

# ACCA notice of meeting

**Notice is hereby given that the one hundred and tenth Annual General Meeting of the ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS will be held in the Long Room, 29 Lincoln's Inn Fields, London WC2 on Thursday 17 September 2015 at 1:00pm, for the following purposes:**

- 1** To receive and adopt the Report of Council and Accounts for the period 1 April 2014 to 31 March 2015.
- 2** To receive the report of the ballot for the election of members of Council.
- 3** To reappoint as auditors BDO LLP, Chartered Accountants and Registered Auditors.

## **SPECIAL BUSINESS**

### **Members' Resolutions**

*(The resolutions below appear in the format as submitted.)*

On motions brought by Mr A G Thorne and others, in accordance with bye-law 46:

- 4** That Council re-introduce at the request of ten or more members in the geographical areas of the existing Local Members Networks a District Society to be run by a local committee charged with the running of meetings of a CPD nature. These meetings to be funded by the ACCA with objective of providing CPD events, that are open to all and with the aim of assisting members meet some of their CPD requirements.
- 5** That in future the Chief Executive and a minimum of 2 members of the Senior Management team (known as directors) should hold ACCA membership and have qualified through the examination route and that the Secretary should hold a relevant professional qualification.
- 6** That senior management bonuses only be paid after they have been approved by members voting in general meeting and requiring a majority of 51% of those voting.
- 7** That the Senior Management Team be subject to the same disciplinary rules as applies to members.
- 8** That the minimum number of member's signatures required to submit a resolution to a General meeting shall not be less than 10.
- 9** That all changes in subscriptions must be passed by an ordinary resolution of members in general meeting and shall require a 51% majority in favour for the resolution to be passed and that such resolution to be supported by a full budget with justification for any major increases in costs.
- 10** That with immediate effect the practice of delegated proxy votes shall cease at all meetings and that voting shall be for, against and abstain.

- 11** That in future all senior (named) Council Officers shall be appointed by members voting in General meeting and that members of Council shall be given the right of free speech.

By order of Council

**Michael J Sleigh BA, Secretary**

29 Lincoln's Inn Fields  
London WC2A 3EE  
20 June 2015

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### NOTES

- 1 Under bye-law 59, no member is entitled to be present or vote at any general meeting who is in arrears with any subscription or sum payable by him to the Association. Under regulation 4(3)(b) of the Chartered Certified Accountants' Membership Regulations 2006, annual subscriptions are payable on the first day of January in each year.
- 2 A member may appoint as his or her proxy any other member who is qualified to vote. A form of proxy is circulated with this Notice. If you wish to appoint a proxy, you must complete the form and return it to the scrutineer either electronically or by post to the address on the form to be received no later than 12:00 GMT on 10 September 2015.
- 3 **Resolutions 4, 5, 6, 7, 8, 9, 10 and 11.** Bye-law 46 provides that any member may bring a motion to the Secretary not later than 12:00 GMT on the first Friday in June prior to the date of the Annual General Meeting and that, provided that the Secretary receives notice of the support of at least nineteen other members by 12:00 GMT on the first Friday in June, the motion shall be brought to the next following Annual General Meeting.

# Statements in support of members' resolutions and Council's responses

## **RESOLUTION 4**

That Council re-introduce at the request of ten or more of the members in the geographical areas of the existing Local Members Networks a District Society to be run by a local committee charged with the running of meetings of a CPD nature. These meetings to be funded by the ACCA with objective of providing CPD events, that are open to all and with the aim of assisting members meet some of their CPD requirements.

## **District Societies**

Over the years the District Society model has proved to be successful in providing members with support by way of CPD events at little or no cost. The current Network model appears to offer more social style events with little or no CPD content.

The last District Society was the East London and South Essex Society (ELSEDS) who had been steadily increasing the number of attendees to the 15 events it organized each year with the highest number of attendees being 138 members and guests from all over Essex and East London plus members from North West Kent, Suffolk, Cambridge, Thames Valley and Sussex. These events also attracted members from other professional bodies including AAT, ICAEW, ICAS and even an engineer which clearly showed that this was meeting a demand that other Professional bodies were not providing for their members.

The Society operated via an elected committee voted for by members who actually attended the meetings and who had spoken to those they had elected to run the Society. These committee members gave freely of their time to organize and run the events and who were supported by the attendees. In fact the ELSEDS received a lot of praise and support from the attendees many of whom expressed dissatisfaction when the ACCA dissolved the Society

These events were so popular that they attracted support from members of other professional accountancy bodies who felt they were being let down by their own bodies who wanted to organize high profile events which were not relevant to their professional business life.

The ELSEDS started what has become "HMRC's Working Together" along with the highly popular Tax Discussion Group, they also collected together a panel of speakers who regularly kept members and their guest up to date with the latest professional news. These included high profile speakers such as Paul Soper, Mike Griffiths, Mike Evans and Cormac Marum. They built up connections with the major accountancy and tax advisory firms who provided presenters for events. Also they were able to attract people like Justin Urquhart Stewart (Seven Investment Management) and John Whiting (Office of Tax Simplification) to do presentations.

Also because they were able to be flexible with events the programme could be adapted at short notice to update members on current events because of the fact that the committee was able to discuss matters at short notice and rearrange the events.

We believe the Networks model fails to meet the needs of members at a local level and one example is that ELSEDS had a request from a member in Northants for handout material as she was unable to attend the events due to the distance and those organized by her local network tended to be of a social nature (Land Rover Discovery day) rather than on professional matters.

The Suffolk Network has a dinner advertised as a 3 hours CPD event which appears to have little if any technical CPD content and we believe that CPD events should provide relevant content to enable members to keep up to date

## Statements in support of members' resolutions and Council's responses

### COUNCIL'S RESPONSE

#### **Council recommends that members vote AGAINST this resolution.**

Council reviewed ACCA's UK district society structure over 10 years ago. In the intervening period, all UK district societies have converted to members' networks with the exception of the East London and South Essex (ELSE) District Society. Council once again reviewed the ELSE group's status in 2014, in light of this group's continued unwillingness to accept a model supported by the wider UK membership (including 72% of all members in the East London and South Essex area).

Given the fact that members' networks are designed to include and be relevant to all members, Council expressed specific concern in respect of:

- **inclusivity** – the need to broaden the level of engagement with the whole of the membership in the region and ensure that events are not primarily focused on one employment sector to the detriment of others
- **good governance** – the need to move to a more robust election process, open to all ACCA members in the area, run under the auspices of the independent Electoral Reform Services and with term limits for those elected, in line with ACCA's constitutional arrangements
- **appropriate marketing and publicity** – ACCA UK would be able to support the members' network panel through a member network manager, and ACCA UK would be able to ensure that events would be listed and available to all members on the new events pages of the website, using the correct branding which represents ACCA correctly and consistently
- **constitutional alignment** – members' network Standing Orders are aligned to the optimum constitution that is used elsewhere and are more fit for purpose than district society rules which date back to 1987.

In view of the continued lack of acceptance of these reasonable guidelines for the operation of an effective and representative local members' grouping, Council was left with no option but to dissolve the district society concerned as of June 2014 in accordance with Rule 50 (c) of the district society rules and to replace it with a members' network, with an elected panel.

Council sees no reason to reverse this decision which was made in the best interests of all members. With CPD needs increasingly met through a range of vehicles, an exclusive focus on single sector-related technical events ignores the needs of many members, disenfranchising them from engagement with their professional body.

## Statements in support of members' resolutions and Council's responses

### RESOLUTION 5

That in future the Chief Executive and a minimum of 2 members of the Senior Management team (known as directors) should hold ACCA membership and have qualified through the examination route and that the Secretary should hold a relevant professional qualification.

#### Chief Executive

The ACCA on its website states that its qualification trains members to run world class entities but fails to have at least one in its senior management team. We believe the failure to appoint a Chief Executive from the membership's shows that the Council does not have any faith in the membership and the qualification. It is

essential that like the ICAEW, ICASA, Law Society and the RICS we show that we believe that the best person to run our organization is a member who has qualified through the examination process and is subject the disciplinary processes.

The ACCA needs show that it has trust and confidence in its members and it is they who are capable of running world class organizations and which can be no better evidenced than by having a member at the top of the management team.

We would also suggest that in future the Council should adopt the practice of all plc's to appoint a professionally qualified person to be the secretary.

### COUNCIL'S RESPONSE

#### Council recommends members vote AGAINST this resolution.

Council recognises that ACCA's success and sustainability are dependent on the relevant skills and expertise of the people it employs. To prosper and thrive as a successful global entity, the range of skills ACCA needs is large and growing – with digital marketing skills and social media expertise being just some of the more recent additions to our skills mix to keep ACCA relevant and competitive.

It does not follow that a professional body must employ one of its own members in order to be successful. The resolution refers to RICS – an international body with a hugely successful track record, admired by both ACCA's Council and its executive team for its development and standing. RICS's own highly successful transformation from a national to an international body was led by its late chief executive, Louis Armstrong – not a RICS member himself but a former naval officer, lawyer and civil servant. Similarly, as members may be aware, the chief executive of ICAS is a teacher by training and the chief executive of CIMA is actually an ICAEW member.

Council is proud of the balance of skills and expertise within ACCA's executive team. Members are reminded that our chief executive came to ACCA following a successful career at CIMA, having gained invaluable international development and professional body experience. Two of our four executive team members are qualified accountants, both appointed for the relevance of their experience in the professional and commercial worlds, and have chosen to also take up ACCA membership. Our other two executive directors both hold MBAs and our director

## Statements in support of members' resolutions and Council's responses

of strategy and development is an ICSA member. To demonstrate the relevance and breadth of experience and skills ACCA's senior leadership team has, we have included full details of their qualifications and accomplishments in this year's integrated report and would encourage members to read this.

Council does not support categorising ACCA members by their entry route, as implied by this resolution. ACCA prides itself on offering a number of pathways to becoming a member, including through exemptions, Mutual Recognition Agreements (MRAs) and direct entry where Council is comfortable that a member of an IFAC professional body meets the standards and experience expected by ACCA. Many such members are staunch and active ambassadors for ACCA and choose to take up membership because ACCA's mission and values resonate so strongly with them. For example, a recent former president, Barry Cooper, became a member through ACCA's direct entry route, having been a significant ambassador and champion of ACCA for many years.

What all professional bodies have in common is that the skills they rely on for their success go much further than the executive management team. ACCA employs professional accountants (including some 95 ACCA members and affiliates) in a variety of functions including strategic performance management, regulation, internal audit, qualification development and, of course, finance and operations. Similarly, ACCA employs qualified lawyers and HR professionals across its relevant internal functions. Council is pleased to note that the newly-arrived director of finance is an ACCA member and is delighted that he was considered the best candidate for the post – and this final stipulation is always ACCA's overriding priority when making appointments.

Members are also advised that, in recruiting a new Secretary for ACCA, we have stipulated that the ideal candidate should hold an appropriate qualification in company secretarial, legal or related disciplines. Council would like it placed on record that, through his in-depth knowledge of ACCA, the retiring postholder has served ACCA admirably.

## Statements in support of members' resolutions and Council's responses

### **RESOLUTION 6**

That senior management bonuses only be paid after they have been approved by members voting in general meeting and requiring a majority of 51% of those voting.

#### **Bonuses**

Senior management bonuses should not be measured using head count as this, we believe, devalues the qualification and means that senior management is motivated by growth rather than quality.

We are concerned that the new examination syllabus could be seen as designed to enhance senior management bonuses by maintaining students on the roll for longer than necessary. It is believed that part of the performance measure should involve input from all members.

In the light of recent events in the commercial sector where there was a requirement to show increases year on year as a performance measure it resulted in the manipulation of the numbers being reported. We are of the opinion that the use of numbers of students and members to calculate bonuses suggests poor corporate governance.

In fact we could go as far as to suggest that in a professional body such as the ACCA the need for bonuses is something that should be avoided as this, which as can be seen from the commercial sector, results in questionable practices and manipulation in reporting.

If bonuses are deemed necessary then it should be members in general meeting who should confirm that a. they are fair and reasonable and b. they are due.

### **COUNCIL'S RESPONSE**

#### **Council recommends members vote AGAINST this resolution.**

In common with most high-performing organisations, ACCA chooses to remunerate executive team members partially through performance-related pay. The rationale for this is to recognise the delivery of performance which Council has delegated to the executive team and to drive progress in relation to ambitious but achievable performance targets. These performance targets cover a range of measures, not simply increases in member and student numbers, to reflect the balanced scorecard of measures used to assess strategic progress. It should be noted that all ACCA's UK-based international competitors use performance-related pay as part of their executive compensation schemes. The award of performance-related pay is the responsibility of ACCA's Remuneration Committee which scrutinises executive performance on behalf of Council.

ACCA's Remuneration Committee uses a reward framework which incorporates all the strategic measures and targets agreed by Council. Members should note that, as indicated in our integrated report, all our KPIs are assured by our external auditors who examine and report on the results and the mechanisms used to calculate them.

Council believes this process to be fair, transparent and wholly appropriate to the needs of a modern, global professional body.

## Statements in support of members' resolutions and Council's responses

### **RESOLUTION 7**

That the Senior Management Team be subject to the same disciplinary rules as applies to members.

#### **Disciplinary**

The recent event where there was a major management failing costing the members over £100,000 has shown that these senior staff called "directors" need to be accountable for their actions and as a world leader in the accountancy sector we need to show that we expect the staff

to operate to the same standards set for our members and subject to the same sanctions that members are liable too. This we think would show greater trust and confidence in the senior management team and show the ACCA leads in the field of corporate governance.

The ACCA states that it wishes to support the highest standards in corporate governance and what better way to publically show this than to have the senior management team subject to the same disciplinary process as members.

### **COUNCIL'S RESPONSE**

**Council recommends members vote AGAINST this resolution.**

ACCA has a Code of Ethics which applies to all its employees and is consistent with the code of ethics for our members. As such, it commits all ACCA employees to acting in accordance with ACCA's core values of accountability, integrity, diversity, opportunity and innovation. Suspected breaches of the Code of Ethics are dealt with in accordance with ACCA's Disciplinary Procedure. A breach of the Code of Ethics, or any related policy, may lead to disciplinary action and the imposition of a disciplinary sanction up to and including summary dismissal.

In addition, ACCA's internal audit function has an approved plan of work to ensure ACCA meets its commitments in an appropriate and ethically sound way and reports directly to Audit Committee on this, in line with best corporate governance practice.

As a result, Council has confidence that ACCA's employee disciplinary arrangements are entirely consistent with its ethical code and equivalent disciplinary code for members.



## Statements in support of members' resolutions and Council's responses

### **RESOLUTION 8**

That the minimum number of member's signatures required to submit a resolution to a General meeting shall not be less than 10.

#### **Resolutions**

This resolutions reflects the position that all members are equal and it should be one member one vote and to our knowledge there is no other organization which operates on the basis of some members having a greater number of votes than the other members and that this shows a lack of trust and confidence in the membership and poor corporate governance.

Currently to propose a resolution at a general meeting requires the support of 1% of members, however there is a rule that allows 10 members of Council to put forward a resolution which shows that not all members are equal.

This resolution is to restore the status quo that all members are equal and it again will show good corporate governance along with trust and confidence in the membership in general.

### **COUNCIL'S RESPONSE**

**Council recommends members vote AGAINST this resolution.**

The statement in support of this resolution is not correct. Currently, 20 signatures of members in good standing (c.0.01% of the current membership) are required to submit resolutions to the AGM. The 1% of the membership referred to above relates to the proportion of members required to call an Extraordinary General Meeting (EGM); 10 Council members are required to call an EGM. As Council is elected by the membership to protect its interests, Council feels that the proportionality encapsulated in the current arrangements provides both good democracy and respects differences of opinions within the wider membership, ensuring that individual members can make their voices heard if they have concerns.

## Statements in support of members' resolutions and Council's responses

### **RESOLUTION 9**

That all changes in subscriptions must be passed by an ordinary resolution of members in general meeting and shall require a 51% majority in favour for the resolution to be passed and that such resolution to be supported by a full budget with justification for any major increases in costs.

### **Subscriptions**

Currently Council can increase subscriptions by up to 5% without first having to seek the authority of the membership and this shows a lack of trust and confidence in the membership. We as accountants should be provided with a fully supported budget to evidence the need to increased subscriptions. Also this would evidence good corporate governance and confidence in the membership.

### **COUNCIL'S RESPONSE**

#### **Council recommends members vote AGAINST this resolution.**

Council is very mindful of its responsibility to act as a trustee for the membership as a whole. As part of this, Council is responsible for setting organisational strategy and agreeing the budget to fund it, with operational matters being handled by the executive team. To enable Council to exercise its oversight in an agile way, the membership was asked to vote on granting permission to increase subscriptions by up to 5% without recourse to the entire membership in 2006. This resolution was overwhelmingly agreed (with 86% in favour) by members at the time. Operating in such a way enables better and more accurate financial planning and decision-making. More importantly, it allows those who are responsible for designing and advising on ACCA's strategic progress to consider budgets in the full knowledge of the opportunities and challenges the organisation faces. Council has to maintain a balance between the transparency and disclosure which go with accountability and, on the other hand, the need to protect ACCA's competitive advantage and intellectual capital. Council believes that the balance currently struck between the accountability ACCA actively espouses and the necessary protection of valuable competitive information is correct.

## Statements in support of members' resolutions and Council's responses

### **RESOLUTION 10**

That with immediate effect the practice of delegated proxy votes shall cease at all meetings and that voting shall be for, against and abstain.

#### **Delegated proxy votes**

This method of voting shows a lack of trust and confidence in the membership along with poor corporate governance. With the use of the internet the need for delegated proxy votes is something that should be consigned to the past.

All members wishing to exercise a vote need to make up their own minds and not leave it to others to exercise their vote for them.

We propose that the voting papers will allow for the following three options, for, against or abstain, a procedure adopted by most public companies and is a practice supported by most institutional investors.

### **COUNCIL'S RESPONSE**

#### **Council recommends members vote AGAINST this resolution.**

Council believes the current process fully respects individual members' preferences. There are members who, because Council has a close understanding of ACCA's prospects, challenges and operations, elect to appoint Council members as proxies on certain issues, trusting in Council's judgment and knowledge of ACCA. This is an individual decision for each member. In any event, members are always provided with full information on the implications of any decision which goes to a member vote so they can decide whether they wish to vote or prefer to delegate their vote, based on facts.

Any member also has the option of abstaining in respect of any resolution, as made clear in voting papers. In addition, any proxy can also abstain if s/he thinks fit. Members are asked to note that any change to the proxy voting process would necessitate a bye-law amendment (bye-law 62).

## Statements in support of members' resolutions and Council's responses

### RESOLUTION 11

That in future all senior (named) Council Officers shall be appointed by members voting in General meeting and that members of Council shall be given the right of free speech.

#### Council officers

The current method of appointing the named officers of Council is now outmoded and a practice not fit for the 21st Century. The election of the President, the deputy and vice President by Council from one of their number fails to show good corporate governance and recognise confidence in the membership.

Members of Council wishing to put themselves forward for the office of President should be elected by the members who they wish to lead and should be obliged to put forward election addresses about their proposed actions to promote and develop the ACCA and engage

with members. As we now have the ability for members wishing to stand for election to Council to produce audio visual presentation to members then now is the time to allow members to select the senior officers of Council.

Also the policy of requiring potential Council members to sign up to a statement requiring them to comply with policy fails to recognise the need for full debate on matters and is something that should now be removed so that there is full and proper debate of matters at all levels. This will show that the ACCA recognizes that there is in many cases more than one point of view and that members should be freely able to promote their opinions even if these are at variance with Council policy. The ACCA has stated that it wants to be a World leader in governance and ethics and what better way to demonstrate this commitment than by allowing freedom of speech and the faith in the members who are the ACCA.

### COUNCIL'S RESPONSE

#### Council recommends members vote AGAINST this resolution.

The proposed resolution shows a misunderstanding of how Council operates. All members of Council have an equal voice and stake in Council business; they have collective responsibility for, and collective input into, all decisions Council takes. The president has two main responsibilities: a) to represent ACCA on the world stage, conveying ACCA's stance – as approved by Council – to members and outside audiences and b) to chair meetings of Council and Nominating Committee. Given these responsibilities, we believe it is wholly appropriate that Council members who have been directly elected by the membership decide who has the skills and aptitudes to best fulfil the chairing role and represent Council's views to the outside world.

Council is given time and space to vote on relevant matters within its agendas. Not every decision is carried unanimously. But it is important for ACCA's external credibility and stability that Council speaks with one voice and is able to give a clear and unambiguous message to the marketplace on ACCA's agreed positions and views.