruments

	31 Mar 2012		31 Mar 2011	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Forward foreign exchange contracts	**—**	**112**	184	—
	—	**112**	184	—

The amount recognised in the statement of comprehensive income that arises from the forward foreign exchange contracts amounts to a loss of £112k (31 March 2011: gain of £184k).

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2012 were £17,330k (31 March 2011: £15,202k).

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
21 Cash and cash equivalents			
Cash at bank and in hand	**21,542**	28,659	23,634
Short term bank deposits	**5,641**	1,001	1,000
	27,183	29,660	24,634

The effective interest rate on short term bank deposits was 0.71% (2011: 0.37%) and these deposits have an average maturity of 33 days (2011: 7 days).

	31 Mar 2012 £'000	31 Mar 2011 £'000
22 Finance lease liabilities		
Non-current	—	—
Current	—	201
Total finance lease liabilities	—	201

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

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

Gross finance lease liabilities – minimum lease payments		
No later than 1 year	—	201
Later than 1 year and no later than 5 years	—	—
Present value of the finance lease liabilities	—	201

There are no finance charges payable on the finance leases.

23 Deferred tax liabilities

Deferred tax liabilities are calculated in full on temporary differences under the balance sheet liability method using a principal tax rate of 24% (2011: 26%). The following are the major deferred tax liabilities recognised by ACCA and the movements thereon during the current period and previous years. ACCA has no deferred tax assets.

Deferred tax liabilities

	Revaluation of available-for-sale investments £'000	**Total £'000**
At 1 April 2010	993	993
Tax charged from reserves	251	251
At 31 March 2011	1,244	1,244
Tax credited to reserves	(224)	(224)
At 31 March 2012	**1,020**	**1,020**

24 Retirement benefit obligations

(a) *General information*

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

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

The most recent triennial valuation of the UK scheme was at 1 January 2010. This has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2012. The triennial valuation was based on the following principal financial assumptions:

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

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

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
The total pension charge is made up as follows:		
Pension costs under the UK and Irish Schemes (see note 24c)	**(6,726)**	1,560
Other pension costs made on behalf of the schemes	**137**	374
Death-in-service premiums	**147**	182
Payments to defined contribution schemes for certain employees outside the UK and Ireland	**264**	225
Payments to defined contribution schemes for certain employees in the UK and Ireland	**874**	413
Payments for the Pensions Protection Levy	**60**	88
Pension costs	**(5,244)**	2,842
Pension costs (excluding curtailment gains – see note 24c)	**2,060**	2,842

24 Retirement benefit obligations (continued)

(a) *General information (continued)*

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

(b) *Pension benefits*

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
Amounts recognised in the balance sheet to reflect funded status			
Present value of funded obligations	**85,143**	73,826	78,235
Fair value of plan assets	**(66,176)**	(60,002)	(52,575)
Present value of unfunded obligations (funded status)	**18,967**	13,824	25,660
Unrecognised actuarial losses	**—**	—	—
Net liability in the balance sheet at 31 March	**18,967**	13,824	25,660

(c) *Pension costs*

The amounts recognised in the statement of comprehensive income for the Schemes are as follows:

Current service cost (excluding employee contributions)	**877**	1,031	1,531
Interest cost on obligation	**3,924**	4,360	4,159
Expected return on plan assets	**(4,223)**	(3,831)	(3,357)
Curtailment gains	**(7,304)**	—	—
Pension costs under the Schemes	**(6,726)**	1,560	2,333

Pension costs

The principal financial assumptions used were as follows:

Discount rate	**4.8%**	5.6%	5.6%
Expected return on plan assets (average)	**6.3%**	6.8%	7.1%
Future salary increases	**2.0%**	4.7%	5.0%
Future pension increases subject to Limited Price Indexation	**3.3%**	3.5%	3.7%

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

For a male aged 65	**22.8**	22.6	22.5
At 65 for a male member aged 45 now	**25.2**	25.1	24.9
For a female aged 65 now	**25.5**	25.3	25.2
At 65 for a female member aged 45 now	**27.9**	27.7	27.6

24 Retirement benefit obligations (continued)

(c) *Pension costs (continued)*

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

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.25% (2011:0.25%)	Decrease/increase by £1,328k (2011:£968k)
Inflation rate	Increase/decrease by 0.25% (2011:0.25%)	Increase/decrease by £948k (2011:£691k)
Salary growth rate	Increase/decrease by 0.5% (2011:0.5%)	Increase/decrease by £948k-£1,897k (2011: £691k-£1,382k)
Rate of mortality	Increase by 1 year	Increase by £512k (2011:£170k)

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
(d) *Change in benefit obligation*			
Present value of benefit obligation at 1 April	**73,826**	78,235	59,791
Current service cost (excluding employee contributions)	**877**	1,031	1,531
Employee contributions	**750**	992	1,324
Interest on obligation	**3,924**	4,360	4,159
Benefits paid	**(733)**	(924)	(688)
Curtailment gains	**(7,304)**	—	—
Actuarial loss/(gain)	**13,889**	(9,802)	12,185
Exchange difference	**(86)**	(66)	(67)
Present value of benefit obligation at 31 March	**85,143**	73,826	78,235

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

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
(e) *Movement in the net liability recognised in the balance sheet*			
At 1 April	**13,824**	25,660	22,038
Pension costs	**(6,726)**	1,560	2,333
Contributions paid	**(3,498)**	(2,503)	(3,241)
Exchange difference	**—**	(5)	(15)
Recognition of actuarial losses/(gains)	**15,367**	(10,888)	4,545
At 31 March	**18,967**	13,824	25,660
(f) *Change in plan assets*			
Fair value of plan assets at 1 April	**60,002**	52,575	37,753
Expected return on assets	**4,223**	3,831	3,357
Actuarial (loss)/gain on assets	**(1,478)**	1,086	7,640
Actual return on plan assets	**2,745**	4,917	10,997
Contributions - employer	**3,498**	2,503	3,241
Contributions - employee	**750**	992	1,324
Benefits paid	**(733)**	(924)	(688)
Exchange difference	**(86)**	(61)	(52)
Fair value of plan assets at 31 March	**66,176**	60,002	52,575

24 Retirement benefit obligations (continued)

(g) *Plan assets*

Plan assets are comprised as follows:

	31 Mar 2012		31 Mar 2011		31 Mar 2010	
	£'000	**%**	£'000	%	£'000	%
Equities	**34,209**	**51.7**	30,818	51.4	27,582	52.5
Bonds	**25,586**	**38.6**	23,305	38.8	19,940	37.9
Property	**6,271**	**9.5**	5,769	9.6	4,969	9.4
Cash	**110**	**0.2**	110	0.2	84	0.2
	66,176	**100**	60,002	100	52,575	100

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

(h) *Defined benefit obligation trends*

	31 Mar 2012 £'000	31 Mar 2011 £'000	31 Mar 2010 £'000	31 Dec 2008 £'000	31 Dec 2007 £'000
Scheme assets	**66,176**	60,002	52,575	37,753	45,698
Scheme liabilities	**(85,143)**	(73,826)	(78,235)	(59,791)	(50,631)
Scheme deficit	**(18,967)**	(13,824)	(25,660)	(22,038)	(4,933)
Experience adjustments on liabilities (£'000s)	**(1,218)**	(1,224)	1,356	(1,698)	1,261
As a % of scheme liabilities	**(1.4)**	(1.7)	1.7	(2.8)	2.5
Experience adjustments on assets (£'000s)	**(1,478)**	10,510	7,640	(13,934)	(858)
As a % of scheme assets	**(2.2)**	17.5	14.5	(36.9)	(1.9)

In accordance with actuarial advice and with the agreement of ACCA and the UK Pension Scheme's trustees, for the year ended March 2013, ACCA will contribute 12% of pensionable salary together with £2,000,000 in respect of the UK scheme and on average 10% of pensionable salary in respect of overseas schemes. With regards to the Irish scheme it is expected that ACCA will contribute 23.1% of pensionable salary for the year ended 31 March 2013.

		31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 April 2010 £'000
25	**Trade and other payables**			
	Trade payables	**1,524**	4,986	2,678
	Social security and other taxes	**1,214**	845	845
	Accrued expenses	**13,477**	9,646	10,206
		16,215	15,477	13,729
26	**Deferred income**			
	Deferred income	**69,216**	52,638	48,117

Deferred income comprises fees and subscriptions paid in advance by members and students, exam fees paid in advance by students and monitoring contract income paid in advance.

27 Provisions

	Legal costs £'000	**Research £'000**	**Claims £'000**	**Restructuring £'000**	**Total £'000**
At 1 April 2010 - restated	—	268	200	478	946
Utilised during the year	—	(180)	—	(478)	(658)
Provided during the year	—	150	—	—	150
At 1 April 2011 - restated	—	238	200	—	438
Utilised during the year	—	(213)	—	—	(213)
Provided during the year	168	174	—	—	342
At 31 March 2012	**168**	**199**	**200**	**—**	**567**

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

The claims provision represent management's best estimate of ACCA's liability relating to the costs associated with ongoing Accountancy and Actuarial Discipline Board (AADB) investigations against ACCA members. The AADB is responsible for operating and administering an independent disciplinary scheme covering members of the six professional accountancy bodies in the UK and Ireland. None of the provision is expected to be incurred in 2012. There is no expected reimbursement from actual costs accounted for to date.

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

28 Other reserves

	Currency translation £'000	Land and buildings £'000	Available-for-sale investments £'000	Total £'000
Balance at 1 April 2010	—	1,885	5,305	7,190
Revaluation – gross	—	—	2,372	2,372
Revaluation – tax	—	—	(251)	(251)
Currency translation differences	(212)	—	—	(212)
Balance at 31 March 2011	(212)	1,885	7,426	9,099
Revaluation – gross	—	1,751	287	2,038
Revaluation – tax	—	—	224	224
Currency translation differences	129	—	—	129
Balance at 31 March 2012	**(83)**	**3,636**	**7,937**	**11,490**

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

29 Commitments

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000
Capital commitments for property, plant and equipment		
Contracted for at the balance sheet date but not recognised in the financial statements	**—**	—
Authorised but not contracted	**2,208**	2,287

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

	Land and buildings			Other		
	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 1 Apr 2010 £'000	**31 Mar 2012 £'000**	Restated 31 Mar 2011 £'000	Restated 1 Apr 2010 £'000
Within one year	**2,837**	2,092	2,022	**285**	350	377
In two to five years	**5,181**	5,499	5,122	**330**	554	408
More than 5 years	**1,815**	2,504	3,924	**—**	—	—
	9,833	10,095	11,068	**615**	904	785

Operating lease rentals charged to the statement of comprehensive income in the year amounted to £3,256k (31 March 2011: £3,105k).

The future commitment in respect of the lease entered into by CAET, for which ACCA has provided a guarantee, amounted to £4,240k (2011: £4,593k) at the balance sheet date.

30 Related party transactions

Relationships

Council members as office holders	Dean Westcott (President) Barry Cooper (Deputy President) Martin Turner (Vice President)
Other Council members	Rizwan Akhtar, Stephen Bailey, Sharon Burd, Alexandra Chin, Francis Chittenden, Rosanna Choi, Matilda Crossman, Gustaw Duda, Jenny Gu, Anthony Harbinson, Kenneth Henry, Pauline Hobson, Julie Holderness, Hemraz Hoolash, Ladislav Hornan, Lynne Hunt, Raphael Joseph, Dato' Khalid Ahmad, Lazaros Lazarou, James Lee, Leo Lee, Brian McEnery, Hamish McKay, Mark Millar, Kholeka Mzondeki, Coutts Otolo, Taiwo Oyedele, Laura Perrin, Azza Raslan, Robert Stenhouse, Anthony Tyen, Belinda Young and Amy Yung

The office holders receive a small honorarium for each year they serve as an officer. No other member of Council has received any payment in respect of services to ACCA. In accordance with the Council Travel and Expenses policy, Council members are reimbursed for any expenses which they directly incur on behalf of ACCA as part of their role as a Council member.

	31 Mar 2012 £'000	31 Mar 2011 £'000
Related party transactions		
Honorarium	**14**	14
Reimbursement of expenses directly incurred by Council members	**337**	405
Related party balances	**Owed**	**Owed**
Reimbursement of expenses directly incurred by Council members	**—**	13

31 Principal undertakings

Subsidiary undertakings

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

	Country of registration	**Beneficial holding**	**Nature of business**
Certified Accountants Investment Company Limited	England & Wales	Ordinary shares	Investment company
The Certified Accountants Educational Trust	England & Wales	Charitable trust	Educational charity
Certified Accountants Educational Projects Limited	England & Wales	Ordinary shares	Provider of educational supplies and services

31 Principal undertakings continued

	Country of registration	Beneficial holding	Nature of business
Association of Authorised Public Accountants	England & Wales	Limited by guarantee	Professional accounting and supervisory body
Certified Accountant (Publications) Limited	England & Wales	Ordinary shares	Publisher of *Accounting & Business*
Seacron Limited	England & Wales	Ordinary shares	Vehicle for ACCA's operations in China
ACCA Malaysia Sdn. Bhd.	Malaysia	Ordinary shares	Vehicle for ACCA's operations in Malaysia
ACCA Mauritius	Mauritius	Ordinary shares	Vehicle for ACCA's operations in Mauritius
ACCA Pakistan	Pakistan	Limited by guarantee	Vehicle for ACCA's operations in Pakistan
ACCA Singapore Pte Ltd.	Singapore	Ordinary shares	Vehicle for ACCA's operations in Singapore
ACCA South Africa	South Africa	Limited by guarantee	Vehicle for ACCA's operations in South Africa
Seacron Educational Nigeria Ltd	Nigeria	Ordinary shares	Vehicle for ACCA's operations in Nigeria
ACCA (Shanghai) Consulting Co. Ltd	China	Ordinary shares	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
Certified Accountants Educational Trustees Ltd	England & Wales	Ordinary shares	Corporate trustee for CAET
Certified Nominees Ltd	England & Wales	Ordinary shares	Corporate director for ACCA companies

Other undertakings

ACCA holds a 20.2% holding in The Consultative Committee of Accountancy Bodies Limited (a company registered in England & Wales) at a cost of £202, held in furtherance of its professional objectives. This company was established to replace CCAB Ltd which was dissolved in October 2011 and ACCA's shareholding of £172 (17.2%) was redeemed at par.

	31 Mar 2012 £'000	Restated 31 Mar 2011 £'000	Restated 31 Mar 2010 £'000
32 Cash flow statement			
(a) *Cash generated from operations*			
Surplus/(deficit) before tax	**13,466**	4,471	(544)
Adjustments for:			
Depreciation on property, plant and equipment	**3,332**	3,513	3,338
Amortisation of intangible assets	**1,507**	722	109
Loss/(gain) on sale of property, plant and equipment	**34**	(24)	(13)
Fair value gains on valuation of available-for-sale investments	**(24)**	—	(2)
Interest received	**(295)**	(199)	(296)
Dividends received	**(658)**	(552)	(845)
Impairment adjustment	**14**	419	—
Pension costs	**(6,726)**	1,560	2,333
Pension contributions paid	**(3,498)**	(2,503)	(3,241)
Changes in working capital (excluding the effects of exchange differences)			
Inventories	**11**	17	68
Derivative financial instruments	**296**	(129)	(55)
Trade and other receivables	**699**	1,051	(15,836)
Trade and other payables	**738**	2,067	(3,859)
Deferred income	**16,578**	4,358	36,458
Provisions	**129**	(508)	563
Cash generated from operations	**25,603**	14,263	18,178

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

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

	31 Mar 2012 £'000	31 Mar 2011 £'000	31 Mar 2010 £'000
Net book amount	**56**	32	13
(Loss)/gain on disposal of property, plant and equipment	**(34)**	24	13
Proceeds from disposal of property, plant and equipment	**22**	56	26

33 Contingencies

ACCA has been conducting a review of its tax status across all of its operations globally. Discussions are ongoing with HM Revenue and Customs regarding the registration of ACCA for VAT in the UK, and with the tax authorities in China following a change in legislation relating to turnover tax and income tax. Both matters are in the very early stages of discussion and are likely to remain in progress for a number of months. Due to the preliminary nature of these discussions, there is insufficient certainty to provide an estimate of any potential financial impact.

There are ongoing service difficulties relating to one supplier and the future of the agreement is currently being reviewed. However, the extent of any financial impact or exposure for ACCA is as yet unknown.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

The *UK Corporate Governance Code*
Council is committed to the highest standards of corporate governance. It supports the framework for corporate governance in the UK set out in the *UK Corporate Governance Code* as revised and re-issued by the Financial Reporting Council in May 2010. Council's Governance Design Committee is charged with ensuring that ACCA follows good practice. Council confirms that, although the *UK Corporate Governance Code* relates to UK listed companies and ACCA is not obliged to comply with it, ACCA nevertheless follows its guidance as far as this is, in Council's opinion, relevant to ACCA.

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

Council has adopted a Code of Practice for Council members. This Code of Practice, which is circulated to members with the papers for the Annual General Meeting (AGM), applies to Council members when acting in their capacity as Council members and provides a framework for the operation of Council's business. Council is a collegial body and expects all of its members to recognise their collective responsibilities and to comply with the Code. Whatever their geographical or sectoral bases, Council members do not represent particular areas or functions. Council has 36 members, all of whom are elected by the membership as a whole and subject to re-election every three years. Council members are volunteers, who can stand for election for a maximum of three terms of three years. They have a wide ranging remit geared to providing strategic direction for ACCA. Council members examine issues of broad and long-term importance to ACCA, and establish ACCA's position on global industry developments as they arise. Following the 2011 AGM, Council now has members from 17 different countries, reflecting the diversity of ACCA and its members. Profiles of Council members are available on request from ACCA.

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

Council, Board and Committee induction
All newly-elected Council members attend an initial induction session, usually arranged around the AGM. The induction session gives new Council members the chance to find out more about the structure of ACCA, the development of its strategy, and any key issues which are currently before Council. The session is chaired by the President, and new Council members have the opportunity to ask questions of the Officers, the Chief Executive and senior staff. One further induction session is held during a member's first year on Council. This provides further points of clarification relating to the member's own experience on Council and also provides a briefing on the work of standing committees. Each committee is also asked to organise, as early as possible in the Council year, a training session for its members on key areas falling within the remit of the committee.

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

Principles of good governance (continued)

Performance appraisal

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

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

Council members' interests

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

Every member of Council and the various Boards and Committees is required at the commencement of meetings to declare any interest that may conflict with the duties for which they were elected or appointed.

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

Council meetings

During the year there were four meetings of Council.

Statement of Council's responsibilities

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

In preparing these financial statements, Council ensures that:

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

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

ACCA's Integrated Report sets out details of the business risks which ACCA faces and its performance and strategy in addressing these. During 2011/12, ACCA prepared a five-year Corporate Plan which provided an indication of the likely strategic priorities over each financial year, formed the basis for developing five-year financial projections and was used to develop the 2012/13 budget. Council has approved the 2012/13 budget which contains the detailed financial assumptions, allocations and targets to deliver the 2012/13 Corporate Plan and is therefore satisfied that ACCA has adequate resources to continue in operational existence for the foreseeable future; accordingly, the going concern basis continues to be adopted in preparing the financial statements.

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

Relations with members
The AGM, held annually in September, is the formal platform for communications with members. Member networks provide the opportunity for communications between ACCA and its members at a local level, throughout the world. Members are encouraged to take part in a wide range of business and social events. Council also distributes to all members an annual review of activities together with a summary of financial and other information. For the current year the annual review will take the form of an Integrated Report.

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

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

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

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

		Meetings attended
Chairmen:	Mark Gold, FCCA BA MIMgt (to 15/9/11)	2/2
	Dean Westcott, FCCA (from 15/9/11)	2/2
Other members:	Sharon Burd, FCCA MBA IPFA (from 15/9/11)	1/1
	Barry Cooper, FCCA FCPA BCom BEd MEd PhD	2/2
	Raphael Joseph, FCCA (to 15/9/11)	1/1
	Kevin Lau, FCCA FHKICPA (to 15/9/11)	1/1
	Leo Lee, FCCA LLB MBA FHKICPA (from 15/9/11)	1/1
	Brendan Murtagh, FCCA (to 15/9/11)	0/1
	Martin Turner, FCCA MCMI FCHL (Wales)	2/2
	Laura Perrin, FCCA BA (from 15/9/11)	1/1

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

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

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

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

		Meetings attended
Chairman:	Dean Westcott, FCCA (to 15/9/11)	1/1
	Anthony Harbinson, FCCA MBA (from 15/9/11)	2/2
Other members:	Gustaw Duda, FCCA MBA	3/3
	Anthony Harbinson, FCCA MBA (to 15/9/11)	1/1
	Julie Holderness, FCCA	2/3
	Hemraz Hoolash, FCCA	3/3
	Hamish McKay, FCCA	3/3
	Robert Stenhouse, FCCA FCA CTA	3/3
	Amy Yung, FCCA (from 15/9/11)	2/2
Independent member (i.e. non-Council member):		
	Willie Wardrop, FCCA BA	3/3

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

In November 2009, Audit Committee agreed that there should be a tender for external audit services every five years. Following the conclusion of a tender process in 2010, the recommendation to reappoint BDO LLP as external auditor was approved by the members at the AGM in September 2011.

During the year Audit Committee has:

- reviewed the financial statements, having received a report from the external auditors on their review and audit of the financial statements;
- considered the output of the procedures used to manage risk within ACCA;
- reviewed the effectiveness of ACCA's internal controls;
- considered the letter to management from the external auditors on their review of the internal controls;
- agreed the fees and terms of appointment of the external auditors, including their quality and effectiveness;
- reviewed its own effectiveness; and
- agreed the work plan of internal audit and reviewed the output from that plan.

Auditor's independence and objectivity
Audit Committee monitors regularly any non-audit services being provided to ACCA by the external auditor to ensure that any services provided do not impair their independence or objectivity. All non-audit services are required to be pre-approved by Audit Committee. There were no non-audit services carried out by the external auditor during the year. Details of the amounts paid to the external auditor during the year for the audit of ACCA, its pension schemes and additional audit services relating to the audit of the corporate KPIs are set out in note 13 to the financial statements.

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

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

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

Key features of the new framework include:

- the transformation of Governance Committee into the new Governance Design Committee, which gives ACCA a standing mechanism for reviewing governance design and planning in the short, medium and long term. This will provide clear lines of sight between the development and implementation of ACCA's strategy and how ACCA's governance structures might need to evolve to support the delivery of strategy in the future
- a combined resource oversight committee which will enable integrated human and financial resource allocation and planning. The committee will also provide oversight for the transformation programme and its role in delivering ACCA's strategy to 2015, including capital investment policies.

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

		Meetings attended
Chairman:	Brian McEnery, FCCA	2/2
Other members:	Rizwan Akhtar, FCCA ACMA	2/2
	Jenny Gu, FCCA CICPA	1/2
	Kenneth Henry, FCCA PhD CISA CPA CGFM	2/2
	Pauline Hobson, FCCA MBA FCMI	2/2
	Mark Millar, FCCA	2/2

There are currently vacancies for two independent members.

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

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

The Committee's work plan during 2011/12 included: a review of succession planning arrangements for the senior management team; a benchmark review of remuneration within the scope of the Committee; approval of an updated remuneration policy for the senior management team; and determination of the performance targets for 2012/13 in the context of the reward scheme for senior staff.

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

		Meetings attended
Chairman:	Martin Turner, FCCA MCMI FCHL (Wales)	2/2
Other members:	Sharon Burd, FCCA	1/2
	Gustaw Duda, FCCA MBA (from 15/9/11)	1/1
	Anthony Harbinson, FCCA MBA	2/2
	Lynne Hunt, FCCA	2/2
	Kevin Lau, FCCA FHKICPA (to 15/9/11)	1/1
	Leo Lee, LLB MBA FCCA FHKICPA (from 16/9/11)	1/1
	Coutts Otolo, FCCA CPA(K) (to 15/9/11)	1/1
Independent members:	Duncan Brown, MA MBA FCIPD (to 14/6/11)	1/1
	Richard Moule, BA IPD	2/2

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

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

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

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

		Meetings attended
Chairman:	Katrina Wingfield, LLB Hons Exon Solicitor Advocate	5/5
Lay members:	Steve Barrow, BSc Hons DTS DMS	5/5
	Peter Cadman, LLB	5/5
	Barbara Duffner, BA MCIPD OBE	4/5
	Christine Fraser, BA Hons	5/5
	Alan Kershaw, MA	5/5
	David Lock, BSc Mphil FCIS ARPS	5/5
Members from Council:	Raphael Joseph, FCCA	5/5
	Robert Stenhouse, FCCA FCA CTA	4/5

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

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

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

International Assembly
ACCA's International Assembly was formed in 1997. It remains a unique resource to ACCA and no other body has such a diverse representative group whose role is to provide input into strategy and development through its advisory role to Council. The International Assembly was formed in recognition of ACCA's growth with an increasingly diverse and mobile membership. There are 52 representatives on the International Assembly, representing all regions where there are ACCA members. The International Assembly usually meets in November each year and the meeting is timed to enable Council and Assembly members to interact at a joint session.

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

Senior management and remuneration
The Chief Executive, six Executive Directors (year ending 31 March 2011: seven), one director (year ending 31 March 2011: one) and two independent non-executive advisors (year ending 31 March 2011: none) form the Executive Team and are responsible for the day-to-day management of ACCA on behalf of Council and for the implementation of Council policy: they are not directors within the meaning of company law. Nevertheless, Council discloses that the emoluments of the Chief Executive, Executive Directors and Directors for the year were £1,280,374 (year to 31 March 2011: £1,369,898). All but two of the Executive Team are also accruing retirement benefits under the defined benefit scheme operated by ACCA. The two independent non-executive advisors receive remuneration on a fixed attendance fee basis.

The total salaries and benefits of the Chief Executive in the year to 31 March 2012 was £267,824 (year to 31 March 2011: £251,864).

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

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

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

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

We have audited the financial statements of the Association of Chartered Certified Accountants and its subsidiaries (the Group) for the year ended 31 March 2012 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in members' funds and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Council and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its surplus for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Opinion on other matters

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

BDO LLP
Chartered Accountants
Glasgow
United Kingdom

23 June 2012

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

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

Honorary Secretary
H McCash

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

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

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

Solicitors
Wilsons Solicitors LLP
Steynings House
Summerlock Approach
Salisbury
Wiltshire
SP2 7RJ

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

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 MARCH 2012

The Board submits its report together with the financial statements for the year ended 31 March 2012. The financial statements have been prepared in accordance with the Accounting policies set out in note 1 to the financial statements and comply with the Fund's governing document, the Charities Act 2011 and the Statement of Recommended Practice *'Accounting and Reporting by Charities'* (SORP 2005). The prior year's figures have been restated following a review of the allocation of the support costs between grants payable and governance costs.

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

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

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

New Board members are sought through dialogue with ACCA, which holds a database of ACCA members. ACCA can identify members who have the relevant skills needed to complement those of the current Board.

The Board has a New Trustee Induction pack which is given to new Board members. The pack includes a copy of the Rules of the Fund, a brief history of the Fund, last three years' annual reports, recent minutes, a copy of the Charity Commission guidance 'The Essential Trustee: What you need to know' and a copy of the most recent management financial statements, strategy and 15-year rolling plan.

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

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

The Fund employs no staff. Its administration, including legal advice, is provided by ACCA. Members of the Board of Management also devote time to the Fund's affairs and receive no remuneration. The Fund is also supported by other members of the Fund and ACCA staff who may, as volunteers, visit applicants and beneficiaries from time to time when requested by the Fund. The Fund is not otherwise dependent on the services of volunteers or donations in kind.

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

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 MARCH 2012

Public benefit

The Fund's principal charitable purpose is to give to those members of ACCA or the Association of Authorised Public Accountants and their families and dependants, who are in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. The Fund assists its beneficiaries by awarding grants or loans of money, the provision of specific items, the payment of services and non-financial advice and support. The Board is of the view that the Fund meets the public benefit requirement by relieving members and their families and dependants of financial hardship. However as mentioned last year the Attorney General asked the Charity Tribunal to consider the law relating to benevolent funds. The Charity Commission had requested this since it wanted clarification regarding the public benefit test in respect of charities that support a restricted group. The Fund was a member of a steering group co-ordinated by the ACO to make representations to the Tribunal to demonstrate that benevolent funds provide public benefit. The steering group worked collaboratively to put together a complex submission that gained the support of almost all other parties and was highly complimented on its approach. The Charity Tribunal handed down its judgement in February 2012 and confirmed the views that the steering group had on all counts. This was a very satisfactory outcome as it confirmed that benevolent funds generally provide public benefit.

Grant making policy

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

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

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

Financial review

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

The financial statements for the period are shown on pages 47 to 52. The Statement of Financial Activities on page 47 shows the incoming resources available to the Fund and the extent to which these resources have been applied. This, together with the Balance Sheet on page 48, shows the total assets of the Fund to be £2,698,649 (2011: £2,568,091), which will generate income to meet its future obligations. The Fund held £178,553 (2011: £359,158) in bank balances and short term deposits at 31 March 2012 and, in the opinion of the Board, the Fund continues to be in a position to pursue its charitable activities in the foreseeable future. Governance costs for the current year include one-off expenditure relating to the ACO defence of benevolent funds' provision of public benefit.

The Board is grateful to all who have contributed in any way to the work of the Fund during the year to 31 March 2012. In particular, it expresses thanks to those who made a financial contribution and those who gave of their time. Donations from members amounted to £40,115 (Year ended 31 March 2011: £45,679). The Board would like to thank all those members who have made donations to the Fund, particularly those who are UK taxpayers and have completed Gift Aid declarations which allow the Fund to reclaim basic rate tax paid on these donations. This method of giving is very tax efficient and the Board encourages UK taxpayers to consider completing Gift Aid declarations if they have not already done so. The Board also encourages donors to gift shares directly to the Fund in order to gain the tax benefits available both to the Fund and the donor.

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

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 MARCH 2012

Achievements and performance

During the year, the Fund agreed to pay grants, ranging from £13 to £4,380 (2011: £44 to £9,151), to 13 (2011: 20) beneficiaries and ofered non-financial advice and support. The grants amounted to £19,258 (2011: £42,969). Of this, the Board has a commitment to 3 (2011: 7) beneficiaries for grants, payable after the year-end, amounting to £2,715 (2011: £10,764). Under SORP 2005 these commitments are included in the financial statements as creditors.

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

Investment policy and performance

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

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

The total return on capital investments for the year was 2.01% (2011: 7.06%) against the benchmark of 0.56%, (2011: 4.31%) while the total return on income investments for the same period was 2.62% (2011: 2.46%) against the benchmark of 0.5% (2011: 0.74%). The Board considers the overall return on long term investments and deposits for the period to be encouraging and in line with the positive movements in the stock markets during that period.

Reserves policy

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

The Board assesses the reserves to be retained in the context of its long-term strategic projections. These estimate anticipated growth in membership numbers and take account of demographic changes, such as increases in the number of retired members, and the likely effects of the African AIDS pandemic on members' families. The Board has prepared a 15-year projection, updated annually, which indicates that, while the Fund is likely to be able to increase its reserves in the short to medium term, the growth in total demand will mean that, from 2018, the Fund's expenditure will exceed its income and it will be necessary to apply its reserves to meet these needs. This shortfall is expected to increase in subsequent years.

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

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

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 MARCH 2012

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

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

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

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

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

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

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

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

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

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

The auditor, N J Taylor resigned as auditor in April 2012 and BDO LLP was appointed in his place. BDO LLP has expressed their willingness to continue in office. The Fund is most grateful for BDO LLP's support and a resolution to re-appoint them will be proposed at the annual general meeting.

Dr M J M Kedslie, *President*
15 June 2012

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2012

Notes		**Total funds Year ended 31 March 2012 £**	Restated Total funds Year ended 31 March 2011 £
	Incoming resources		
	Incoming resources from generated funds		
	Voluntary income		
2	Donations	**68,056**	72,157
	Legacies	**8,751**	2,002
	Credit card royalties	**18,930**	18,167
3	Investment income	**67,645**	59,223
	Total incoming resources	**163,382**	151,549
	Resources expended		
4	*Costs of generating funds*		
	Investment management costs	**12,330**	11,105
5,6	*Charitable activities:*		
	Grants payable	**37,223**	60,056
5,6	*Governance costs*	**15,536**	9,956
	Total resources expended	**65,089**	81,117
	Net incoming resources for the year	**98,293**	70,432
	Other recognised gains and losses		
	(Losses)/gains on sale of investments	**(6,961)**	5,089
	Unrealised gains on investments	**39,226**	112,406
	Net movement in funds	**130,558**	187,927
	Reconciliation of funds		
	Total funds brought forward at 1 April	**2,568,091**	2,380,164
	Total funds carried forward at 31 March	**2,698,649**	2,568,091

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

The notes on pages 49 to 52 form part of these financial statements.

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
BALANCE SHEET AS AT 31 MARCH 2012

Notes		£	**31 March 2012 £**	31 March 2011 £
	Fixed assets			
7	Investments		**2,396,772**	2,107,952
	Current assets			
8	Loans	**113,302**		104,543
	ACCA current account	—		1,740
	Tax recoverable	**4,216**		4,462
	Prepayments and accrued income	**11,538**		3,750
	Cash at bank and on deposit	**178,553**		359,158
		307,609		473,653
9	**Creditors:** amounts falling due within one year	**5,732**		13,514
	Net current assets		**301,877**	460,139
	Total assets less current liabilities		**2,698,649**	2,568,091
	Funds			
11	**Unrestricted funds**			
	Designated funds		**189,477**	172,549
	General funds		**2,509,172**	2,395,542
	Total funds		**2,698,649**	2,568,091

The financial statements were approved by the Board of Management on 15 June 2012 and signed on its behalf by:

Dr M J M Kedslie, *President*

The notes on pages 49 to 52 form part of these financial statements.

1 Accounting policies

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

(a) *Basis of accounting*

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

(b) *Fixed asset investments*

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

(c) *Incoming resources*

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

(d) *Unrestricted funds*

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

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

(e) *Resources expended*

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

(f) *Support costs*

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

(g) *Charitable activities*

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

(h) *Governance costs*

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

(i) *Loans*

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

(j) *Grant-making*

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

		Year ended 31 March 2012 £	Year ended 31 March 2011 £
2	**Donations**		
	Donations from members	**40,115**	45,679
	Gifts in kind - costs reimbursed by ACCA (notes 12 and 13)	**27,941**	26,478
		68,056	72,157
3	**Investment income**		
	Dividends on listed investments	**56,538**	55,838
	Interest on cash deposits and fixed rate investments	**11,107**	3,385
		67,645	59,223
4	**Investment management costs**		
	Investment management fees	**12,330**	11,105

5 Total resources expended

	Direct costs £	Support costs £	Year ended 31 March 2012 £	Restated Year ended 31 March 2011 £
Investment management costs	**12,330**	—	**12,330**	11,105
Grants payable	**19,258**	**17,965**	**37,223**	60,056
Governance costs	**5,560**	**9,976**	**15,536**	9,956
	37,148	**27,941**	**65,089**	81,117

6 Support costs

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

Support costs	Basis of apportionment	Grants payable £	Governance costs £	Year ended 31 March 2012 £	Restated Year ended 31 March 2011 £
Office costs	Work done	**8,700**	**3,800**	**12,500**	12,000
Trustees expenses	Actual	**5,827**	**3,884**	**9,711**	9,516
Staff expenses	Actual	**1,796**	**1,198**	**2,994**	2,530
Meeting costs	Actual	**1,642**	**1,094**	**2,736**	2,432
		17,965	**9,976**	**27,941**	26,478

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

		31 March 2012 £	31 March 2011 £
7	**Investments**		
	Quoted investments	**2,056,772**	1,937,952
	Unquoted investments	**340,000**	170,000
	Market value at 31 March	**2,396,772**	2,107,952
	Quoted investments		
	Market value at 1 April	**1,937,952**	1,710,266
	Acquisitions	**267,449**	124,349
	Disposals at carrying value	**(187,855)**	(9,069)
	Net unrealised investment gains	**39,226**	112,406
	Market value at 31 March	**2,056,772**	1,937,952
	Historical cost as at 31 March	**1,623,069**	1,541,655
	Investments at market value		
	UK Equities	**1,182,137**	1,173,778
	Investment Trusts	**35,030**	64,485
	UK Gilts	**250,836**	98,343
	Insurance	**44,917**	41,022
	Unit Trusts & OEICs	**472,652**	492,973
	Offshore UK Authorised	**41,173**	39,636
	US Large - Cap Blend Equity	**30,027**	27,715
	Total	**2,056,772**	1,937,952

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

The following individual shareholdings or investments are considered individually to be material with the market values and proportion of the portfolio shown as at 31 March 2012:

Holding	**Market Value**	**Percentage of Portfolio**
BlackRock Charinco units	£160,799	6%

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

8 Loans

Loans are classified as debtors. Most of the loans are secured by legal charges on freehold properties and are either interest free or at bank base rate. One loan was advanced during the period and is being repaid by instalments. It is not expected that any of the loans will be repaid in full within one year.

		31 March 2012 £	31 March 2011 £
9	**Creditors: amounts falling due within one year**		
	Grants committed	**2,715**	10,764
	Accrued expenses	**3,000**	2,750
	Amounts due to ACCA	**17**	—
		5,732	13,514

10 Analysis of net assets between funds

	Investments	Net current assets	Total 2012
	£	£	£
Unrestricted funds:			
Designated funds	—	189,477	189,477
General funds	2,396,772	112,400	2,509,172
	2,396,772	**301,877**	**2,698,649**

11 Transfers between funds

	General funds	Designated Funds: Disaster fund	Designated Funds: Loan fund	Total
	£	£	£	£
At 1 April 2011	2,395,542	68,006	104,543	2,568,091
Net movement in funds for the period	130,558	—	—	130,558
Loan Fund – Loans advanced	(10,260)	—	10,260	—
Loan Fund – Loans repaid	1,501	—	(1,501)	—
Transfer in respect of Disaster Fund	(8,169)	8,169	—	—
At 31 March 2012	**2,509,172**	**76,175**	**113,302**	**2,698,649**

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

12 Related party transactions

The Fund exists to provide assistance to persons in need who are or have been members of ACCA or related organisations and their families and dependants. ACCA is responsible for the administration of the Fund and bears some of its overhead expenses which are not reflected in the Statement of Financial Activities. However, staff costs and expenses incurred by ACCA amounting to £18,230 (2011: £16,962), are included as income in the Statement of Financial Activities as 'gifts in kind' and the expenditure as 'Support costs'.

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

13 Board of Management remuneration

Board members are not remunerated, but may be reimbursed for directly incurred expenses. These costs amounted to £9,711 (2011: £9,516) to 8 (2011: 8) Board members. These are included as income in the Statement of Financial Activities as 'gifts in kind' and the expenditure as 'Support costs'.

14 Auditor's remuneration

The auditor received no remuneration for the period (2011: £nil).

15 Restatement of prior year's figures

Following a review of the allocation of support costs between grants payable and governance costs by the trustees in the current year, the prior year's figures have been restated for comparability purposes.

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

We have audited the financial statements of The Chartered Certified Accountants' Benevolent Fund for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor
As explained more fully in the Board of Management's Responsibilities Statement (set out on page 46), the trustees are responsible for the preparation of financial statements which give a true and fair view.

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

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2012 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

BDO LLP
Statutory Auditor,
Glasgow,
United Kingdom
Date: 15 June 2012

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

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