



Think Ahead

A low-angle, upward-looking photograph of a modern building's glass facade. The building is composed of dark, rectangular panels and large glass windows that reflect the sky and clouds. The perspective is from the bottom left, looking up towards the top right, creating a sense of height and architectural scale. The sky is a deep blue with scattered white clouds.

Integrated
Report 2019

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ACCA is a leading international professional accountancy body incorporated by Royal Charter in the UK. Founded in 1904, we were established as an alternative to the restrictive entry to the profession at that time, opening up opportunity for anyone of talent and ability to become a qualified accountant.

Today we are a global family of 219,000 members and 527,000 students supporting economic growth in 179 countries.

Our mission

ACCA's mission is to be a global leader in the profession by:

- providing opportunity and open access to people of ability wherever they are in the world
- supporting and promoting the highest ethical, governance and professional standards

and

- advancing the public interest.

We do this by qualifying and regulating members to the same high standard globally, with the ACCA Qualification officially benchmarked to Master's level and recognised on a variety of national educational frameworks around the world.

In a number of markets – including the UK, Ireland, and the European Union – ACCA has the legal authority directly to license and regulate its members to work in a number of regulated areas, including public practice.

Our core values

Opportunity

We provide opportunity, free from artificial barriers, to people around the world – whether our students, members or employees – and we support them in their careers

Diversity

We respect and value difference, embracing diversity in our people and our output

Innovation

We create new and unexpected possibilities, providing innovative solutions for the future

Accountability

We accept individual and corporate responsibility for our actions, working together to deliver quality services and to promote the best interest of our stakeholders.

Integrity

We act ethically and work in the public interest, treating people fairly and honestly and we encourage the same from others.

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About this report



This is our eighth annual integrated report and the fifth prepared in accordance with the international <IR> framework (published by the International Integrated Reporting Council (IIRC) in 2013). It's designed to give anyone whose success depends on ACCA – especially our members, future members, learning providers and employers – insight into the strategic thinking that drives ACCA forward, encompassing our strategy, governance, performance and prospects in the context of our global environment.

Oversight and responsibility

ACCA's Audit Committee scrutinises this report in detail, which Council then approves. In this way, Council is ultimately responsible for ensuring the report's integrity.

Audit Committee has confirmed that it has applied its collective mind to the preparation and presentation of this report and that, in its considered opinion, it is presented in accordance with the international <IR> framework.

External assurance

In addition to assuring our detailed consolidated financial statements, our external auditor also provides assurance over our performance to Council, covering all our strategic outcomes.

Want more detail?

We aim to keep this report concise, while covering everything required by the international <IR> framework. If you'd like to know anything you can't find here, or you'd like to give us feedback, please contact us at: externalreporting@accaglobal.com

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Our 2018-19 highlights

Winning two major industry awards:

Best Social Mobility Initiative – MemCom membership awards 2018

Most innovative development by an Association for our online mentoring programme – European Association Awards 2019

Successful launch of our new Strategic Professional exams

Maintaining high levels of member and student overall satisfaction

79.1%

91.5%

employer satisfaction, our highest score to date

50%

of employers preferring to recruit an ACCA, up seven percentage points

64%

of employers preferring a new recruit to study for ACCA, up nine percentage points

86.3%

satisfaction from ACCA learning providers, up 4.9 percentage points

4.8%

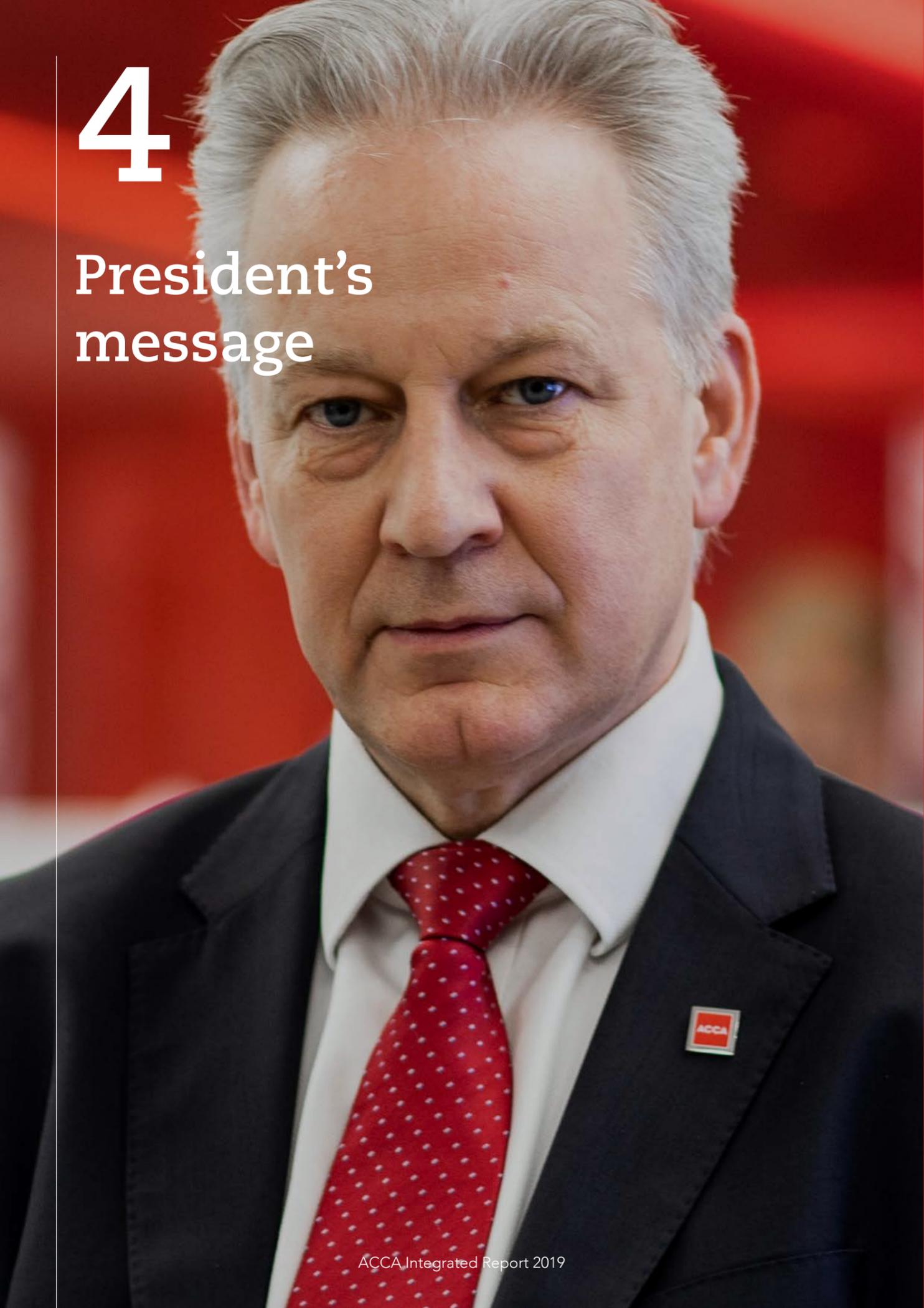
overall growth, with a 5% increase in members and a student increase of 4.8%

75

years of ACCA thought leadership with 25 new Professional Insights reports and joint sponsorship of the World Congress of Accountants with our strategic alliance partner CA ANZ

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President's message



It was a huge honour to become ACCA's president in November 2018. As my year has flown past, I have had the privilege to meet and talk to many members, students, employers and our other key stakeholders. Two things have become very apparent to me. First, we are living in a time of unprecedented change and challenge for the accountancy profession. Second, ACCA's values – accountability, diversity, integrity, innovation and opportunity – have never resonated more strongly around the world.

Our values matter. The work ACCA has completed during 2018-19, on behalf of members, students and other stakeholders, has been firmly grounded in these core values. In particular, they underpin ACCA's responses to the prioritised material issues detailed in this report.

As highlighted on page 37, our members cite the top three material issues for ACCA as the relevance and integrity of the ACCA Qualification, ACCA's brand recognition, and statutory recognition and licence to operate. Public influence and thought leadership, and ACCA's global presence have also been ranked more highly this year, as we see challenge to the role of the profession and digital transformation pressures increase. Contrary to the current global geo-political trends towards protectionism, it is refreshing that our members and stakeholders recognise that both insight and influence are enhanced with a global mind-set.

Our strategy and our targets, created by the Executive team with Council, give ACCA a strong framework for sustainable growth. The results, explained by Helen Brand in this report, demonstrate how we distinguish ourselves from other professional bodies.

Our difference - reach, relevance and resources

In times of change and challenge, Our Difference – that is maintaining ACCA's unique combination of reach, relevance and resources – becomes even more important. These are not just words in a strategy document but come to life around the world where the ACCA community makes an impact.

Reach

In a world that is only just truly recognising the value inherent in networks, our ACCA community of 219,000 members and 527,000 students in 179 countries is already delivering value. It maximises the employability of our members, facilitates talent mobility, and assists employers to secure the finance professionals they need. Our community has both quantity and quality. It is both gratifying and awe-inspiring to attend business conferences, only to become aware that our fellows and members are not just in the audience but centre stage setting the agenda and leading the debate on issues from wellbeing in the finance function to the ethical aspects of robotic process automation.

One of the most striking demonstrations of ACCA's reach was at the World Congress of Accountants in Sydney in 2018. Held every four years, it is affectionately known as the Olympics of the accountancy profession, and it was here that our brand reputation and influence took centre stage.

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Themed Global Challenges. Global Leaders, WCOA was an important platform for ACCA and for the global profession,

coming at a time when accountants and finance professionals remain in the spotlight. It was an honour to meet with so many ACCA members from around the world, to connect with our strategic alliance partners CA ANZ, and to formalise a number of partnerships including signing MoUs with Xero and also the Vietnam Association of Certified Public Accountants. I recall the Congress with fond memories. For me, it was a packed agenda of side meetings with accountancy bodies from around the globe, investigating opportunities for collaboration with ACCA.

Relevance

For our members to maximise their influence and earning potential, and for our students to be work-ready, there is an on-going challenge to stay relevant. As the pace of change increases, so does this challenge. ACCA recognises we need to support their on-going learning journey. I am proud that ACCA's perceptive research programme continues to help us all to 'think ahead'. This thought leadership also ensures that our gold-standard qualification remains future-focused. A landmark for the ACCA Qualification came in October 2018, when we announced the first results for the new Strategic Professional exams, which were created following extensive research into the skills that are needed for professional accountants of the future, with the Executive team and my Council colleagues on defining our exciting future prospects together.

Resources

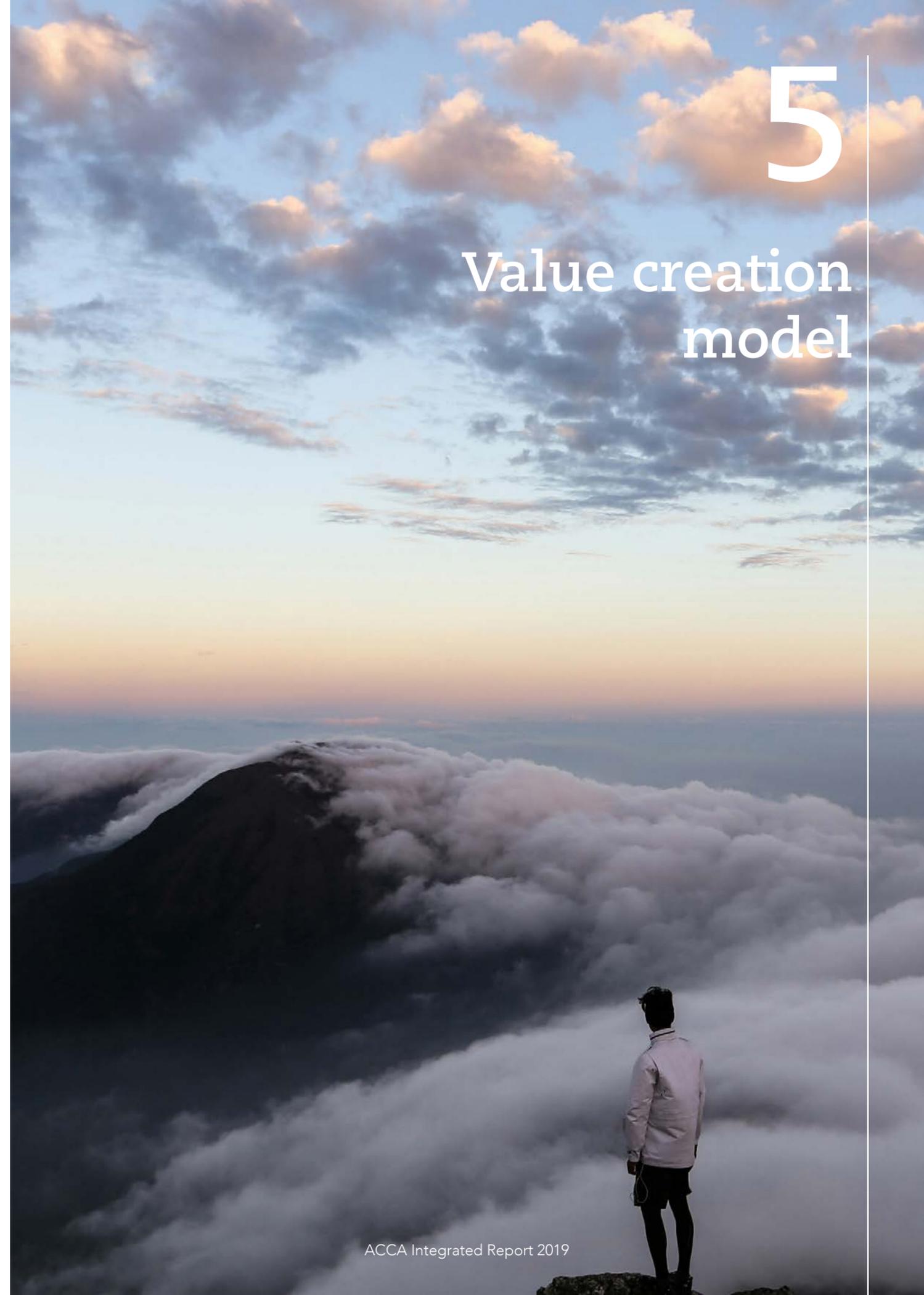
To continue to execute our ambitious strategy to develop the accountancy profession the world needs requires resource. Our determination to seize opportunities demands investment. So in 2018-19, ACCA continued to invest in its digital future and in the ACCA Qualification. This investment continues into 2019-20, but always with cost-consciousness in mind. However, when meeting stakeholders, it is clear that one of our key differentiators is the delivery of a global strategy with a local market presence. Our resource allows us to invest in fantastic market-based ACCA teams. I would like to thank them for their wonderful work and, in particular, their support during my attendance at market-based member events and key stakeholder meetings.

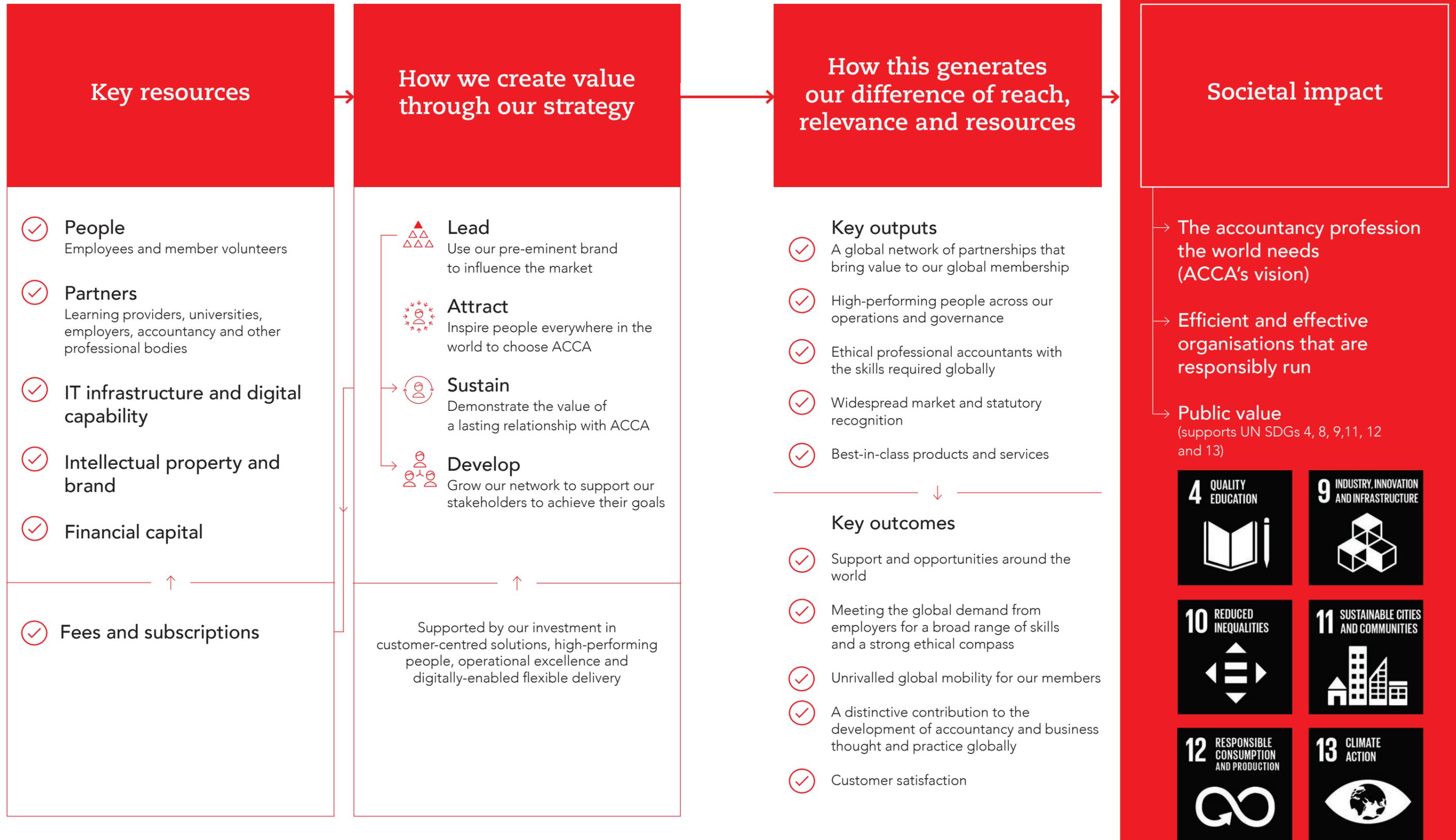
I hope you enjoy reading this integrated report for what proved to be a year of leading on the global stage for ACCA. Quite rightly, planning never stops. At the time of writing, we are busy creating a new strategy to 2025. I look forward to working with the Executive team and my Council colleagues on defining our exciting future prospects together.

Robert Stenhouse FCCA, President



Value creation model





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Chief executive's strategic report



We're going through an intense period of unprecedented change in business and the accountancy profession. The demands being placed on our members are greater than ever before. And the changes we anticipated in our *Professional accountants – the future research*, back in 2016 – rapid digitalisation, the need for professional accountants to deal with reporting on factors far beyond the financials, and the demonstration of even deeper strategic insight – are now a firm reality.

Against this background, ACCA has needed to evolve significantly. The radical changes we've made to the ACCA Qualification over the past two years mean that we have the most up-to-date, digitally-enabled professional qualification in the global marketplace. The introduction of our new Strategic Professional exams in September 2018 – including our revolutionary Strategic Business Leader case study – was the latest step in this journey towards a refreshed qualification for the digital age. We also continued our transition to computer-based exams by rolling these out for our Applied Skills papers and withdrawing paper exams across 65 markets.

Because we have overhauled the syllabus and how we examine it so thoroughly, we've also needed to collaborate more closely than ever with our learning providers around the world. We've worked with them on how we should introduce these sweeping changes, helping train their tutors to teach this

new breed of exams, and connecting them with each other as a global network, in our most hands-on and focused engagement with learning partners to date.

In addition to equipping our members and future members for change, we also need to reshape our organisation for a digital age. How we support members and other stakeholders needs to reflect the intuitive and engaging online experience they receive from commercial service providers. It also needs to draw on data analytics, so that the information and support we provide is targeted and relevant and we help better facilitate connections across our vast global network.

The radical changes we've made to the ACCA Qualification mean we have the most up-to-date professional accountancy qualification in the global marketplace.

We met three of our six strategic targets this year.

KPI	Measure	2018-19 performance	2018-19 target	2019-20 target
Vision	# of members	219,031	218,000	226,400
Our difference	Net operating surplus/(deficit) before tax	£(35.2)m	£(14.8)m	£1.0m
Attract	# students and affiliates	527,331	521,200	553,900
Develop	Three student progression elements met	782,253‡ exam entries	786,000‡ exam entries	774,200 exam entries
		67.0% of affiliates becoming members in four years	66.9% of affiliates becoming members in four years	66.9% of affiliates becoming members in four years
		36.8% of students passing an exam in the year	38.0% of students passing an exam in the year	36.5% of students passing an exam in the year
Sustain	Member, student and affiliate satisfaction	79.1%†	80.0%†	80.0%†
Lead	Ten brand power elements	Six of 10 elements met	Eight of 10 elements met	Eight of 10 elements met

‡ considered achieved if result is within or better than -1.5% of the target

† survey measures are judged achieved if within +/-1.5% of the target to allow for accepted survey variations

We met all four of our capability targets this year.

We report these for information only and they are not linked to executive reward:

KPI	Measure	2018-19 performance	2018-19 target
Customer-centred solutions	Customer services SLAs	94%	80%
High performing people	Best Companies employee engagement score	678.4 (One Star status)	659.5 (One Star status)
Operational excellence	Cost per member and student	£262	£263
Digitally enabled and flexible delivery	Digital experience SLAs	92%	80%

To do this requires an entirely fresh approach to our digital architecture. So, this year, we've begun our biggest ever transformation programme, a four year journey of digital change to create the organisation of the future by replacing legacy systems to deliver a best-in-class experience for our members and everyone we serve. The investment we've made in this is substantial – and absolutely necessary if we're to carry on leading in the profession.

This has had implications for ACCA's financial out-turn for 2018-19, with a substantially larger deficit than forecast. We had planned for a pre-tax deficit of £14.8m in 2018-19, but this increased to £35.2m as a result of the timing of our investment in IT infrastructure and digital transformation, a one-off accounting adjustment relating to ACCA's defined benefit pension scheme, and a combination of smaller items including a reduction in investment income and a change to our accounting policies following the adoption of IFRS 15 and IFRS 9.

The background to this financial result is explained fully in this report and in our detailed financial statements.

Our financial strategy – supported by Council – has been to build reserves to fund our Strategy to 2020 and we are staying true to that objective and level of ambition. Investing now is key to preparing ACCA for the future and we remain committed to this, recognising that the risk of not doing so presents the greater threat to ACCA's long-term sustainability.

Meanwhile, ACCA's balance sheet remains healthy, we have ready access to liquid funds and we are targeting a pre-tax surplus in 2019-20.

Employer demand was the driving force behind the major advances we've made to the ACCA Qualification, which has been a significant part of our investment in digital systems so far. Organisations across the world told us that they need digitally-enabled, work-ready professionals with the facility to respond to rapidly changing

business dynamics. This year – for the first time since we began surveying on this metric – one in two told us they would prefer to recruit an ACCA, up seven percentage points. Moreover, 64% of employers told us they would prefer a fresh recruit to study for ACCA, up nine points on last year.

Our ultimate goal – and what drives all of us who work for ACCA – is to make the ACCA Qualification the first-choice professional accountancy

designation in the global marketplace, trusted and valued by organisations the world over.

With the support of all our stakeholders around the world, we look forward to continuing the strong progress we've made towards this goal as we continue to reshape ACCA for the digital future ahead.

50%
One in two employers told us they would prefer to recruit an ACCA and 64% said they would prefer a fresh recruit to study for the ACCA Qualification.

Helen Brand OBE, Chief executive



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Our global context

Our ability to anticipate and prepare for the future is critical to our success – and the success of our members, future members and partners. Our wide-ranging research on the future economic, professional and social landscape draws on the expertise across our global network and helps us analyse and shape our response.

During 2018-19, we've undertaken wide-ranging trend analysis to support development of our 2025 strategy. This work has reinforced that we're in an unprecedented time of change. The global climate of increased volatility is bringing heightened political, social and economic tensions.

Digital technologies and automation, changes in the learning and employer landscapes, and new generations emerging into the workplace with very different expectations of professional qualification and membership to previous ones, are all creating both disruption and opportunity.

ACCA's professional insights report on the Emotional Quotient (EQ), and our prior work on *Professional accountants - the future*, reinforce that our ACCA Qualification changes provide the increasingly broader – and inter-related – skills and competences being demanded of the 21st century professional accountant.

Our *Learning for the future* research also explores the impact of digital developments on how individuals learn and reinforces the importance of continuous lifelong learning to meet the fast-evolving demands of business and society.

Key trends shaping our environment

Technology

Robotics and AI will become increasingly more prevalent, displacing programmable tasks and helping shape new business models, structures and careers.

Rate of change and economic volatility

The global economy will continue to be unpredictable, with fluidity and volatility driven by political, social, environmental and technological disruption.

Trust deficit

High levels of public distrust in governments, business and the professions. Rising expectations from society that organisations and professionals need to be held to greater account and the growth of activism against business and institutions.

Rising regulation and reporting

In an effort to manage societal expectations, reporting is growing and expanding to cover climate change, gender pay and UN SDGs, with greater and wider expectations around disclosures. At the same time, nation-specific regulation is on the increase.

Changing aspirations of next generations

Newer generations in the workplace have different expectations and drivers, with progression and variety being prized over company loyalty.

Opportunities

Further movement of accounting professionals up the value chain. Huge business potential unleashed by the power of data analytics.

Greater demand for analysis and interpretation skills to assess and mitigate threats and risks.

A wider and more valued role for professionals and organisations who 'walk the talk' on ethics and are transparent in their dealings.

Professionals need to manage rising complexity in compliance, globally and nationally.

Chance to reshape the role and remit of professional accountants for a new age.

Threats

Lower-level roles and skills replaced by machine.

Challenges in forecasting and greater uncertainty for entities and individuals.

Contagion from issues around public trust permanently damaging the profession and its credibility.

Professional accountants failing to fully embrace non-financial reporting and losing career territory as a result.

Lack of appeal of traditional professions

The immediate economic outlook and our response

After decades where we've seen an embrace of globalisation – or, at the very least, an acceptance of global inter-connectedness – we're now seeing a globalisation backlash in some key advanced developed economies and a move towards national interests, with the US and UK being prime examples of this shift. Unresolved trade tensions between China and the US, and the US and EU continue to create uncertainty, as does the yet unresolved issue of the UK's exit from the EU.

According to UN economic reports, global growth is expected to remain at three per cent in 2019

and 2020. However, the global economy is facing what the UN terms a 'confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects'. These risks include the escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

Strong growth is nevertheless forecast for a number of key

markets– with India and China outperforming other large economies. These two large markets form the backbone of ACCA's portfolio. Through our network of offices we are able to respond to market opportunities as they arise, although our financial parameters for the coming year will mean we need to be very disciplined around investment.

However, the global economy is facing what the UN terms as a 'confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects'.

Stakeholder engagement and materiality

We actively manage a range of key stakeholder relationships, recognising that our success and sustainability depends on their input and involvement.

Our main stakeholders

Why they're important

How we engage with them

Members



Members are core to ACCA's existence. We work to protect and enhance the value of the ACCA designation and aim to help members maintain and develop their employability by supporting them through their careers, on a global basis.

We have a network of member panels across the world which bring members together and allow them to feed into our strategy and governance, both independently and via ACCA's International Assembly. Our main governance body is composed entirely of elected ACCA members. We also engage and inform members through regular communications, including our monthly *Accounting and Business* magazine, email campaigns and quarterly seminars delivered by Council members, and connect members to opportunities through our global ACCA Careers online jobs portal.

Students and affiliates*



We support students and affiliates by promoting the value of the ACCA Qualification to employers and, in partnership with learning providers, developing the support and information they need to achieve the qualification.

In addition to what is delivered through our learning providers, we have built up a wide range of student and affiliate qualification support and services, including an ACCA Learning Community, free webinars and digital support. We connect students and affiliates to opportunities through our global ACCA Careers jobs portal. We also engage in-market with students and affiliates to offer targeted, face-to-face support.

Learning providers



Learning providers are an essential partner. They provide the examination training needed by students and it is important that ACCA works closely with them so we have a shared understanding of the current and future learning landscape. As we introduce significant innovations to the ACCA Qualification, we recognise that supporting learning providers to adopt them is critical to our future success. Creating this readiness to embrace and champion the changes remained a critical part of our focus in 2018-19.

Senior employees around the world manage our relationships with learning providers and ensure there is two-way dialogue. We also hold regular global and regional conferences for ACCA learning providers.

Following our programme of ACCA Qualification change, we have worked more closely than ever with our learning providers, through an active programme of support – including global training for ACCA tutors across the world – and closer collaboration on business initiative. We also have a dedicated support section for learning providers on our website.

Our main stakeholders

Why they're important

How we engage with them

Employers



Employers are key stakeholders because their current and future skills needs determine the shape of the ACCA Qualification, how we train members, and how we ensure their skills remain relevant. They are the primary users of the skills of ACCA accountants and provide students with the workplace experience needed for qualification. In this, they play a central role in determining demand for the ACCA designation. Without their support and buy-in, members cannot pursue the careers to which they aspire.

We have dedicated employees around the world who manage our relationships with employers in-market and ensure there is two-way dialogue between ACCA and the employers we serve. We also survey key employers globally every year on their satisfaction with, and perceptions of, ACCA and act on these findings.

National and international body partners



Through inclusive partnerships, we are able to extend the range of services and recognition available to our members. We also have a supplier relationship with many of these organisations, where we provide contracted services (such as practice monitoring).

These partnerships have dedicated relationship management within ACCA at a national, regional or global level.

Governments, donor agencies, standard setters and regulators



We engage with regulators and standard setters around the world to ensure we have the opportunity to influence the development of standards and regulation, with ACCA members and senior employees serving on influential forums and boards across the international profession. We work with governments to ensure they understand and value the contribution ACCA makes to national economies and support donor projects that encourage capacity building.

These relationships have dedicated relationship management within ACCA at a national, regional or global level.

Suppliers



We rely on a number of key suppliers and providers to deliver services and support, particularly IT services and our international examining network.

All key suppliers have dedicated relationship management at a team, directorate, market office or global level, depending on the scope and nature of the supplier arrangement.

* Affiliates are students who have completed all ACCA's exams but have yet to apply for membership, most commonly because they are still working towards the practical experience requirement

Since adopting integrated reporting in 2011, we've consulted annually with stakeholders across a range of markets on the content and presentation of our integrated report

This has been an iterative process that has enabled us to build a picture of how our reporting can best address readers' needs while also meeting the requirements of the international <IR> framework.

In 2018-19, we invited members of our network panels around the world to take part in online workshops to rank the 21 material issues we've identified. ACCA's employees on our Leadership Group also undertook the same exercise to provide the internal view of material issues.

Our material issues

Our material issues have been arrived at through detailed analysis of the profession and key global competitors and are reviewed annually for relevance against our strategy and the external environment.

This year, we have re-introduced two material issues previously removed from the list because of consistent low priority for external stakeholders – the Environmental sustainability of ACCA's operations and Community involvement.

This reflects increasing interest from ACCA's employees in these topics, as reflected through our annual Best Companies engagement survey, and the growing urgency and intensifying

Overall ranking 2019*	Material issue	Overall ranking 2018*	Year on year change
1	Relevance and integrity of the ACCA Qualification	1	-
2	Brand recognition	2	-
3	Statutory recognition and licence to operate	3	-
4	Public influence and thought leadership	9	+5
5	Member professional and career development	4	-1
6	ACCA's global presence	11	+5
7	Public value contribution	8	+1
8	Student and member growth and retention	7	-1
9	Learning provision: reach, resilience and quality	5	-4
10	Effective and efficient internal governance and compliance	14	+4
11	Strength of relationships with strategic partners	10	-1
12	ACCA's financial health	13	+1
13	Stakeholder engagement and responsiveness	12	-1
14	Employee engagement	18	+4
15	Value for money	16	+1
16	Best-in-class customer service	6	-10
17	Diversity through accessibility	17	-
18	Robust and flexible IT systems	15	-3
19	Environmental sustainability of ACCA's operations	-	Not included in 2018
20	Direct economic contribution	19	-1
21	Community involvement	-	Not included in 2018

*External and internal

The prioritisation of material issues is very consistent with last year and, overall and externally, the top three issues in order of importance remained Relevance and integrity of the ACCA Qualification, Brand recognition and Statutory recognition and licence to operate. Member professional and career development remains highly ranked and there has been a strong increase in the importance attached to Public influence and thought leadership.

This is the most strongly correlated set of internal and external rankings we've seen since we first started our materiality work in 2011.

It suggests we share a common understanding with our most engaged and involved members on the factors that are most relevant to how ACCA creates value, now and in the future.

Overall, there is also a very strong mapping between ACCA's balanced scorecard and the ranking of material issues, giving us confidence that our priorities are in tune with members' needs and expectations. This year, to

help demonstrate this more fully, we have taken the opportunity to provide additional narrative on how we are addressing the top five ranked external issues for members in this report.

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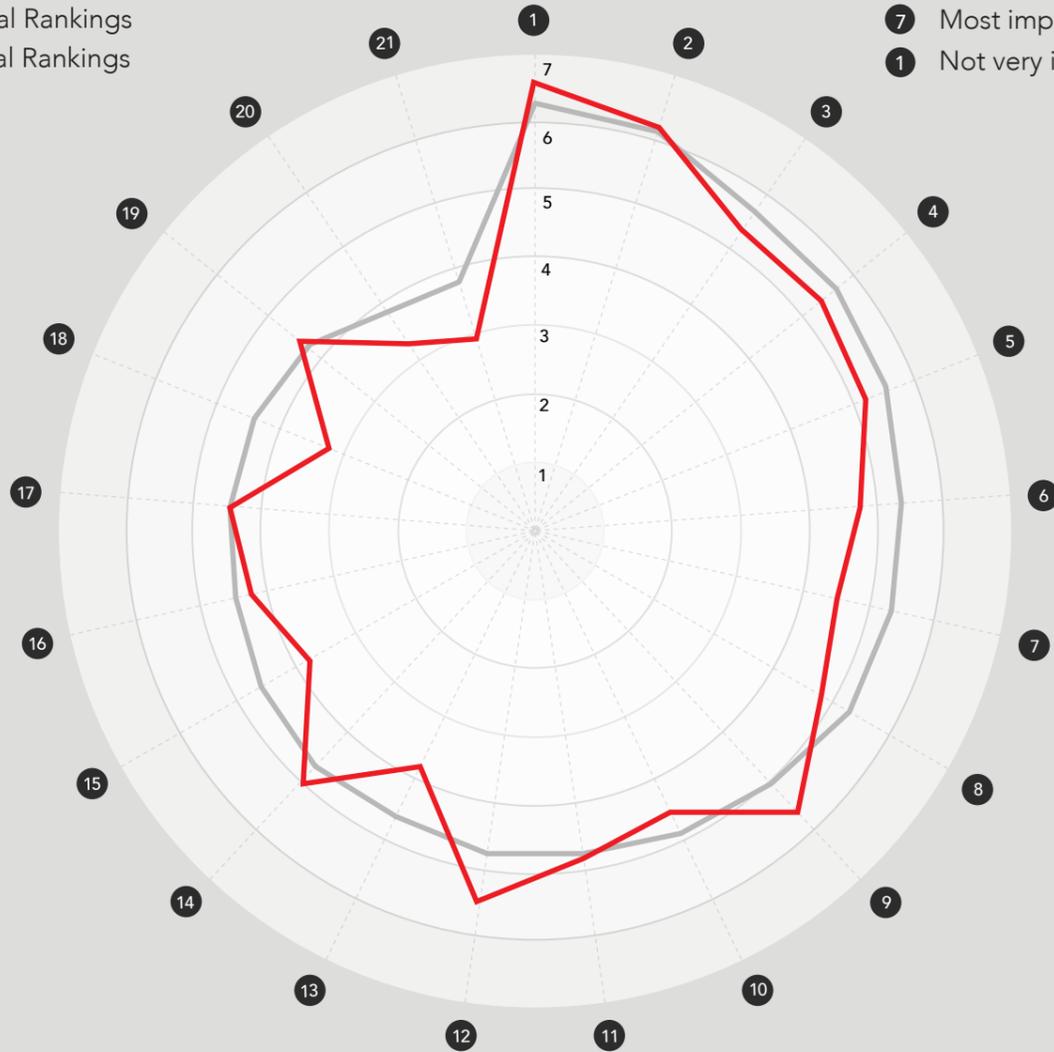
Material issues – internal and external rankings

External ranking	Material issue	Internal ranking
1	Relevance and integrity of the ACCA Qualification	1
2	Brand recognition	2
3	Statutory recognition and licence to operate	6
4	Public influence and thought leadership	5
5	Member professional and career development	7
6	Student and member growth and retention	10
7	Effective and efficient internal governance and compliance	13
8	Learning provision: reach, resilience and quality	9
9	ACCA's global presence	3
10	Stakeholder engagement and responsiveness	12
11	Strength of relationships with strategic partners	11
12	Public value contribution	4
13	Diversity through accessibility	18
14	ACCA's financial health	8
15	Robust and flexible IT systems	17
16	Best-in-class customer service	16
17	Employee engagement	15
18	Environmental sustainability of ACCA's operations	20
19	Value for money	14
20	Direct economic contribution	19
21	Community involvement	21

Materiality matrix

— Internal Rankings
— External Rankings

Scores out of 7
7 Most important
1 Not very important



- | | | |
|---|---|---|
| 1. Relevance and integrity of the ACCA Qualification | 8. Learning provision: reach, resilience and quality | 18. Environmental sustainability of ACCA's operations |
| 2. Brand recognition | 9. ACCA's global presence | 19. Value for money |
| 3. Statutory recognition and licence to operate | 10. Stakeholder engagement and responsiveness | 20. Direct economic contribution |
| 4. Public influence and thought leadership | 11. Strength of relationships with strategic partners | 21. Community involvement |
| 5. Member professional and career development | 12. Public value contribution | |
| 6. Student and member growth and retention | 13. Diversity through accessibility | |
| 7. Effective and efficient internal governance and compliance | 14. ACCA's financial health | |
| | 15. Robust and flexible IT systems | |
| | 16. Best-in-class customer service | |
| | 17. Employee engagement | |

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Member's material issues

To show how ACCA's strategy and the execution of it add value to members, this section focuses on what we're doing around the top five most material issues to them.



Ngoni Alex Robbins FCCA,
Premier Business School

1 Relevance and integrity of the ACCA Qualification

Over the past three years, we've been on a journey to create the most up-to-date, future-focused professional accountancy qualification in the global marketplace.

Ensuring relevance

That commitment to meeting the future needs of employers and the marketplace has seen us introduce ground-breaking advances in how, and what, we examine.

Following on from introduction of the Ethics and Professional Skills Module last year, we launched Strategic Professional – the new final stage of the ACCA Qualification – in September 2018. The key advances in Strategic Professional comprise:

- the introduction of Strategic Business Reporting, our trailblazing innovative case study which features the real-world challenges future professional accountants will face. To successfully complete it, students have to demonstrate strategic thinking and leadership that draws on their ethical judgment, technical and professional skills and present their responses in the way that would be expected in the workplace. It therefore equips our students with the work-ready skills employers need, and prepares them to become the leaders of the future
- Strategic Business Reporting, our enhanced corporate reporting exam which delivers the vital skills needed to communicate the implications of transactions and reporting, taking the qualification's holistic view of reporting to new levels
- a choice of four option exams, as previously – Advanced Financial Management, Advanced Taxation, Advanced Performance Management, and Advanced Audit and Assurance – from which students select the syllabuses most relevant to their current or future career. To provide even more flexibility, students can now take the exams at Strategic Professional in any order they choose.

We also continued to roll out computer-based exams (CBE) for the Applied Skills level to reflect the digital world our students and members operate in and have withdrawn paper exams across 65 markets. We're planning to complete this move to CBE for the Applied Skills exams for process globally by July 2019.

To strengthen the link between our ACCA Qualification changes and our post-qualification offerings, this year we've also aligned our competency framework and our CPD offering to these developments and our seven professional quotients.

In order to support the marketplace in embedding these changes, we've continued with our extensive global programme of learning support, delivering a wide range of support to drive tutor confidence and knowledge and working more closely and collaboratively with our global network of learning providers. We've also actively encouraged self-study students to engage with learning provision – either through partners or with the resources available directly from ACCA – so they are informed, motivated and supported.

Further digital advances for 2019-20

In Q1 of 2019-20, we'll be introducing further changes to reflect the impact of digital advances on the profession. These include:

- two new technical performance objectives, PO21 - Business Advisory and PO22 – Data analytics and decision support, that will allow students to reflect the developing scope of work carried out by finance professionals in each of these areas
- a new Data Analytics unit as part of our Ethics and Professional Skills Module to support the increasing need for professional accounts to be able to analyse big data and communicate their findings.

Ensuring integrity

ACCA's Regulatory Board provides independent oversight of all ACCA's public interest functions – including setting qualifications, assuring their delivery, setting professional standards, and maintaining the licensing and disciplinary system. As part of this, the integrity of the ACCA Qualification is overseen by a Qualifications Board – assuring the quality of examinations with expert advice, upholding the integrity of the examinations, and monitoring the introduction of computer-based examinations and the new ACCA Qualification. The further sub Boards of the Appointments Board and the Standards Board have responsibility for safeguarding the integrity of ACCA's disciplinary and regulatory process and ensuring ACCA's Rulebook is compliant with ACCA's statutory obligations respectively.

In a number of markets – including the UK, Ireland, the EU and Zimbabwe – ACCA has the legal authority directly to license and regulate its members to work in a number of regulated areas, including public practice and insolvency. This direct statutory recognition obliges ACCA to fulfil certain requirements determined by government or an independent regulator. These requirements typically include a commitment to regulate and adhere to standards of education, training or practical experience, public practice training, monitoring and discipline.

The Financial Reporting Council (FRC) is currently the prime regulator of the accountancy profession in the UK and therefore arguably the source of ACCA's authority as a global provider of accountancy qualifications. The FRC confirms and determines ACCA's on-going status in the UK as a recognised qualifying body and a recognised supervisory body for statutory audit.

All these mechanisms help ensure the integrity of ACCA's qualification processes and safeguard public trust in the professionalism of our members and their work.

Working with learning providers

— Ngoni Alex Robbins FCCA,
Premier Business School



Premier Business School (PBS) in Harare is an Approved Learning Provider that ACCA has been working closely with over the past 12 months. It is one of just seven ACCA Platinum Approved Learning Providers in Africa and the only one in Zimbabwe.

As a market leader, PBS has been quick to embrace the ACCA Qualification changes and has seen impressive results from its efforts. It was the first ACCA learning provider to implement an e-campus and to deliver blended learning in Africa. The genesis of these developments was a presentation given by SKANS, an ACCA Platinum Approved Learning Provider from Pakistan, as part of ACCA's 2018 Africa Learning Providers Conference. PBS has since linked up with SKANS to design its own online learning platform for the Africa market.

'One of the main challenges for ACCA students in Africa is access to high-quality tuition' explains Ngoni Alex Robbins, director at PBS. 'We know that students who can get the right calibre of learning support across the ACCA Qualification perform better. The learning infrastructure in Africa is less well-developed compared to other regions and we are talking about serving a vast continent and a huge population.'

Online is a scalable solution to that issue, delivered in a way that's cost effective for students.'

In January 2019, PBS continued its development by opening a state-of-the-art new facility in Harare's central business district, including 30 terminals for students to use for ACCA's sessional computer-based exams.

Among PBS's many achievements, it was the only learning provider globally and across Africa to achieve a 100% pass rate in ACCA's first Strategic Business Leader case study exam in September 2018.



Liz Blackburn FCCA,
RBS reputational risk manager

2 Brand recognition

Superior brand recognition from employers is one of the key objectives we aim to deliver. This year, we've seen preference for ACCA from key employers around the world increase significantly.

For the first time since we began measuring sentiment, 50% of these employers said that they would prefer to recruit an ACCA – up seven percentage points since last year. At the same time, we're also seeing less indifference to which qualification new experienced hires hold, with 6% fewer employers being indifferent. This increased positivity is also reflected in training decisions, with 64% of employers saying they would want a student or graduate joining them to study ACCA, up nine percentage points, year-on-year. While employers who don't express a preference for a particular qualification path for trainees was 31%, this has also fallen ten percentage points since last year.

We've continued to promote our qualification changes, the drivers behind them, and the capabilities they deliver strongly to employers. In October 2018, we launched a global advertising campaign, highlighting ten main drivers of change to help employers assess how ready they are to cope with an ever-changing world. Called the 'readiness initiative', the creative and interactive messaging focused on ten issues identified from ACCA's professional insights research – from ethics to the future of talent - with the aim of helping employers think ahead about the opportunities and challenges they face, and offering practical solutions and guidance. We developed an online diagnostic to help employers assess their readiness for key current challenges should point them to a range of ACCA resources to help them prepare, including our extensive range of professional insights.

76% of employers we surveyed told us they were aware of the changes to the ACCA Qualification (up 6% on last year), meaning there is still effort we need to put in to get the message out. We'll be continuing to focus on this in 2019-20, making sure that we tell the story of the difference we bring to the marketplace even more powerfully. We'll anchor this around four quarterly brand themes, which all our brand and marketing activity will align behind, ensuring we make global impact.

Overall, 96% of employers say ACCA is a respected brand and 93% say ACCA is a world-class organisation, with 90% of employers telling us that ACCA provides relevant skills for their business (down a marginal 1%) and 91.5% overall satisfaction with ACCA and what we offer.

These positive perceptions have also influenced employers' views of ACCA's relevant standing in the market place. 51% say ACCA is the now leader in their market (up eight percentage points) and 60% say ACCA is the global leader in the profession (up seven percentage points).

Strengthening employer preference for ACCA and continued strong satisfaction

<p>91.5% Overall satisfaction with ACCA + 0.5ppt</p>	<p>+35.5 Net promoter score (NPS) - 0.4pts</p>
<p>50% Prefer ACCA when recruiting experiences hires + 7ppt</p>	<p>90% ACCA provides relevant skills for my business + 0.5ppt</p>
<p>51% ACCA is the leading body in my market + 8ppt</p>	<p>60% ACCA is the leading global body +7ppt</p>

ACCA increasingly seen as the market leader by employers

51% say ACCA is the leading body in their market



60% say ACCA is the leading global body



How we work with employers

— Our relationship with Royal Bank of Scotland Group plc



RBS is one of a distinguished group of employers that hold both ACCA Platinum Approved training status and Professional Development status globally.

The relevance of ACCA's professional insights has been integral to deepening the relationship between RBS and ACCA over the past year. Following a presentation by ACCA's business development manager on our professional insights at the bank's headquarters, it became clear that the business was already using ACCA's research work to help test its thinking.

Thanks to one of our members at RBS who had seen an ACCA report on technology opportunities for the finance function and talked about its findings, the insights from this research were already circulating in the business and being used to inform its work on finance transformation. This discovery led to ACCA's subject matter expert being connected with the business and providing his direct insight on technology transformation as part of their work. RBS has also provided its business perspective to ACCA in return, with its head of learning and development attending a recent ACCA employee conference.

Liz Blackburn FCCA, reputational risk manager at RBS and an ACCA Council member, has been instrumental in facilitating the right connections between her employer and her professional body, so ACCA can add value in new ways.

'That my employer derived genuine benefit from ACCA's professional insights has been fantastic. It was great to leverage that value even further by introducing the relevant RBS people to ACCA employees who researched and wrote the report. Above all, it underlined that the professional insights ACCA produces tackle the real issues organisations are facing in a highly relevant and timely way.'

'Because of ACCA's vast global network, it is uniquely positioned to draw on the sort of connections that provide thoughts and answers that resonate within businesses. That puts a highly skilled network of professionals at ACCA fingertips, feeding into its professional insights work and giving it the depth and diversity that makes it relevant to the challenges organisations are facing now.'

Jenny Gu FCCA, ACCA's
deputy president

3

Professional body partnerships and recognition

For over 40 years, ACCA has worked with governments, professional organisations and academic institutions to build capacity and develop the global profession

To achieve ACCA's vision to be #1 in developing the accountancy profession the world needs, ACCA needs to ensure that its qualification is recognised by employers across all sectors.

ACCA works closely with national accountancy bodies to further the development of the profession and promote internationally recognised standards of professional competence.

This may include collaboration around standards implementation, professional development and regulation and monitoring. ACCA also plays a mentoring role to numerous developing national bodies around the world, supporting them in their establishment of governance, staffing and legislation development.

ACCA's culture of collaboration focuses on bringing value to economies by working flexibly with national and regional partners to build national capacity for common benefit.

To achieve ACCA's vision to be #1 in developing the accountancy profession the world needs, ACCA needs to ensure that its qualification is recognised by employers across all sectors.

As a result, ACCA's priority is to focus on enhancing its market recognition, which can be defined as where the ACCA Qualification has value in the employment market and the ACCA title is recognised and in high demand by employers and/or individuals seeking to gain an accountancy qualification.

More formal types of recognition can support enhanced market recognition, although formal

recognition is not a prerequisite to market recognition. Formal recognition is important to members who wish to undertake work that is regulated, such as audit, and it is therefore important that ACCA enhances this type of recognition. In many countries this is achieved by providing ACCA members with a route in to the national professional body or regulator with the minimum of additional requirement (eg through exemptions).

Where ACCA has formal recognition in its own right, such as the UK and Ireland, it is a priority to ensure that this is maintained.

In addition, ACCA seeks to enhance the recognition of its qualifications at postgraduate level on national education frameworks or with education boards.

Mutual recognition agreements (MRAs)

MRAs allow members of one body to use the designation of the other body's qualification and have access to membership services. The benefits to members include increased recognition in a market where ACCA is less well known, or increased individual status by obtaining an additional designation. MRAs are currently in place with the following bodies:

- **AAA United Arab Emirates**
- **CA Australia and New Zealand**
- **CGA Canada**
- **HKICPA Hong Kong**
- **MICPA Malaysia**

Joint exam partnerships

ACCA has 17 joint examination partnerships globally, where ACCA works with a national professional body to provide globally-accepted qualifications, with local recognition and relevance. Under these partnerships, students are able to satisfy the exam criteria for membership of both simultaneously.

ACCA has 17 joint examination partnerships globally, where ACCA works with a national professional body to provide globally-accepted qualifications, with local recognition and relevance.



Our current joint exam partnerships are with:

Barbados

Institute of Chartered Accountants of Barbados

Belize

Institute of Chartered Accountants of Belize

Botswana

Botswana Institute of Chartered Accountants

Cambodia

Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)

Cyprus

The Institute of Certified Public Accountants of Cyprus

Greece

The Institute of Certified Public Accountants of Greece

Jamaica

The Institute of Chartered Accountants of Jamaica

Lesotho

Lesotho Institute of Accountants

Malawi

Institute of Chartered Accountants in Malawi

Guyana

Institute of Chartered Accountants of Guyana

Malta

The Malta Institute of Accountants

Sierra Leone

The Institute of Chartered Accountants of Sierra Leone

Singapore

The Institute of Singapore Chartered Accountants

Eswatini

Swaziland Institute of Accountants

Trinidad

The Institute of Chartered Accountants of Trinidad and Tobago

United Arab Emirates

Accountants & Auditors Association (AAA)

Vietnam

Ministry of Finance

In addition, we have a range of agreements and memorandums of understanding (MoUs) with national and regional bodies ranging from CPD collaboration to joint work on professional insights.

ACCA and CICPA

— 2018 marked 30 years since ACCA's entry into mainland China



One of ACCA's most enduring professional body partnerships in the region is with the Chinese Institute of Certified Public Accountants (CICPA), the national accountancy body for China.

ACCA first entered China in 1988, just a few short weeks after CICPA was established in order to develop the national accounting profession needed to drive forward the country's economic development. Since then, ACCA and CICPA have enjoyed a close collaborative relationship which has strengthened the accountancy infrastructure across China.

This partnership has included CICPA and ACCA working together on programmes for CPA tutors for the past 14 years, training some 500 CPA tutors in total, and working on joint guidance for management accounting.

As part of ACCA's China 30 celebrations in Beijing in June 2018, we were delighted to sign a strategic memorandum of understanding with CICPA, which will see ACCA continue to support the professionalisation of the Chinese profession.

Jenny Gu FCCA, ACCA's deputy president, was in Beijing for the anniversary celebrations, including the agreement with CICPA. The development of her career as an ACCA member has mirrored the progress of the profession in China.

'I registered as a student in 1993, so I've had a ring-side seat during ACCA's development in

Greater China over the past quarter of a century. It's been a privilege to see the contribution ACCA has made to the national profession over such a sustained period and to see ACCA's stature and influence grow, as it continues to partner with CICPA and other key players in the Chinese profession.'

Jenny will become ACCA's first female president from mainland China at the next ACCA AGM in November 2019.



Ayla Majid FCCA

This year, we celebrated 75 years of ACCA's thought leadership work. We've been proudly associated with championing emerging issues throughout our history – in particular sustainability and corporate social responsibility, wider corporate reporting, and global standards.

4

Public influence and thought leadership

To celebrate this milestone, we produced 25 new professional insights reports and outputs, running the gamut of our key themes for the profession's future, including:

Technology	<p><i>The digital CFO series with PwC: How to navigate risk and regulatory complexity and Grow and create competitive advantage</i></p> <p><i>Embracing robotic automation during the evolution of Finance with CA ANZ and KPMG</i></p>
Supporting the global profession	<p><i>The Sustainable Development Goals: redefining context, risk and opportunity across Africa</i></p> <p><i>Tenets of good corporate governance</i></p> <p><i>Social mobility and the public sector</i></p> <p><i>Thinking small first: towards better auditing standards for the audits of less complex entities</i></p> <p><i>Tax as a force for good: rebalancing our tax systems to support a global economy fit for the future</i></p> <p><i>Technology tools and the future of tax administration</i></p> <p><i>G20 public trust in tax: surveying public trust in G20 tax systems Showcasing good practices in Public Financial Management</i></p> <p><i>Scale-up success: what do SMEs need to supercharge their growth?</i></p> <p><i>The passionate practitioner: developing the digitised small and medium practice</i></p>
Global economics	<p><i>Quarterly Global Economics Conditions Survey with IMA, the largest the largest regular economic survey of accountants in the world</i></p> <p><i>Growing globally – how SMPs can unlock international ambitions</i></p>
Professional accountants – the future	<p><i>Business models of the future: systems, convergence and characteristics</i></p> <p><i>Learning for the future</i></p> <p><i>Emotional quotient in a digital age</i></p>
Governance and risk	<p><i>Governance needs of SMEs: how vision and strategy helps small business succeed</i></p>

Each of the reports is mapped to ACCA's professional quotients so that members and students can apply knowledge gained from engaging them effectively to their skills and capabilities development.

All these professional insights reports are freely available to members and other ACCA stakeholders on accaglobal.com and promoted widely through conferences and events and ACCA's digital and other media channels.

When it comes to the impact of ACCA's thought leadership work, 75% of ACCA members, students and affiliates say that ACCA shapes the agenda of the global accountancy profession (up 0.2 percentage points over the past 12 months).

This year, 84% of employers we surveyed had engaged with ACCA's professional insights in the past year and 81% agreed that it reflects the key business and finance issues they are facing (up 1 percentage point in the past year and 16 percentage point increase since 2016-2017). In addition, 84% of employers rate our insights as beneficial and 83% said our thought leadership work makes them feel more positively towards ACCA.

ACCA at the World Congress of Accountants 2018

The World Congress of Accountants (WCOA), organised by the International Federation of Accountants (IFAC) every four years, is the largest gathering of professional accountants in the world. In November 2018, over 6,000 people from over 130 countries converged in Sydney for the event, marking the 20th anniversary of this global conference for the profession.

ACCA was a gold sponsor of WCOA 2018, giving us the opportunity to demonstrate our leadership and showcase our research, including our joint initiatives with our strategic alliance partner, CA ANZ, to a global audience.

The work and professional insights we showcased at WCOA included:

- a new report on robotics process automation (RPA) and its implications for the finance function, produced in collaboration with CA ANZ
- new research on the power and importance of developing emotional intelligence in a digital age, including an innovative emotional intelligence diagnostic tool
- insights into learning for the future and how professional bodies can ensure knowledge transfer responds to the needs of the digital world and the expectations of today's members and students. This report was formally launched at the International Association for Accounting and Research Conference, the global academic forum run alongside WCOA
- a series of '10 talks' held at our exhibition stand, ten minute power-sessions delivered by senior ACCA members and technical experts on the ten issues that matter most to the profession, now and in the future.

We were also joined by over 1,200 ACCA members from 90 countries at our exclusive ACCA reception. At the event, Alan Johnson FCCA, was confirmed as deputy president of IFAC, making him the first ACCA member to be elected to this post in IFAC's history

Ten talks at WCOA

– Ayla Majid FCCA



Ayla Majid FCCA, one of ACCA's Council members based in Pakistan, was part of a small team that presented on our topical issues during the ten talks programme. Ayla's own talk focused on the Belt and Road Initiative, outlining its scope, the countries impacted by its development, and how ACCA members can play a role in addressing the infrastructure gap and more widely – all in ten minutes.

'Having the opportunity to highlight such a wide range of ACCA's insights on our WCOA stand was very powerful' says Ayla. 'Because our members and other professional accountants receive so much information on emerging trends and technical developments, it can be challenging to keep up. Presenting the essential points on key issues in such a sharp and succinct way was really valuable for all sorts of people visiting the ACCA stand. It also provided a forum for Q&As from the audience on the practical applications of BRI for them.'

It was clear from the conversations Ayla had as a result that ACCA is genuinely leading in this field. 'Some very senior people from countries not on the BRI route were new to the topic and had not come across it in other technical and thought leadership arenas. It was great for ACCA to be the one introducing them to this significant initiative – and to be speaking with them professional to professional.'

The talks were also highly impactful in promoting the ACCA brand more widely. 'After the talks, we had members of other professional bodies asking how they could join ACCA, impressed by the value and relevance of our professional insights and how they contribute to building the global profession.'

'Having people being motivated to become an ACCA member themselves as a direct result of presentations on our thought leadership is great endorsement of the quality of the work.'



5

Member professional
and career
development

As the pace of change continues to accelerate, the need for ACCA members to continuously refresh their skills and capabilities has never been greater.

To help members remain in high demand, we've had a strong focus on developing CPD resources and support over the past 12 months, with further enhancements planned throughout 2019-20.

Highlights of our professional development support and initiatives in 2018-19 included:

Accounting for the Future 2018 virtual conference: this year's flagship virtual conference was the biggest yet with over 28,000 attendees from 170 countries attending the live and on-demand sessions. It provided free CPD sessions over three days, with over 20,000 sessions attended that provided 136,000 hours of engagement

Mentoring programme pilot: launched in six markets in September 2018, this new initiative connects ACCA members and affiliates forming powerful relationships that help develop and enhance careers

Chartered Internal Auditor's challenge exam: the Institute of Internal Auditors (IIA) provided a specially designed fast-track, one exam route to Chartered Internal Auditor status for ACCA members throughout June - August 2018

A new agreement with CFA Institute: a three-year agreement which sees ACCA and CFA Institute collaborating and exchanging views on important projects and issues relating to both professions, such as CPD, ethics, professionalism and thought leadership, exploring common areas of interest across research study and professional insights

Certification in Mergers & Acquisitions from the Institute for Mergers, Acquisitions and Alliances (IMAA)

AB magazine: consistently ranked as the ACCA's most valued benefit, our members' magazine provides news and topical analysis, review of emerging trends affecting the profession, technical articles and updates, interviews, CPD articles, career and employability articles, ACCA news and events, videos, and podcasts.

Global support is supplemented by extensive local programmes run through ACCA's market offices, tailored to the local needs of the membership and the markets.

To inform our offerings, we undertake CPD survey of all members every two years. This year, over 6,000 ACCA members responded globally to tell us about their preferred learning methods and style and the content they'd find most useful. This insight shared is being used to shape both our global and market-led programme of member support.

ACCA Careers – our one-stop, digital recruitment resource

ACCA Careers is our online employment resource that connects our members, affiliates, and students to top organisations around the world. It is the only service of its kind that's available in English and Chinese language. With 80,000 roles advertised last year and an average of one million page view a month, it's also one of the most active dedicated sites for professional and trainee accountants in the world.

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In addition to viewing thousands of opportunities, members, affiliates and students can access world-class resources – including articles and webinars – to upskill and prepare for interviews and help career progression. They can search and apply for vacancies – and get regular job alerts by email. In the past 12 months, we've introduced a series of enhancement to ACCA Careers including:

- upgrading Approved Employer visibility and response performance
- launching a dynamic jobs widget on the Competency Framework job profiles to reinforce the link between the qualification and employability
- integrating with LinkedIn so our direct employer jobs get increased social promotion
- creating a volume 'job-mirroring' process so our top employers can have their roles seamlessly uploaded.

Acting as an ACCA mentor

— Sharon Critchlow FCCA



Sharon is a non-executive director and consultant who spent eight years as a public practice accountant in the UK, followed by nearly 20 years as a shareholding director leading a rapidly expanding company in the financial services sector. She is currently a director of Newgrange Developments Limited. She was elected to ACCA's Council in 2016, having served on ACCA UK's Bristol network panel for a decade, including three years as network president.

Sharon has been part of ACCA's mentoring pilot programme since it began in September 2018.

'I've worked with two mentees so far as part of the pilot – one exploring setting up her own business and one thinking about his next career step and looking at relocating with his family as a result.

Because I've spent my working life establishing and running enterprises, I was able to provide practical insight on all of those other essential aspects of making a success of a business, aside from the financials – which my mentee, of course, had completely covered! In the case of the other mentoring relationship, it was more about helping explore the emotional context of what a major move to another city, hundreds of miles away, might mean. With both mentees, acting as a sounding board and helping them challenge their fears and see how real they were was really important. That process helped build confidence

and belief and the fact there is so much implicit trust and respect between ACCA members means that you're able to get to the heart of the issue together much more quickly – because of our shared experience, there's that short hand and understanding'.

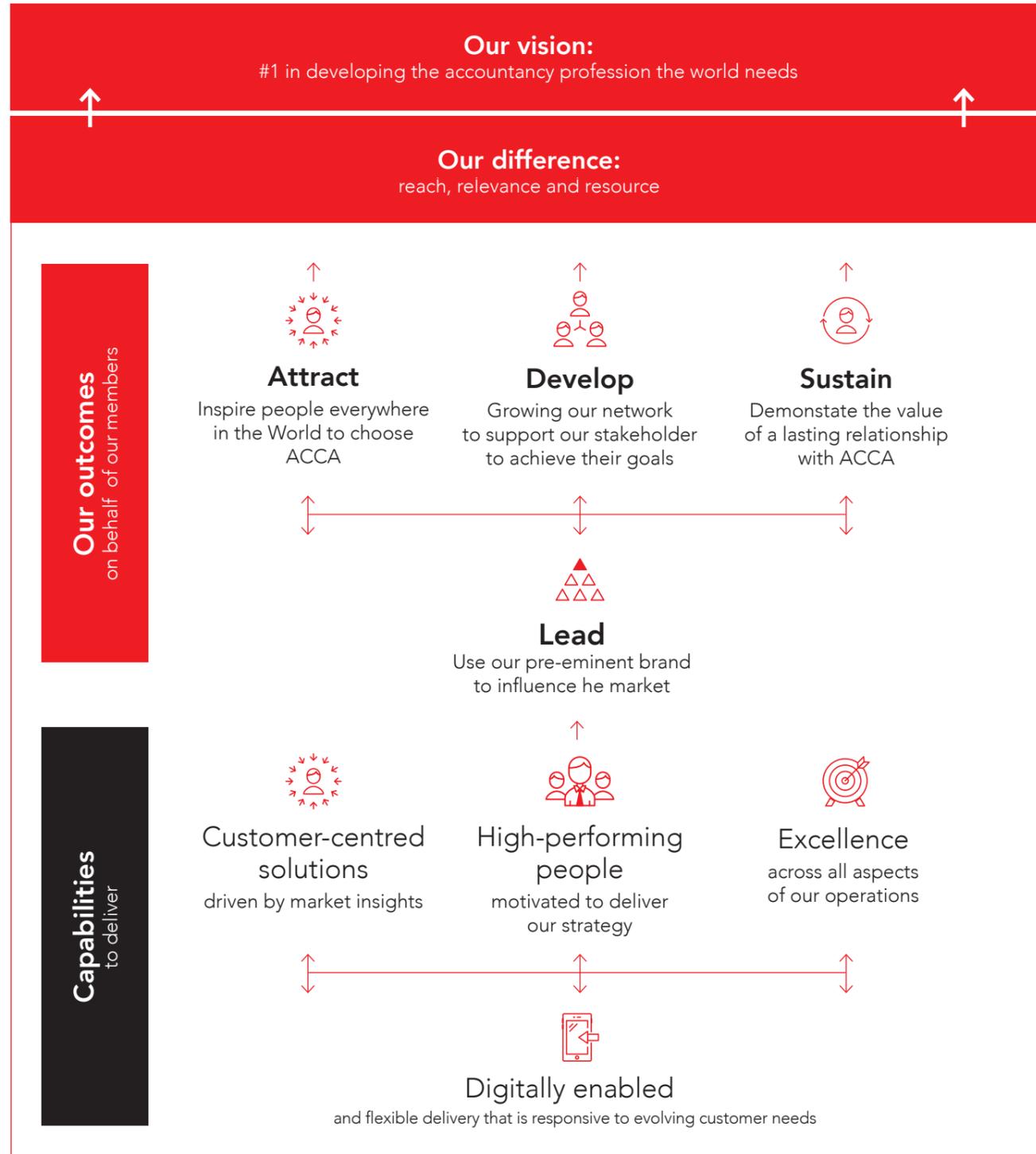
What does Sharon personally get out of this? 'Of course, it's fantastic to see people get on, especially when they are also part of the ACCA family. But it also reminds me of something I heard many years ago and has stayed with since – and that's the phrase 'to teach is to learn twice'. Acting as a mentor helps you refresh so many of the essential skills – listening, emotional intelligence, problem solving – that are vital in the professional life of an ACCA member. It's been a great experience.'

10

Our Strategy to 2020



Our vision of being #1 in developing the accountancy profession the world needs recognises ACCA's critical role in shaping and leading the profession.



Through our global network of members, future members and partners we will deliver value to the public by:

- acting in the public interest
- promoting ethical business
- supporting economic growth.

This links explicitly to UN Sustainable Development Goals 4 (Quality education) 9 (Industry, innovation, infrastructure), 10 (Reduced inequality), 11 (Sustainable cities and communities), 12 (Responsible consumption and production) and 13 (Climate change).

Our difference

ACCA's reach, relevance and resources combined are what make us so different and are at the heart of our success:

- reach – our global network, outlook and ambition which is at our core
- relevance – our comprehensive, flexible and accessible qualification which enhances employability
- resources – our scale and ability to generate, leverage and deliver value on behalf of our members.

Our outcomes on behalf of our members

We will attract a diverse range of talent to the profession through offering an accessible and flexible qualification which provides a broad range of skills and the ethical compass demanded by employers in every sector around the world.

This links explicitly to UN SDG 4: Quality education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

We will develop complete finance professionals who are supported, trained, examined and regulated to the same high standard globally.

UN Sustainable Development Goals



This links explicitly to UN SDG 4, Quality education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

A vibrant future for ACCA and our members will be sustained through growing our presence in existing and emerging markets.

This links explicitly to UN SDG 9, Industry, innovation and infrastructure: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

We will lead the profession in demonstrating to policymakers, employers and the public the value professional accountants bring to society by creating successful businesses and sustainable economies.

This links explicitly to UN SDG 9, 11 (Sustainable cities and communities), 12 (Responsible consumption and production) and 13 (Climate change).

Our capabilities to deliver

Customer-centred solutions driven by market insights.

We will lead the development of the profession by anticipating and understanding market needs to develop a relevant, rigorous and high-quality qualification that our customers need and value.

High-performing people motivated to deliver our strategy.

Our people, diversity and values are at the heart of what makes ACCA unique and successful. We will be outcome and performance focused, energising and empowering our people to deliver their best for ACCA.

Excellence across all aspects of our operations.

We will be operationally excellent, delivering maximum value and focusing the organisation towards continuous improvement.

Digitally enabled and flexible delivery that is responsive to evolving customer needs.

We will be proactive and responsive, delivering efficiently through our digital capabilities and global, regional and local relationships.

Beyond 2020

Following commencement last year, the detailed development of our Strategy to 2025 has continued throughout 2018-19, in consultation with Council. Council is due to approve the final version of this new strategy later in 2019.

11

Our strategic performance in 2018-19



Vision: #1 in developing the accountancy profession the world needs

What this means in practice:

by delivering our strategic outcomes (Attract, Develop, Sustain and Lead), ACCA and our qualification will be seen as leading the profession in innovation and quality. This means ACCA will be the most sought-after global designation in the profession and the clear choice for individuals and employers seeking an internationally-recognised professional accountancy qualification.

Strategic measure applied:

number of members.

Why we use this measure:

the expertise and ethics of our members are the main way we create value. The number who invest in our qualification shows the value and utility of our brand in the global marketplace.

Five year performance

	Prior year actuals				Current year actuals	Targets	
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20
# of members	178,169	188,837	198,614	208,549	219,031	218,000	226,400
Year-on-year % growth rate	5.1	5.9	5.5	5.0	5.0	✓	3.4

We reached 219,031 members globally, sustaining last year's annual growth rate of 5%.

We've seen another strong year of member growth, reflecting the continued value of the ACCA designation across the global marketplace. We reached 219,031 members

globally, sustaining last year's annual growth rate of 5%.

We exceeded both our expectations for new members – welcoming over 15,000 to our ranks for the second successive year – and our member retention expectations. This means we reversed the declining trend of member retention seen

in recent years, improving year-on-year retention by 0.3% to 97.7% globally.

In the coming year, we expect most of our key member markets to continue to grow. Because of fewer new affiliates this year – as a result of transitional behaviours around the introduction of our new Strategic Professional exams – we will see the rate of new member growth slow down.

Following above-expectation performance, we also expect the major markets of UK and Hong Kong to return to normal historic levels as a result of national economic drivers. Nevertheless, we are still targeting a healthy growth rate of 3.4%, year-on-year.



Our difference: reach, relevance and resources

What this means in practice:

that we invest in ACCA's unique combination of reach, relevance and resources, as our differentiator in the profession and our greatest source of competitive advantage, now and into the future.

Why we use this measure:

this demonstrates the extent to which we have exercised good financial discipline and also how we have invested against our strategy during the year. This KPI measure is consistent with the operating surplus/(deficit) reported in our statutory accounts, net of finance costs.

Strategic measure applied:

net operating surplus/(deficit) before tax.

Financial performance in 2018-19

2018-19 was a year of significant change for ACCA. Revenue continued to grow with total revenue of £206.1m which represents a 3.3% increase on the prior year.

This was achieved through a combination of growth in our student and member population, combined with the strong adoption of our new strategic case study exam which was launched during the year. The previous changes in our exam delivery model comprising four exam sessions per year and computer based delivery, are now largely embedded across our markets and have been well received by our students and partners.

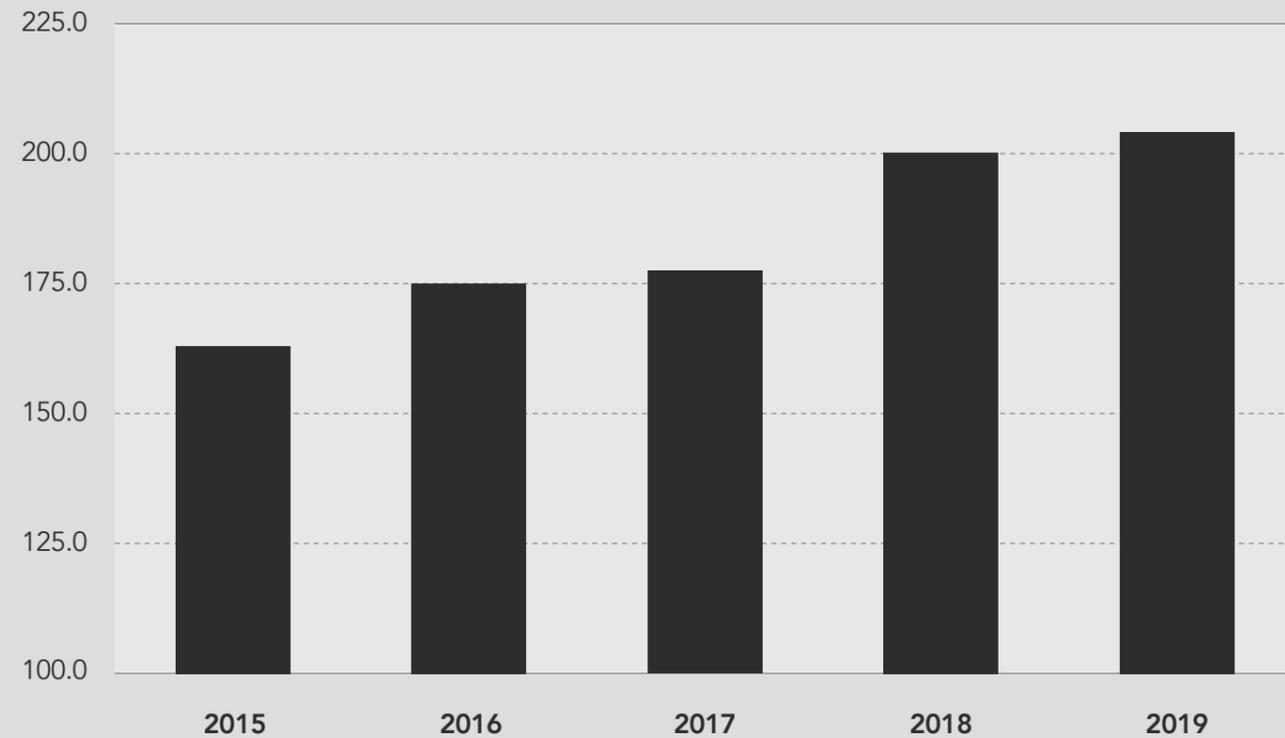
Five year performance

	2014-15	2015-16	2016-17	2016-17	2018-19	2019-20
Net operating surplus/(deficit)	£2.8m	£4.3m	£(6.0)m	£(8.6)m	£(35.2)m	-
Targets	£(5.0)m	£(5.0)m	£(4.9)m	£(18.3)m	£(14.8)m	£1.0m

Note

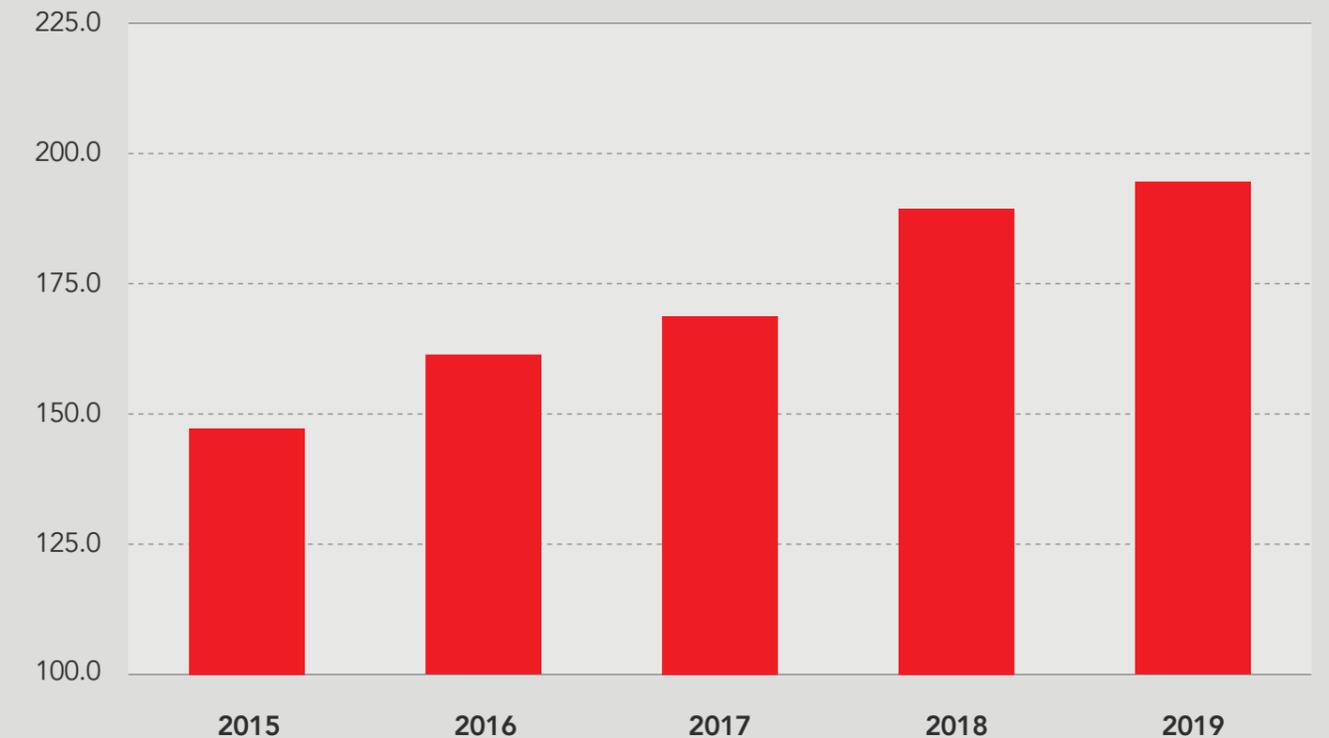
The current year result for the net operating deficit includes investment income, finance costs and other gains/(losses). In previous years these weren't included as part of the measure.

Income (£ million)



The market for professional qualifications remains very competitive but our focus on strategic pricing, commercial relationships and working closely with strategic partners in key markets has ensured that our offering remains competitive.

Operating expenditure (£ million)

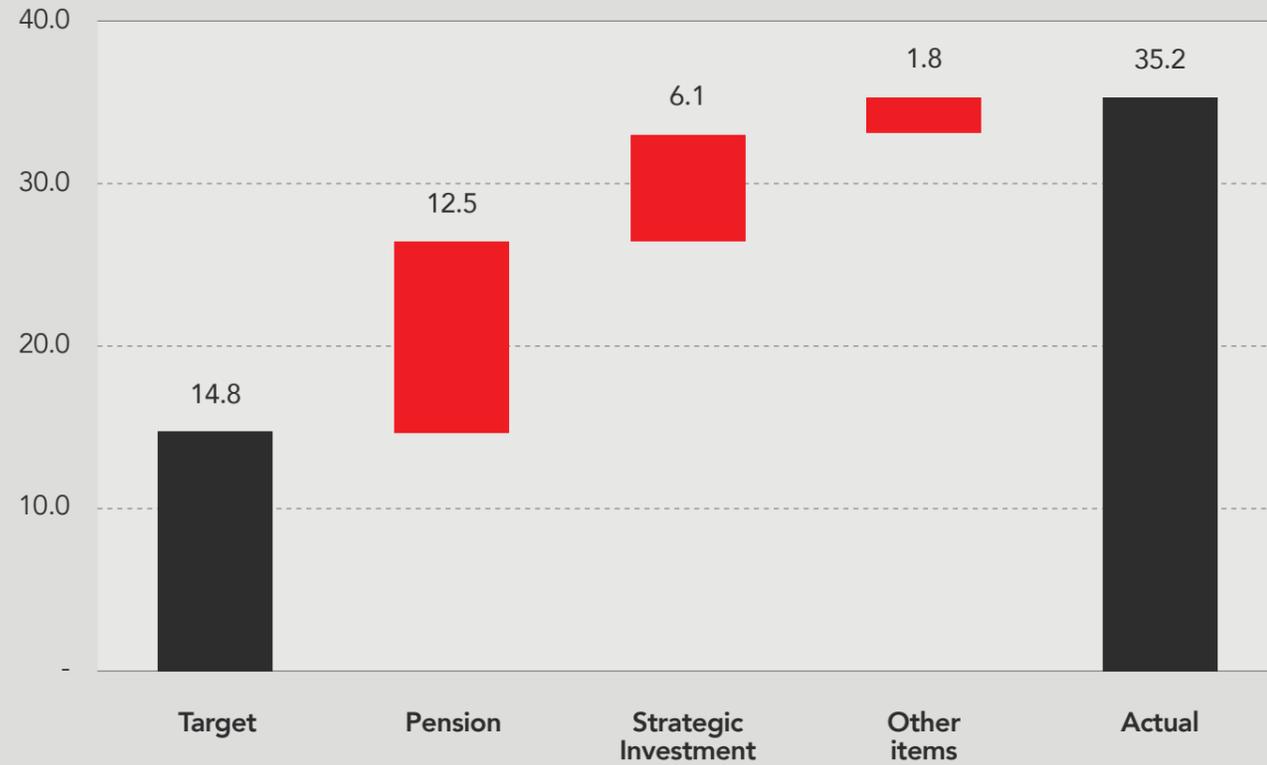


Operating expenditure increased to £195.9m which represents a 3.8% increase from prior year. Through close monitoring and focus on costs, operating expenditure was £1m below the original budget (0.5% favourable). The increase on prior year was largely related to inflation on salary costs and the changing mix from paper to computer based exam delivery.

Going forward, our Budget for 2019-20 which was approved by Council in March, continues to be built on cost conscious principles to maximise the value obtained from our operational expenditure.

We have increased the investment in our strategic change programme by £6.1m (which includes the impact of intangible capitalisation and amortisation) during 2018-19. During the year we increased the investment in our digital programme which will update our IT infrastructure and make improvements to our digital capabilities to improve the services, experience and ease of doing business for members, students, employers, learning providers and our other stakeholders. In addition, ACCA is continuing to invest in innovations to the ACCA Qualification, with the delivery of the strategic business leader case study during September 2018.

Net operating deficit (£ million)



We delivered a pre-tax net operating deficit of £35.2 million against a planned pre-tax deficit of £14.8m. During 2018-19 we recognised an exceptional accounting adjustment relating to ACCA's defined benefit pension scheme. After long-standing work to clarify the legal commitments and benefits of the scheme, a charge of £12.5m for past service costs has been recognised.

A decision was made during the year to accelerate spend relating to the timing of investment in our IT infrastructure and digital transformation amounting to £6.1m. Other items relate to a combination of smaller items totalling £1.8m, the largest of which is a reduction in investment income and a change to our accounting policies following adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

Other financial information

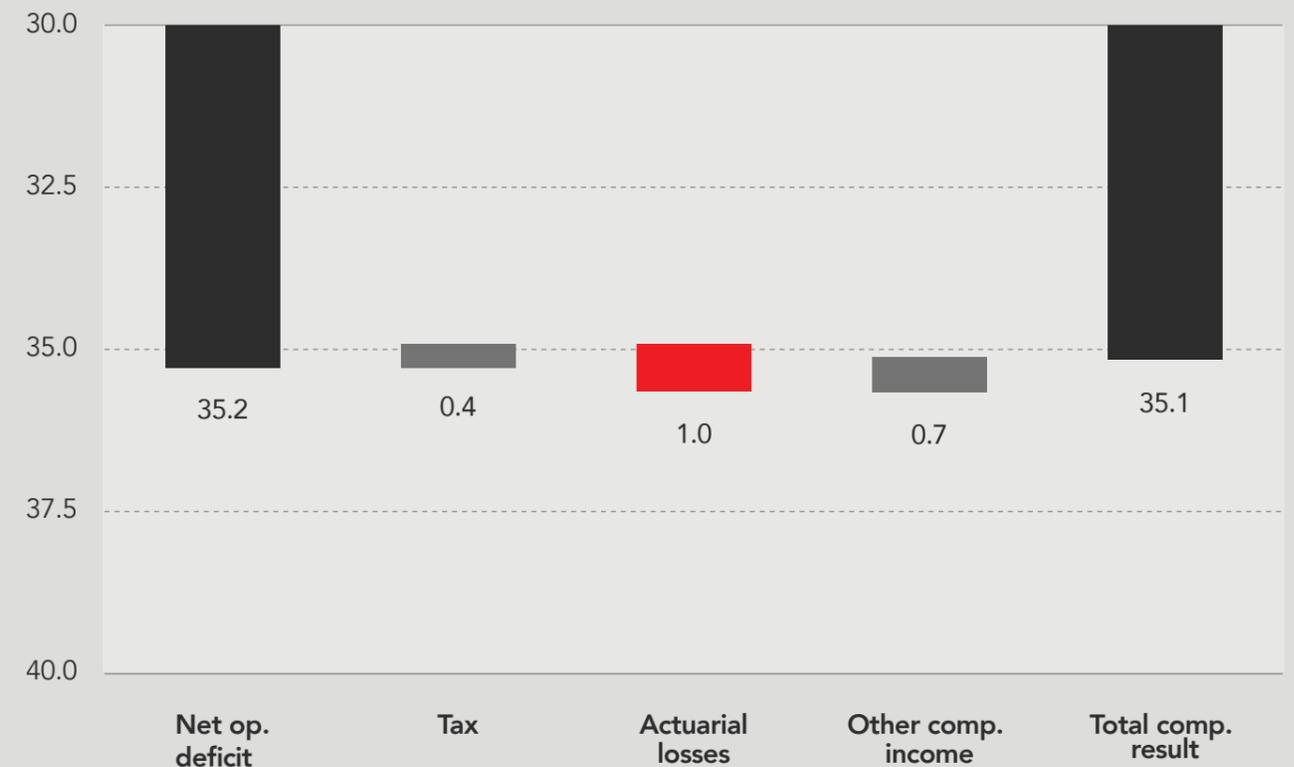
There are a range of transactions that arise after net operating deficit is accounted for, including tax, actuarial gains/(losses) income and other comprehensive income.

Our total comprehensive result for the year to March 2019 amounted to a deficit of £35.1m.

We operate defined benefit pension schemes in the UK and Ireland, both of which are closed to future accrual. These schemes are valued each year-end and actuarial gains or losses are taken to comprehensive income. This year, the actuarial losses amounted to £1.0m, which was driven by a change in the financial assumptions e.g. small decrease in the discount rate and a small increase in the inflation rate.

The balance sheet remains strong and provides ACCA with a platform to continue to deliver sustainable growth.

Total comprehensive result (£ million)



Council has a long-term guide to build the Accumulated Fund to 60 days of operating expenditure. At March 2019, the Accumulated Fund represented 32 days of operating expenditure. This is below the guide and reflects the ongoing current investment in our transformation programme and the impact of historic pension adjustment.

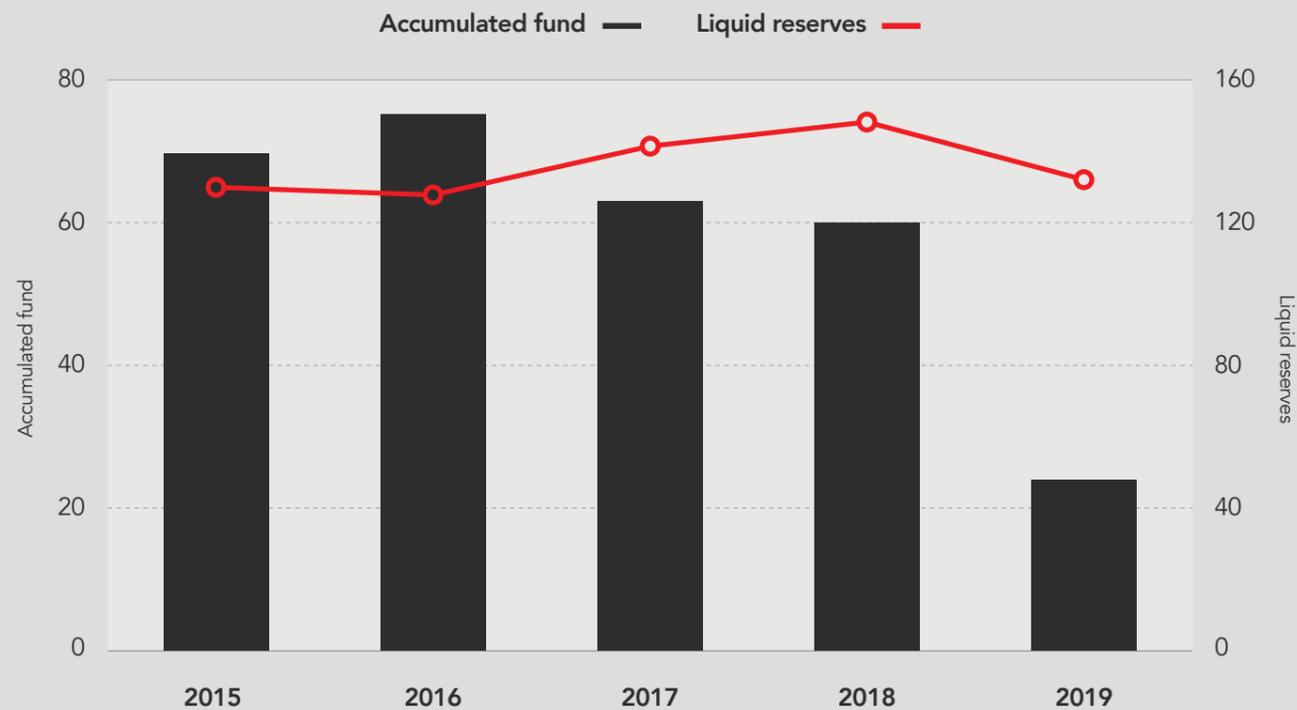
Council also monitors balance sheet liquidity, and has agreed that it will maintain a level of liquid reserves to cover ACCA's exposure to corporate risks that would result in a consequential loss to ACCA which could reduce

overall financial strength and create a risk that ACCA was unable to settle liabilities as they fall due. Liquid reserves are defined as the total of cash, liquid short-term and long-term investments, less any short-term borrowing.

Total assets fell from £208.0m to £191.3m, mainly as a result of the deficit for the year. At March 2019, our investment portfolio including short-term cash funds was £114.4m and our cash balances were £15.6m.

Want more details?
More detailed financial information is available in our consolidated financial statements.

Funds and liquid reserves (£ million)



Attract:
inspire people everywhere in the world to choose ACCA

What this means in practice:

developing the ACCA Qualification so that it continues to provide the skills and professionalism demanded by employers globally in every sector and promoting ACCA through a vibrant and forward-looking brand.

Strategic measure applied:

number of students and affiliates (those who have completed ACCA's exams but are yet to become members).

Why we use this measure:

it shows our success in extending the appeal of our qualification to the next generation and the strength of our membership pipeline.

Five year performance

	Prior year actuals				Current year actuals	Targets	
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20
# of students and affiliates	455,788	480,813	486,514	503,262	527,331	521,200	551,600
Year-on-year % growth rate	4.6	5.5	1.2	3.4	4.8	✓	5.0

For the first time under our Strategy to 2020 we've exceeded our overall growth target for students and affiliates by 1.2%, with an increase of 4.8% globally.

For the first time under our Strategy to 2020 we've exceeded our overall growth target for students and affiliates by 1.2%, with an increase of 4.8% globally. We've seen the retention picture improve for the second year in succession,

ending the year at 85.5% (0.8% ahead of expectation). The focus we've had on sustainable recruitment, more active nurturing and increased study interventions has helped drive this performance.

During the year, we recruited 111,947 students globally, with the largest intakes

coming from China, India and the UK. Overall, we ended the year nearly 2,000 new students behind expectation, with lower than anticipated registrations in China and India being the main contributing factor. However, recruitment overall still increased by 5.6% year-on-year (an increase of 3.2% on prior year).

Registrations are targeted to grow in 2019-20, again led by strong demand in China and India and with the majority of other markets expected to increase slightly or hold steady. We also expect to see retention levels stabilise at this new level, helping create a more sustainable pipeline to membership.



Develop: grow our network to support our stakeholders to achieve their goals

What this means in practice:

we develop members and students by investing in support that enables them to achieve their professional goals.

Strategic measure applied:

100% of our three student progression targets of: 786,000+ exams entered during the year; 66.9% of ACCA affiliates achieving members in four years; 38% of students passing exams in the past year.

Why we use this measure:

it gives a rounded picture of the main factors that affect progress to membership. All three element targets need to be met to achieve the Develop measure.

Of the three element targets we needed to meet, two were achieved (number of exams entered and % of students becoming members within four years) and one was not achieved (% of students passing exams in the past year).

Five year performance Student progression factors

	Prior year actuals				Current year actuals	Targets	
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20
# exams entered	762,347	837,192	774,911	817,058	782,253‡	786,000‡	782,200
					✓		
% of students becoming members within four years	68.5	68.5	66.1	66.9	67.0	66.9	66.9
					✓		
% of students passing exams in the past year	36.4	34.7	36.2	36.2	36.8	38.0	36.8
					✗		

Note

‡ considered achieved if result is within or better than -1.5% of the target.

Exams entered:

Because we moved from 14 to 13 papers overall during the year, and to reflect the risk of volatility in exam volumes due to the move to computer-based exams (CBE) and Strategic Professional exams, we included a 1.5% margin within our exam entries target this year only. Allowing for this margin, we met the base of this target with over 782,000 exam entries for the year. Within this, our annual volume of on-demand CBEs exceeded 200,000 for the first time, surpassing our on-demand target by over 2,000 exams. On the other component of exams – the fixed sessional exams offered four times a year – we also surpassed the base of our target by some 1,500 exams. Given the significant changes introduced to our exams during the year, this provides reassurance that our qualification changes are being accepted by the marketplace.

% of students becoming members within four years:

For the first time since 2015-16, we met our target for the percentage of affiliates achieving membership in four years. As our student mix has changed and evolved, we had needed to adjust to a slower rate of progress. Seeing this solidify this year to 67% is reflective of the concerted efforts we've made around actively encouraging and nurturing affiliates towards membership through targeted interventions.

% of students passing exams in the past year:

The percentage of students passing an exam during the past year has seen a slight fall (0.1%). This is primarily due to slower progress following the introduction of Strategic Professional in September 2018, with more students choosing to defer or sit option papers first (the latter of which have lower pass rates). We are targeting improvement in 2019-20 as Strategic Professional continues to embed in the market and the steadily improving pass rates we've seen

over the first two sittings of the exams are a positive sign for the coming year. We'll also continue to focus on progression in the next 12 months by continuing to deepen relationships with all our strategic partners and work with them to help better support students on their exam journey.



Sustain: demonstrate the value of a lasting relationship with ACCA

What this means in practice:

we deliver and communicate the tangible value of a relationship with us to our members and students so that they remain committed to, and advocate for, ACCA.

Strategic measure applied:

overall member, student and affiliate satisfaction.

Why we use this measure:

it shows overall happiness with our brand and services.

Five year performance

	Prior year actuals				Current year actuals	Targets	
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20
Overall satisfaction†	70.0%	72.0%	76.9	80.7	79.1%	80.0%	80.0%
Year-on-year increase/decrease	-1.0%	+2.0%	+4.9%	+3.8	-1.6%	✓	+0.9%

	2014-15	2015-16	2016-17	2017-18	2018-19
Member satisfaction†	71.0%	71.0%	76.4%	79.5%	77.2%
Affiliate satisfaction†	58.0%	66.0%	71.0%	75.7%	71.5%
Student satisfaction†	71.0%	76.0%	78.1%	82.5%	82.1%

Note

† survey measures for students, members and affiliates are judged achieved if within +/- 1.5% of the target to allow for accepted survey variations. Based on response rate of 31,601 members, students and affiliates responding globally.

Having improved overall satisfaction by 10.7 percentage points (ppts) over the previous three years, we set a maintenance target of 80% for 2018-19. Allowing for the permitted survey variation, we met the target by recording 79.1% overall satisfaction. Scores across all groups declined, with the largest fall (4.2ppts) being seen amongst the affiliate population.

Member satisfaction

With the exception of Russia and Singapore, satisfaction decreased in all key member markets. Despite recent drops, satisfaction continues to

track around the 80% mark in all sectors, with the exception of public practice which saw a 3.4ppts decline to 73%. In 2019-20, we are planning a greater focus on supporting the sector, particularly the SMP segment.

Key driver analysis shows that 'relationship with ACCA' is the top driver of overall member satisfaction. We therefore know that our priorities for driving improvement need to be showing that we understand members' needs and demonstrating commitment to helping members succeed. Positively, we have seen satisfaction with our

communications to members increase 9ppts over the past year to 73% so there is a strengthening channel through which we can share key developments.

80%

Despite recent drops, member satisfaction continues to track around the 80% mark in all sectors, with the exception of public practice, which saw a 3.4ppts decline to 73%.

Again, excepting Russia and Singapore, we have also seen declines in active recommendation (see Lead results). Conversely, we have seen improvements in Net Promoter Scores which ended the year up 1.2 ppts at +36.9 – a strong score when compared to global benchmarks. So we have some work still to do on turning positive sentiment about the ACCA brand into active recommendation and will be looking at this in 2019-20.

For all our key markets, we have a clear tailored plan of activity oriented around key drivers of positive sentiment which will enable us to focus on the support and services that most matter to our members.

Affiliate satisfaction

In general, there is a split between newer affiliates and those who have been affiliates for more than one year, driven by employability, with newer affiliates tending to be more positive. While the results vary significantly across markets, depending on the local environment, the need to focus on employability and career progression came out very clearly globally. We therefore need to build on the work already undertaken around processes and outreach to help affiliates get the right practical experience and enhance their careers, which will continue in 2019-20, alongside market-specific interventions.

Student satisfaction

We saw small declines in satisfaction across major markets, with the exception of Pakistan and Russia which recorded year-on-year increases. Value for money and affordability were identified as the top driver of satisfaction and perceptions around affordability have decreased year-on-year, arguably linked to more students taking up structured provision which increases the overall cost of ACCA

Because tuition provision has such a strong positive impact on progression, we need to more clearly articulate and explain the value of this to students and also more clearly demonstrate overall value for money.



Lead: use our pre-eminent brand and reputation to influence the market

What this means in practice:

we aim to lead the profession in demonstrating the value professional accountants bring to society, which also relies on a strong, visible and credible brand.

Strategic measure applied:

brand power, assessed through 10 elements covering brand awareness, brand reputation and global market share.

Why we use this measure:

it gives us a rounded picture of brand resilience and impact across our main stakeholder groups.

Five year performance

Brand power element	Prior year actuals				Current year actuals	Targets	
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20
Members who have recommended ACCA†	60.6%	57.5%	60.2%	63.5%	61.4% ✗	66.0%	63.0%
Students who have recommended ACCA†	70.0%	71.1%	74.2%	78.1%	77.0% ✗	80.0%	78.0%
Affiliates who have recommended ACCA†	64.0%	65.4%	67.7%	71.5%	70.6% ✗	73.0%	73.0%
Approved learning providers recommending ACCA as first choice†	90.3%	91.2%	89.1%	88.0%	89.9% ✓	90.0%	88.0%
Key employers preferring to recruit ACCA†	44.0%	35.0%	39.2%	43.0%	50.0% ✓	45.0%	50.0%
Members, students and affiliates agreeing that ACCA is an innovative and forward-thinking organisation†	72.3%	71.5%	75.5%	77.4%	79.2% ✓	80.0%	80.0%
Members, students and affiliates agreeing that ACCA shapes the agenda of the accountancy profession†	70.0%	68.5%	71.5%	74.8%	75.0% ✓	75.0%	76.0%
Members agreeing that ACCA promotes public value†	67.5%	67.2%	70.9%	73.4%	72.2% ✗	75.0%	73.0%
Employers believing that ACCA provides relevant skills for their business†	84.0%	88.0%	92.0%	91.0%	90.0% ✓	91.0%	90.0%
Share of total members of ACCA, ICAEW, AICPA, CIMA and CPA Australia	18.3%	18.7%	19.3%	19.7%	20.3% ✓	19.9%	20.6%
Overall	80.0%	80.0%	80.0%	100.0%	60.0% ✗	80.0%	80.0%

Note

† Survey measures for students, members and affiliates are judged achieved if within +/- 1.5% of the target to allow for accepted survey variations. Survey measures for employers and learning providers are judged achieved if within +/-2.5% of the target. Member results based on 10,131 responses from all surveyed globally; student and affiliate results based on 21,900 responses from all surveyed globally; employer results based on 612 surveyed globally; learning providers results based on 481 providers surveyed globally.

2018-19 is the first year we've not met our target of achieving at least eight of the ten elements. Following exceptional performance in 2017-18 when we achieved all ten of our brand power measures for the first time, we set ambitious targets that we did not meet.

In common with the pattern on satisfaction results, we've seen falls around recommendation from members, students and affiliates. While student and affiliate recommendation has nevertheless increased markedly over the life of the strategy, member recommendation has been less robust and we need to work harder to ensure members proactively advocate for us.

In contrast – although we've not met the target set – we've seen the score for whether ACCA is innovative and forward-looking increase by 1.8% year-on-year. This reflects the positive effect our promotion of the qualification changes has had in the market. We've also seen perceptions around whether we shape the agenda of the profession stay strong and hit our target, underpinned by our active programme of Professional Insights.

After a trajectory of improvement of nearly 6% over the life of the strategy, we've seen perceptions on public value fall this year. Underneath this, there is a picture of increases and decreases across individual markets and we therefore need to ensure we are demonstrating ACCA's public value contribution in a way that resonates in individual markets. During 2019-20, we will have a defined stream of work on ethics to help create this focus.

The learning provider and employer results are highlights, with both showing strong preference for ACCA. For the first time since we began measuring this, half of all key employers surveyed said they preferred to recruit an ACCA qualified accountant, an increase of 7ppts on last year, with 90% also saying ACCA provides relevant skills for their business. Although not included in our basket of measures, the proportion of employers who prefer to trainees to study ACCA has risen 9ppts to 64%.

Within our Approved Learning Provider community, we maintained very high levels of recommendation, with 89.9% who offer more than one professional accountancy qualification recommending ACCA.



Our capabilities: high-performing people motivated to deliver our strategy

Strategic measure applied:

Best Companies employee engagement index.

Why we use this measure:

It is a wide-ranging index which assesses how engaged and fulfilled our employees are and enables us to identify those drivers which are likely to affect their contentment and motivation. This is also a widely used framework for assessing employee engagement which means we can benchmark our performance against leading employers.

Five year performance

	Actuals					Target
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19
Best Companies employee engagement score	643.8 (One to Watch status)	649.5 (One to Watch status)	654.3 (One to Watch status)	666.1 (1 Star status)	678.4 (1 Star status) ✓	659.5 (1 Star status)

Note

Based on 82.4% global response rate.

We've strengthened our Best Companies 1 Star status again in 2018-19, increasing our overall score by more than 12 points since last year, our largest year-on-year increase to date.

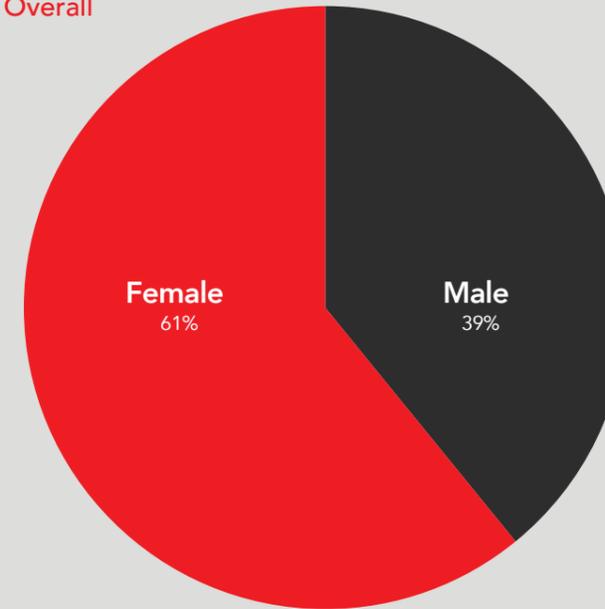
Seven of the eight factors that make up the Best Companies measures have increased, while the eighth measure, Giving Something Back, held steady. The scores also showed that people managers are held in ever higher regard and we also saw solid improvements in the leadership and wellbeing measures.

Last year we shifted our emphasis to support a more transformational, everyday approach and this has helped build a more effective and resilient culture.

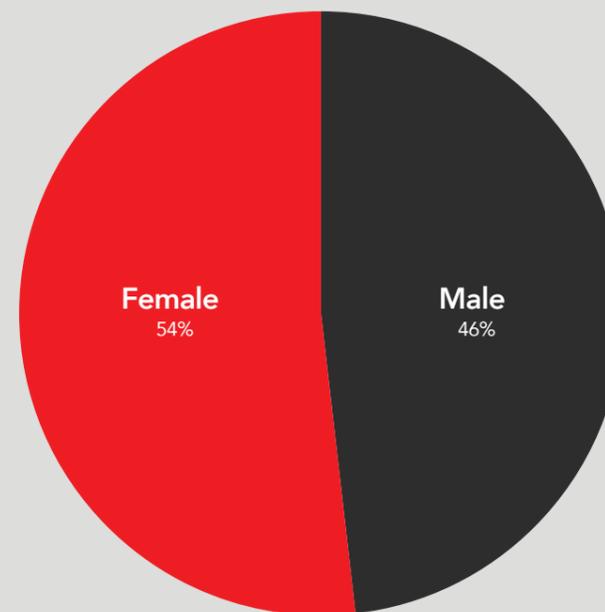
In the coming year, we will be supporting our leaders in leading and managing change, through understanding what good change leadership looks like, key behaviours and comprehensive communication support. The second focus will be further people management development, with particular emphasis on holding constructive conversations, creating a feedback culture and building trust.

Employee diversity

Overall



Leadership*



Note
*Executive team and their direct reports (most senior 37 people in the organisation).

UK gender pay gap

ACCA's mean gender pay gap for 2018 in the UK was 12.5% (8.8% in 2017) and the median gender pay gap was 13.3% (9.3% in 2017).

Although ACCA's overall gender pay gap remains below the average national pay gap of 17.9%, both our mean and median pay gap figures have increased over the course of the year. Our analysis shows that the widening of the gap is mainly due to the changing demographics across the workforce over the relevant period. Executive team changes since the snapshot date of 5 August 2018 used for the gender pay data mean that senior management moved from being 80% male to gender balanced during the course of the year. In future years, this will therefore have an effect on the balance of senior management remuneration.

We're committed to gaining a deeper and more comprehensive understanding of the underlying reasons for our gender pay gap and are equally committed to taking action to address it. We see this as a key part of our holistic approach to diversity and a critical component in creating a balanced and inclusive workplace for employees.

Modern Slavery Act commitment

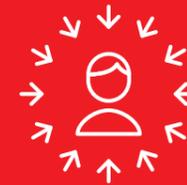
We are committed to acting ethically and with integrity in all our business dealings and relationships. We act on this commitment by implementing and enforcing effective systems and controls to ensure that modern slavery is not taking place in our organisation or in any of our supply chains.

We expect the same high standards from our suppliers, contractors and other business partners and as part of our contracting process we include prohibitions against the use of forced, compulsory or trafficked labour or anyone held in slavery or servitude. We expect that our suppliers will hold their own suppliers to the same high standards.

Our Executive team has overall accountability for ensuring that our organisation complies with this policy and for monitoring its use and effectiveness, as well as the auditing of internal control systems and procedures.

More details

Our full gender pay report for 2018 can be found at: http://www.accaglobal.com/content/dam/ACCA_National/uk/aboutus/uk-gender-pay-gap-report.pdf



Customer-centred solutions

Strategic measure applied:

a basket of customer service measures (calls answered within 20 seconds, call abandonment rate, emails answered within two days, web chats picked up within 30 seconds, web chat abandonment, online applications processed within three days, year-on-year improvement applications completed, member customer experience, student customer experience) which provides a rounded picture of overall customer service.

Five year performance

	2014-15	2015-16	2016-17	2017-18	Actuals 2018-19	Target 2018-19
Customer service Service Level Agreement (SLA)	97%	87%	88%	96%	94%	80%
					✓	

Strong performance has been delivered across the elements that make up our basket of measures. This has been underpinned by three key areas of focus 2018-19:

Focus areas	2018-19 deliverables include
Greater partner focus	<ul style="list-style-type: none"> B2B portal introduced for employers and learning providers Strategic partner account management Improved financial processes, with 79% rating ACCA very highly in terms of ease of doing business
Improvements for our members	<ul style="list-style-type: none"> Frequency of issuing member certificates Refund process simplified, with a turnaround time down from 10 to five days Improved communications around renewals
Enhance student and affiliate experience	<ul style="list-style-type: none"> Exemption and payment processes streamlined, including moving turnaround time on exemptions from 12 to five days Data quality improvements, with 300,000 records now cleaned up through the process.



Operational excellence: across all aspects of our operations

Strategic measure applied:

operating costs per student and member against benchmark, which shows the cost effectiveness of our service, compared to key competitors, and is taken as a proxy for the efficiency of our operations as a whole.

Five year performance

	Actuals					Target
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19
Cost per student and member	£254	£260	£247	£265	£262	£263
					✓	



Flexible delivery: digitally-enabled and flexible delivery that is responsive to evolving customer needs

Strategic measure applied:

80% of digital experience SLAs (a basket of measures comprising website availability, website response time and digital customer satisfaction), which provides time and quality metrics on our main digital services.

In 2018-19, we continued to invest significantly in digital offerings, especially around the changes to the ACCA Qualifications and our underlying digital infrastructure. We've begun a multi-year programme to improve our core digital capabilities under a comprehensive transformation programme. Deliverables this year have included the launch of a mobile-friendly ACCA website, a new self-service B2B portal for key learning providers and employers which allows them to administer student accounts in a more user-friendly way, a new HR management solution, and extensive upgrades to digital applications for our employees.

					Actuals	Target
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19
Digital experience SLAs	N/A	100%	91%	100%	92%	80%
					✓	

12

Our risks and their management



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

As such we consider risk in three broad types:

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

The overall objective of our Enterprise Risk Management (ERM) approach is to help link strategy and risks, as clearly as possible, so that our decision making is transparent, both internally and externally, and based on robust evidence.

Our ERM approach ensures we have a holistic view of the risks and opportunities facing us drawing on our internal skills and knowledge, consideration of the wider environment in which we operate along with drawing on the expertise of our external parties.

Ten risks are currently held on our corporate level risk register (ten for the year ending 31 March 2018).

Ownership and oversight

Our corporate risk register records the top cross-cutting risks and uncertainties we believe ACCA faces. These risks, should they crystallise, have been judged to pose a significant threat to the successful delivery of our Strategy to 2020 and to ACCA's longer-term sustainability.

Each corporate-level risk is owned by a member of the Executive team with the entire Executive team reviewing all corporate-level risks every month to reflect any market, legislative and/or operational developments and adjusting mitigation and threat levels accordingly.

Our Audit Committee exercises independent oversight of both ACCA's corporate risks and our Enterprise Risk Management Framework

Risk appetite

In line with ACCA's mission and core values, we remain committed to a bold and innovative approach to market development, so we can maintain our reputation for being at the forefront of responding to market needs, wherever these needs might be. Because the integrity of our qualification is at the heart of our brand, our corporate risks have a strong focus on minimising threats to the standing and value of the ACCA brand.

Risk appetite definitions:

Hungry: eager to be innovative and choose options offering potential higher rewards, despite greater inherent risk.

Open: willing to consider all potential options with a bias towards options likely to prioritise the certainties of successful delivery over potentially high-reward strategies.

Averse: preference for safer options which have a lower level of residual risk but which may have more limited upside potential.

Corporate risks and uncertainties

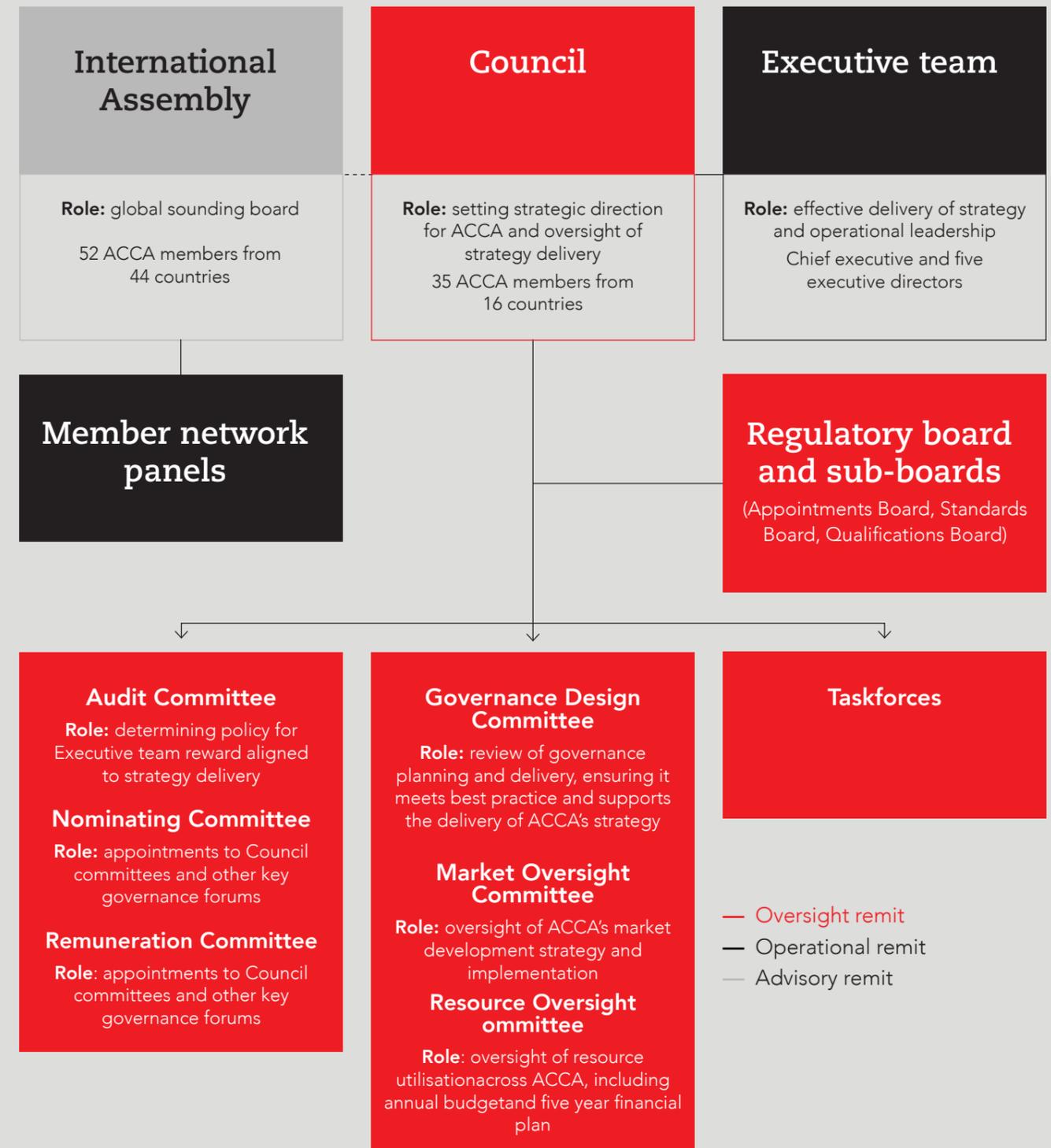
Risk category	Risk	Relates to strategic outcome	Risk appetite	Key mitigations
Strategic	Uncertainty around student behaviour	Sustain	Open	<ul style="list-style-type: none"> scenario analysis based on latest internal and external influencing factors key costs forecasted on driver-based modelling new exam forecast review process implemented.
Strategic	Increased protectionist behaviour	Attract	Hungry	<ul style="list-style-type: none"> develop and implement partnerships with national bodies in key markets establishment of cross functional working groups focus on to targeted mitigation plans for specific country or region recognition risks.
Strategic	Increased competitor behaviour	Attract	Hungry	<ul style="list-style-type: none"> integration of ACCA qualification university into degree programmes strong emphasis on B2B partner management strategic alliance with CA ANZ.
Reputation	Failure to comply with existing, changing or new regulatory or legislative requirements	Lead	Open	<ul style="list-style-type: none"> internal/external audit process in place to address compliance in-country legal advisers identify changing and new legislation subject matter experts across ACCA provide expert compliance advice global compliance policies in place are accessible via Compliance Gateway.
Reputation	Loss of data or sensitive information	Flexible delivery	Open	<ul style="list-style-type: none"> information security awareness and training across ACCA penetration testing and vulnerability management programme.

Risk category	Risk	Relates to strategic outcome	Risk appetite	Key mitigations
Operational	Failures in our end-to-end exam processes	Operational excellence	Averse	<ul style="list-style-type: none"> robust end-to-end exam processes and controls in place contracts with strategic suppliers to ensure exam process delivers to performance measures and governance framework Exam Contingency Group monitors potential disruption to exams with response plans reviewed for each session.
Strategic	Distribution network unable to support changes to ACCA's business model	Sustain	Open	<ul style="list-style-type: none"> Market Adoption Change Programme supports ACCA's learning providers through changes to business model international train-the-trainer sessions extensive relationship management of strategic partners.
Strategic/ Reputation	Failure to comply with educational regulators' requirements	Operational	Averse	<ul style="list-style-type: none"> regular compliance reviews and confirmation of adherence with regulatory conditions continuous engagement with education regulatory environment.
Strategic	Supporting expectations, and ensuring exam progression, against increasing student diversity	Develop	Hungry	<ul style="list-style-type: none"> review and expansion of ACCA's suite of learning products and support student progression rates actively tracked, enabling appropriate action in response to early-warning indicators.
Strategic	Challenges and opportunities arising from Brexit	Sustain	Open	<ul style="list-style-type: none"> ongoing monitoring of developments via Brexit Oversight Group representation of ACCA and member interests through external communications and consultation responses.

13

Our governance and leadership

ACCA's leadership is formed of two complementary bodies – Council and the Executive team



At 31 March 2019, Council consisted of 35 members (36 members as at 31 March 2018), 33 of whom were directly elected by the global membership. Two members were co-opted by Council in March 2019.

Council members 2018-19

Officers

Robert Stenhouse, president

Jenny Gu, deputy president

Mark Millar, vice president

Susan Allan	Dato' Lock Peng Kuan
Liz Blackburn	Ayla Majid
Ben Catlin	Nasir Ahmad
Hidy Chan	Amos Ng
Rosanna Choi	Taiwo Oyedele
Orla Collins	Siobhan Pandya
Sharon Critchlow	Ronnie Patton
John Cullen	Melanie Proffitt
Joyce Evans	Marta Rejman
Cristina Gutu	Brendan Sheehan
Kenneth Henry	Dinusha Weerawardane
Lorraine Holleway	Fergus Wong
Michelle Hourican	Matthew Wong
Paula Kensington	Alice Yip
Arthur Lee	Phoebe Yu
Dean Lee	Datuk Zaiton Mohd Hassan

Council provides overall stewardship and oversight of ACCA. Council's core mission, which underpins all of its activities, is to ensure that ACCA delivers the objectives stated in its Royal Charter. To achieve this, Council has a wide-ranging remit, geared to providing strategic direction for ACCA.

Individual Council members act in the interests of the membership as a whole, rather than on behalf of any particular constituency or group. In keeping with our core values, a distinctive

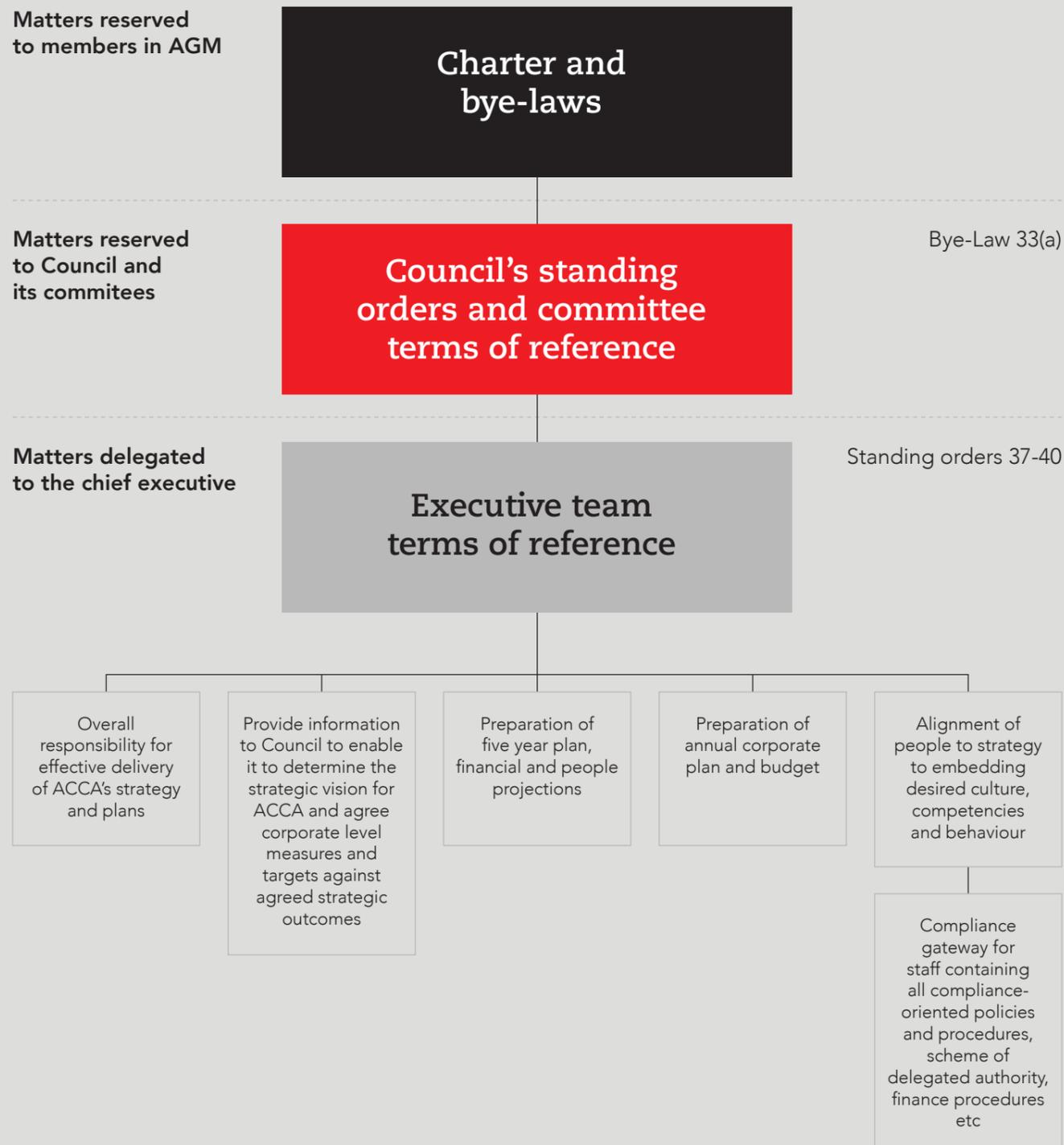
feature of ACCA's Council is its diversity. This allows it to draw on an especially wide range of views and experiences, giving a rounded global perspective. Council's composition also closely mirrors that of ACCA's overall membership.

Council works closely with ACCA's Executive team to devise ACCA's strategy, which is then approved by Council. Delivery of the strategy

is the responsibility of the Executive team, with governance of the process and performance tracking provided by Council.

In keeping with our core values, a distinctive feature of ACCA's Council is its diversity. This allows it to draw on an especially wide range of views and experiences, giving a rounded global perspective.

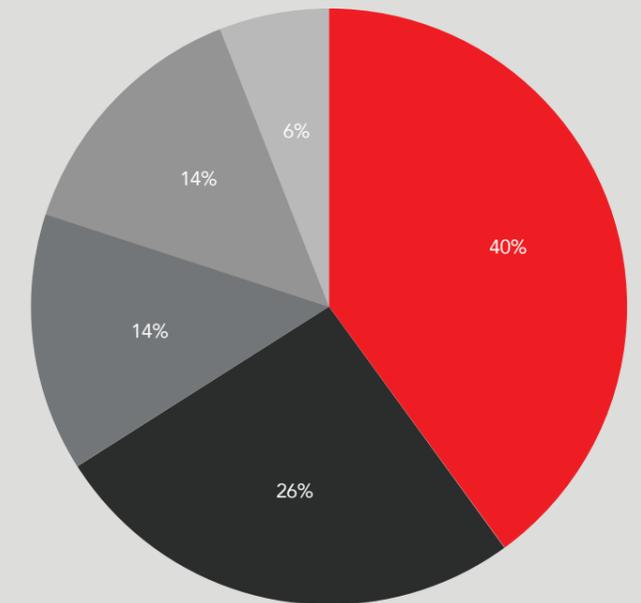
Governance hierarchy and responsibilities



Council demographics

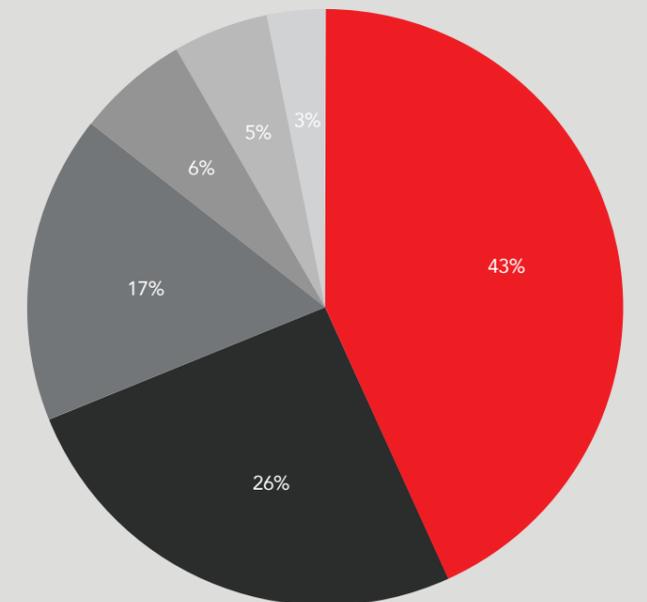
Council members - sectors

- Corporate Sector
- Practice
- Education
- Professional Services
- Public Sector



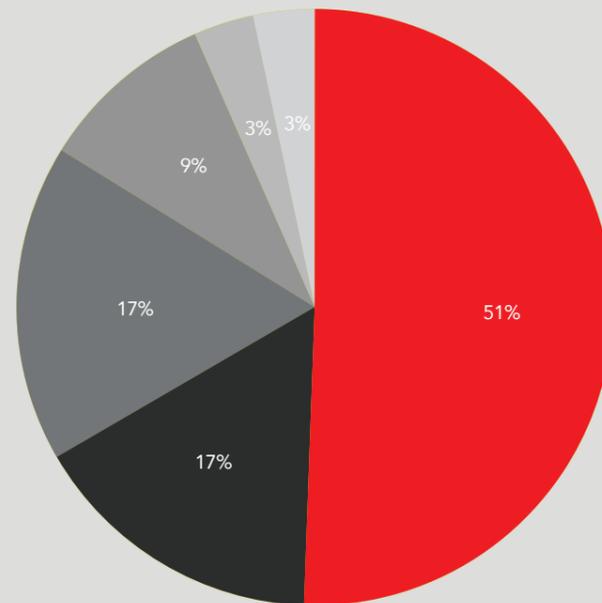
Council members - region

- Europe & Americas
- Greater China
- Asean & ANZ
- Middle East and South Asia
- Emerging markets
- Africa



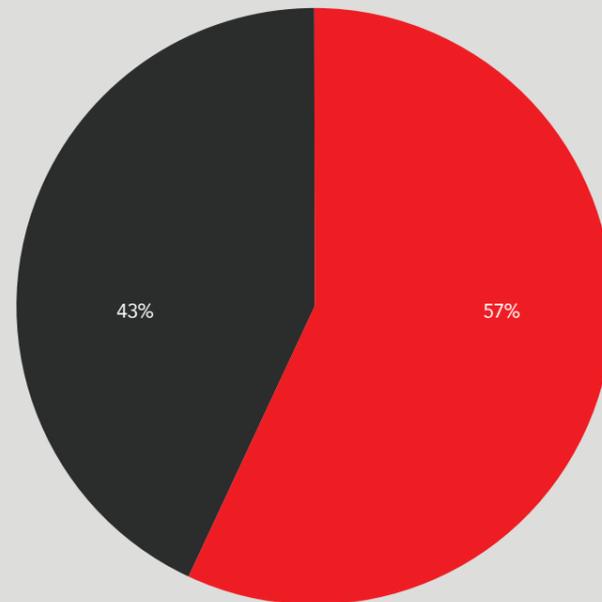
Council members - age

- 41-50
- 51-60
- 61-65
- 31-40
- 21-30
- Over 65



Council members - gender

- Female
- Male



During 2018-19, three Council members (Rhonda Best, Gustaw Duda and Matilda Crossman) resigned. At its March 2019 meeting, Council agreed to co-opt Taiwo Oyedele and Amos Ng to Council for three years. Both are senior ACCA members who have made a significant contribution to the profession and wider ACCA member engagement. ACCA's standing orders specify a minimum of 30 members in order to be quorate.

After one year's service, Council members are allocated to at least one of the six Council standing committees, based on their particular skills and experience. Full Council biographies – including the Committees they serve on – can be accessed at <http://www.accaglobal.com/uk/en/member/council-elections/todays-council/meet-your-council.html>

Council objectives and agenda in 2018-19

Council agreed broad objectives for the performance year, which were to:

- provide oversight of the implementation of ACCA's strategy and continue to set the overall direction for ACCA
- monitor ACCA's performance against the agreed targets
- oversee the governance reform implementation following the 2017 AGM bye-law changes
- ensure that ACCA maximises its influence in the global profession
- in doing the above, achieve Council's agreed workplan.

In line with the above, and in addition to standing formal reports from the chief executive and Council committees, Council considered the following topics during the year:

June 2018

- approval of annual accounts, external reports and appointment of the auditors
- Qualifications Board report
- global trade initiatives strategic discussion.

November 2018

- election of Officers
- adoption of standing orders
- agreement of annual workplan.

March 2019

- presentation of annual report from the Chairman of the Regulatory Board
- strategy workshop (aligned to strategic priority 2019-20)
- Strategy to 2025 – framework and scenarios
- corporate planning and budgeting, including approval of measures and indicative targets
- future of learning
- recognition of membership experience gained in non-financial roles.

Governance reforms from 2019 onwards

At the AGM in November 2017, Council proposed a series of bye-law changes to enable future reforms, all of which were overwhelmingly backed by members. Specifically, these changes were designed to:

- ensure members' interests continue to be well represented across ACCA's governance structures, with ACCA members remaining central in setting the strategic direction and having oversight of the organisation
- strengthen the oversight function of Council in supporting and holding the Executive team to account for the delivery of the strategy
- future-proof our governance by providing the ability to grow and flex our arrangements, to match our growth as an organisation
- provide the agility to enable ACCA to better respond to the opportunities and threats emerging from a dynamic external environment

and

- enhance the level of member engagement by Council members as required of a membership organisation of ACCA's size and scale.

Council Board

The first phase of these reforms will be implemented in November 2019 with the creation of a Council Board. The Council Board has been designed to provide greater decision-making agility and strengthened oversight, reporting into Council. The Council Board will meet six times a year and be responsible for the oversight of performance against ACCA's strategy.

In terms of composition, it will comprise nine seats - the three Council Officers, three appointed Council members, two non-executive appointments and the chief executive as an ex officio member. Importantly, this board reports into Council so adhering to the principle of maintaining and strengthening member oversight.

Changes to Council

As a result of these changes, Council meetings will move from four meetings to per annum to three, with effect from November 2019. We've also taken the opportunity to simplify the committee structure, recognising the wider executive and operational remit of the Council Board.

Future developments

From 2020 onwards, we will begin to implement changes to Council's composition, increasing the number of seats to 45, and introducing a series of measures to ensure reflective geographical representation.

Executive team

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

ACCA's Executive team are:



Helen Brand
Chief executive



Alan Hatfield
Executive director
– strategy and development



Steve Heathcote
Executive director
– markets



Julie Hotchkiss
Executive director
– people (appointed Nov 2018)



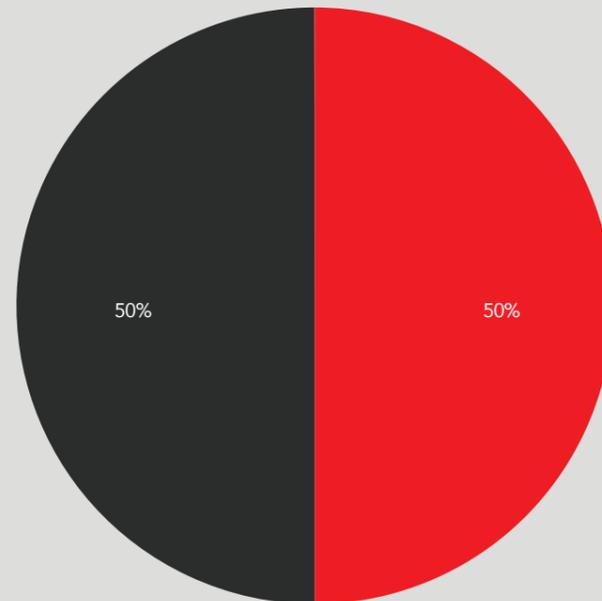
Raymond Jack
Executive director
– finance and operations



Maggie McGhee
Executive director
– governance (appointed Sep 2018)

Executive team

- Female
- Male



Executive team reward plan

Payment under the reward plan is determined by performance against six strategic KPIs agreed by Council. This reward is a non-consolidated payment of up to 25% of the base salary of each Executive team member, 20% of which relates entirely to ACCA’s strategic performance (as detailed on pages 65 - 94), with the remaining 5% allocated for personal performance.

This arrangement is structured to reward behaviour and performance that is appropriate for ACCA and focus the organisation on those elements of ACCA’s Strategy to 2020 which Council believes require the greatest focus at a particular point in time.

The Remuneration Committee determines the level of award achieved against ACCA targets for all executive directors alongside the level of award against personal targets for the chief executive. In turn, the chief executive determines how much of the 5% personal performance award is allocated to each of the executive directors. The chief executive is not present when her remuneration is discussed.

In assessing ACCA performance, the framework includes all the six measures and targets agreed by Council, all of which are externally audited. The Remuneration Committee agrees up to two ‘focus’ measures which determine the award size. The remaining four KPIs act as modifying measures – for each of these measures not achieved, 15% of the award pool released by the achievement of the focus KPIs is deducted. In this way, the Remuneration Committee seeks to ensure that it is reinforcing the importance of strong performance across ACCA’s balanced scorecard.

This is a fair, transparent reward solution which has been created in line with ACCA’s reward principles by supporting the achievement of our strategy and assessing performance over a meaningful period that reflects our focus on sustained performance, suitable for a long-term business. The basis of the award is transparent through the use of relevant and measurable performance targets that are The

For the year ended 31 March 2019, the two focus targets are number of members (Vision) and student progression targets (Develop). The remaining four hurdle targets are net operating deficit/surplus (Our difference); number of students and affiliates (Attract); member and student satisfaction (Sustain) and brand power (Lead).

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

Executive team remuneration

The total salary (including bonus and allowances) and benefits of the chief executive for the year ended 31 March 2019 was £441,427 (£415,167 for the year ended 31 March 2018). This includes a fixed non-pensionable allowance in lieu of pension benefits, introduced in August 2013 when the chief executive agreed to vary her contract of employment following the closure of the defined benefit pension scheme and an additional allowance in lieu of pension contributions

Executive team salaries are benchmarked annually by independent experts from Aon plc. When reviewing the salaries of the members of the Executive team, the Remuneration Committee takes into account the salary increases applying to the rest of the workforce and external benchmark data collected by Aon plc. External remuneration benchmark data is obtained primarily against general industry and also with a focus on pay in other professional membership associations (including a sub-group of accountancy associations, with a particular focus on those bodies that ACCA measures itself against in the market share element of our brand power measure). Salaries are within 80% to 120% of the benchmarked range, depending on experience, expertise and the organisation’s need to retain.

base salaries of the chief executive and executive directors at 31 March 2018 are shown below on a banded basis:

During 2018-19, reward distributed to the Executive team (including the chief executive) was £185,083 based on performance for the year ended 31 March 2018 (£196,288 for the year ended 31 March 2017).

	Number of employees (2017-18)	Number of employees (2018-19)
£310,000 - £339,999	0	1
£280,000 - £309,999	1	0
£220,000 - £249,999	0	1
£190,000 - £219,999	2	2
£160,000 - £189,999	2	2

Changes to the Executive team in 2018-19 and in the future

Following Peter Large's retirement, Maggie McGhee was appointed as executive director – governance in September 2018. Julie Hotchkiss was appointed to the newly created post of executive director – people in November 2018. In this new role, Julie oversees the People function, leading the HR Delivery and Talent and Organisational Capability teams, and is responsible for ensuring that the people agenda is fully aligned with the organisation's strategy.

After a decade on the Executive team, Steve Heathcote will leave ACCA in May 2019 to become chief executive of PrimeGlobal. We have appointed two of our existing market directors – Soo Yee Leong and Lucia Real-Martin – as lead market directors for 2019-20, reporting to the chief executive, and taking over Steve's remit on the Executive team for the next 12 months.

During the year, the two non-executive advisers to the Executive team (Julia Bond and Barrie Jackson) reached the end of their fixed term appointments.

In view of the upcoming changes to ACCA's governance arrangements – which will include the appointment of two non-executive members to the Council Board – new non-executive advisers were not recruited for 2018-19.

Detailed Corporate Governance Statement

We also publish a detailed annual Corporate Governance Statement on our integrated report website. This contains further information on the extent to which our governance arrangements meet the UK Corporate Governance Code, as issued by the UK Financial Reporting Council in July 2018, and details of the work of our various Council committees and boards.

Read the digital version by visiting
<https://annualreport.accaglobal.com>

www.accaglobal.com