BETTER CONNECTED

Full Accounts 2007

CONTENTS

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
FIVE YEAR SUMMARY

ACCA and subsidiaries

	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000
Operating income	**87,746**	79,089	68,706	59,745	52,627
Operating surplus	**736**	1,276	1,414	353	278
Interest receivable	**825**	542	446	364	193
Interest payable	**—**	—	—	(1)	(8)
Income from investments	**445**	381	160	225	250
Gain on sales	**—**	—	—	90	89
Fair value gain on sales	**—**	—	—	2,477	(590)
Surplus before tax	**2,006**	2,199	2,020	3,508	212
Non-current assets					
Property, plant and equipment	**14,077**	13,754	13,377	13,740	13,908
Available-for-sale investments	**22,957**	21,059	19,276	9,307	8,719
	37,034	34,813	32,653	23,047	22,627
Accumulated fund	**20,342**	18,360	16,186	14,184	10,855
Fair value reserves	**8,523**	7,311	6,100	4,688	6,178
Total funds and reserves	**28,865**	25,671	22,286	18,872	17,033

MEMBERS AND STUDENTS

	2007	2006	2005	2004	2003
Members	**122,426**	115,345	109,588	104,613	98,283
Students and affiliates	**325,606**	296,056	260,644	240,741	221,083
	448,032	411,401	370,232	345,354	319,366

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
OPERATING AND FINANCIAL REVIEW

INTRODUCTION

Summary

This Operating and Financial Review (OFR) sets out ACCA's performance in 2007 against its strategy. It includes analysis of the business environment in which ACCA is operating, a presentation of key performance indicators and a summary of progress in the implementation of strategy. The review demonstrates that ACCA continues to achieve its performance targets and that it is on track to achieve its goal to be the leading global professional accountancy body by reputation, influence and size by 2010.

Statement of preparation

Council has prepared this OFR in accordance with the guidance set out in the UK Accounting Standards Board's Reporting Statement on the preparation of the OFR. The Reporting Statement provides that an OFR should be a balanced and comprehensive analysis, consistent with the size and complexity of the reporting entity, of:

- its development and performance during the year
- its position at the end of the year
- the main trends and factors underlying the development, performance and position of its business during the year

  and

- the main trends and factors which are likely to affect its future development, performance and position.

The OFR should be prepared with the overall objective of assisting stakeholders to assess the strategies adopted by the reporting entity and the potential for those strategies to succeed.

Council has prepared this OFR with the aim of complying with the above criteria.

ACCA'S OPERATING ENVIRONMENT

Nature of the business

ACCA's mission – consistent with its founding values – is to provide opportunity and access to people of ability around the world and to support its members throughout their careers in accounting, business and finance. It does this by offering professional accountancy qualifications which are recognised by employers around the world. It aims to achieve and promote the highest professional, ethical and governance standards in everything it does with, and through, its global membership. ACCA always acts to advance the public interest, which is in keeping with the terms of its Royal Charter. It aims to be a global leader in the profession and be recognised for the quality of its qualifications, the standards upheld by its members and its contribution to developing the global profession.

ACCA seeks to differentiate itself through its unique core values of opportunity, diversity, innovation, integrity and accountability and by offering global delivery for examinations and training to consistently high standards worldwide, as well as support and recognition for its members at national and international level.

Regulatory/Political issues

Political and professional debates have continued in 2007 as to the appropriate accounting approaches for business. Three examples best illustrate this.

- The growing acceptance in North America of International Financial Reporting Standards (IFRSs) for publicly listed entities is strengthening the need for accountants with knowledge and experience of international standards. In Canada, IFRSs will be introduced in 2011. In the US, the Securities and Exchange Commission has now allowed foreign companies listed on US markets to file IFRSs accounts alone and, more radically, is considering whether US-based companies could use IFRSs instead of US GAAP in the future. These developments will reinforce the worldwide use of international standards and convergence with IFRSs, heightening demand for accountants with the relevant skills.

- A project has been initiated by the EU to explore ways of simplifying accounting for SMEs. ACCA has made substantial representations on proposals put forward by the European Commission. It has supported the overall aim to reduce or eliminate superfluous burdens on business reporting, but emphasised the wider benefits of accounting and auditing rules, both to the management of small businesses and to suppliers, customers and lending agencies.

- Outside the EU, the relevance of IFRS to SMEs also continues to be debated. ACCA has made substantial contributions to these discussions by hosting forums around the world, including roundtable events in Bahrain, Barbados, Pakistan, South Africa and Trinidad and Tobago.

ACCA, therefore, continues to play an active role in the debate on high-level issues which will impact on the attractiveness of the global profession in the future and accounting itself as a core part of international commerce.

As noted in the 2006 OFR, there continues to be a trend towards greater regulation of the profession. The International Forum of Independent Audit Regulators (IFIAR) was established in late 2006 to open up dialogue among national regulators around the world. As a result of this greater oversight, ACCA and other accountancy bodies are becoming more involved in consultations on issues affecting regulation of the profession. This is providing more opportunity for debate and collaboration within the profession.

Increased regulation and the enhancement of accounting standards have also fuelled public interest developments. ACCA introduced public hearings for disciplinary cases in 1996 and, as a result of increased oversight of the profession, this model is increasingly being adopted by other bodies. Furthermore, the International Federation of Accountants (IFAC) is placing greater emphasis on its compliance programme, under which member bodies of IFAC are assessed for their compliance with the global body's standards.

These initiatives have led to increased opportunities for ACCA to demonstrate its commitment to developing the global profession. In the last year, ACCA has obtained a number of consulting projects in this area – such as in the Caribbean and Central Europe – and has concluded new agreements relating to regulation, including in Kenya. ACCA has also contributed to World Bank Reports on Observance of Standards and Codes (ROSC).

In broader developments, educational frameworks are becoming more common, as governments seek to establish consistent benchmarks relating to qualifications offered in their jurisdictions. ACCA has pursued a strategy to ensure that its qualifications are included in relevant frameworks at a level which accurately reflects their standard and positioning. In 2007, ACCA became recognised as an official Awarding Body by the Irish Higher Education and Training Awards Council, benchmarked to postgraduate diplomas and masters degrees.

Economic/Social issues

The demand for professional accountants continues to be strong, both in developed and developing economies. A survey of presidents and chief executives of the IFAC member bodies, published in 2007, provides an indication that the demand for accountants is widespread. 'Availability of human capital' was seen to be the most important contributor to economic growth over the coming year. Sixty per cent of respondents identified a shortage of qualified accountants as a challenge to economic growth in their country or region.

OBJECTIVES AND STRATEGY

A new strategy was agreed by Council in 2005, which set as its goal for ACCA to be the leading global professional accountancy body by reputation, influence and size by 2010. The strategy was revised in 2007, to take account of market and other conditions. ACCA has also worked to achieve greater alignment of resource deployment and performance measurement to the delivery of corporate objectives. Targets are set for each strategic imperative, by which success can be measured, and which allow Council to determine if ACCA is on track to achieving strategic outcomes. The strategy which Council has adopted is as follows:

- targeting **focused growth**, to deliver sustainable increases in student numbers which flow through to new members, trained to consistent standards globally, possessing skills required by employers; and to meet the demand for accountants in economies around the world

- delivering **member engagement and support**, to ensure that members have access to relevant services according to their needs and to enhance opportunity for career development

- enhancing ACCA's **reputation and influence** with stakeholders at international and national level, to influence government, regulators and accountancy bodies to act in both the public interest and the interests of professional accountancy, and to ensure ACCA is well-regarded and provides substantial input to the development of the profession.

Summary of KPIs in 2007

Council has established key performance indicators (KPIs) for ACCA which measure both growth and performance relating to ACCA strategic imperatives. It has also established metrics for financial performance.

Summary of performance	2007 Target	2007 Outcome
Focused growth: Total students CAT qualification Total students ACCA qualification Total members	 48,000 255,000 120,680	 48,059 255,341 122,426
Member satisfaction	74% satisfied or very satisfied	75%
Awareness of ACCA among employers of accountants in markets surveyed	93%	93%

Sustainable growth is central to ACCA's strategy to ensure global relevance and to enhance its reputation and influence. The KPI for growth is established on the basis of a bottom-up forecasting model, allowing ACCA offices to predict performance based on market conditions, combined with a top-down desired level of growth, set by Council, to ensure that targets for sustainable growth are met. Total growth of 8.9%, for students and members combined was achieved on 2006, with total increase in membership of 6.1% and total increase in students and affiliates of 10.0%.

ACCA also measures its performance against member satisfaction and the awareness and reputation of its brand among stakeholders, such as employers of ACCA students and members. Satisfaction ratings are used as a predictor of member retention, which was over 97% in 2007, and are measured by an annual survey. Employer awareness, and a comprehensive system to rate reputational attributes such as the quality of ACCA's qualifications and its image as a global accounting brand, is an indicator of ACCA's reach and reputation in employment markets.

OPERATING REVIEW

Focused growth

ACCA's growth continues to outperform the market internationally and ACCA now enjoys nearly 5% of the global market share for professional accountants, based on IFAC membership figures. An independent study by the UK's Financial Reporting Council shows that ACCA is performing well in terms of market share of the main bodies based in the UK and Ireland, as shown below.

ACCA market share (% of main bodies based in UK and Ireland)	Students	Members
In the UK and Ireland	49%	23%
Outside the UK and Ireland	85%	60%

Focused growth relies on maximising the conversion of students to members. Council has, therefore, recognised the need for continuing investment in support and resources to help students to progress towards membership. It has approved an enhanced package of support, integrating services and tools provided to learning providers, employers of trainee accountants and services available directly to students. In addition, ACCA will recruit educational expertise at regional level to work with local stakeholders in enhancing the availability of learning resources. The aim of this investment is to improve conversion rates to membership, especially in markets where educational support is not widely available. Access to financial English skills is also being provided through a partnership with Cambridge University English for Speakers of Other Languages.

In 2007, ACCA held the first examinations under its new professional qualification – with a record number of some 160,000 candidates. To mark the introduction of the ACCA Qualification, a series of 38 events celebrating professionalism and ethics was held around the world. This featured speakers of the highest calibre – from business, the profession and from government and public service. In Hong Kong, ACCA engaged United States Vice President Al Gore to speak on the subject of professionalism and ethics in the context of sustainability and the broader needs of the environment. He referred to the work of ACCA on the subject and highlighted ways in which accountants should contribute to business and society and further the interests of the planet.

As part of launching its new qualification, ACCA has introduced a revised programme for Approved Learning Partners, recognising institutions which meet global standards. The new scheme replaces the University and College Registration Scheme, with a view to making the programme more transparent to students and aiming to provide greater benefits to approved providers who teach the ACCA Qualification.

Reputation and influence

Regulatory and technical matters

ACCA seeks to exert influence by participating in the processes of developing national and international standards and by making a distinctive and visible contribution to the debate on technical and professional issues relevant to the work of its members. ACCA is a member body of the International Federation of Accountants (IFAC), the Fédération des Experts-Comptables Européens (FEE), the UK-based Consultative Committee of Accountancy Bodies (CCAB) and various other regional professional groupings around the world. ACCA is represented directly on the board of IFAC by David Leonard FCCA, a former president of ACCA, and by Japheth Katto FCCA, a member from Uganda; and indirectly on the executive committee of FEE through the sitting nominee of CCAB and an ACCA member from the Czech Republic, Petr Kriz.

ACCA seeks to influence policy-makers and standards-setters on all significant technical and ethical issues, working both multilaterally, with formal professional groups, and independently. Council has established a structure of technical committees which monitor relevant developments and are authorised to determine policy positions and make formal representations on behalf of the organisation. Employees and Council members represent ACCA on a wide range of external committees and working parties dealing with technical issues.

Delivery through global accountancy partnerships

ACCA partners with 50 national and regional accountancy bodies around the world, delivering, under contract, services relating to education and learning, technical consultancy and audit regulation. These include 18 Joint Examination Schemes, which provide students with a route to both ACCA membership and membership of the relevant local accountancy body. In 2007, a number of important Joint Examination Schemes were extended – with the Institute of Chartered Accountants of Belize (ICABelize), the Institute of Certified Public Accountants of Cyprus (ICPAC), the Malta Institute of Accountants (MIA) and the Institute of Certified Public Accountants of Singapore (ICPAS).

Council is particularly pleased to note progress in bilateral mutual recognition agreements (MRAs), providing routes for ACCA members to obtain dual designations, especially for members pursuing internationally-mobile careers. Further to MRAs in Canada, Hong Kong and Singapore, ACCA concluded an agreement in 2007 with the Malaysian Institute of Certified Public Accountants (MICPA). In another example of broadening existing partnership agreements, ACCA has started to collaborate with the Zambian Institute of Chartered Accountants (ZICA) in the area of continuing professional development (CPD).

ACCA also continues to be involved in donor agency-funded consulting projects in a number of countries to support the development of the profession.

Thirty years of achievements in international accountancy

In 2007, IFAC celebrated its 30th anniversary. As a founding member of IFAC, ACCA held and participated in events in many countries to highlight the achievements of IFAC and other international bodies in creating a global profession. In doing so, it set out its own record in supporting IFAC's work by fielding members and technical expertise to IFAC boards and committees. ACCA also incorporated IFAC's celebration into its own International Assembly programme. The president of IFAC was guest of honour at the International Assembly dinner at which he presented, along with the ACCA president, the ACCA Achievement Awards 2007 to outstanding individuals who have contributed to the success of the global accountancy profession.

Member engagement and support

ACCA's Continuing Professional Development programme, *ACCA Realise*, has been a key driver in engaging with members. 97% of members completed their CPD return for the 2006 CPD year. To ensure that members are following programmes appropriate to the needs of their work and career development, 5% of returns are being reviewed. During the year, a revised policy was approved by Council for members in part-time work or who are semi-retired, to provide additional flexibility.

ACCA continues to develop resources which are relevant to the needs of members. In 2007, further qualifications and new resources were offered to members through partnerships with organisations such as the Securities and Investment Institute (SII), the Chartered Insurance Institute (CII), the Institute of Internal Auditors (IIA), the Open University and the Global Association of Risk Professionals (GARP). Investment also continues in online learning materials, with BPP winning a tender to provide ACCA's technical e-learning.

Changes in governance

Recent changes to the constitutions of both Council and International Assembly will enable ACCA to have closer and more productive links with the wider membership, maximising member input into ACCA's strategic direction. Of particular significance are:

- the removal of the need to have UK auditors on Council – helping ACCA to bring the profile of Council more in line with the overall membership, 60% of whom work in the corporate sector and 54% of whom reside outside the UK
- improved formal linkages between Council, International Assembly and local members' networks

In addition, the last year has also seen

- an enhanced programme of visits by Council members, such as to members' conferences

  and

- the creation of a new market oversight committee to provide greater oversight of market issues and performance.

Efficient and effective operations

The introduction of the new ACCA Qualification was not without its difficulties and, at times, the service to students and members fell below the standards to which we aspire. A significant investment has been made in ACCA's operations, designed to ensure that there is continuing improvement in professional management of core processes and to increase capacity to deal with increasing demand.

Developments include:

- a new strategy implementation programme ensuring that all new projects directly contribute to the achievement of ACCA's strategic outcomes and the KPIs set by Council
- outsourcing of certain IT work, as opposed to increasing permanent head count
- the introduction of a new directorate, staffed by expert business analysts and project managers, overseeing the planning and delivery of core projects, including ensuring appropriate integration of IT into project development
- enhanced financial management, providing capability for improved allocation of resources according to business priorities, with budgets fully aligned to overall strategy and the delivery of projects.

INVESTING IN PEOPLE

ACCA's employees are managed within the context of a global HR strategy and performance management framework. In 2007, ACCA continued to strengthen the links between corporate strategy and individual performance objectives which are linked to pay.

Investment in training and development of employees continues to be a priority for ACCA and is a significant contributor to the motivation and satisfaction of employees. Last year, the annual budget for training and development was £980,000, an increase of 28% on 2006. A global review of HR policy was also conducted to ensure a consistent global approach is established in respect of terms and conditions of employment, competence frameworks and performance management.

FINANCIAL REVIEW

Treasury policy, cash flows and liquidity

ACCA's policy is to grow its asset base to ensure it can continue to provide excellent service to members and students. The investment portfolio provides finance for major projects and covers unexpected calls on expenditure. At the end of 2007, the fund stood at £23.0m (2006: £21.1m), an increase of £1.9m. It is expected that normal capital expenditure projects are funded from operations.

The payment date for annual subscriptions, combined with the closing date for student registrations for the June examinations, result in significant cash flows early in the year. The two examination closing dates provide additional injections. Funds are closely managed throughout the year. ACCA's position is to maximise funds available and place any surplus on short-term deposit, earning the best available rates of interest. At the end of 2007, ACCA had funds available of £8.9m (2006: £10.3m) and no borrowings. Council believes that this is a satisfactory position and ACCA is well placed to meet its obligations.

Council's financial objective is to generate a targeted operating surplus, in order to strengthen the balance sheet and provide for the future continuity of ACCA, taking into account the various competitive risks. In 2007, ACCA generated income of £87.7m (2006: £79.1m) and an operating surplus of £0.7m (2006: £1.3m). This surplus has been produced even with substantial investment in the development of the examination syllabus, additional services to members and investment in global quality assurance.

The surplus has come about largely as a result of ACCA continuing to attract very high numbers of students, with the number of registrations for the December 2007 examinations at a record level. In addition, income from professional courses increased significantly towards the end of the financial year. During the year, ACCA's budgetary exercise confirmed that a continuing spend on infrastructural investment is needed in 2008 and therefore Council agreed to increase the member subscriptions to £175, from £170, for 2008.

In order to present members with the clearest presentation of ACCA's assets, both listed investments and properties are shown on the balance sheet at market value with any increases taken to fair value reserves.

Investment and property values comprise the majority of ACCA's non-current assets and at the end of 2007 they stood at £37.0m (2006: £34.8m). The increase of £2.2m from 2006 reflects, in the main, the improved valuation of the investment portfolio during a period of a rising stock market.

ACCA's policy in respect of subscription income is to recognise income in the year to which it relates. With subscription renewals being issued in November, significant amounts are received before the end of the year. This is shown on the balance sheet in current liabilities as income in advance. The income in advance at the balance sheet date was £8.2m (2006: £7.8m).

ACCA's net assets have increased by £3.2m to £28.9m (2006: £25.7m).

Total income (excluding interest and investment income) came from the following regions:

	Fees and subscriptions 2007 £'000	**Other income[1] 2007 £'000**	Fees and subscriptions 2006 £'000	Other income[1] 2006 £'000
United Kingdom	**16,009**	**14,562**	13,933	12,437
Republic of Ireland	**1,704**	**1,581**	1,577	1,451
Asia Pacific	**13,130**	**15,038**	12,097	13,787
Africa	**4,791**	**8,738**	4,378	7,647
North America	**2,354**	**1,952**	2,163	2,548
Rest of the world	**3,329**	**4,558**	3,065	4,006
	41,317	**46,429**	37,213	41,876

Pensions

A full actuarial valuation of ACCA's pension scheme was carried out in 2004, which reviewed the basis and funding of the scheme. As a result, Council and the scheme trustees agreed to continue the current arrangements, but with increased contributions from both employees and ACCA from 1 January 2004. Despite those increased contributions, the scheme deficit continued to increase.

During 2006, Council responded by setting up a Pension Task Force to review the existing arrangements and to assess whether it remained appropriate to ACCA's requirements. The Task Force reported to Council in December 2006 with a number of recommendations and, following employee consultation and agreement with the scheme trustees, the final salary scheme was closed to new employees as of 1 July 2007 and a defined contributions scheme introduced. The final salary scheme now operates as a Career Average Related Earnings (CARE) scheme and as of 1 July 2007, both the employees and ACCA are paying increased contributions. During the year ACCA made a one-off payment of £3m to reduce the scheme deficit.

[1] Includes exam income

THE ENVIRONMENTAL IMPACT OF ACCA'S BUSINESS

ACCA's main environmental impacts continue to be its use of energy, paper and travel by employees and Council members. As reported last year, ACCA has decided to work on designing a data collection and collation system which can be aligned with the recently-launched G3 (sustainability reporting) guidelines. This will encompass not only environmental indicator data but also social impacts, such as diversity and health and safety. ACCA intends to publish the results of this exercise in the 2009 annual report.

2007 was a year in which environment-related issues – particularly climate change and carbon emissions – emerged as the key focal point of the sustainability/corporate responsibility debate. Business leaders and professional bodies around the globe were forced by the sheer weight of public interest in the climate change issue to develop positive pro-active responses and positions.

Having championed better environmental governance and management since the early 1990s, it is important that ACCA is seen to practise Corporate Social Responsibility (CSR) in its own operations.

FUTURE DIRECTION

Strategic drivers

There are a number of macro-environmental issues that drive ACCA's strategy. Competition in international accountancy continues to intensify, requiring ongoing innovation and a flexible approach. Collaboration and partnerships between accountancy bodies are likely to increase as a result of globalisation and desire to exploit synergies. ACCA will therefore continue to pursue global accountancy partnerships which add value to its members and which are consistent with its aims and values – particularly in relation to enhancing global delivery and providing opportunity to people of ability and application. Strong commitment remains to provide resources and assistance towards the long-term development of the profession, in areas including regulation and monitoring, education and professional development, technical issues and the establishment and development of professional bodies and services to members.

Looking at the broader environment, the demand for professional accountants trained to international standards is likely to remain strong in both developed and developing economies. Council, therefore, believes that sustainable growth is viable in the coming years, providing ACCA continues to focus on delivery at the local level and ensuring that its qualifications are responsive to the requirements of employers. It is also likely that strategy will evolve in the context of increased regulation and public oversight of the accountancy profession, combined with continuing international standards from regulators and professional bodies. ACCA will therefore need to ensure that it meets the requirements of appropriate regulators and standards setters, while also exerting influence to ensure that developments in these areas are appropriate to the interest of the profession at large.

Risk profile

ACCA assesses and manages risks that threaten the achievement of desired future outcomes. Risks are identified and managed at all levels of the organisation – from the strategic risks through to market-specific operational risks. The major risk types ACCA faces include:

- **risk to ACCA's reputation**, threatening the value of the ACCA designation
- **risk from ACCA's international operations**, including threats to the effective operation of examinations across the world and the effective working of ACCA staffed offices, partially through the necessary reliance on technology
- **risk of pursuing an inappropriate national strategy**, threatening international growth if ACCA does not tailor its approaches appropriately for each of the markets where it operates.

Investment priorities

Under ACCA's strategy to 2010, it will, above all, continue to enhance and develop its global infrastructure, particularly in respect of examinations delivery. This will include continued investment in operations and customer services, technology and the office infrastructure. ACCA will also exploit the potential of partnerships and alliances, where these contribute to ACCA's ability to service its stakeholders and add value to its global proposition. A greater interest will also be taken in the quality and availability of learning and development support to ACCA students, especially in parts of the world where access at local level is restricted.

In 2008, in addition to operational requirements, ACCA will invest in educational expertise and delivery at regional and local level; relationship management with key stakeholders; the development of its global reputation, especially through thought leadership; and systematic approaches to identifying the needs of its diverse stakeholders.

Conclusion

Council believes that it has adopted a strategy which is appropriate to ACCA's mission and is consistent with its core values. In this OFR, and in the annual report, Council has demonstrated that ACCA is meeting performance targets and delivering on its strategic goals. Council also believes that ACCA's approach is appropriate to the needs of the global accountancy profession. It is confident that ACCA is playing a substantial role to promote accountancy as a profession grounded in ethics, which is relevant to the needs of global employment markets, as well as to the increasingly important sustainable development goals of society as a whole.

In developing its strategy to 2015 over the coming year, Council will be mindful of trends in accounting, business and broader society which are likely to shape its future agenda. To help ensure continuing flexibility and responsiveness, it will develop models and plans based on different future scenarios appropriate to the implications of each scenario for ACCA's position and development in the global profession.

In 2007, ACCA identified five challenges affecting the future of the accountancy profession:

- the impact on financial reporting of the media age, and the need for real-time financial information
- the broadening role of accountants to include analysis and reporting on wider business performance, including sustainability issues. In particular, this encompasses the future of audit and developments in service offerings provided by small and medium practices
- the concept of accountancy as a profession in the 21st century – and the possibility of a shift towards a more entrepreneurial generation, successfully exploiting opportunities available in the Internet age
- the role of regulation and its potential impact on the attractiveness of accountancy as a profession if regulation does not remain principles-based

  and

- the evolution of a genuinely global profession, in the interests of business and stakeholders, with all markets introducing and complying with global standards.

The profession continues to develop at a fast pace and it is therefore impossible to model future developments with absolute certainty. However, Council believes that two elements of ACCA's strategy will ensure that it continues to be relevant, whatever changes may occur: its commitment to providing opportunity to people of talent, without imposing artificial barriers; and investment in global delivery, allowing people to qualify with ACCA wherever they are based in the world, trained to the same high and valued standard.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Notes		2007 Income £'000	2007 Expenditure £'000	2007 Net £'000	2006 Income £'000	2006 Expenditure £'000	2006 Net £'000
	General income						
	Fees and subscriptions						
	Students	**19,644**	**—**	**19,644**	16,948	—	16,948
	Affiliates	**2,079**	**—**	**2,079**	1,856	—	1,856
	Members	**19,594**	**—**	**19,594**	18,409	—	18,409
		41,317	**—**	**41,317**	37,213	—	37,213
	Operating activities						
5	Qualifications & examinations	**40,974**	**40,660**	**314**	37,498	37,432	66
6	Customer services	**2,616**	**27,185**	**(24,569)**	1,945	22,990	(21,045)
7	Corporate development	**236**	**8,732**	**(8,496)**	—	7,705	(7,705)
8	Regulation & discipline	**2,603**	**7,229**	**(4,626)**	2,433	6,593	(4,160)
9	Governance	**—**	**3,204**	**(3,204)**	—	3,093	(3,093)
		46,429	**87,010**	**(40,581)**	41,876	77,813	(35,937)
		87,746	**87,010**		79,089	77,813	
	Operating surplus			**736**			1,276
12	Income from investments			**1,270**			923
	Surplus before tax			**2,006**			2,199
13	Tax			**24**			25
	Net surplus for the year			**1,982**			2,174

The accompanying notes to the accounts, on pages 15 to 30, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

Notes		2007 £'000	2006 £'000
	ASSETS		
	Non-current assets		
14	Property, plant and equipment	**14,077**	13,754
15	Available-for-sale investments	**22,957**	21,059
		37,034	34,813
	Current assets		
16	Inventories	**51**	53
17	Trade and other receivables	**9,263**	8,155
18	Cash and cash equivalents	**8,884**	10,326
		18,198	18,534
	Total assets	**55,232**	53,347
	RESERVES AND LIABILITIES		
	Funds and reserves		
	Accumulated fund	**20,342**	18,360
24	Fair value reserves	**8,523**	7,311
	Total funds and reserves	**28,865**	25,671
	Non-current liabilities		
19	Deferred tax liabilities	**1,227**	987
20	Retirement benefit obligations	**3,913**	6,630
		5,140	7,617
	Current liabilities		
21	Trade and other payables	**12,822**	12,135
	Tax payable	**24**	24
22	Income in advance	**8,181**	7,788
23	Provisions	**200**	112
		21,227	20,059
	Total liabilities	**26,367**	27,676
	Total reserves and liabilities	**55,232**	53,347

The accounts were approved by Council on 8 March 2008 and signed on its behalf by:

G Ball, *President*

M Gold, *Chairman of Finance Committee*

The accompanying notes to the accounts, on pages 15 to 30, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Fair value reserves			
	Land and Buildings £'000	**Available-for-sale investments £'000**	**Accumulated fund £'000**	**Total £'000**
Balance at 1 January 2006	3,924	2,176	16,186	22,286
Fair value gains on revaluation:				
- available-for-sale investments	—	1,401	—	1,401
Tax on fair value gains on revaluation:				
- available-for-sale investments	—	(190)	—	(190)
Gains not recognised in surplus	—	1,211	—	1,211
Surplus for the financial year	—	—	2,174	2,174
Total income and expense for the year	—	—	2,174	2,174
Balance at 31 December 2006	**3,924**	**3,387**	**18,360**	**25,671**
Fair value gains on revaluation:				
- available-for-sale investments	**—**	**1,452**	**—**	**1,452**
Tax on fair value gains on revaluation:				
- available-for-sale investments	**—**	**(240)**	—	**(240)**
Gains not recognised in surplus	**—**	**1,212**	**—**	**1,212**
Surplus for the financial year	**—**	**—**	**1,982**	**1,982**
Total income and expense for the year	**—**	**—**	**1,982**	**1,982**
Balance at 31 December 2007	**3,924**	**4,599**	**20,342**	**28,865**

The analysis of fair value reserves is presented in note 24.

The accompanying notes to the accounts, on pages 15 to 30, are an integral part of this statement.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Notes		2007 £'000	2006 £'000
	Cash flows from operating activities		
	Surplus before tax	**2,006**	2,199
	Adjustments for:		
	Depreciation on property, plant and equipment	**1,816**	1,818
	(Loss)/gain on sale of property, plant and equipment	**2**	(10)
	Interest received	**(825)**	(542)
	Dividends received	**(445)**	(381)
	Changes in working capital:		
	Inventories	**2**	(27)
	Trade and other receivables	**(1,112)**	(1,377)
	Trade and other payables	**687**	3,587
	Income in advance	**393**	(1,014)
	Retirement benefit obligations	**(2,717)**	1,863
	Provisions	**88**	(40)
	Cash (absorbed by)/generated from operations	**(105)**	6,076
	Tax paid	**(20)**	(22)
	Net cash from operating activities	**(125)**	6,054
	Cash flows from investing activities		
	Acquisition of property, plant and equipment	**(2,151)**	(2,210)
	Acquisition of available-for-sale investments	**(446)**	(382)
	Disposal of property, plant and equipment	**10**	25
	Interest received	**825**	542
	Dividends received	**445**	381
	Net cash used in investing activities	**(1,317)**	(1,644)
	Net (decrease)/increase in cash and cash equivalents	**(1,442)**	4,410
	Cash and cash equivalents at beginning of year	**10,326**	5,916
18	**Cash and cash equivalents at end of year**	**8,884**	10,326

The accompanying notes to the accounts, on pages 15 to 30, are an integral part of this statement.

1 General information

ACCA is a body incorporated under Royal Charter, and with statutory recognition, in the UK. Council of ACCA prepares accounts for each accounting period which give a true and fair view of the state of affairs of the group as at the end of the accounting period and of the income and expenditure of the group for that period. In preparing the accounts, suitable accounting policies are selected and applied consistently, and reasonable and prudent judgements and estimates are made. The accounts are prepared on the going concern basis. Council is responsible for ensuring that proper books of account are kept and that internal controls are maintained in order to safeguard the assets and prevent and detect fraud and other irregularities.

Council has concluded that as an international organisation, ACCA should prepare accounts which comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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

During the current financial year, ACCA has adopted IFRS 7 Financial Instruments: Disclosures and the related amendment to IAS 1 on capital disclosures.

At the date of authorisation of these accounts, the following standards and interpretations which have not been applied in these accounts were in issue but not yet effective:

IFRS 8 - Operating segments
Amendments to IAS 1 Presentation of Financial Statements
Amendments to IAS 27 Consolidated and Separate Financial Statements
IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction

Council anticipates that the adoption of these standards and interpretations at present will have no material effect on the accounts of the group. However it is anticipated that the adoption of IFRS 8 and the amendments to IAS 1 in future periods may have a material affect on future reporting.

2 Significant accounting policies

(a) *Accounts preparation*

The accounts have been prepared in accordance with IFRSs. They have been prepared using the historical cost convention except as disclosed in the accounting policies below.

(b) *Critical accounting estimates and judgements*

The preparation of the consolidated accounts requires ACCA to make certain estimates and judgements that have an impact on the policies and the amounts reported in the consolidated accounts. 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) Depreciation of property, plant and equipment
Depreciation is provided in the consolidated accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown below in the policy note for depreciation.

ii) Impairment of property, plant and equipment
Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset based on value in use calculations which will involve estimates and assumptions made by Council. Further details are contained in note 14 to the consolidated accounts.

2 Significant accounting policies (continued)

(b) *Critical accounting estimates and judgements (continued)*

iii) 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 20 to the consolidated accounts.

iv) 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 substantially enacted 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 accounts. If the tax eventually payable or reclaimable differs from the amounts originally estimated then the difference will be charged or credited in the accounts for the year in which it is estimated

(c) *Basis of consolidation*

The consolidated accounts comprise the results, cash flows and assets and liabilities accounts of ACCA (the company) and the enterprises under its control (its subsidiary undertakings) drawn up to 31 December each year. Control is defined as the ability to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

(d) *Income*

Members', students' and affiliates' fees and subscriptions are accounted for as income in the year to which they relate. Income from qualifications and examinations relate to examination and exemption income from the Professional qualification and the Certified Accountant Technician qualification and are accounted for in the year to which they relate. Income generated from Customer Services relate to royalties and income from non-UK offices. 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. Continuing Professional Development (CPD) income from non-UK offices 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 year to which they relate. Other revenues are recorded as earned or as the services are performed.

(e) *Property, plant and equipment*

All property, plant and equipment are initially recorded at cost. Subsequently, property is regularly revalued as appropriate and any surplus or deficit arising is taken to fair value reserves. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the accumulated Fund.

(f) *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 4 years.

2 Significant accounting policies (continued)

(g) *Impairment*

At each balance sheet date, ACCA reviews the carrying amounts of its property, plant and equipment and its available-for-sale investments with finite lives 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 income statement 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 assets other than goodwill 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 income statement 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 income statement, a reversal of that impairment loss is recognised as income in the income statement.

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

(h) *Inventories*

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

(i) *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 income statement 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 income statement on a straight-line basis over the lease term.

(j) *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 accounts. 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.

(k) *Foreign currencies*

Transactions in foreign currencies are converted into sterling, which is the functional currency of the group, at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, including the accounts 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.

2 Significant accounting policies (continued)

(l) *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 which exceed 10% of the greater of the present value of ACCA's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

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

(m) *Provisions*

Provisions are recognised when ACCA has the 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 Disciplinary Board (AADB), which involve ACCA members.

(n) *Financial instruments*

Financial instruments recognised in the balance sheet include cash and cash equivalents, available-for-sale investments, accounts receivable and accounts payable. 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 or cancelled or expires.

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

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

Trade and other receivables

Trade and other receivables are stated at amortised cost based on the original invoice amount less an allowance for any uncollectable 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 income statement for the current period.

Trade and other payables

Trade and other payables are recognised at amortised cost. Terms on accounts payables balances range from 10 to 90 days.

2 Significant accounting policies (continued)

(n) *Financial instruments (continued)*

Gains and losses

All gains or losses on financial assets and liabilities are recognised in the income statement, apart from fair value gains or losses on available-for-sale investments which are recorded in reserves.

3 Financial risk management

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

Credit risk management

Credit risk arises principally from ACCA's trade receivables which relate substantially from members and students fees and subscriptions. It is the risk 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. Management reviews the trade receivables balance on a regular basis and twice a year will undertake 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 note 11 of the consolidated accounts. At the balance sheet date 95% of ACCA's trade and other receivables were held in sterling (2006: 94%).

Liquidity risk

Liquidity risk arises from ACCA's management of working capital. It is the risk that ACCA will encounter difficulty in meeting its financial obligations as they fall due. ACCA manages its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowings. ACCA receives the majority of its income as subscriptions at the start of the 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 an acceptable level of risk. ACCA only invests cash surpluses with major banks of high quality credit standing. At the balance sheet date £6.8m was invested with Clydesdale Bank and £1.4m was invested with Barclays Bank. 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 or 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 risk. 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.

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. At the balance sheet date 96% of ACCA's cash and cash equivalents were held in sterling (2006: 95%).

Other price risk relates to the risk in 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 Finance 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 £1.6m (2006: £1.5m). A 10% decrease in their value would, on the same basis, have decreased the fair value reserve by the same amount.

Fair value

Council is of the opinion that the carrying value of financial instruments approximates fair value.

4 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 surplus, in order to strengthen the balance sheet and provide for the future continuity of ACCA, 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. ACCA's Finance Committee reviews the financial position of ACCA at each Finance Committee meeting.

ACCA is not subject to any externally imposed capital requirements.

				2007			2006
		Income	**Expenditure**	**Net**	Income	Expenditure	Net
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
5	**Qualifications & examinations**						
	Certified Diploma	**145**	**78**	**67**	152	80	72
	Examinations & exemptions	**36,377**	**17,967**	**18,410**	33,426	17,407	16,019
	Technician qualification	**4,404**	**1,106**	**3,298**	3,896	969	2,927
	Qualifications development	**48**	**2,799**	**(2,751)**	24	2,638	(2,614)
	CAET examination services	**—**	**843**	**(843)**	—	550	(550)
	Central overhead (note 10)	**—**	**17,867**	**(17,867)**	—	15,788	(15,788)
		40,974	**40,660**	**314**	37,498	37,432	66
6	**Customer services**						
	Publications & other services	**278**	**1,583**	**(1,305)**	401	1,683	(1,282)
	CAET customer services	**—**	**2,228**	**(2,228)**	—	2,200	(2,200)
	Royalty income	**468**	**—**	**468**	370	—	370
	Customer support & contact management	**—**	**1,740**	**(1,740)**	—	1,689	(1,689)
	ACCA UK services	**7**	**3,305**	**(3,298)**	26	3,290	(3,264)
	UK Regional & branch activities	**—**	**1,073**	**(1,073)**	—	1,024	(1,024)
	International offices	**1,863**	**9,133**	**(7,270)**	1,148	8,321	(7,173)
	Central overhead (note 10)	**—**	**8,123**	**(8,123)**	—	4,783	(4,783)
		2,616	**27,185**	**(24,569)**	1,945	22,990	(21,045)
7	**Corporate development**						
	Promotion & international development	**87**	**5,921**	**(5,834)**	—	5,152	(5,152)
	Technical	**149**	**1,616**	**(1,467)**	—	1,408	(1,408)
	Central overhead (note 10)	**—**	**1,195**	**(1,195)**	—	1,145	1,145
		236	**8,732**	**(8,496)**	—	7,705	(7,705)
8	**Regulation & discipline**						
	Licence fees	**2,346**	**—**	**2,346**	2,215	—	2,215
	Practice regulation	**174**	**2,353**	**(2,179)**	125	2,302	(2,177)
	Legal	**83**	**2,005**	**(1,922)**	93	1,656	(1,563)
	External regulation & oversight	**—**	**1,200**	**(1,200)**	—	1,109	(1,109)
	Central overhead (note 10)	**—**	**1,671**	**(1,671)**	—	1,526	(1,526)
		2,603	**7,229**	**(4,626)**	2,433	6,593	(4,160)
9	**Governance**						
	Council & committees	**—**	**878**	**(878)**	—	867	(867)
	Communication with members	**—**	**550**	**(550)**	—	640	(640)
	Pan-professional activities	**—**	**576**	**(576)**	—	456	(456)
	Central overhead (note 10)	**—**	**1,200**	**(1,200)**	—	1,130	(1,130)
		—	**3,204**	**(3,204)**	—	3,093	(3,093)

		2007	2006
		£'000	£'000
10	**Allocation of central overhead**		
	Premises and administration costs	**8,674**	6,697
	Pension and central staff costs	**9,154**	8,467
	IT/Telecoms costs	**8,190**	4,988
	Finance and Accounting	**2,222**	2,402
	Depreciation	**1,816**	1,818
		30,056	24,372
	Allocated to operating activities (notes 5 – 9)	**(30,056)**	(24,372)

11 Operating result

The operating result includes the following:

(a) *Salaries and related costs*

The costs of employing staff during the year, included in notes 5 to 9, were as follows:

	2007 £'000	2006 £'000
Salaries	**23,026**	21,074
Social security costs	**2,193**	1,952
Pension costs (note 20)	**3,762**	4,357
Other staff costs	**1,210**	676
	30,191	28,059

The average number of employees was 763 (2006: 727).
The average salary was £30,180 (2006: £28,990).

(b) *Income*

Income from subscriptions and examination and exemption fees amounting to £82.2m (2006: £74.7m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £6.6m (2006: £5.1m).

(c) *Auditors' remuneration*

	2007 £'000	2006 £'000
Audit fees – ACCA	**43**	39
Audit fees – UK subsidiaries	**17**	19
Audit fees – non-UK subsidiaries	**9**	8
Other services and pension scheme audit	**9**	6

(d) *Impairment charge for bad and doubtful debts*

The charge for bad and doubtful debts amounted to £132k (2006: £14k).

12 Investment income

	2007 £'000	2006 £'000
Interest receivable	**825**	542
Income from investments	**445**	381
	1,270	923

13 Tax

	2007 £'000	2006 £'000
The amounts charged in the income statement are as follows:		
Current income taxes at 30% (2006: 30%) on the surplus for the year	**24**	22
Under provision in respect of prior years	**—**	3
	24	25
The current tax charge is split as follows:		
Domestic	**21**	25
Foreign	**3**	—
	24	25

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

	2007 £'000	2006 £'000
Factors affecting the tax charge for the year		
Surplus before tax	**2,006**	2,199
Surplus before tax multiplied by the standard rate of UK Corporation tax of 30% (2006: 30%)	**602**	660
Effects of:		
Non-taxable income	**(26,099)**	(23,546)
Expenditure not deductible for tax purposes	**25,058**	22,452
Charitable donations deductible for tax purposes	**611**	532
Under provision in respect of prior years	**—**	2
Depreciation	**15**	14
Capital allowances	**(6)**	(6)
Dividend income	**(134)**	(114)
Utilisation of previously not recognised deferred tax assets	**(23)**	—
Deferred tax assets not recognised during the year	**5**	31
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1)**	—
Marginal rate adjustment	**(4)**	—
	(578)	(635)
Current tax charge	**24**	25

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 £611,000 (2006: £532,000) as a result of charitable donations to the Certified Accountants Educational Trust.

14 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Plant & equipment £'000	Computer systems & equipment £'000	Total £'000
Cost or valuation					
At 1 January 2006	10,050	179	2,802	11,581	24,612
Additions	226	21	654	1,309	2,210
Disposals	(3)	—	(72)	(467)	(542)
At 1 January 2007	10,273	200	3,384	12,423	26,280
Additions	78	—	690	1,383	2,151
Disposals	—	—	(36)	(5)	(41)
At 31 December 2007	**10,351**	**200**	**4,038**	**13,801**	**28,390**
Accumulated depreciation					
At 1 January 2006	—	69	2,183	8,983	11,235
Depreciation charge	100	29	283	1,406	1,818
Eliminated on disposals	—	—	(60)	(467)	(530)
At 1 January 2007	100	98	2,406	9,922	12,526
Depreciation charge	49	20	379	1,368	1,816
Eliminated on disposals	—	—	(26)	(3)	(29)
At 31 December 2007	**149**	**118**	**2,759**	**11,287**	**14,313**
Carrying amount					
At 31 December 2007	**10,202**	**82**	**1,279**	**2,514**	**14,077**
At 31 December 2006	10,173	102	978	2,501	13,754

Freehold property includes land valued at £2,000,000 which is not depreciated. The freehold properties were valued at £10,050,000 as at 31 December 2005. The basis of valuation is at open market value for existing use and was prepared by Pyle Owen & Partners, an independent firm of consultant surveyors and property managers. Council is of the view that this valuation is still appropriate.

Council is not aware of any events or changes in circumstances during the year which would have a significant impact on the carrying value of ACCA's property, plant and equipment at the balance sheet date.

	2007 £'000	2006 £'000
Cost or valuation comprises freehold property stated at:		
Valuation in 2007	**10,351**	10,273
If land and buildings were stated on the historical cost basis, the amounts would be as follows:		
Cost	**7,396**	7,318
Accumulated depreciation	**(721)**	(657)
Net book value	**6,675**	6,661

		2007	2006
		£'000	£'000
15	**Available-for-sale investments**		
	At valuation		
	At 1 January	**21,059**	19,276
	Additions	**446**	382
	Revaluation surplus	**1,452**	1,401
	At 31 December	**22,957**	21,059
	Historical cost of quoted investments	**17,137**	16,691

Available-for-sale investments, comprising units in one of Baillie Gifford's managed funds, are fair valued annually at the close of business on 31 December. 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.

	2007	2006
Concentration of available-for-sale investments		
UK equities	**10,927**	10,993
Overseas equities		
North America	**1,951**	1,937
Europe	**2,181**	2,106
Japan	**689**	758
Pacific (ex Japan)	**1,010**	653
Emerging	**2,296**	1,327
UK bonds	**1,676**	2,148
Overseas bonds	**666**	463
Overseas index linked	**344**	—
Cash and deposits	**1,217**	674
	22,957	21,059

ACCA monitors its exposures with regards to regular reports from Baillie Gifford who have discretionary management of the investment portfolio.

16 Inventories

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

		2007	2006
17	**Trade and other receivables**		
	Trade receivables	**5,375**	4,580
	Accrued income	**1,686**	1,752
	Prepayments	**2,193**	1,810
	Tax recoverable	**9**	13
		9,263	8,155

The opening provision for bad debts was £2,970k (2006: £2,070k). During the year bad debts of £161k (2006: £959k) were provided for, £16k (2006: £nil) was written off which had previously been provided for and £35k (2006: £59k) of previously provided for debt was recovered. The closing provision therefore amounted to £3,080k (2006: £2,970k).

		2007	2006
		£'000	£'000
18	**Cash and cash equivalents**		
	Cash at bank and in hand	**2,484**	3,326
	Short term bank deposits	**6,400**	7,000
		8,884	10,326

The effective interest rate on short term bank deposits was 6.17% (2006 5.1%) and these deposits have an average maturity of 57 days.

19 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 30% (2006: 30%). The following are the major deferred tax liabilities recognised by ACCA and the movements thereon during the current and previous years. ACCA has no deferred tax assets.

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of Available-for-sale investments	Total
	£'000	£'000	£'000
At 1 January 2006	7	790	797
Income statement charge	—	—	—
Tax charged to reserves	—	190	190
At 31 December 2006	7	980	987
Income statement charge	—	—	—
Tax charged to reserves	—	240	240
At 31 December 2007	**7**	**1,220**	**1,227**

20 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 related 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, SEI Investments 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 7% of their pensionable pay to the pension funds and the balance of contribution required is provided by ACCA. From 1 July 2007, the UK employees contributed 8% of their pensionable pay following consultation with the employees, the employer and the Trustees. 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 now accrue benefits under the CARE basis. 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 2006 (see note 20(g) for further details).

The most recent triennial valuation of the UK scheme was at 1 January 2007. This has been updated by the scheme actuary for IAS19 purposes as at 31 December 2007. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	
past service	7.3% p.a. to retirement, 4.3% p.a. thereafter
future service	7.3% p.a. to retirement, 4.3% p.a. thereafter
Rate of salary growth	4.7% p.a.
Limited price indexation of pensions in payment	2.7% p.a.
Retail prices index	2.7% p.a.

20 Retirement benefit obligations (continued)

The actuarial valuation showed that, at 1 January 2007, the market value of Scheme assets was £37.5m and the value of pension benefits earned was £45.3m. The funding level against technical provisions is therefore 83%.

	2007	2006
	£'000	£'000
The total pension charge is made up as follows:		
Pension costs under the UK and Irish Schemes	**3,275**	4,073
Death-in-service premiums	**122**	122
Payments to defined contribution schemes for certain employees outside the UK and Ireland	**88**	84
Payments to defined contribution schemes for certain employees in the UK	**18**	—
Payments for Unapproved Retirements Benefits scheme	**16**	18
Payments for the Pensions Protection Levy	**243**	60
Pension costs	**3,762**	4,357

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

		2007	2006
		£'000	£'000
(b)	*Pension benefits*		
	Amounts recognised in the balance sheet to reflect funded status		
	Present value of funded obligations	**50,631**	57,864
	Fair value of plan assets	**(45,698)**	(37,478)
	Present value of unfunded obligations (funded status)	**4,933**	20,386
	Unrecognised actuarial losses	**(1,020)**	(14,006)
	Net liability	**3,913**	6,380
	Additional liability relating to Irish Scheme (note g)	**—**	250
	Net liability in the balance sheet at 31 December	**3,913**	6,630

		2007	2006
(c)	*Pension costs*		
	The amounts recognised in the income statement for the Schemes are as follows:		
	Current service cost	**3,533**	4,270
	Interest cost on obligation	**3,009**	2,382
	Expected return on plan assets	**(2,750)**	(2,191)
	Net actuarial losses recognised in year	**514**	511
	Additional charge relating to Irish scheme (note g)	**—**	250
	Past settlement cost recognised	**75**	—
	Gain on settlement	**(91)**	—
		4,290	5,222
	Employee contribution set-off	**(1,015)**	(1,149)
	Pension costs under the Schemes	**3,275**	4,073

20 Retirement benefit obligations (continued)

Pension costs

The principal financial assumptions used were as follows:

	2007	2006
Discount rate	**5.9%**	5.1%
Expected return on plan assets (average)	**7.4%**	6.9%
Future salary increases	**4.2%**	5.0%
Future pension increases on pension subject to Limited Price Indexation	**3.2%**	3.0%

The mortality assumptions for both years follow the table known as PA92, with medium cohort mortality improvements.

As required by IAS 19, cumulative actuarial gains and losses are recognised over the average remaining working lives of Scheme members, to the extent that they exceed 10% of the greater of plan assets and benefit obligations. The current average expected working life of Scheme members is 16 years (2006:17 years).

		2007	2006
		£'000	£'000
(d)	*Change in benefit obligation*		
	Present value of benefit obligation at 1 January	**58,891**	49,621
	Current service cost	**3,533**	4,270
	Interest on obligation	**3,009**	2,382
	Benefits paid	**(1,464)**	(994)
	Settlements, curtailments	**(91)**	—
	Past service cost	**75**	—
	Actuarial (gain)/loss	**(13,322)**	2,585
	Relating to Irish scheme at 31 December 2006	**—**	1,027
	Present value of benefit obligation at 31 December	**50,631**	58,891

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

		2007	2006
(e)	*Movement in the net liability recognised in the balance sheet*		
	At 1 January	**6,630**	4,767
	Pension costs	**4,277**	4,972
	Contributions paid	**(6,994)**	(3,359)
	Relating to Irish scheme at 31 December 2006	**—**	250
	At 31 December	**3,913**	6,630

		2007	2006
(f)	*Change in plan assets*		
	Fair value of plan assets at 1 January	**38,235**	31,204
	Expected return on assets	**2,750**	2,191
	Actuarial gain on assets	**(858)**	1,718
	Actual return on plan assets	**1,892**	3,909
	Contributions	**7,035**	3,359
	Benefits paid	**(1,464)**	(994)
	Fair value of plan assets at 31 December	**45,698**	37,478
	Fair value of plan assets relating to Irish Scheme at 31 December 2006	**—**	757
	Total fair value of plan assets	**45,698**	38,235

20 Retirement benefit obligations (continued)

(g) *Irish Pension Scheme*

As stated in (a) above, the Irish employees ceased to be members of the UK Scheme with effect from 31 March 2006. ACCA has established a separate defined benefits scheme in respect of those employees. This will result in a transfer of the pension scheme assets and liabilities from the UK Scheme to the Irish Scheme. During the year an amount equal to the pension scheme assets at 31 March 2006 had been transferred by the employer to the Irish Scheme. At the date of the approval of the accounts the transfer of liabilities had not taken place, however the liability has been reflected within the Irish scheme.

(h) *Defined benefit obligation trends*

	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000
Scheme assets	**45,698**	37,478	31,204	23,057	18,431
Scheme liabilities	**(50,631)**	(57,864)	(49,621)	(40,074)	(30,239)
Scheme deficit	**(4,933)**	(20,386)	(18,417)	(17,017)	(11,808)
Experience adjustments on liabilities (£'000s)	**1,261**	3	379	258	413
As a % of scheme liabilities	**2.5**	—	0.8	0.6	1.4
Experience adjustments on assets (£'000s)	**(858)**	1,718	3,768	735	1,715
As a % of scheme assets	**(1.9)**	4.6	12.1	3.2	9.3

In accordance with actuarial advice, for the year ended 31 December 2007, ACCA will contribute 18.5% of pensionable salary in respect of the UK and Irish schemes and on average 10% of pensionable salary in respect of overseas schemes.

21 Trade and other payables

	2007	2006
	£'000	£'000
Trade payables	**1,117**	963
Social security and other taxes	**767**	754
Accrued expenses	**10,114**	9,360
Payable to CAET (note 26)	**824**	1,058
	12,822	12,135

22 Income in advance

Income in advance comprises fees and subscriptions paid in advance by members and students.

23 Provisions

	2007	2006
At 1 January	**112**	152
Provided during the year	**100**	112
Utilised during the year	**(12)**	(152)
At 31 December	**200**	112

The provisions represent management's best estimate of ACCA's liability relating to the costs associated with ongoing Accountancy and Actuarial Discipline Board (AADB) investigations. It is expected that £100k of the provision will be incurred in 2008. There is no expected reimbursement from actual costs accounted for to date.

24 Fair value reserves

	Land and buildings £'000	Available-for-sale investments £'000	Total £'000
Balance at 1 January 2006	3,924	2,176	6,100
Revaluation – gross	—	1,401	1,401
Revaluation – tax	—	(190)	(190)
Balance at 31 December 2006	3,924	3,387	7,311
Revaluation – gross	—	1,452	1,452
Revaluation – tax	—	(240)	(240)
Balance at 31 December 2007	**3,924**	**4,599**	**8,523**

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.

25 Commitments

	2007 £'000	2006 £'000
Capital commitments for property, plant and equipment		
Contracted for at the balance sheet date but not recognised in the accounts	**—**	—
Authorised but not contracted	**1,665**	1,801

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	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Within one year	**295**	95	**192**	231
In two to five years	**132**	2	**42**	4
	427	97	**234**	235

The future commitment in respect of the lease entered into by CAET (note 26), for which ACCA has provided a guarantee, amounted to £6,183,000 (2006: £6,702,000) at the balance sheet date.

Operating lease rentals charged to the income statement in the year amounted to £1,863,000 (2006: £1,652,000).

26 Related party transactions

The Certified Accountants Educational Trust (CAET), whose trustee is a subsidiary company of ACCA, is a charitable trust which exists to promote the ACCA qualification among potential students and to provide ACCA students with publications, courses and careers information. In addition, CAET provides conferences and courses for ACCA members and others, produces technical publications and promotes accounting research. ACCA also collects certain income and pays certain expenditure on behalf of CAET and there may therefore, at any time, be a balance outstanding between ACCA and CAET (note 21).

26 Related party transactions (continued)

During the year, ACCA paid to CAET a proportion of the subscription and registration fees received from students, amounting to £1,334,000 (2006: £975,000), in respect of the publication by CAET of s*tudent accountant*. In addition, ACCA and its subsidiaries paid shared services costs to CAET amounting to £707,000 (2006: £739,000) in respect of the occupancy of property owned by CAET. ACCA and its subsidiaries also provided £2,037,000 (2006: £1,775,000) to CAET by way of donation under Gift Aid.

ACCA has provided a guarantee in respect of a lease obligation entered into by CAET in 2004. The lease is for 15 years with an annual rental of £519,000.

No 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.

27 Principal undertakings

Subsidiary undertakings

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

	Country of registration	**Beneficial holding**	**Nature of business**
Certified Accountants Investment Company Limited	England & Wales	Ordinary shares	Investment company
Certified Accountants Educational Projects Limited	England & Wales	Ordinary shares	Provider of educational supplies and services
Association of Authorised Public Accountants	England & Wales	Limited by guarantee	Professional accounting and supervisory body
Certified Accountant (Publications) Limited	England & Wales	Ordinary shares	Publisher of *accounting&business*
Seacron Limited	England & Wales	Ordinary shares	Vehicle for ACCA's operations in China
ACCA Malaysia Sdn. Bhd.	Malaysia	Ordinary shares	Vehicle for ACCA's operations in Malaysia
ACCA Mauritius	Mauritius	Ordinary shares	Vehicle for ACCA's operations in Mauritius
ACCA Pakistan	Pakistan	Limited by guarantee	Vehicle for ACCA's operations in Pakistan
ACCA Singapore Pte Ltd.	Singapore	Ordinary shares	Vehicle for ACCA's operations in Singapore
ACCA South Africa	South Africa	Limited by guarantee	Vehicle for ACCA's operations in South Africa
Seacron Educational Nigeria Ltd	Nigeria	Ordinary shares	Vehicle for ACCA's operations in Nigeria

Other undertakings

ACCA holds a 17.2% holding in CCAB Limited (a company registered in England & Wales) at a cost of £172, held in furtherance of its professional objectives.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CORPORATE GOVERNANCE STATEMENT

The *Combined 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 *Combined Code* prepared by the Committee on Corporate Governance. Council's Governance Committee is charged with ensuring that ACCA follows best practice. Council confirms that, although the *Combined Code* relates to 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 responsible for determining ACCA's strategy and for ensuring that ACCA pursues the objects of its Royal Charter. 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, 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. All Council members are elected by members and subject to re-election every three years.

Governance Committee
The Governance Committee pursues continual improvement in governance practice in ACCA in order to reflect best global practice. The members of this committee at 31 December 2007 were David Finch (Chairman), Richard Aitken-Davies, Sharon Burd, Raphael Joseph, KC Law, Vishnu Maharaj, Brian McEnery and Brendan Murtagh. Philippa Foster Back (Director of the Institute of Business Ethics) was the independent member of the committee but resigned prior to 31 December 2007. ACCA is actively seeking to recruit a new independent member to the committee.

Audit Committee
The Audit Committee conducts an annual review of the effectiveness of internal controls including financial, operational and compliance controls and risk management. The members of this committee at 31 December 2007 were Nasser Al-Mugheiry (Chairman), Lazaros Lazarou, Raphael Joseph, Anthony Cushing, Julie Holderness and Leo Lee. Janet Haber is the independent member of the committee. The external auditors and the Head of Internal Audit have direct access to the members of this committee and are entitled to attend its meetings.

Remuneration Committee
ACCA's Remuneration Committee consists of five members of Council and two independent members appointed by its Nominating Committee. The members of this committee at 31 December 2007 were, from Council, Brendan Murtagh (Chairman), David Finch, Moyra Kedslie, Kevin Lau and Martin Turner and, from outside Council, David Clarke (CFO, Direct Energy) and Roger Payne (former Finance Director, Rentokil Initial plc). Remuneration Committee keeps under review elements of the remuneration package including the incentive scheme offered to the Chief Executive, Secretary, Managing Directors and Executive Directors. The committee obtains independent advice on the appropriateness of remuneration packages, which are benchmarked against the relevant market. An incentive plan has been established which, dependent upon achievement of corporate key performance indicators (KPIs), triggers a bonus pool for senior staff. The performance of senior staff against these KPIs and agreed objectives is reviewed and evaluated annually, in line with ACCA's performance management process. The distribution of the bonus pool is subject to the approval of the committee.

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 a rolling business plan, which includes action plans, financial budgets and key performance indicators. Actual financial and non-financial performance is reviewed regularly against target. Regular internal audit reviews of key processes in all ACCA's major offices are carried out by a combination of internal staff and external consultants.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CORPORATE GOVERNANCE STATEMENT

Statement of Council's responsibilities

Council has elected to prepare accounts which give a true and fair view of the state of affairs of ACCA and its subsidiaries at the end of each accounting period and of the results for the period. It also distributes to all members an annual review of activities together with a summary of financial and other information. In preparing the accounts, Council ensures that suitable accounting policies are selected and applied consistently, that reasonable and prudent judgements and estimates are made and that applicable accounting standards are followed. Council is 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 accounts.

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.

Council members' interests

No member of Council has received any payment in respect of services to Council, other than by way of reimbursement or payment of expenses incurred in providing such services.

Details of material transactions between ACCA and its subsidiaries, and related parties (including members of Council) are provided in the notes to the accounts.

Council maintains a Register of Members' Interests which contains details, for each Council member, of any personal or business interests which might give rise to a conflict of interest or influence the way in which he or she might vote on Council's affairs.

Council meetings

During 2007 there were six closed and one open meeting of Council.

Senior management remuneration

The Chief Executive, three Managing Directors and three (2006: four) Executive Directors 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, Managing Directors and Executive Directors for the full year were £1,317,755 (2006: £1,153,273). They are also accruing retirement benefits under the defined benefit scheme operated by ACCA. In addition, the Chief Executive has been awarded £16,200 (2006: £18,360) towards an Unapproved Retirements Benefit Scheme.

The salary and benefits of the Chief Executive in 2007 were £287,734. The equivalent in 2006 was £229,238. In 2007, the value, grossed up for income tax, of costs incurred in relation to the Chief Executive's spouse accompanying him on official business with the approval of Council was £30,479. The equivalent in 2006 was £24,747.

Disciplinary process

ACCA requires the highest standards of ethical conduct and competence from its members. Appropriate action must be taken where these standards are not met. In the public interest, disciplinary hearings are normally held in public. During 2007, independent assessors considered 103 complaints. Of these, 96 were referred to the Disciplinary Committee, three were rested on file and in one there was no case to answer. In three further cases, the Case Presenter used the power under Disciplinary Regulation 4(7) to withdraw the allegations after the Assessor had referred them to the Disciplinary Committee. The Disciplinary Committee heard 82 cases during the year; these resulted in 57 exclusions, 12 severe reprimands, five reprimands and three admonishments. No further action was taken in one case and in four cases they found the cases not proved (no case to answer). The Disciplinary Committee ordered three members and one firm to pay compensation to complainants in 12 cases (nine cases were against one member). The Appeal Committee heard 15 applications for permission to appeal and nine appeals from decisions of the Disciplinary Committee. Of the 15 applications for permission to appeal, nine were granted and six were refused. In six cases there were appeals against both the findings and orders of the Disciplinary Committee. The Appeal Committee varied the Disciplinary Committee's findings and orders in two cases, affirmed the findings and varied the orders in one case and in three cases rescinded the decision of the Disciplinary Committee. In three cases there were appeals against only the orders of the Disciplinary Committee. In all three of these cases the orders of the Disciplinary Committee were affirmed.

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

We have audited the accounts of the Association of Chartered Certified Accountants and its subsidiaries (the Group) for the year ended 31 December 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in members' funds and the related notes. These accounts have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF COUNCIL AND AUDITORS

The Council's responsibilities for preparing the accounts in accordance with applicable law and International Financial Reporting Standards are set out in the statement of Council's responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and whether the information given in the Operating and Financial Review is consistent with those accounts. We also report to you if, in our opinion, ACCA has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We review whether the Statement on pages 31 to 32 reflect ACCA's compliance with the principles of good governance set out in the Combined Code, and we report if it does not. We are not required to form an opinion on the effectiveness of ACCA's corporate governance procedures or its internal controls.

We read the other information published with the accounts, including the Corporate Governance statement and the Operating and Financial Review and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion

- the accounts give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the group's affairs as at 31 December 2007 and of its surplus for the year then ended; and
- the information given in the Operating and Financial Review is consistent with the accounts.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors, London
8 March 2008

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST

LEGAL AND ADMINISTRATIVE INFORMATION
CHARITY NUMBER 313219

Corporate Trustee
The Certified Accountants Educational Trustees Limited

Director of Corporate Trustee
Certified Nominees Limited

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

Independent Auditors
BDO Stoy Hayward LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

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

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST
REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2007

The Trustee submits its report together with the accounts for the year ended 31 December 2007. This report is prepared in accordance with the Charities Act 1993 and the Statement of Recommended Practice '*Accounting and Reporting by Charities'* (SORP 2005).

Structure, governance and management
The Trust was established by Trust Deed on 13 December 1972. Its principal object is the advancement of education in accountancy, financial management and related subjects; its other objects are the support of individuals studying such subjects and the awarding of prizes in connection with ACCA examinations. There is also a general power to do any other things conducive to the principal object.

The Trust is registered by the Charity Commission for England and Wales, registration number 313219. Its sole Trustee since establishment, has been, and continues to be, The Certified Accountants Educational Trustees Limited, a company wholly owned by the Association of Chartered Certified Accountants (ACCA).

The Trust meets once a year to approve the annual accounts. It also has a sub-committee, the Research Committee, which meets twice a year to consider applications for grants to undertake accounting research.

The Trust is in the process of developing a new Trustee Induction pack which will include a copy of the Trust Deed, last three years accounts, recent minutes and a copy of the Charity Commission guidance 'The Essential Trustee'. Training needs will be identified and where appropriate training will be arranged for the Trustee.

Objectives and activities
The policies adopted by the Trustee to further the objects of the Trust have been, and continue to be, to promote the ACCA qualification among potential students and to provide ACCA students with educational publications, past examination questions and answers, a magazine called *student accountant*, study schools and revision courses and careers information. In addition, the Trust provides conferences and courses for ACCA members, produces technical publications and promotes accounting research. The Trust receives income from advertising in respect of the students' magazine and from courses and educational materials. It also receives a transfer of income together with donations, by way of Gift Aid, from ACCA and its subsidiaries.

The Trust operates from its premises in Glasgow and from ACCA's offices in London. The majority of the Glasgow building is occupied by ACCA, for which the Trust receives rent. ACCA bears certain central overheads on behalf of the Trust and provides staff lecturers for some of its educational activities. The Trust is, however, not significantly dependent on the services of volunteers or on donations in kind.

The Trust's funds comprise unrestricted funds and a restricted fund which consists of an endowment received for a specific purpose. The latter fund, the Simpson Scholarship Fund, was established by a legacy from Miss M I Simpson in November 1983 for the purpose of establishing and maintaining scholarships, such that the whole of the principal and interest may be expended within a period of 25 years from the date of the bequest following which it becomes unrestricted funds.

Financial review
During the year, the Trust's expenditure on its charitable objects was £9,327,000 (2006: £8,500,000). This comprised direct expenditure on charitable activities of £9,290,000 (2006: £8,448,000) and governance costs of £37,000 (2006: £52,000).

The accounts for the year ended 31 December 2007 are shown on pages 37 to 44. The statement of financial activities on page 37 shows the incoming resources available to the Trust and the extent to which its funds have been spent. This, together with the balance sheet on page 38, shows that the current value of the Trust's restricted and unrestricted funds, is £439,000 (2006: £434,000).

The Trust's total income of £9,332,000 (2006: £8,503,000) which included income received through Gift Aid donations from ACCA and its subsidiaries, was adequate to meet all direct charitable expenditure as well as the Trust's governance costs.

The Trust held £124,000 (2006: £137,000) in bank balances at 31 December 2007 and, in the Trustee's opinion, both the restricted and unrestricted funds continue to be in a position to pursue their charitable activities in the future.

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST
REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2007

Achievements and performance
The popularity of CPD courses has continued in 2007. During the year, the Trust organised 474 (2006: 464) courses for members of ACCA and others. These courses were attended by some 16,994 (2006: 17,468) participants. Due to an increase in the numbers of ACCA students during the year, 2,833,000 (2006: 2,586,000) copies of s*tudent accountant* were produced during the year.

Reserves policy
The Trustee reviews the reserves of the charity annually. The review encompasses the nature of the income and expenditure streams and the expected donations from ACCA and its subsidiaries. The Trustee's policy is, generally, to maintain reserves at a low level and to apply the charity's income to funding its activities. In the light of the funding provided by ACCA, the Trustees consider that the balance of the unrestricted fund is satisfactory.

Risk management
The Trustee has examined the major strategic, business and operational risks which the Trust faces and confirms that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Trustee's responsibilities in relation to the accounts
The Trustee is responsible for preparing the Trustee's Report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Trustee is responsible for preparing accounts for each accounting period which give a true and fair view of the state of affairs of the Trust and of the financial activities of the Trust for that period. In preparing those accounts, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue.

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable it to ensure that the accounts comply with applicable legislation. It is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors
The current Trustee has taken all the steps that it ought to have taken to make itself aware of any information needed by the Trust's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustee is not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP has expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Trustee

A W Blewitt
Director of Certified Nominees Limited,
On behalf of The Certified Accountants Educational Trustees Limited
14 February 2008

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2007

Notes		Unrestricted funds £'000	Restricted funds £'000	Total funds 2007 £'000	Total funds 2006 £'000
	Incoming resources				
	Incoming resources from generating funds:				
	Voluntary income				
	Donations from ACCA	**2,562**	—	**2,562**	2,127
	Gift Aid Donations from ACCA and subsidiaries	**2,037**	—	**2,037**	1,775
	Investment income				
	Interest receivable	—	**5**	**5**	3
	Incoming resources from charitable activities:				
	Sales of publications	**27**	—	**27**	46
	Advertising	**374**	—	**374**	319
	Technical and professional education	**3,309**	—	**3,309**	3,290
	Career promotion and student activities	**311**	—	**311**	204
	Shared services payable by ACCA	**707**	—	**707**	739
	Total incoming resources	**9,327**	**5**	**9,332**	8,503
	Resources expended				
2	*Charitable activities:*				
	Education	**6,379**	—	**6,379**	5714
	Research	**329**	—	**329**	212
	Careers promotion and student activities	**1,834**	—	**1,834**	1,716
	Shared services	**748**	—	**748**	806
	Costs of charitable activities	**9,290**	—	**9,290**	8,448
4	Governance costs	**37**	—	**37**	52
	Total resources expended	**9,327**	—	**9,327**	8,500
	Net movements in funds	—	**5**	**5**	3
	Total funds at 1 January	**320**	**114**	**434**	431
	Total funds at 31 December	**320**	**119**	**439**	434

All amounts relate to continuing activities. There were no recognised gains or losses other than those included above.

There is no material difference between the results above and those on an unmodified historical cost basis.

The accompanying notes to the accounts, on pages 40 to 44, are an integral part of this statement.

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST
BALANCE SHEET AS AT 31 DECEMBER 2007

Notes		£'000	2007 £'000	2006 £'000
	Fixed assets			
6	Tangible assets		**1,017**	1,066
	Current assets			
	Stock	—		2
7	Debtors	**1,476**		1,446
	Cash at bank	**124**		137
		1,600		1,585
8	**Creditors:** amounts falling due within one year	**1,979**		2,020
	Net current liabilities		**(379)**	(435)
	Total assets less current liabilities		**638**	631
9	**Provisions for liabilities and charges**		**199**	197
	Net assets		**439**	434
	Funds			
10	Unrestricted		**320**	320
10	Restricted: Simpson Scholarship Fund		**119**	114
			439	434

The accounts were approved by the Trustee on 14 February 2008 and were signed on its behalf by:

A W Blewitt, *Director of Certified Nominees Limited*
On behalf of *The Certified Accountants Educational Trustees Limited*

The accompanying notes to the accounts, on pages 40 to 44, are an integral part of this statement.

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

Notes		£'000	2007 £'000	2006 £'000
12	Net cash inflow from operating activities		**27**	10
	Returns on investment and servicing of finance			
	Interest received		**5**	3
	Capital expenditure and financial investment			
	Purchase of tangible fixed assets	**(45)**		(8)
			(45)	(8)
			(40)	(5)
	(Decrease)/Increase in cash		**(13)**	5

	Net funds 1 January 2007 £'000	Cash flows £'000	Net funds 31 December 2007 £'000
Movement in net funds			
Cash at bank and in hand	**137**	**(13)**	**124**

The accompanying notes to the accounts, on pages 40 to 44, are an integral part of this statement.

1 Accounting policies

(a) *Accounting convention*
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. In preparing the financial statements the Trust follows best practice as laid down in the Statement of Recommended Practice *'Accounting and Reporting by Charities'* (SORP 2005).

(b) *Tangible fixed assets and depreciation*
Tangible fixed assets are stated at depreciated cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost or valuation of each asset on a straight-line basis over their estimated useful lives as follows:

- leasehold improvements - over the period of the lease;
- computer systems and equipment - over 4 years;
- plant and machinery - over 4 to 7 years.

(c) *Incoming resources*
All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be recovered and the monetary value of incoming resources can be measured with sufficient reliability.

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

Grants payable are payments made to third parties in furtherance of the charitable objectives of the Trust. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustee has 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 Trust. Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of the grant payable.

(e) *Stocks*
Stocks of books and publications are stated at the lower of cost and net realisable value.

(f) *Foreign currencies*
Transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the statement of financial activities.

(g) *Allocation of overhead and support costs*
Overhead and support costs have been allocated first between charitable activity and governance.

(h) *Charitable activities*
Costs of charitable activities include the provision of educational courses to ACCA members, promotion of the ACCA qualification, promotion of accounting research, from advertising in the *student accountant* magazine and an apportionment of overhead and support costs as shown in note 2.

(i) *Governance costs*
Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs relating to statutory audit and professional fees together with an apportionment of overhead and support costs.

2 Analysis of charitable expenditure

The charity undertakes its charitable activities through the provision of educational courses to ACCA members, promotion of the ACCA qualification, promotion of accounting research and from advertising in the *student accountant* magazine.

	Direct costs £'000	Support costs £'000	Total 2007 £'000	Total 2006 £'000
Education – Publications	**2,904**	**341**	**3,245**	2,857
Education – Professional courses	**2,700**	**434**	**3,134**	2,857
Research	**312**	**17**	**329**	212
Careers promotion and student activities	**1,186**	**648**	**1,834**	1,716
Shared services	**697**	**51**	**748**	806
	7,799	**1,491**	**9,290**	8,448

3 Allocation of support costs and overheads

The breakdown of support costs and how these were allocated between Governance and Charitable activities is shown in the table below.

Support costs	Basis of apportionment	Charitable activities £'000	Governance £'000	Total 2007 £'000	Total 2006 £'000
Staff costs	Staff time	**1,213**	**15**	**1,228**	1,151
Office costs	Work done	**201**	**9**	**210**	201
Depreciation	Staff time	**77**	**17**	**94**	125
		1,491	**41**	**1,532**	1,477

	Total funds 2007 £'000	Total funds 2006 £'000
4 Analysis of governance costs		
Staff costs	**15**	15
Office costs	**9**	3
Auditors' remuneration	**9**	9
Depreciation	**17**	21
Professional fees	**(13)**	4
	37	52
5 Salaries and related costs		
The costs of employing support staff during the year were as follows:		
Staff costs provided by ACCA (note 13)	**1,228**	1,151
Other staff costs	**14**	20
	1,242	1,171

The Trust has no employees.

6 Tangible assets

	Leasehold improvements £'000	Computer systems and equipment £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 1 January 2007	1,188	558	135	1,881
Additions	45	—	—	45
At 31 December 2007	**1,233**	**558**	**135**	**1,926**
Accumulated depreciation				
At 1 January 2007	158	543	114	815
Charge for year	69	15	10	94
At 31 December 2007	**227**	**558**	**124**	**909**
Net book value				
At 31 December 2007	**1,006**	**—**	**11**	**1,017**
At 31 December 2006	1,030	15	21	1,066

	2007 £'000	2006 £'000
7 Debtors		
Trade and other debtors	**411**	286
Amounts due from ACCA	**792**	1,058
Prepayments and accrued income	**273**	102
	1,476	1,446
8 Creditors: amounts falling due within one year		
Trade and other creditors	**109**	135
Accruals and deferred income	**1,870**	1,885
	1,979	2,020

9 Provisions for liabilities and charges

	£'000
Technical and research costs	
At 1 January 2007	197
Amount utilised during the year	(117)
Amount provided during the year	119
At 31 December 2007	**199**
Timing of provisions	
Payable in under one year	130
Payable over one year	69
Total provisions	**199**

The provisions represent grants and other payments to which the Trust is committed as part of its continuing sponsorship of accounting research.

10 Analysis of net assets between funds

	Tangible fixed assets £'000	Cash at Bank £'000	Other net assets £'000	Total 2007 £'000
Unrestricted funds	**1,017**	**5**	**(702)**	**320**
Restricted funds				
Simpson Scholarship Fund	**—**	**119**	**—**	**119**
	1,017	**124**	**(702)**	**439**

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

11 Other financial commitments

	Land and buildings		**Other**	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Annual payments due under operating lease agreements and expiring:				
Within one year	**—**	—	**15**	17
Between two and five years	**—**	—	**79**	74
In more than five years	**525**	525	**—**	—
	525	525	**94**	91

11 Other financial commitments (continued)

	2007 £'000	2006 £'000
Capital commitments		
Contracted for at the balance sheet date	**—**	—
Authorised but not contracted	**14**	14

Operating lease rentals charged to the statement of financial activities in the year amounted to £565,000 (2006: £556,000).

12 Reconciliation of net incoming resources to net cash flows from operational activities

	2007 £'000	2006 £'000
Net incoming resources	**5**	3
Depreciation on tangible fixed assets	**94**	125
Interest received	**(5)**	(3)
Decrease in stock	**2**	52
Increase in debtors	**(30)**	(832)
(Decrease)/increase in creditors	**(41)**	605
Increase in provisions	**2**	60
Net cash inflow from operating activities	**27**	10

13 Related party transactions

The Trust exists to promote the ACCA qualification among potential students and to provide ACCA students with publications, courses and careers information. In addition, the Trust provides conferences and courses for ACCA members and others, produces technical publications and promotes accounting research. ACCA also collects certain income and pays certain expenditure on behalf of the Trust and there may therefore, at any time, be a balance outstanding between the Trust and ACCA (notes 7 and 8).

The salary and pension costs of ACCA staff engaged in Trust activities are shown as incoming resources in the statement of financial activities as costs reimbursed by ACCA. The corresponding expenditure is shown under Education costs. Included within 'Staff costs provided by ACCA' are costs borne by ACCA comprising salary costs of £1,081,000 (2006: £1,027,000) and pension costs of £147,000 (2006: £124,000).

During the year, the Trust received income from ACCA and its subsidiaries as set out in the Statement of Financial Activities.

14 Trustee remuneration

The Trustee did not receive any remuneration or expenses during the year (2006: £nil).

THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST
INDEPENDENT AUDITORS REPORT TO THE TRUSTEE OF THE CERTIFIED ACCOUNTANTS EDUCATIONAL TRUST

We have audited the accounts of the Certified Accountants Educational Trust for the year ended 31 December 2007 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the Trustee and auditor
As described in the Report of the Trustee, the Trustee is responsible for preparing the accounts in accordance with applicable UK law and Accounting Standards.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trust has not kept proper accounting records, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustee remuneration and transactions with the Trust is not disclosed.

We read the Report of the Trustee and consider whether it is consistent with the accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Charities Act 1993 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 the Charities Act 1993 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.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Trustee in the preparation of the accounts, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion
In our opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the Trust's affairs as at 31 December 2007, of its incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993; and
- the information given in the Trustee's Report is consistent with the accounts.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors, Glasgow
14 February 2008

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND

REFERENCE AND ADMINISTRATIVE DETAILS
CHARITY NUMBER 222595

Board of Management and Trustees
Dr M J M Kedslie, President
D J Argent
P R Bailey
J Beckerlegge
J Cole
Dr V V R Harris
J D Moore
A Sandison
A Thorne

Honorary Secretary
H McCash

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

Honorary Auditor
N J Taylor, FCCA ACA
Atlantic Quay, 70 York Street, Glasgow, G2 8JX

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

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

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2007

The Board submits its report together with the accounts for the year ended 31 December 2007. The accounts have been prepared in accordance with the Accounting policies set out in note 1 to the accounts and comply with the Fund's governing document, the Charities Act 1993 and the Statement of Recommended Practice *'Accounting and Reporting by Charities'* (SORP 2005).

Structure, governance and management
The Fund is an unincorporated charity established by Trust Deed in 1918 and is registered by the Charity Commission for England and Wales, registration number 222595. 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 meets four times a year and 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.

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 accounts, strategy and 15-year rolling plan.

The Fund is a member of the Association of Charity Officers (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.

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 to enable regular reports to be produced so that the risks may be effectively monitored and their impact mitigated as far as possible.

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 in old age or disaster at any time. These loans are normally secured and subject to interest at 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 DECEMBER 2007

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 of money, the provision of specific items and the payment of services. The Fund therefore meets the public benefit requirement by relieving members and their families and dependents of financial hardship.

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 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 make a point of letting the Secretary of the Fund know 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/support/fund/.

Achievements and performance

During the year, the Fund agreed to pay grants, ranging from £35 to £4,066 (2006: £35 to £10,805), to 15 (2006: 22) beneficiaries. These grants amounted to £16,727 (2006: £44,717). Of this, the Board has a commitment to 6 (2006: 9) beneficiaries for grants, payable after the year-end, amounting to £4,381 (2005: £7,470). Under SORP 2005 the 2007 commitments are included in the accounts as creditors.

The Board is disappointed to note that the number of members to whom assistance was given decreased in the year, however it will seek to increase further the number of applications received. In order to achieve this, the Board continue 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 closer contacts with ACCA's branches and offices overseas.

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 MBNA MasterCards, which are issued with the ACCA logo, are available from ACCA UK. A similar scheme with the Allied Irish Bank ceased during the year.

The accounts for the year are shown on pages 51 to 56. The Statement of Financial Activities on page 51 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 52, shows the total assets of the Fund to be £1,728,888 (2006: £1,587,068), which will generate income to meet its future obligations. The Fund held £842,242 (2006: £631,243) in bank balances and short term deposits at 31 December 2007 and, in the opinion of the Board, the Fund continues to be in a position to pursue its charitable activities in the foreseeable future.

The Board is grateful to all who have contributed in any way to the work of the Fund during 2007. In particular, it expresses thanks to those who made a financial contribution and those who gave of their time. Donations from members amounted to £53,756 (2006: £44,809). The Board would like to thank all those members who have made donations to the Fund, particularly those who 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.

Financial review (continued)
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 us for it. From the grateful letters we receive, we can assure members that the assistance we provide is highly appreciated. Please help us to ensure that the Board can continue to fulfil the objectives of the Fund.

Investment policy and performance
The Board has considered the most appropriate policy for investing funds and believes that it is more appropriate to invest in a selection of common investment funds, designed for the charity sector, specialising in particular markets than to invest directly in particular investments. 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 emergencies 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 reviews its investment strategy regularly every three years when external consultants undertake an investment review. The Board considers its asset allocation strategy and its Statement of Investment Principles as part of this review.

The total return on all investments for 2007 was 3.52% (6.29% in 2006) against the benchmark of 4.15%. The Board considers the overall return on long term investments and deposits for 2007 to be disappointing given the upturn in the stock market during 2007; it has recently taken professional advice on whether the investment policies should be reviewed and has been advised that no changes should be made.

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 December 2004 tsunami and the October 2005 Pakistan earthquake. ACCA has over 120,000 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 2019, the Fund's expenditure will exceed its income and it will be necessary to apply its reserves to meet these needs. This anticipated shortfall is expected to increase in subsequent years.

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

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

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

REPORT OF THE BOARD OF MANAGEMENT
OF THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2007

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 hopefully by meeting with ACCA's Council.

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

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

- select suitable policies and then apply them consistently;
- make judgements and 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 accounts 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 ascertain the financial position of the Fund and which enables it to ensure that the accounts comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 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.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 FCCA ACA, has expressed his willingness to continue in office. The Fund is most grateful for Mr Taylor's continuing support and a resolution to re-appoint him will be proposed at the annual general meeting.

Dr M J M Kedslie, *President*
26 February 2008

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2007

Notes		**Total funds 2007 £**	Total funds 2006 £
	Incoming resources		
	Incoming resources from generated funds		
	Voluntary income		
2	Donations	**79,709**	72,894
	Legacies	**4,245**	7,833
	Credit card royalties	**28,345**	31,926
3	Investment income	**76,073**	75,194
	Total incoming resources	**188,372**	187,847
	Resources expended		
4,5	*Charitable activities:*		
	Grants payable	**20,662**	49,332
4,5	*Governance costs*	**22,967**	24,133
	Total resources expended	**43,629**	73,465
	Net incoming resources for the year	**144,743**	114,382
	Other recognised gains and losses		
	Unrealised (losses)/gains on investments	**(2,923)**	18,062
	Net movement in funds	**141,820**	132,444
	Reconciliation of Funds		
	Funds at 1 January	**1,587,068**	1,454,624
	Funds at 31 December	**1,728,888**	1,587,068

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

The notes on pages 53 to 56 form part of these accounts.

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
BALANCE SHEET AS AT 31 DECEMBER 2007

Notes		£	2007 £	2006 £
	Fixed assets			
6	Investments		**824,195**	796,203
	Current assets			
7	Loans	**73,778**		88,998
	ACCA current account	**5,654**		—
	Tax recoverable	**3,911**		1,419
	Prepayments and accrued income	**8,900**		77,518
	Cash at bank and on deposit	**842,242**		631,243
		934,485		799,178
8	**Creditors:** amounts falling due within one year	**29,792**		8,313
	Net current assets		**904,693**	790,865
	Total assets less current liabilities		**1,728,888**	1,587,068
	Funds			
10	**Unrestricted funds**			
	Designated funds		**104,259**	110,060
	General funds		**1,624,629**	1,477,008
	Total funds		**1,728,888**	1,587,068

The accounts were approved by the Board of Management on 26 February 2008 and signed on its behalf by:

Dr M J M Kedslie, *President*

The notes on pages 53 to 56 form part of these accounts.

1 Accounting policies

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

(a) *Basis of accounting*

The accounts 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 1993 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 year.

(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 note 11).

(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 10 to the accounts.

(e) *Resources expended*

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity 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, which are apportioned between Grants Payable and Governance Costs on the basis of the time spent on each activity, and trustees' expenses, which are included with Governance Costs. Details of support costs are given in notes 5, 11 and 12.

(g) *Charitable activities*

Costs of charitable activities include grants made and an apportionment of overhead and support costs as shown in notes 4 and 5.

(h) *Governance costs*

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

THE CHARTERED CERTIFIED ACCOUNTANTS' BENEVOLENT FUND
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

		2007	2006
		£	£
2	**Donations**		
	Donations from members	**53,756**	44,809
	Gifts in kind - costs reimbursed by ACCA (notes 11 and 12)	**25,953**	28,085
		79,709	72,894
3	**Investment income**		
	Dividends on listed investments	**34,945**	31,044
	Interest on cash deposits	**38,139**	26,118
	Interest on loans	**2,573**	18,032
	Other interest	**416**	—
		76,073	75,194

4 Total resources expended

	Direct costs	Support costs	Total 2007	Total 2006
	£	£	£	£
Grants payable	**16,727**	**3,935**	**20,662**	49,332
Governance costs	**949**	**22,018**	**22,967**	24,133
	17,676	**25,953**	**43,629**	73,465

5 Support costs

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

Support costs	**Basis of apportionment**	**Charitable activities**	**Governance**	**Total 2007**	Total 2006
		£	£	£	£
Office costs	Work done	**1,172**	**8,978**	**10,150**	13,880
Trustees expenses	Actual	**2,763**	**1,842**	**4,605**	4,613
Staff expenses	Actual	—	**1,729**	**1,729**	2,171
Meeting costs	Actual	—	**809**	**809**	723
Investment fees	Actual	—	**8,660**	**8,660**	6,698
		3,935	**22,018**	**25,953**	28,085

		2007	2006
		£	£
6.	**Investments**		
	Quoted investments		
	Market value at 1 January	**796,203**	749,060
	Acquisitions	**30,915**	29,081
	Net unrealised investment (losses)/gains	**(2,923)**	18,062
	Market value at 31 December	**824,195**	796,203
	Historical cost as at 31 December	**658,914**	627,999

6 Investments (continued)

	2007	2006
	£	£
Investments at market value		
Equities	**393,370**	379,429
Fixed interest securities	**430,825**	416,774
Total	**824,195**	796,203

All investment assets were held in the UK.

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 December:

Holding	**Market Value**	**Percentage of Portfolio**
BlackRock Charinco units	£430,825	52.3%
BlackRock Charishare units	£280,412	34.0%
Insight UK Equity Fund Retail (Distribution) units	£58,812	7.1%
JPMF UK Equity Income 'C' units	£54,146	6.6%

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

7 Loans

Most of the loans are secured by legal charges on freehold properties and are either interest free or at bank base rate. These loans are classified as debtors. It is not expected that any of the loans will be repaid within one year.

8 Creditors: amounts falling due within one year

	2007	2006
	£	£
Grants committed	**29,381**	7,470
ACCA current account	**—**	843
Accrued expenses	**411**	—
	29,792	8,313

9 Analysis of net assets between funds

	Investments	**Net current assets**	**Total 2007**
	£	**£**	**£**
Unrestricted funds:			
Designated funds	—	104,259	104,259
General funds	824,195	800,434	1,624,629
	824,195	**904,693**	**1,728,888**

10 Transfers between funds

		Designated Funds		
	General funds £	Disaster fund £	Loan fund £	Total 2007 £
At 1 January	1,477,008	21,062	88,998	1,587,068
Net movement in funds for 2007	141,820	—	—	141,820
Loan Fund – Loans advanced 2007	(25,000)	—	25,000	—
Loan Fund – Loans repaid 2007	40,191	—	(40,191)	—
Loan Fund – Loans written off 2007	29	—	(29)	—
Transfer in respect of Disaster Fund	(9,419)	9,419	—	—
At 31 December	**1,624,629**	**30,481**	**73,778**	**1,728,888**

The designated Disaster Fund is used 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.

11 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 £12,688 (2006: £16,774) 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.

12 Board of Management remuneration

Board members are not remunerated, but may be reimbursed for directly incurred travel expenses. These costs amounted to £4,605 (2006: £4,613) to 9 (2006: 8) Board members. These are included as income in the Statement of Financial Activities as 'gifts in kind' and the expenditure as 'Support costs'.

13 Auditor's remuneration

The auditor received no remuneration for the year (2006: £nil).

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

I have audited the accounts of The Chartered Certified Accountants' Benevolent Fund for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These accounts have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and the accounting policies set out therein.

Respective responsibilities of the Board of Management and auditor
The Board's responsibilities for preparing the accounts in accordance with applicable UK law and Accounting Standards are set out in the Report of the Board of Management.

I have been appointed as auditor under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. My responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. I also report to you if, in my opinion, the Fund has not kept proper accounting records, I have not received all the information and explanations I require for my audit, or if information specified by law regarding Board of Management remuneration and transactions with the Fund is not disclosed.

I read the Report of the Board of Management and consider the implications for my report if I become aware of any apparent misstatements within it.

My report has been prepared pursuant to the requirements of the Charities Act 1993 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 the Charities Act 1985 or has been expressly authorised to do so by my prior written consent. Save as above, I do not accept responsibility for this report to any other person or for any other purpose and I hereby expressly disclaim any and all such liability.

Basis of opinion
I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the accounts, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion
In my opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the Fund's affairs as at 31 December 2007, of its incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with the Charities Act 1993; and
- the information given in the Report of the Board of Management is consistent with the accounts.

N J Taylor, FCCA ACA
Honorary Auditor,
Chartered Certified Accountant and Registered Auditor, Glasgow
26 February 2008

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