Think Ahead ACCA

ACCA Consolidated Financial Statements and Corporate Governance Statement

for the year ended 31 March 2016

Building for the future

Association of Chartered Certified Accountants
Financial statements for the year ended 31 March 2016

Contents

Five Year Summary
ACCA and subsidiaries

	March 2016 £'000	Restated March 2015 £'000	March 2014 £'000	March 2013 £'000	March 2012 £'000
Operating income	**175,696**	163,952	159,026	151,672	143,698
Pension curtailment gains	**–**	–	–	–	7,304
Operating surplus	**4,266**	4,239	10,733	10,336	12,785
Other (losses)/gains	**(231)**	1,203	(734)	(148)	(296)
Net finance income	**1,189**	869	334	102	977
Surplus before tax	**5,224**	6,311	10,333	10,290	13,466
Tax	**(2,368)**	(1,029)	(81)	(103)	(76)
Surplus for the year	**2,856**	5,282	10,252	10,187	13,390
Other comprehensive income excluding actuarial (losses)/gains	**3,568**	7,018	3,848	4,923	2,391
Recognition of actuarial (losses)/gains	**(749)**	(3,585)	4,694	(381)	(15,367)
Total other comprehensive income	**2,819**	3,433	8,542	4,542	(12,976)
Total comprehensive income	**5,675**	8,715	18,794	14,729	414
Non-current assets	**106,513**	109,663	76,596	74,696	54,139
Current assets	**82,505**	70,305	88,467	76,354	73,900
Total assets	**189,018**	179,968	165,063	151,050	128,039
Non-current liabilities	**15,308**	16,173	13,200	20,540	19,987
Current liabilities	**99,712**	95,472	92,255	89,696	81,967
Total liabilities	**115,020**	111,645	105,455	110,236	101,954
Accumulated fund	**46,767**	41,025	39,347	24,401	14,595
Other reserves	**27,231**	27,298	20,261	16,413	11,490
Total funds and reserves	**73,998**	68,323	59,608	40,814	26,085
Total reserves and liabilities	**189,018**	179,968	165,063	151,050	128,039

Members and Students	**March 2016**	March 2015	March 2014	March 2013	March 2012
Members	**188,137**	178,169	169,602	161,943	154,337
Students and affiliates	**480,813**	455,778	435,824	425,897	429,879
	668,950	633,947	605,426	587,840	584,216

All figures are presented under International Financial Reporting Standards (IFRS) as adopted by the European Union.

Foreword

These consolidated financial statements present the results for ACCA and its subsidiaries for the year ended 31 March 2016.

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

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

Management commentary – key headings	Content	Integrated Report reference
Introduction	Context and basis of preparation	Our integrated reporting journey and this year's report
Nature of ACCA's business	Mission and values Competitive environment Economic environment Regulatory environment Products and services	About ACCA Our value creation model
Strategy and strategic outcomes	Strategic priorities Mapping priorities to outcomes	Our strategy to 2020
Resources and relationships	Resources: financial, human and network; brand development Relationships: global partnerships, key employers, strategic partners, regulator	Our value creation model
Governance, risk and corporate assurance	Outline of our approach to governance Approach to risk management and major risk types	Our governance and leadership Our risks and their management
Strategic outcomes – review of performance	KPI results v target	Our strategic performance in 2015/16
Financial review*	Supplementary financial information	Our strategic performance in 2015/16
Social and environmental impact	Our approach to CSR and significant developments	Where material, embedded in the appropriate section in the Integrated Report
Outlook for next year	2016/17 strategic priorities	Our strategy to 2020

*Financial performance in the financial statements is provided in accordance with IFRS. ACCA measures its financial performance on a net operating surplus basis, prior to accounting for other comprehensive income. For the year to 31 March 2016, performance on that basis amounted to a surplus of £4.3m compared to a target of a deficit of £5.0m.

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

Consolidated Statement of Total Comprehensive Income
For the year ended 31 March 2016

Notes		31 March 2016 £'000	Restated 31 March 2015 £'000
	Income		
6	Fees and subscriptions	**76,183**	70,635
7	Operating activities	**99,513**	93,317
	Total income	**175,696**	163,952
	Expenditure		
8	Operational expenditure	**160,883**	145,717
9	Strategic investment expenditure	**10,547**	13,996
	Total expenditure	**171,430**	159,713
	Operating surplus	**4,266**	4,239
10	Other (losses)/gains	**(231)**	1,203
11	Finance income from investments	**1,588**	1,323
11	Finance costs	**(399)**	(454)
	Surplus before tax	**5,224**	6,311
13	Tax	**2,368**	1,029
	Surplus for the year	**2,856**	5,282
	Other comprehensive income		
	Items that will not be reclassified to income or expenditure		
26	Gains on revaluation of land and buildings	**4,048**	2,512
22	Recognition of actuarial losses	**(749)**	(3,585)
		3,299	(1,073)
	Items that may be subsequently reclassified to income or expenditure		
26	Change in fair value of available-for-sale investments	**(448)**	4,459
26	Currency translation differences	**(32)**	47
		(480)	4,506
	Other comprehensive income for the year, net of tax	**2,819**	3,433
	Total comprehensive income for the year	**5,675**	8,715

The accompanying notes to the financial statements, on pages 8 to 34, are an integral part of this statement.

Consolidated Balance Sheet
As at 31 March 2016

Notes		31 March 2016 £'000	31 March 2015 £'000
	ASSETS		
	Non-current assets		
14	Property, plant and equipment	**10,401**	24,104
15	Intangible assets	**13,341**	3,490
16	Available-for-sale investments	**82,771**	82,069
		106,513	109,663
	Current assets		
17	Trade and other receivables	**25,216**	23,487
16	Available-for-sale investments	**10,753**	26,019
18	Derivative financial instruments	**–**	349
19	Assets held for sale	**13,892**	–
20	Cash and cash equivalents	**32,644**	20,450
		82,505	70,305
	Total assets	**189,018**	179,968
	RESERVES AND LIABILITIES		
	Funds and reserves		
	Accumulated fund	**46,767**	41,025
26	Other reserves	**27,231**	27,298
	Total funds and reserves	**73,998**	68,323
	Non-current liabilities		
21	Deferred tax liabilities	**3,105**	2,685
22	Retirement benefit obligations	**12,203**	13,488
		15,308	16,173
	Current liabilities		
23	Trade and other payables	**29,472**	19,185
	Tax payable	**974**	74
24	Deferred income	**64,313**	73,088
18	Derivative financial instruments	**22**	140
25	Provisions	**4,931**	2,985
		99,712	95,472
	Total liabilities	**115,020**	111,645
	Total reserves and liabilities	**189,018**	179,968

The financial statements were approved and authorised for issue by Council on 18 June 2016 and signed on its behalf by:

Datuk Alexandra Chin JP President

R Stenhouse Chairman of Audit Committee

The accompanying notes to the financial statements, on pages 9 to 35, are an integral part of this statement.

Consolidated Statement of Changes in Members' Funds

For the year ended 31 March 2016

		Other reserves			
	Currency translation £'000	Land and buildings £'000	Available-for-sale investments £'000	Accumulated fund £'000	Total £'000
Balance at 1 April 2014	(124)	7,670	12,715	39,347	59,608
Comprehensive income					
Surplus for the financial year	–	–	–	5,282	5,282
Other comprehensive income					
– available-for-sale investments	–	–	5,350	–	5,350
– property	–	2,650	–	–	2,650
Tax on fair value gains on revaluation:					
– available-for-sale investments	–	–	(891)	–	(891)
– property	–	(138)	–	–	(138)
Currency translation	47	–	–	–	47
Recognition of actuarial losses	–	–	–	(3,585)	(3,585)
Total other comprehensive income	47	2,512	4,459	(3,585)	3,433
Total comprehensive income for the year	47	2,512	4,459	1,697	8,715
Historic cost depreciation transfer	–	19	–	(19)	–
Balance at 31 March 2015	(77)	10,201	17,174	41,025	68,323
Comprehensive income					
Surplus for the financial year	–	–	–	2,856	2,856
Other comprehensive income					
Fair value gains/(losses) on revaluation:					
– available-for-sale investments	–	–	(854)	–	(854)
– property	–	5,000	–	–	5,000
Tax on fair value gains on revaluation:					
– available-for-sale investments	–	–	406	–	406
– property	–	(952)	–	–	(952)
Currency translation	(32)	–	–	–	(32)
Recognition of actuarial losses	–	–	–	(749)	(749)
Total other comprehensive income	**(32)**	**4,048**	**(448)**	**(749)**	**2,819**
Total comprehensive income for the year	(32)	4,048	(448)	2,107	5,675
Transfer to reserves					
Realised gain on disposal – property	–	(3,761)	–	3,761	–
Tax on realised gain on disposal – property	–	126	–	(126)	–
Balance at 31 March 2016	**(109)**	**10,614**	**16,726**	**46,767**	**73,998**

The analysis of reserves is presented in note 26.

The accompanying notes to the financial statements, on pages 8 to 34, are an integral part of this statement.

Consolidated Cash Flow Statement
For the year ended 31 March 2016

Notes			31 March 2016 £'000	Restated 31 March 2015 £'000
	Cash flows from operating activities			
31	Cash generated from operations		7,921	10,364
	Tax paid		(1,348)	(1,034)
	Net cash from operating activities		6,573	9,330
	Cash flows from investing activities			
	Acquisition of property, plant and equipment	**(10,120)**	(2,748)	
	Cash expended on internally developed intangible assets		**(10,975)**	(3,273)
	Acquisition of available-for-sale investments		**(42,066)**	(90,981)
	Disposal of property, plant and equipment		**11,550**	265
	Disposal of available-for-sale investments		**55,767**	73,765
	Interest received		**116**	160
	Dividends received		**1,472**	1,163
	Net cash used in investing activities		**5,744**	(21,649)
	Cash flows from financing activities			
	Payments to finance lease creditors		–	(377)
	Net cash absorbed by financing activities		–	(377)
	Net increase/(decrease) in cash and cash equivalents		**12,317**	(12,696)
	Cash and cash equivalents at beginning of year		**20,450**	33,227
	Exchange losses on cash and cash equivalents		**(123)**	(81)
20	**Cash and cash equivalents at end of year**		**32,644**	**20,450**

Notes to the Financial Statements
For the year ended 31 March 2016

1 General information

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

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

Changes in accounting policies

There were no new standards adopted during the year.

New standards, interpretations and amendments not yet effective

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

- Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortisation

  The amendment to these standards state that a revenue-based method is not an appropriate method for which to calculate depreciation or amortisation.

- IFRS 15 Revenue from contracts with customers

  IFRS 15 requires the recognition of revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

- Amendments to IFRS 11: Acquisition of an interest in a joint operation

  The amendment specifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations, it should apply the relevant principles on business combinations accounting in IFRS 3 and other IFRSs and disclose the relevant information that is required in those IFRSs for business combinations.

- IFRS 9 Financial Instruments

  IFRS 9 introduced new requirements for the classification and measurement of financial assets and the classification and measurement requirements for financial liabilities along with the requirements for recognition and derecognising of financial assets and liabilities. IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement in its entirety.

- Amendments to IAS 27: Equity method in equity financial statements

  The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures an associates in their separate (parent only) financial statements.

- Amendments to IFRS 10 and IAS 28

  The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method.

- IAS 12 (amendment) Deferred tax: Recovery of Underlying Assets

  IAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery will normally be through sale.

- Annual improvements to IFRSs (2012-2015)

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

- IFRS 12 Disclosure of Interests in Other Entities

  The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.

- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

  The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Notes to the Financial Statements
For the year ended 31 March 2016

1 General information (continued)

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

Restatement of prior year figures

In the previous year tax of £936k on income generated in China less related costs was classified as operational expenditure. ACCA believes that the correct classification is that of tax and therefore the prior year's figures have been restated. This is a Consolidated Statement of Total Comprehensive Income reclassification only and has no impact on the Total Comprehensive Income for the prior year.

2 Significant accounting policies

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

(a) *Basis of preparation*

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets and derivative instruments at fair value through income and expenditure.

(b) *Critical accounting estimates and judgements*

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

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

i) Pension and other post-employment benefits

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

There is a potential issue with the legality of some changes to the UK Pension Scheme. Legal advice has been received but the issues are complex and due to the preliminary nature of these discussions it is not possible to provide an estimate of the potential financial impact and a contingent liability has been disclosed at note 30.

ii) Taxation

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

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

2 Significant accounting policies (continued)

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

iii) Provision for bad debts

Provision is made when there is objective evidence that ACCA will not be able to collect certain debts. ACCA is required to estimate the level of bad debt provision based on detailed analysis and experience of historic bad debt rates in the context of the current debtor profile.

iv) Revenue recognition

ACCA's main income is derived from subscription income and examination income. As ACCA's subscription year is not co-terminus with the financial year, ACCA has processes in place to ensure that the recognition of those income streams is in the correct period. In addition there are processes in place to ensure that exam fee income received in advance of providing the exam is deferred into the next period and that subscription income for the year is accrued as appropriate. An adjustment to income is made each year which reflects the anticipated value of the write-off of debt which has been invoiced in services being provided.

(c) *Income*

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

(d) *Basis of consolidation*

The consolidated financial statements comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in members' funds and consolidated cash flow statement of ACCA and its subsidiaries (the group) as if they formed a single entity drawn up to 31 March 2015 and 31 March 2016. Where ACCA has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Inter-company transactions and balances between group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(e) *Segmental reporting*

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

(f) *Property, plant and equipment*

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

2 Significant accounting policies (continued)

(g) *Depreciation*

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

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

(h) *Non-current assets held for sale*

Non-current assets classified as held-for-sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

(i) *Intangible assets*

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

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

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

(j) *Financial instruments*

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

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

Trade and other receivables

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

Available-for-sale investments

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

Trade and other payables

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

2 Significant accounting policies (continued)

(j) *Financial instruments (continued)*

Cash and cash equivalents

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

Certificates of deposit

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

(k) *Impairment of non-financial assets*

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

(l) *Impairment of financial assets*

At each balance sheet date, ACCA reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the recoverable amount is less than the carrying value, an impairment loss is recognised. Subsequent to recognising that impairment, the impairment may be recovered if an event occurred that reverses the impairment indicator. An impairment loss is charged to the statement of comprehensive income immediately unless the asset is carried at its revalued amount (see note 2f).

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

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in comprehensive income, the impairment loss is reversed through the separate consolidated income statement.

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

(m) *Leasing and hire purchase*

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

2 Significant accounting policies (continued)

(n) *Tax*

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

(o) *Foreign currencies*

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

(p) *Derivative financial instruments and hedging activities*

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

(q) *Pensions*

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

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

(r) *Provisions*

Provisions for costs are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. ACCA has exposures in respect of the payment of taxes in all the countries in which it operates and estimated costs of known tax obligations are provided in the accounts. ACCA also recognises provisions relating to costs associated with any investigations by The Financial Reporting Council (FRC), other regulatory bodies or internally which involve ACCA members. ACCA also recognises provisions in relation to dilapidations and provides for the costs of repair over the period of the tenancy of the buildings it occupies.

(s) *Contingent liabilities*

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

3 Financial risk management

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

Credit risk management

Credit risk arises principally from cash and cash equivalents, deposits with banks and financial institutions, certificates of deposit, bonds held as available-for-sale investments, derivative financial instruments and trade receivables. ACCA regularly monitors and reviews its exposure with key banking and investment manager suppliers and for deposits, only independently rated banks and financial institutions with a minimum rating of 'A' are used. For certificate of deposits there is a restriction in place of £5m per bank and for working capital balances ACCA considers a figure of £10m per bank to be sufficient although this can be exceeded around times of high activity such as collection of subscription and exam income. ACCA's trade receivables relate substantially to members' and students' fees and subscriptions. The credit risk is that the customer fails to discharge its obligation in respect of the instrument. ACCA has no significant concentration of credit risk, with exposure spread over a large number of customers and countries throughout the world. ACCA believes that the maximum exposure equates to the carrying value of trade and other receivables. Management reviews the trade receivables balance on a regular basis and undertakes an exercise to remove students and members from the receivables ledger register for non-payment of annual fees and subscriptions. The level of removals is shown in notes 12 and 17 of the consolidated financial statements. At the balance sheet date 91% of ACCA's trade and other receivables were held in sterling (2015: 92%).

Liquidity risk

Liquidity risk arises from ACCA's management of working capital. It is the risk that ACCA will encounter difficulty in meeting its financial obligations as they fall due. ACCA manages its liquidity risk by ensuring that it has adequate banking facilities and by performing cash flow forecasting on a regular basis. ACCA receives the majority of its income as subscriptions at the start of the calendar year, or as exam fees, relating to two exam sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk. In addition to its own bankers, ACCA uses a specialist cash management company to invest cash surpluses with major banks of suitable credit standing to spread the risk. Cash surpluses are invested in interest bearing current and call accounts, term deposits and time deposits. At the balance sheet date ACCA held nil (2015: £2.0m) in term deposits, £10.8m (2015: £26.0m) in time deposits and £32.6m (2015: £20.4m) in call accounts that are expected to readily generate cash inflows for managing liquidity risk. All term and time deposits are due in less than one year. Liquidity is managed to ensure investments are liquidated in a timely manner to meet operating requirements.

Market risk

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

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

Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange risk. ACCA operates internationally and is exposed to foreign currency exchange risk arising from the transfer of foreign currency to its national offices. Where possible, ACCA will allow the national offices to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. However, many national offices have insufficient reserves of their functional currency and rely on transfers of foreign currency from ACCA. ACCA mitigates the risk with regards to income because all fees and subscriptions charged by ACCA are in sterling. In addition, ACCA uses forward currency contracts to mitigate the risk of currency fluctuations. At the balance sheet date 92% of ACCA's cash and cash equivalents were held in sterling (2015: 88%).

3 Financial risk management (continued)

Credit risk management (continued)

Other price risk relates to the risk of changes in market prices of the available-for-sale investments and the investments held by the defined benefit pension schemes. ACCA invests surplus cash in a managed fund and a diversified growth fund, both operated by Baillie Gifford and in doing so exposes itself to the fluctuations in price that are inherent in such a market. ACCA's Resource Oversight Committee has given Baillie Gifford discretionary management of the funds. The effect of a 10% increase in the value of the non-current available-for-sale investments held at the balance sheet date would have resulted in an increase in the fair value reserve of £6.6m (2015: £6.5m) net of deferred tax. A 10% decrease in their value would, on the same basis, have decreased the fair value reserve by the same amount.

4 Segmental reporting

ACCA has taken the view that, for reporting purposes, it has one operating segment which relates to the supply of services to its stakeholders including members, students and affiliates. ACCA does not report income or expenditure by region, activity or product type. During the year ACCA's income activities were organised by category: Fees and subscriptions, qualifications and examinations, member and student engagement, markets, regulation and discipline and other income. These are ACCA's categories reported internally for income purposes and are detailed in notes 6 and 7. A short description of the main categories are as follows:

- Fees and subscriptions: Comprise members', students' and affiliates' fees and subscriptions for the relevant period.
- Qualifications and examinations: Examination and exemption income from the Professional and other qualifications.
- Member and student engagement: Income generated from royalties, mailing services and advertising.
- Markets: Continuing Professional Development (CPD) income, locally generated markets income and sponsorship.
- Regulation and discipline: Audit, practice and other certificates.

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

- Chief Executive's Office: Chief Executive non-salary costs
- Strategy and Development: delivery of strategic outcomes, corporate training, market research, corporate marketing and promotion, public relations, publishing, technical policy and research, development and maintaining of qualifications, ensuring the integrity of the syllabus and of the examination process, verifying and awarding exemptions and setting and scrutiny of exam papers
- Markets: Staff, operational and promotional costs of ACCA's global operations and IFAC costs
- Governance: Regulation of members, Secretariat, professional conduct, practice monitoring, legal services and internal audit
- Finance and Operations: IT, pension costs, depreciation, corporate services, finance and procurement, member and student support, examinations, service improvements, Human Resources and corporate recruitment
- Strategic investment: Investment in IT, exam delivery, transformation of customer facing business processes and market development.

5 Capital

ACCA considers its capital to be its accumulated fund and its other reserves. Council's financial objective is to generate a targeted operating position, to build and maintain reserves at a sustainable level, taking into account the various competitive risks. ACCA also aims to achieve additional long-term growth in reserves through the active management of the investment portfolio. A five-year financial plan has been developed which, over the period of the plan, targets an agreed level of accumulated fund. At 31 March 2016, the Accumulated Fund represented 76 days of operating expenditure (31 March 2015: 73 days) which exceeds the long-term target of 60 days. ACCA's Resource Oversight Committee reviews the financial position of ACCA at each committee meeting. ACCA is not subject to any material externally imposed capital requirements.

		31 March 2016 £'000	31 March 2015 £'000
6	**Fees and subscriptions**		
	Members	**36,832**	33,631
	Affiliates	**5,659**	5,046
	Students	**33,692**	31,958
		76,183	70,635
7	**Operating activities**		
	Qualifications and exams	**89,229**	82,788
	Member and student engagement	**1,619**	1,783
	Markets	**3,432**	4,073
	Regulation and discipline	**5,228**	4,645
	Other income	**5**	28
		99,513	93,317
8	**Operational expenditure**		
	Chief Executive's Office	**66**	74
	Markets	**42,440**	38,905
	Strategy and Development	**19,158**	18,018
	Governance	**15,090**	13,989
	Finance and Operations	**84,129**	74,731
		160,883	145,717
9	**Strategic investment expenditure**		
	Exams Delivery	**10,762**	8,515
	Customer Service Improvements	**3,090**	527
	Technology Enablers	**4,792**	2,963
	Portfolio Management	**(8,097)**	1,991
		10,547	13,996

Strategic investment expenditure relates to project costs within each category and once a project has reached completion then any ongoing expenditure is treated as operational. Portfolio management relates to the net of portfolio overheads, capitalisation, amortisation and impairment.

		31 March 2016 £'000	31 March 2015 £'000
10	**Other (losses)/gains**		
	Forward currency contracts	**(231)**	1,203

		31 March 2016 £'000	31 March 2015 £'000
11	**Finance income and costs**		
	Finance income		
	Interest receivable	**116**	160
	Dividends from investments	**1,472**	1,163
		1,588	1,323
	Finance costs		
	Net finance interest on pension scheme	**(399)**	(454)
12	**Surplus before tax**		
	Surplus before tax includes the following:		
(a)	*Salaries and related costs*		
	The costs of employing staff during the year were as follows:		
	Salaries	**48,322**	45,026
	Social security costs	**5,090**	4,816
	Pension costs (note 22)	**4,499**	4,993
	Other staff costs	**2,130**	2,884
		60,041	57,719

The average number of employees was 1,199 (31 March 2015: 1,137). The average annual salary was £40,300 (31 March 2015: £39,601). The figures above include the salaries and bonuses payable to the Executive Team (see note 28 for more details).

(b) *Income*
Income from subscriptions and examination and exemption fees amounting to £163.8m (31 March 2015: £150.6m) is stated net of adjustments relating to the non-payment of subscriptions and fees amounting to £11.5m (31 March 2015: £9.4m).

		31 March 2016 £'000	31 March 2015 £'000
(c)	*Depreciation, amortisation, impairment and foreign exchange (gains)/losses*		
	Depreciation of property, plant and equipment	**3,896**	4,138
	Amortisation of intangible assets	**983**	1,743
	Impairment of property, plant and equipment	**892**	–
	Impairment of intangible assets	**141**	1,096
	Foreign exchange gains	**(294)**	(175)
(d)	*Auditors' remuneration*		
	Fees payable to ACCA's auditor for the audit of the parent undertaking and consolidated financial statements – current year	**54**	53
	Fees payable to ACCA's auditors and their associates for other services		
	– audit fees for UK subsidiaries	**32**	21
	– audit fees for non-UK subsidiaries	**56**	54
	– audit fees for the corporate KPIs	**3**	3
	– iXBRL tagging of accounts for tax compliance	**7**	5
		152	136
	Fees payable in respect of the audit of the ACCA Staff Pension Scheme	**8**	7

		31 March 2016 £'000	Restated 31 March 2015 £'000
13	**Tax**		
	The amounts charged in the statement of comprehensive income are as follows:		
	Current income taxes at 20% (2015: 21%) on the surplus for the year	**2,359**	1,029
	Underprovision in respect of prior year	**9**	–
		2,368	1,029
	The current tax charge is split as follows:		
	Domestic	**945**	47
	Foreign	**1,423**	982
		2,368	1,029

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

	31 March 2016 £'000	Restated 31 March 2015 £'000
Factors affecting the tax charge for the year		
Surplus before tax	**5,224**	6,311
Surplus before tax multiplied by the standard rate of UK Corporation tax of 20% (2015: 21%)	**1,045**	1,325
Effects of:		
Underprovision in previous years	**9**	–
Non-taxable income	**(35,650)**	(35,918)
Expenditure not deductible for tax purposes	**36,663**	35,630
Depreciation	**34**	9
Capital allowances	**(16)**	(1)
Losses carried forward	**288**	–
Utilisation of prior years unrecognised losses	**(5)**	–
Differential in tax rates	**–**	(16)
	1,323	(296)
Total tax charge	**2,368**	1,029

The tax charge arises from non-mutual trading profits, investment income and gains on disposal of property and investments, where applicable. The group tax charge has been reduced by £201,000 (31 March 2015: £351,000) as a result of charitable donations to the Certified Accountants Educational Trust.

The tax charge for the previous year has been restated to include tax due on income less related costs in relation to income generated from Chinese members, affiliates and students. In the prior year this tax had been included as part of operational expenditure.

The UK Corporation tax rate of 20% took effect from 1 April 2015. Further changes to the UK Corporation tax rates were substantially enacted as part of the Finance (No.2) Act 2015 on 26 October 2015. These include changes to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes have been substantially enacted at the balance sheet date their effects have been included in these financial statements. A further change has been announced in the Finance (No.2) Bill 2016 which will reduce the main rate of corporation tax to 17% from 1 April 2020 rather than the 18% previously announced. This bill has not yet been substantively enacted and so the effect of this change has not been included in the financial statements.

14 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Plant & equipment £'000	Computer systems & equipment £'000	Total £'000
Cost or valuation					
At 31 March 2014	14,350	3,393	7,967	31,437	57,147
Additions	21	662	743	1,322	2,748
Disposals	–	(264)	(268)	(113)	(645)
Revaluation surplus	2,529	–	–	–	2,529
Exchange difference	–	63	81	38	182
At 31 March 2015	16,900	3,854	8,523	32,684	61,961
Additions	–	4,511	3,271	2,338	10,120
Disposals	(7,750)	(346)	(4,580)	(5,213)	(17,889)
Revaluation surplus	4,900	–	–	–	4,900
Transferred to assets held for sale	(14,050)	–	–	–	(14,050)
Exchange difference	–	(38)	(106)	(73)	(217)
At 31 March 2016	**–**	**7,981**	**7,108**	**29,736**	**44,825**
Accumulated depreciation					
At 31 March 2014	–	1,770	5,972	26,372	34,114
Depreciation charge	121	412	706	2,899	4,138
Eliminated on disposals	–	(133)	(214)	(37)	(384)
Eliminated on revaluation	(121)	–	–	–	(121)
Exchange difference	–	20	65	25	110
At 31 March 2015	–	2,069	6,529	29,259	37,857
Depreciation charge	141	648	945	2,162	3,896
Impairment loss	–	874	18	–	892
Eliminated on disposals	(40)	(238)	(3,211)	(4,413)	(7,902)
Eliminated on revaluation	(101)	–	–	–	(101)
Exchange difference	–	(35)	(91)	(92)	(218)
At 31 March 2016	**–**	**3,318**	**4,190**	**26,916**	**34,424**
Carrying amount					
At 31 March 2016	**–**	**4,663**	**2,918**	**2,820**	**10,401**
At 31 March 2015	**16,900**	**1,785**	**1,994**	**3,425**	**24,104**

On 29 March 2016 the freehold property at 10/11 Lincoln's Inn Fields was sold for £11,550,000. The freehold property at 29 Lincoln's Inn Fields was also due to be sold prior to the year-end however there was a delay in finalising the completion contract and the property was eventually sold on 21 April 2016 for £14,050,000. For disclosure purposes Council has deemed the fair value of the property to be £14,050,000 which was the price agreed with the buyer prior to the year-end. Fair value has been defined as 'the price that would be received to sell the properties in orderly transactions between market participants at the balance sheet date'. Council believes that the property when placed on the open market meets the criteria of IFRS 5 and should be treated as assets held for sale. The carrying value has therefore been transferred from property, plant and equipment to assets held for sale. The increase in value of the property was transferred to the property revaluation reserve together with any movement in deferred tax. The effect of a 10% increase in the value of the freehold property held at the balance sheet date would have resulted in an increase in the fair value reserve of £1.1m (2015: £1.4m) net of deferred tax. A 10% decrease in their value would, on the same basis, have decreased the fair value reserve by the same amount.

Notes to the Financial Statements
For the year ended 31 March 2016

14 Property, plant and equipment (continued)

	31 March 2016 £'000	31 March 2015 £'000
Cost or valuation comprises freehold property stated at:		
Valuation in 2015	–	16,900
Valuation in 2016	–	–
	–	16,900
If land and buildings were stated on the historical cost basis, the amounts would be as follows:		
Cost	–	8,530
Accumulated depreciation	–	(1,254)
Net book value	–	7,276

15 Intangible assets

	£'000
Cost	
At 31 March 2014	9,873
Additions	3,273
At 31 March 2015	13,146
Additions	10,975
At 31 March 2016	**24,121**
Accumulated amortisation and impairment	
At 31 March 2014	6,817
Amortisation charge	1,743
Impairment	1,096
At 31 March 2015	9,656
Amortisation charge	983
Impairment	141
At 31 March 2016	**10,780**
Carrying amount	
At 31 March 2016	**13,341**
At 31 March 2015	3,490

All intangible assets relate to internally generated development costs. Following an impairment review in accordance with IAS38, an impairment charge of £0.1m has been accounted for. The impairment related to the Exemptions Calculator Project, work on which was deemed obsolete when the project was put on hold and subsequently rescoped.

Amortisation of £1.0m (2015:£1.7m) is included in both operational and strategic investment expenditure while the impairment charge of £0.1m (2015:£1.1m) is included in strategic investment expenditure.

		31 March 2016 £'000	31 March 2015 £'000
16	**Available-for-sale investments**		
	At valuation		
	At 1 April	**108,088**	85,527
	Additions	**42,066**	90,981
	Disposals	**(55,767)**	(73,765)
	Net (losses)/gains transferred to fair value reserves	**(854)**	5,350
	Net losses transferred to income	**(9)**	(5)
	At 31 March	**93,524**	108,088
	Historical cost of tradable investments	**74,657**	88,358

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

	31 March 2016 £'000	31 March 2015 £'000
Concentration of available-for-sale investments		
Non-current assets		
UK equities	**22,447**	19,912
Overseas equities	**34,174**	33,227
UK bonds	**4,165**	5,380
Overseas bonds	**8,027**	8,185
Cash and deposits	**6,430**	8,046
Hedge funds	**3,910**	4,238
Inflation-linked bonds	**674**	630
Other	**2,944**	2,451
	82,771	82,069
Current assets		
Certificates of deposit	**10,753**	26,019
	93,524	108,088

	31 March 2016 £'000	31 March 2015 £'000
Available-for-sale investments are denominated in the following currencies:		
UK pound	**61,175**	73,210
US dollar	**15,097**	15,278
Japanese Yen	**5,268**	2,518
Swedish Krona	**4,804**	4,444
Swiss Franc	**1,832**	1,206
Indian Rupee	**1,681**	1,558
Euro	**1,439**	979
Hong Kong Dollar	**1,232**	1,915
Other currencies	**996**	6,980
	93,524	108,088

16 Available-for-sale investments (continued)

ACCA monitors its exposures by way of regular reports from Baillie Gifford who have discretionary management of the investment portfolio. The effective interest rate on the certificates of deposit was 0.55% (2015: 0.54%) and these deposits have an average maturity of 30 days (2015: 56 days).

Fair value hierarchy

ACCA classifies financial instruments measured at fair value in available-for-sale investments according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Unquoted equity instruments included in available-for-sale investments
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments included in available-for-sale investments

ACCA's available-for-sale investments are classified by the fair value hierarchy as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2015				
Quoted equity	–	–	–	–
Observable inputs	26,019	82,069	–	108,088
Unobservable inputs	–	–	–	–
Total	26,019	82,069	–	108,088
At 31 March 2016				
Quoted equity	**44**	**–**	**–**	**44**
Observable inputs	**10,753**	**82,727**	**–**	**93,480**
Unobservable inputs	**–**	**–**	**–**	**–**
Total	**10,797**	**82,727**	**–**	**93,524**

Following a review by Baillie Gifford of the underlying investments in the funds, they have assessed that all of the investments are in fact level 2 as opposed to level 1 which was how the investments were disclosed in the previous year's accounts. The comparative figures above have been restated to reflect that assessment. Council has assessed and reviewed Baillie Gifford's view of the classification and have judged that the disclosure as level 2 is applicable for 2016. Council has relied on Baillie Gifford's expertise as being a well-respected investment fund manager to be able to provide that view of the classification of these investments.

	31 March 2016 £'000	31 March 2015 £'000
17 Trade and other receivables		
Trade receivables	**16,360**	15,649
Accrued income	**2,308**	1,707
Prepayments	**5,936**	5,371
Other receivables	**612**	760
	25,216	23,487

Trade receivables is stated net of an adjustment of £12.9m (2015:£11.5m) to reflect historical experience of customer retention.

The carrying amount of trade and other receivables approximates to their fair value, which has been calculated based on expectations of debt recovery from historic trends feeding into impairment provision calculations. The majority of trade receivables relates to members and students debt which are individually small in value, so are considered for impairment by category of debt and are not individually impaired. Other trade receivables are reviewed individually for impairment and judgement made as to any likely impairment based on historic trends and latest communications with specific customers.

As of 31 March 2016, trade receivables of £13.7m (2015: £10.8m) were past due but not impaired. The aging analysis of these trade receivables is as follows:

31-60 days	**1,643**	984
61-90 days	**1,626**	5,751
91-120 days	**10,354**	4,084
Over 121 days	**123**	–
	13,746	10,819

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

At 1 April	**262**	559
Provision for receivables impairment	**588**	309
Receivables written off during the year as uncollectible	**(181)**	(479)
Amounts recovered/released which were previously provided for	**(160)**	(127)
At 31 March	**509**	262

18 Derivative financial instruments

	31 March 2016		31 March 2015	
	Assets £'000	**Liabilities £'000**	**Assets £'000**	**Liabilities £'000**
Forward foreign exchange contracts	–	22	349	140
	–	22	349	140

18 Derivative financial instruments (continued)

The contracts entered into by ACCA are principally denominated in the geographic areas in which ACCA operates. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. These are known as mark-to-market valuations and have been valued by the providers of the contracts. The valuation methods used are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of the contracts has been classified as Level 3 in the fair value hierarchy. No contracts are designated as hedging instruments, as defined in IAS 39, and consequently all changes in fair value are taken to the statement of comprehensive income.

The amount recognised in the statement of comprehensive income that arises from the forward foreign exchange contracts amounts to a loss of £0.2m (31 March 2015: gain of £1.2m).

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2016 were £0.1m (31 March 2015: £23.0m).

	31 March 2016 £'000	31 March 2015 £'000
19 Assets held for sale		
Assets held for sale	**14,050**	–
Selling expenses	**(158)**	–
	13,892	–

The freehold property at 29 Lincoln's Inn Fields was due to be sold on 29 March 2016, however due to a delay in finalising the completion contract, the sale did not take place until 21 April 2016. Council is of the view that the property should be classified as assets held for sale at the balance sheet date as it meets the criteria of IAS 5. The assets have been accounted for at the selling price of the property less marketing and legal expenses.

20 Cash and cash equivalents		
Cash at bank and in hand	**32,644**	20,450

The effective interest rate on short term bank deposits was nil% (2015: nil%) and these deposits have an average maturity of nil days (2015: nil days).

21 Deferred tax liabilities

Deferred tax liabilities are calculated in full on temporary differences under the balance sheet liability method using a principal tax rate of 20% (2015: 20%). The major deferred tax liabilities recognised by ACCA and the movements thereon during the current period and previous years relate to the revaluation of available-for-sale investments and freehold property. ACCA has no deferred tax assets.

Deferred tax liabilities

	Total £'000
At 1 April 2014	1,656
Tax credited to reserves	1,029
At 31 March 2015	2,685
Tax credited to reserves	420
At 31 March 2016	**3,105**

22 Retirement benefit obligations

(a) *General information*

The financial statements include the financial impact of defined benefit pension schemes operated in the UK and Ireland and which closed to future accrual on 31 July 2013. From that date, members of those schemes, which provided benefits based on final pensionable pay and on a career average revalued earnings (CARE) basis, were entitled to join defined contribution plans which were operated by Zurich Assurance Ltd and Irish Life. Blackrock were appointed as new UK administrators following a tender process in 2015, and since 1 January 2016 all new contributions from UK staff are invested with Blackrock. Irish contributions are invested with Irish Life.

The most recent triennial valuation of the UK Scheme was at 1 January 2013 (the January 2016 valuation is in progress). This 1 January 2013 valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2016. The triennial valuation was based on the following principal financial assumptions:

Rate of investment return:	past service	5.9% p.a. to retirement, 3.9% p.a. thereafter
	future service	5.9% p.a. to retirement, 3.9% p.a. thereafter
Limited price indexation of pensions in payment		3.5% p.a.
Retail prices index		3.6% p.a.
Consumer price index		2.9% p.a.
Rate of salary growth		not applicable as scheme closed to future accrual

The actuarial valuation of the UK Scheme showed that, at 1 January 2013, the market value of Scheme assets was £70.5m and the value of pension benefits earned was £89.2m. The funding level against technical provisions was therefore 79%.

The most recent triennial valuation of the Irish Scheme was at 1 January 2015. This valuation has been updated by the scheme actuary for IAS 19 purposes as at 31 March 2016. The triennial valuation was based on the following principal financial assumptions:

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

The actuarial valuation of the Irish Scheme showed that, at 1 January 2015, the market value of the Scheme assets was £3.3m and the value of pension benefits earned was £3.8m. The funding ratio was therefore 87%.

	31 March 2016	31 March 2015
The principal financial assumptions used for the purposes of the figures in these financial statements were as follows:		
Discount rate for UK Scheme	**3.5%**	3.5%
Discount rate for Irish Scheme	**2.1%**	1.5%
Future pension increases (UK Scheme) subject to Limited Price Indexation	**2.9%**	2.9%
Future pension increases (Irish Scheme)	**1.7%**	1.7%

The mortality assumptions for the current year-end for the UK Scheme follows the table known as S1PXA, using 90% of the base table with mortality improvements in line with the 2015 version of the CMI model, with a long-term rate of improvement of 1.25% per annum. The same mortality assumptions were used at the previous year end. For the Irish Scheme the mortality assumptions are based on standard mortality tables allowing for future mortality improvements. Assuming retirement at 65, the life expectancy in years are as follows:

	Irish Scheme		UK Scheme	
For a male aged 65 now	**21.1**	20.9	**22.8**	23.0
At 65 for a male aged 45 now	**23.6**	23.5	**24.6**	24.8
For a female aged 65 now	**23.6**	23.5	**25.2**	25.4
At 65 for a female aged 45 now	**25.7**	25.6	**27.1**	27.3

		31 March 2016 £'000	31 March 2015 £'000
22	**Retirement benefit obligations (continued)**		
(a)	*General information (continued)*		
	The total pension charge is made up as follows:		
	Pension costs under the UK and Irish Schemes (see note 22c)	**10**	454
	Other pension costs made on behalf of the schemes	**–**	106
	Death-in-service premiums	**130**	168
	Payments to defined contribution schemes for certain employees outside the UK and Ireland	**277**	375
	Payments to defined contribution schemes for certain employees in the UK and Ireland	**4,011**	3,810
	Payments for the Pensions Protection Fund levies	**71**	80
	Pension costs	**4,499**	4,993
	Actuarial losses recognised in the statement of other comprehensive income for the period	**749**	3,585

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

		31 March 2016 £'000	31 March 2015 £'000
(b)	*Pension benefits*		
	Amounts recognised in the balance sheet to reflect funded status		
	Present value of funded obligations	**109,904**	112,614
	Fair value of plan assets	**(97,701)**	(99,126)
	Net liability in the balance sheet at 31 March	**12,203**	13,488
(c)	*Pension costs*		
	The amounts recognised in total comprehensive income for the schemes are as follows:		
	Net interest	**399**	454
	Gain on settlement	**(389)**	–
	Pension costs under the Schemes	**10**	454
(d)	*Movement in the net liability recognised in the balance sheet*		
	At 1 April	**13,488**	11,355
	Pension costs	**10**	454
	Contributions paid	**(2,200)**	(1,850)
	Recognition of actuarial losses	**749**	3,585
	Exchange difference	**156**	(56)
	At 31 March	**12,203**	13,488

		31 March 2016 £'000	31 March 2015 £'000
22	**Retirement benefit obligations (continued)**		
(e)	*Change in benefit obligation*		
	Present value of benefit obligation at 1 April	**112,614**	98,656
	Interest on obligation	**3,801**	4,277
	Benefits paid	**(1,809)**	(1,249)
	Settlements made	**(1,390)**	–
	Gain from change in demographic assumptions	**(836)**	(1,013)
	(Gain)/loss from change in financial assumptions	**(995)**	13,465
	Gain from experience	**(1,928)**	(1,111)
	Exchange difference	**447**	(411)
	Present value of benefit obligation at 31 March	**109,904**	112,614
	The defined benefit obligation is split as follows		
	Deferred pensioners	**93,992**	96,984
	Pensioners	**15,912**	15,630
	Present value of benefit obligation at 31 March	**109,904**	112,614

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

(f)	*Change in plan assets*		
	Fair value of plan assets at 1 April	**99,126**	87,301
	Interest income	**3,402**	3,823
	Actual return on assets less interest	**(4,508)**	7,756
	Actual return on plan assets	**(1,106)**	11,579
	Contributions – employer	**2,200**	1,850
	Benefits paid	**(2,810)**	(1,249)
	Exchange difference	**291**	(355)
	Fair value of plan assets at 31 March	**97,701**	99,126
(g)	*Sensitivity of overall pension liabilities*		
	Increase in liability through 0.25% reduction in discount rate	**6,594**	6,757
	Increase in liability through 0.25% increase in inflation assumption	**4,396**	4,505
	Increase in liability through increase in rate of mortality by 1 year	**3,297**	2,252

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

22 Retirement benefit obligations (continued)

(h) *Plan assets*

Plan assets are comprised as follows:

	31 March 2016 £'000	31 March 2016 %	31 March 2015 £'000	31 March 2015 %
UK equities	**17,297**	**17.7**	17,850	18.0
North American equities	**4,542**	**4.6**	5,303	5.4
European equities	**4,114**	**4.2**	4,902	4.9
Japanese equities	**2,120**	**2.2**	2,302	2.3
Asia Pacific equities	**1,822**	**1.9**	1,591	1.6
Emerging markets equities	**177**	**0.2**	80	0.1
Equities	**30,072**	**30.8**	32,028	32.3
Diversified Growth Funds	**17,416**	**17.8**	17,849	18.0
Bonds	**38,782**	**39.7**	39,076	39.4
Property	**11,057**	**11.3**	9,923	10.0
Cash	**374**	**0.4**	250	0.3
	97,701	**100.0**	99,126	100.0

Assets are invested in a range of funds operated by Legal & General, Investec, Barings and Royal London Asset Management for the UK Scheme and Irish Life for the Irish Scheme. The Trustees believe that investing in a range of funds and investment managers offers the best combination of growth opportunity and risk management. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets.

(i) *Defined benefit obligation trends*

	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000
Scheme assets	**97,701**	99,126	87,301	78,814	66,176
Scheme liabilities	**(109,904)**	(112,614)	(98,656)	(97,204)	(85,143)
Scheme deficit	**(12,203)**	(13,488)	(11,355)	(18,390)	(18,967)

(j) *Contributions*

In accordance with actuarial advice and with the agreement of ACCA and the UK Scheme's trustees, a recovery plan was put in place with effect from November 2013 and ACCA will contribute annual deficit recovery contributions of £2,000,000 in respect of the UK scheme for a period of 6 years and 3 months, subject to review at future actuarial valuations. A triennial valuation was prepared as at 1 January 2015 for the Irish scheme and due to the increased deficit a new recovery plan was put in place which aims to clear the deficit within 7 years. It is expected that for the year ended 31 March 2017 ACCA will contribute annual deficit contributions of £85,000 in respect of the Irish scheme. In addition it is expected that ACCA will contribute on average 9% of pensionable salary in respect of other overseas schemes.

23 Trade and other payables

	31 March 2016 £'000	31 March 2015 £'000
Trade payables	**2,884**	5,658
Social security and other taxes	**3,912**	1,455
Accrued expenses	**22,676**	12,072
	29,472	19,185

	31 March 2016 £'000	31 March 2015 £'000
24 Deferred income		
Deferred income	**64,313**	73,088

Deferred income comprises fees and subscriptions from members and students accounted for in advance less an appropriate provision for bad debt as well as exam fees paid in advance by students and monitoring contract income paid in advance.

25 Provisions

	31 March 2015 £'000	Utilised in year £'000	Released in year £'000	Provided in year £'000	31 March 2016 £'000
Tax	1,636	(1,098)	–	1,668	**2,206**
Legal costs	372	(14)	(85)	139	**412**
Research	377	(174)	(71)	115	**247**
Claims	89	(98)	(19)	129	**101**
Restructuring	498	(322)	(176)	–	**–**
Accreditation	13	(10)	(3)	–	**–**
Commercial frameworks	–	–	–	466	**466**
Dilapidations	–	–	–	1,499	**1,499**
Total	2,985	(1,716)	(354)	4,016	**4,931**

The tax provision relates to a liability for tax on turnover in China, Kazakhstan and the Caribbean, VAT and tax on transfer pricing in Malaysia and Singapore and a potential liability for GST in Singapore, which was disclosed as a contingent liability in the previous year. ACCA is managing the settlement of any liabilities with assistance from in-country third party tax advisors.

The legal costs provision represents costs which ACCA may be liable for when undertaking investigations into any ACCA members' conduct relating to the collapse of Anglo Irish Bank and costs relating to the ongoing court case in Canada.

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

The claims provision represents management's best estimate of ACCA's liability relating to the costs associated with ongoing Financial Reporting Council (FRC) investigations against ACCA members. The FRC is responsible for operating and administering an independent disciplinary scheme – The Accountancy Scheme – covering members of the six professional accountancy bodies in the UK and Ireland. It is possible that some of this provision will be incurred in 2016/17. There is no expected reimbursement from actual costs accounted for to date.

The restructuring provision represented management's best estimate of ACCA's liability relating to the costs associated with the roles which had been made redundant in the previous year. During the year £322,000 was utilised and £176,000 was released.

The accreditation provision related to the identification of a number of errors in the award of the UK audit qualification. The provision was established to pay for costs of revision courses for those affected members who wished to apply for the UK audit qualification. The remainder of the provision was either utilised or released during the year.

The dilapidations provision represents management's best estimate of the costs to restore the leased buildings in Glasgow and Dublin to their previously unfurnished states as ACCA will be leaving those properties in the forthcoming year, having signed a lease to rent new office space in Glasgow and being currently in negotiations to rent office space in Dublin. It also includes an initial provision for dilapidations at the ACCA's new offices at the Adelphi.

The commercial frameworks provision represents management's best estimate of the costs to pay approved learning partners in respect of them meeting specific 2015-16 performance targets to register good quality students for the ACCA qualification.

26 Other reserves

	Currency translation £'000	Land and buildings £'000	Available-for-sale investments £'000	Total £'000
Balance at 1 April 2014	(124)	7,670	12,715	20,261
Revaluation – gross	–	2,650	5,350	8,000
Revaluation – tax	–	(138)	(891)	(1,029)
Currency translation differences	47	–	–	47
Historic cost depreciation transfer	–	19	–	19
Balance at 31 March 2015	(77)	10,201	17,174	27,298
Revaluation – gross	–	5,000	(854)	4,146
Revaluation – tax	–	(952)	406	(546)
Transfer to accumulated fund – realised gain	–	(3,761)	–	(3,761)
Transfer to accumulated fund – tax on gain	–	126	–	126
Currency translation differences	(32)	–	–	(32)
Balance at 31 March 2016	**(109)**	**10,614**	**16,726**	**27,231**

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

27 Commitments

	31 March 2016 £'000	31 March 2015 £'000
Capital commitments for property, plant and equipment		
Contracted for at the balance sheet date but not recognised in the financial statements	**–**	–
Authorised but not contracted	**10,043**	2,296

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

	Land and buildings		Other	
	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000
Within one year	**6,186**	3,052	**100**	98
In two to five years	**17,134**	4,545	**100**	–
More than 5 years	**37,419**	–	**–**	–
	60,739	7,597	**200**	98

Operating lease rentals charged to the statement of comprehensive income in the year amounted to £5.2m (31 March 2015: £3.7m). Prior to the year-end, ACCA signed a 15 year lease for three floors of a property in Glasgow, the commitments for which are included in the above.

28 Related party transactions

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

Relationships

Council members as office holders	Alexandra Chin (President) Brian McEnery (Deputy President) Leo Lee (Vice President)
Other Council members	Susan Allan, Stephen Bailey, Rosanna Choi, Orla Collins, Matilda Crossman, John Cullen, Jenny Gu, Anthony Harbinson, Kenneth Henry, Pauline Hobson, Lorraine Holleway, Hemraz Hoolash, Lynne Hunt, Nur Jazlan Mohamed, Japheth Katto, Dean Lee, James Lee, Ayla Majid, Mark Millar, Tom Murray, Kholeka Mzondeki, Mohd Nasir Ahmad, Joseph Owolabi, Taiwo Oyedele, Ronnie Patton, Laura Perrin, Melanie Proffitt, Marta Rejman, Brendan Sheehan, Katerina Sipkova, Marcin Sojda, Robert Stenhouse, Fergus Wong and Belinda Young
Key management personnel	Helen Brand (Chief Executive), Alan Hatfield, Stephen Heathcote, Raymond Jack and Peter Large

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

	31 March 2016 £'000	31 March 2015 £'000
Related party transactions		
Honorarium to the office holders	**13**	13
Reimbursement of expenses directly incurred by Council members	**414**	391
Salaries and other short-term employee benefits	**1,206**	1,391
Post-employment benefits	**60**	106
	1,266	1,497

The post-employment benefits are the pension contributions payable for those Executive Team members who are members of the pension scheme. Three (2015: two) members of the Executive Team receive an allowance in lieu of pension contributions. The value of those allowances is included in 'Salaries and other short-term employee benefits'.

	31 March 2016 £'000 Owed	31 March 2015 £'000 Owed
Related party balances		
Reimbursement of expenses directly incurred by Council members	**26**	7
Bonuses payable to key management personnel	**111**	80

29 Principal undertakings

Subsidiary undertakings

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

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

29 Principal undertakings (continued)

Subsidiary undertakings (continued)

	Country of registration	Beneficial holding	Nature of business
ACCA Romania	Romania	Limited by guarantee	Vehicle for ACCA's operations in Romania
ACCA Malawi Ltd	Malawi	Limited by guarantee	Vehicle for ACCA's operations in Malawi
ACCA Australia and New Zealand Ltd	Australia	Limited by guarantee	Vehicle for ACCA's operations in Australia
ACCA Russia Ltd	England & Wales	Ordinary shares	Vehicle for ACCA's operations in Russia
ACCA Ventures Ltd	England & Wales	Ordinary shares	Vehicle for providing online courses
ACCA Tanzania	Tanzania guarantee	Limited by operations in Tanzania	Vehicle for ACCA's
ACCA Turkey	Turkey	Ordinary shares	Vehicle for ACCA's operations in Turkey
Certified Accountants Educational Trustees Ltd	England & Wales	Ordinary shares	Corporate trustee for CAET
Certified Nominees Ltd	England & Wales	Ordinary shares	Corporate director for ACCA companies

Other undertakings

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

30 Contingencies

Following a review of the rules of the ACCA Pension Scheme, ACCA and the trustees of the Scheme have identified some issues which relate to the legality of the passing of resolutions to make changes to the Pension Scheme Trust Deed. Both parties have sought legal advice and are working together to resolve the situation, although due to the complexity of the matter, both parties have been advised that the Courts may need to rule on the issue. This matter is in the early stages of discussion and is likely to remain in progress for a number of months. Due to the preliminary nature of these discussions, there is insufficient certainty to provide an estimate of the potential financial impact.

31 Cash flow statement

(a) *Cash generated from operations*

	31 March 2016 £'000	Restated 31 March 2015 £'000
Surplus before tax	**5,224**	6,311
Adjustments for:		
Depreciation on property, plant and equipment	**3,896**	4,138
Amortisation of intangible assets	**983**	1,743
Gain on sale of property, plant and equipment	**(1,564)**	(4)
Fair value losses on valuation of available-for-sale investments	**9**	5
Interest received	**(116)**	(160)
Dividends received	**(1,472)**	(1,163)
Impairment adjustment – intangibles	**141**	1,096
Impairment adjustment – property, plant & equipment	**892**	–
Pension costs	**399**	454
Gain on settlement	**(389)**	–
Pension contributions paid	**(2,200)**	(1,850)
Changes in working capital (excluding the effects of exchange differences)		
Derivative financial instruments	**231**	(1,203)
Trade and other receivables	**(1,729)**	(3,267)
Trade and other payables	**10,445**	4,583
Deferred income	**(8,775)**	604
Provisions	**1,946**	(923)
Cash generated from operations	**7,921**	10,364

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

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

	31 March 2016 £'000	Restated 31 March 2015 £'000
Net book amount	**9,986**	261
Gain on disposal of property, plant and equipment	**1,564**	4
Proceeds from disposal of property, plant and equipment	**11,550**	265

32 Post balance sheet event

On 19 April 2016, the sale of 29 Lincoln's Inn Fields was completed at a sales price of £14,050,000, which was the deemed fair value of the property as disclosed in note 14.

Corporate Governance Statement
For the year ended 31 March 2016

The UK Corporate Governance Code
Council is committed to the highest standards of corporate governance. It supports the framework for corporate governance in the UK set out in the UK Corporate Governance Code as revised and re-issued by the UK Financial Reporting Council (FRC) in 2014. Council's Governance Design Committee is charged with ensuring that ACCA follows best global practice. Council confirms that, although the UK Corporate Governance Code relates to UK listed companies and ACCA is not obliged to comply with it, ACCA nevertheless follows its guidance as far as this is, in Council's opinion, relevant to ACCA.

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

Council has adopted a Code of Practice for Council members. This Code of Practice, a link to which is circulated to members with the material for the Annual General Meeting (AGM), applies to Council members when acting in their capacity as Council members and provides a framework for the operation of Council's business. Council is a collegial body and expects all of its members to recognise their collective responsibilities and to comply with the Code. Whatever their geographical or sectoral bases, Council members do not represent particular areas or functions. Council has 36 members, all of whom are volunteers elected by the membership as a whole and subject to re-election every three years, for a maximum of three terms. They have a wide-ranging remit geared to providing strategic direction for ACCA. Council members examine issues of broad and long-term importance to ACCA, and establish ACCA's position on global industry developments as they arise. Following the 2015 AGM, Council now has members from 17 different countries, reflecting the diversity of ACCA and its members. Profiles of Council members are available on request from ACCA.

The office holders (Officers) of ACCA are the President (Alexandra Chin), the Deputy President (Brian McEnery) and the Vice President (Leo Lee). The incoming Vice President is elected by Council from among its members by ballot, in March each year. Council then formally elects each of the Officers at its first meeting following the AGM in September. In the normal course of events, in the two succeeding years Council elects the Vice President to serve as Deputy President and then President of ACCA.

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

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

Principles of good governance (continued)

Performance appraisal

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

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

Council members' interests

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

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

Council meetings

During the year there were four meetings of Council.

Statement of Council's responsibilities

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

In preparing these financial statements, Council ensures that:

- suitable accounting policies are selected and applied consistently;
- reasonable and prudent judgements and accounting estimates are made;
- IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis.

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

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

Corporate Governance Statement
For the year ended 31 March 2016

Statement of Council's responsibilities (continued)
ACCA's Integrated Report sets out details of the business risks which ACCA faces and its performance and strategy in addressing these. During 2015-16, ACCA prepared a five-year Corporate Plan which provided an indication of the likely strategic priorities over each financial year, formed the basis for developing five-year financial projections and was used to develop the 2016-17 budget. Council has approved the 2016-17 budget, which contains the detailed financial assumptions, allocations and targets to deliver the 2016-17 Strategic Delivery Plan and is therefore satisfied that ACCA has adequate resources to continue in operational existence for the foreseeable future; accordingly, the going concern basis continues to be adopted in preparing the financial statements.

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

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

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

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

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

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

		Meetings attended
Chairmen:	Anthony Harbinson, FCCA MBA (to 16/9/15)	1/1
	Alexandra Chin, FCCA CA(M) FCTIM (from 17/9/15)	1/1
Other members:	Alexandra Chin, FCCA CA(M) FCTIM (to 16/9/15)	1/1
	Orla Collins, FCCA MSc	2/2
	Anthony Harbinson, FCCA MBA (from 17/9/15)	1/1
	Kenneth Henry, FCCA PhD CISA CPA CGFM (from 17/9/15)	1/1
	Leo Lee, FCCA FHKICPA LLB MBA	2/2
	Brian McEnery, FCCA	2/2
	Robert Stenhouse, FCCA FCA CTA (to 17/9/15)	1/1
	Martin Turner, FCCA FCMI CIHM (to 17/9/15)	1/1
	Belinda Young, FCCA (from 17/9/15)	1/1

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

Audit Committee
In 2014, the Committee considered whether it wished to voluntarily adopt the enhanced audit report following the issuing of the revised ISA (UK&I) 700 Audit Report. Following consultation with the external auditor, the Committee concluded that it did wish to adopt the new style report, and, as a result, a separate Report from the Audit Committee has been presented at pages 44 to 47.

Governance Design Committee
ACCA's Governance Design Committee pursues continual improvement in governance design in ACCA in order to reflect best global practice. Governance Design Committee gives ACCA a standing mechanism for reviewing governance design and planning in the short, medium and long term. This provides clear lines of sight between the development and implementation of ACCA's strategy and how ACCA's governance structures might need to evolve to support the delivery of strategy in the future.

The terms of reference for Governance Design Committee include responsibility for reviewing and reporting to Council on matters concerning ACCA's corporate governance design, including elections and appointments to Council and committees, proceedings of Council meetings, the terms of reference and effectiveness of committees of Council, and for the continual improvement in governance design in ACCA in order to reflect best global practice. Governance Design Committee is also responsible for reviewing, and making recommendations to Council thereon, Council's standing orders including the Code of Practice for Council members.

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

		Meetings attended
Chairman:	Pauline Hobson, FCCA MBA FCMI	2/3
Other members:	John Cullen, FCCA	3/3
	Kenneth Henry, FCCA PhD CISA CPA CGFM	3/3
	Lynne Hunt, FCCA (from 17/9/15)	1/2
	Leo Lee, FCCA FHKICPA LLB MBA	2/3
	Tom Murray, FCCA (from 17/9/15)	2/2
	Nasir Ahmad, FCCA CA(M) MBA	3/3
	Nur Jazlan Mohamed, FCCA MIA AFA (from 17/9/15)	2/2
Independent members:	Edwin Lawrie, ACIS FIRM ACII (to 17/9/15)	1/1
	Matthew McLelland, BA MA (to 17/9/15)	1/1

The independent members of Governance Design Committee received remuneration on a fixed attendance fee basis.

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

Remuneration Committee
ACCA's Remuneration Committee is responsible for determining and agreeing a policy framework for the remuneration of the Chief Executive and senior staff that is clearly aligned to the delivery of ACCA's strategic objectives by rewarding senior staff for the achievement of high standards of performance and their contribution to the success of ACCA whilst ensuring that the framework adheres to the principles of good corporate governance. The Committee consists of seven members of Council and an independent member appointed by its Nominating Committee.

The Committee's work plan during 2015-16 included: a review of succession planning arrangements for the senior management team; a benchmark review of remuneration within the scope of the Committee; a review of the components and objectives of the senior management reward scheme; and consideration of ACCA's people strategy as a whole.

The Committee has also taken external independent advice from reward consultants New Bridge Street (part of Aon Hewitt Ltd). This advice related to external benchmarking data, survey data, market practice and corporate governance updates.

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

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

		Meetings attended
Chairmen:	Lynne Hunt, FCCA (to 17/9/15)	1/1
	Leo Lee, FCCA FHKICPA LLB MBA (from 17/9/15)	1/1
Other members:	Gustaw Duda, FCCA MBA (to 17/9/15)	1/1
	Anthony Harbinson, FCCA MBA (from 17/9/15)	1/1
	Hemraz Hoolash, FCCA	2/2
	Leo Lee, FCCA FHKICPA LLB MBA (to 17/9/15)	1/1
	Mark Millar, FCCA	2/2
	Kholeka Mzondeki, FCCA BComm	2/2
	Nasir Ahmad, FCCA CA(M) MBA	1/2
	Robert Stenhouse, FCCA FCA CTA (from 17/9/15)	1/1

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

Regulatory Board
ACCA's Regulatory Board was launched in September 2008, bringing together all of ACCA's previous governance arrangements for regulation and discipline into a single entity. In 2014 Council agreed that the Regulatory Board should take an enhanced public interest role and sit at the heart of a new unified oversight structure. Council therefore agreed to put in place a single oversight mechanism for all of ACCA's public interest oversight functions.

The Regulatory Board is retained substantially in its present form but the new and enhanced public interest arrangements now include oversight of ACCA's examinations and other matters in relation to the integrity of the qualifications process. The sub-boards – Appointments, Qualifications and Standards Boards – are constituted as self-standing boards, with each having, with the exception of the chairman who is appointed by the Regulatory Board and drawn from its membership, separate personnel to the Regulatory Board to enable the Regulatory Board to take a more detached view of the work of the sub-boards.

The remit of the Regulatory Board is to provide independent oversight of ACCA's regulatory arrangements for complaints and discipline, education and learning, examinations, licensing and practice monitoring, and to report to ACCA's Council on the fairness and impartiality of these activities. Placing oversight of ACCA's regulatory arrangements at 'arm's length' from the governance of its other activities helps to reassure stakeholders that ACCA's arrangements are operated impartially, with integrity and in the public interest. The Regulatory Board now comprises two members of ACCA's Council and six independent 'lay' appointees – non-accountants – one of whom is Lay Chairman.

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

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

Regulatory Board (continued)

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

		Meetings attended
Chairman:	Antony Townsend, BA	4/4
Lay members:	David Lock, BSc FCSA	3/4
	David Thomas, LLB	3/4
	Frances Walker, LLB Hons	3/4
	Suzy Walton, BSc, PhD	4/4
	Rosalind Wright, CB QC (Hon Causa)	4/4
Members from Council:	John Cullen, FCCA	3/4
	Raphael Joseph, FCCA (to 17/9/15)	2/2
	Ronnie Patton, FCCA MBA (from 17/9/15)	2/2

Profiles of the Board members can be found on ACCA's website (www.accaglobal.com). Details of the terms of reference for the Regulatory Board are available on request from ACCA.

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

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

International Assembly

ACCA's International Assembly was formed in 1997. It remains a unique resource to ACCA and no other body has such a diverse representative group whose role is to provide input into strategy and development through its advisory role to Council. The International Assembly was formed in recognition of ACCA's growth with an increasingly diverse and mobile membership. There are 54 representatives on the International Assembly, representing all regions where there are ACCA members. The International Assembly usually meets in November each year and the meeting is timed to enable Council and Assembly members to interact at a joint discussion session and social event.

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

Senior management and remuneration

The Chief Executive, four Executive Directors (year ended 31 March 2015: four) and two independent non-executive advisors (year ended 31 March 2015: two) form the Executive Team and are responsible for the day-to-day management of ACCA on behalf of Council and for the implementation of Council policy.

The total salary (including bonus and allowances) and benefits of the Chief Executive in the year ended 31 March 2016 was £370,746 (year ended 31 March 2015: £368,157). 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 – see 'Pensions and Benefits' below. Excluding the 'pension' allowances referred to above, and to give a 'like for like' comparison, the total salary and benefits for the Chief Executive in the year ended 31 March 2016 was £330,284 (year ended 31 March 2015: £328,191).

The two independent non-executive advisors receive remuneration on a fixed attendance fee basis.

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 work force and external benchmark data. External benchmark data is obtained on pay in other professional membership associations (including a sub group of accountancy associations) and general industry data for organisations of a similar size.

The annual salary review for all staff occurs in April. The salaries of the Executive Team increased by 2%, in line with other employees. This came into effect from 1 April 2015.

Senior management and remuneration (continued)

The base salaries of the Chief Executive and Executive Directors at 31 March 2016 are shown below on a banded basis.

	Number of employees (2015-16)	Number of employees (2014-15)
£280,000 – £309,999	1	1
£250,000 – £279,000	Nil	Nil
£220,000 – £249,000	Nil	Nil
£190,000 – £219,999	2	2
£160,000 – £189,999	Nil	Nil
£130,000 – £159,999	2	2

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

Two of the Executive Team are members of the defined contribution pension scheme in the UK. All employees close to the lifetime allowance may elect to take a non-consolidated cash allowance in lieu of employer pension contributions and three Executive Team members have done so.

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

It is ACCA's policy is to provide the following Group funded benefits to each member of the Executive Team:
- Private Healthcare (family cover)
- Bi-annual Health screening
- Disability income protection
- Life insurance.

Executive Team Reward Plan
On an annual basis, Council's Remuneration Committee agrees the KPIs which will determine the bonus payment for the Executive Team annually. This reward solution is structured to drive behaviour and performance that is appropriate for ACCA. Remuneration Committee uses a reward framework which includes all the measures and targets agreed by Council, all of which are externally audited. This is a fair, transparent reward solution which has been created in line with ACCA's reward principles by supporting the achievement of ACCA's 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 clearly linked to driving value.

The Committee would retain the discretion to moderate (up or down (including to 0%)) the level of bonus determined if they do not believe it adequately reflects underlying corporate performance.

The Committee will determine the level of award against personal performance in respect of the Chief Executive.

Corporate Governance Statement
For the year ended 31 March 2016

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

The review established unequivocally that appropriate arrangements are in place to address any disciplinary issues that may arise.

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

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

Report from the Audit Committee
For the year ended 31 March 2016

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

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

The Chairman of the Committee provides an annual report to Council on the Committee's activities, both carried out and planned.

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

Committee membership
Robert Stenhouse chairs the Audit Committee. He is a fellow of ACCA and has been a member of Council since 2009. He is a member of ACCA's Nominating Committee as well as being the chairman of the Global Forum for Audit and Assurance. He has had business experience of almost 30 years and is currently Director – National Accounting and Audit at Deloitte in the UK. Council therefore considers that he has had recent relevant financial experience. The remaining Committee members, noted below, are all fellows of ACCA and have also had extensive business experience.

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

		Meetings attended
Chairman:	Robert Stenhouse, FCCA FCACTA	4/4
Other members:	Rosanna Choi, FCCA FHKICPA MBA MSc ISM	3/4
	Orla Collins, FCCA MSc	4/4
	Julie Holderness, FCCA (to 17/9/15)	2/2
	Hemraz Hoolash, FCCA	3/4
	Dean Lee, FCCA CICPA MPh MBA	4/4
	Brendan Sheehan, FCCA, (from 17/9/15)	2/2
	Marcin Sojda FCCA, MSc (from 17/9/15)	1/2
Independent member:	Romny Gray, LLB Hons	2/2

The Audit Committee met four times during the year. One of those meetings was an interim update conducted by e-mail.

Appointments to the Committee are made by the Nominating Committee and are for a one year term. The Chairman of the Committee may serve for a maximum of three years, and the independent member for a maximum of six years. The independent member receives remuneration on a fixed attendance fee basis. Meetings are scheduled to ensure that matters in Council's annual work plan which relate to Audit Committee responsibilities are considered on a timely basis.

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

Report from the Audit Committee
For the year ended 31 March 2016

Committee membership (continued)
In making appointments to the Audit Committee, Nominating Committee considers the following specific skills criteria:

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

Significant issues related to the financial statements
During the previous year, the Committee considered whether it wished its external auditor to voluntarily adopt the enhanced audit report following the issuing of the revised ISA (UK&I) 700 Audit Report. Following consultation with the external auditor, the Committee concluded that it did wish to adopt the new style report, and the necessary changes were made to the audit engagement letter to facilitate that.

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

- **Revenue recognition, including the completeness, existence and accuracy of income recognised in the year** – ACCA's main income is derived from subscription income and examination income. A key risk is that recognition of those income streams is incorrect due to timing differences in the key business processing dates and the financial year-end. The Committee has challenged management that proper processes are in place to ensure that income is recognised in the correct period, and the Committee has also placed reliance on the historic accuracy of income cut-off. An adjustment to income is made each year which reflects the anticipated value of income reversed due to the removal of students and members. Based on scrutiny of this adjustment by the Committee, it is satisfied that these removals relate mainly to students and members billed in advance of services being provided. The Committee agrees with management's representation of income.
- **Existence and valuation of intangible assets** – ACCA capitalises intangible assets where the criteria of IAS38 are met. The Committee is satisfied that management have put appropriate processes in place to only capitalise those items which meet the criteria. Management carry out an annual impairment review of those assets that are capitalised. That impairment review identified that there were no qualitative or quantifiable benefits arising from one of the intangible assets, and management has fully impaired the asset. Management's view is that this approach to impairment addresses the risk of intangible assets being held at inappropriate carrying values. The Committee is satisfied with the approach adopted by management.
- **Valuation and presentation of retirement benefit scheme liabilities** – the assumptions used by management for the IAS19 valuation are derived in consultation with ACCA's external pension consultant. The consultant undertakes appropriate benchmarking to ensure that the assumptions fall within an acceptable range. Accounting disclosures required by IAS19 are provided by the Scheme Actuaries of the UK and Irish Schemes using the assumptions agreed by management. Those accounting disclosures are reviewed by the pension consultant for reasonableness. The Committee is satisfied that the reliance of management on the pension consultant and Scheme Actuaries results in appropriate accounting for and disclosure of pension matters.
- **Contingent liability in relation to the UK Pension Scheme** – ACCA and the trustees of the ACCA Pension Scheme have identified some issues which relate to the legality of the passing of resolutions to make changes to the Pension Scheme Trust Deed. Both parties have sought legal advice and are working together to resolve the situation, although due to the complexity of the matter, both parties have been advised that the Courts may need to rule on the issue. This matter is in the early stages of discussion and is likely to remain in progress for a number of months. Due to the preliminary nature of these discussions, management believes that there is insufficient certainty to provide an estimate of the potential financial impact and has therefore disclosed the appropriate information as a contingent liability in a note to the accounts. The Committee agrees with this approach and is satisfied that sufficient disclosure has been made in that note to the accounts.

Report from the Audit Committee
For the year ended 31 March 2016

Significant issues related to the financial statements (continued)

External Audit
In keeping with good governance practice, ACCA's policy is to conduct a tender for the provision of external audit services every five years, and tenders were previously undertaken in 2006 and 2011. Following the resignation of BDO LLP as external auditor in 2015, due to a potential conflict of interest arising, a competitive tender process was undertaken during November 2015 involving members of the committee supported by ACCA management. At the conclusion of this process it was agreed that Grant Thornton UK LLP should be recommended for appointment. This was subsequently ratified by Audit Committee under delegated authority from Council, in line with bye-law 40, until the close of the 2016 Annual General Meeting.

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

Auditor's independence, effectiveness and objectivity
The Audit Committee monitors regularly any non-audit services being provided to ACCA by the external auditor to ensure that any services provided do not impair their independence or objectivity. All non-audit services are required to be pre-approved by the Committee. Details of the amounts paid to the external auditor during the year for the audit of ACCA, its pension schemes and additional audit services relating to the audit of the corporate key performance indicators are set out in note 12 to the financial statements.

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

The Audit Committee remains satisfied with Grant Thornton UK LLP's effectiveness and independence, since appointment in November 2015, and is recommending it for reappointment at the 2016 AGM.

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

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

Internal Audit produces a risk based annual plan which sets out its priorities and audit programme for the year ahead. The key driver of the plan is ACCA's Corporate Risk Register and the Strategy to 2020. The plan is approved by the Committee in advance of each year and reviewed at each Committee meeting during the year to ensure that satisfactory progress is being made both with the plan and with the implementation of any recommendations arising from the reviews undertaken. If any such recommendations are unreasonably, in the opinion of the Audit Committee, rejected or delayed by management, then these would be reported to Council. No such report was necessary in the year ended 31 March 2016.

Report from the Audit Committee

For the year ended 31 March 2016

Risk management

Council has overall responsibility for determining risk management policy and the Executive Team has responsibility for designing, implementing and maintaining systems consistent with this policy. The Executive Team does this through a process of delegating to ACCA management the responsibility for identifying, assessing and reporting risks, recording results in a risk register. Risk registers are regularly reviewed by the Executive Team and, where appropriate, are escalated to the strategic risk register. The Audit Committee reviews the risk register at each meeting and also receives a detailed update on each strategic risk on a cyclical basis.

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

Activity during the year

During the year to 31 March 2016, Audit Committee has:

- reviewed the annual accounts as at 31 March 2015 and recommended to Council that they be approved
- reviewed the structure and content of the Integrated Report
- considered ACCA's strategic risks and underlying risk management procedures, and risk 'deep dives' into each executive directorate
- reviewed the effectiveness of ACCA's internal controls
- reviewed ACCA's whistleblowing policy
- received reports from the external auditor
- received reports from the Corporate Assurance function and monitored progress with the implementation of the recommendations arising from those
- agreed the fees and terms of appointment of the external auditors and considered the audit quality and effectiveness
- reviewed the Committee's own effectiveness and submitted an annual report on its performance to Governance Design Committee
- received training on various subjects to enhance the Committee's knowledge in respect of specific matters.

Subsequent to the year-end, the Committee has recommended to Council that it approves the annual accounts for the year ended 31 March 2016 and that it recommends that a resolution re-appointing Grant Thornton UK LLP as auditor be put to the AGM in September. The Committee has also considered that the Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provides information necessary for members to assess ACCA's performance, business model and strategy.

Summary

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

Robert Stenhouse
Chairman of the Audit Committee
18 June 2016

Independent Auditor's Report to the Members of the Association of Chartered Certified Accountants

Our opinion on the group financial statements is unmodified

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2016 and of its surplus for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Who we are reporting to

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

What we have audited

ACCA's group financial statements for the year ended 31 March 2016 comprise the consolidated statement of total comprehensive income, the consolidated balance sheet, the consolidated statement of changes in members' funds, the consolidated cash flow statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Overview of our audit approach

- Overall group materiality: £2m, which represents 1.15% of the group's total revenues;
- We performed full scope audits on all UK subsidiaries, and targeted audit procedures on overseas subsidiaries; and
- Key audit risks were identified as revenue recognition, valuation of intangible assets, valuation of retirement benefit scheme liabilities and the retirement benefit scheme contingent liability.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit.

Independent Auditor's Report to the Members of the Association of Chartered Certified Accountants

Audit risk
Revenue recognition
Fees and subscriptions represented £76m for the year ended 31 March 2016.

There is a risk that the significant income streams of fees and subscriptions are recognised in the incorrect financial year, with fees being income received in advance of providing the exam service, requiring deferment to the period in which the exam is taken, and subscriptions income being determined on a calendar year basis as opposed to the group's financial year. We therefore identified revenue recognition as a significant risk requiring special audit consideration.

How we responded to the risk
Our audit work included, but was not restricted to:

- evaluating the design and implementation of key controls over the recording of revenue transactions;
- performing proof in total calculations, with expectations set with reference to our interrogation of members and exam databases and published fee rates as adjusted for accrued and deferred income;
- recalculating accrued and deferred income; and
- performing analytical procedures to assess management's judgement regarding the adjustment to income for removal of students and members.

The group's accounting policy on income is shown in note 2(c) and related disclosures are included in note 6. The Audit Committee identified revenue recognition as a significant issue in its report on page 45, where the Committee also described the action that it has taken to address this issue.

Audit risk
Valuation of intangible assets
The group's internally generated intangible assets represented £13m for the year ended 31 March 2016, in accordance with International Accounting Standard (IAS) 38 'Intangible Assets'.

The identification of impairment events and associated charge, together with initial measurement require the application of significant management judgement, in particular the assessment of future economic benefits. There is a risk that management record an intangible or impairment thereof that did not exist, or they fail to identify an impairment event and the charge reported is therefore incomplete. We therefore identified valuation of intangible assets as a risk requiring particular audit consideration.

How we responded to the risk
Our audit work included, but was not restricted to:

- evaluating the design and implementation of key controls over recording of intangibles and associated impairments;
- testing a sample of intangibles capitalised in the year, challenging management's assumptions relating to timing and recognition thereof and corroborating items to underlying data such as timesheet records, purchase invoices and market research;
- performing sensitivity analysis to assess management's judgement regarding future economic benefits; and
- assessing actual outcomes against prior period management estimates for indicators of impairment.

The group's accounting policy on intangible assets is shown in note 2(i) and related disclosures are included in note 15. The Audit Committee identified existence and valuation of intangible assets as a significant issue in its report on page 45, where the Committee also described the action that it has taken to address this issue.

Independent Auditor's Report to the Members of the Association of Chartered Certified Accountants

Audit risk
Valuation of retirement benefit scheme liabilities
Retirement benefit obligations represented £12m in the year ended 31 March 2016.

The assessment of actuarial assumptions requires the application of significant judgement by management. There is a risk that management fail to identify incorrect assumptions and therefore the reported liability is incorrectly recorded in accordance with IAS 19 'Employee Benefits'. We therefore identified valuation of retirement benefit scheme liabilities as a risk requiring particular audit consideration.

How we responded to the risk

Our audit work included, but was not restricted to:

- using our internal valuation experts to challenge the key actuarial assumptions used by management's actuary, of discount rate to yield on AA rated corporate bonds, price inflation to Bank of England's inflation curve, pension increases to inflation assumptions, expected return on assets to discount rate, and mortality / life expectancy to S1PA tables;
- reconciling the opening and closing liability given the figures and general approach taken by management's actuary;
- performing reasonableness checks on interest cost and income against management's actuary's assessment of discount rate; and
- testing a sample of contributions paid in the year to bank.

The group's accounting policy on pensions is shown in note 2(q) and related disclosures are included in note 22. The Audit Committee identified valuation and presentation of retirement benefit scheme liabilities as a significant issue in its report on page 45, where the Committee also described the action that it has taken to address this issue.

Audit risk
Retirement benefit scheme contingent liability
The identification of the potential invalidity of legal documents in respect of the retirement benefit scheme requires the application of significant management judgement. There is a risk that management fail to identify a liability in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. We therefore identified the retirement benefit scheme contingent liability as a risk requiring particular audit consideration.

How we responded to the risk
Our audit work included, but was not restricted to:

- performing a reasonableness evaluation of management's initial assessment;
- reading the QC opinion obtained by the pension trustees and the QC legal opinion obtained by the group;
- meeting group management to discuss the QC's opinions;
- discussing management's conclusion with in-house legal counsel;
- considering management's conclusions through understanding precedents in similar cases; and
- assessing the appropriateness of disclosures in the financial statements as a contingent liability in accordance with IAS 37 as present obligations do not meet the recognition criteria.

The group's accounting policy on contingent liabilities is shown in note 2(s) and related disclosures are included in note 30. The Audit Committee identified this contingent liability in relation to the UK pension scheme as a significant issue in its report on page 45, where the Committee also described the action that it has taken to address this issue.

Independent Auditor's Report to the Members of the Association of Chartered Certified Accountants

Our application of materiality and an overview of the scope of our audit
Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be £2m, which is 1.15% of the group's total revenues. This benchmark is considered the most appropriate because revenue is the key driver as the group is operated and managed as a not-for-profit entity.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the group financial statements. We also determine a lower level of specific materiality for certain areas such as senior management and executive team remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £100,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit
A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the group's business and is risk based, and included the following:

- Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group which, when taken together, enable us to form an opinion on the Consolidated Financial Statements under International Standards on Auditing (UK and Ireland). We take into account size, risk profile, changes in business environment and other factors when assessing the level of work to be performed at each entity. These materiality levels were set individually for each such component and ranged from £1,000 to £725,000;
- The ACCA Group has centralised processes and controls over the key areas of our audit focus with responsibility lying with group management for judgemental and significant risk areas;
- We have obtained an understanding of the entity-level controls of the Group as a whole which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy;
- We have tailored our audit response accordingly, and for our focus areas, audit procedures were undertaken directly by the Group audit team; and
- In assessing the risk of material misstatement to the Group Financial Statements, and to ensure we had adequate coverage of significant accounts, full scope audits were undertaken on the parent entity and all UK based subsidiaries. In respect of the overseas subsidiaries, we performed other procedures, including analytical review, substantive testing of payroll and revenue, testing of consolidation journals and intercompany eliminations to respond to any potential significant risks of misstatement to the Group Financial Statements.

Independent Auditor's Report to the Members of the Association of Chartered Certified Accountants

Matters on which we are required to report by exception

Under the terms of our engagement, we have agreed to review:

- the part of the Corporate Governance Statement relating to ACCA' s compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and Council's statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

Responsibilities for the financial statements and the audit

What Council are responsible for:
As explained more fully in the Statement of Councils' Responsibilities set out on page 36, Council is responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:
Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Andrew Howie
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
21 June 2016

The Chartered Certified Accountants' Benevolent Fund

(Limited by guarantee)

Report and Financial Statements

Year ended 31 March 2016

(Company number 08880293)
(Registered charity number 1156341)
(OSCR SC045337)

Chartered Certified Accountants' Benevolent Fund
Financial statements for the year ended 31 March 2016

Contents

Report of the Trustees of the Chartered Certified Accountants' Benevolent Fund

For the year ended 31 March 2016

The trustees present their annual report and financial statements of the charity (the Fund) for the year ended 31 March 2016. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Fund's governing document, the Charities Act 2011, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (Charities SORP (FRS102)).

Objectives and activities

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

Prior to the incorporation of the Fund, the same activities were carried out by the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund (old charity) (charity number 222595). The trustees of that charity have incorporated a new charity, the Fund, which has the same objectives and activities of the old charity. The assets and liabilities of the old charity are in the process of being transferred to the Fund.

The Fund employs no staff. Its staff and administration, including routine legal advice, is provided by ACCA. The trustees also devote time to the Fund's affairs at meetings, travel to and from meetings and have communications between meetings for which they receive no remuneration. The Fund is also supported by ACCA members and ACCA staff who may, as volunteers, visit applicants and beneficiaries from time to time when requested by the Fund. The Fund is not otherwise dependent on the services of volunteers or donations in kind.

The Fund's unrestricted funds include two designated funds: a Loan Fund and a Disaster Fund. The former is equal to the total amount of loans to beneficiaries and recognises the fact that these amounts are not available for the Fund's day-to-day operations. The latter will be used to provide emergency assistance to members and their families who have been affected by a disaster, most recently in Nepal, and will be added to annually at a rate agreed by the Board (currently 5% of the Fund's income excluding support cost donations) up to a cap of £250,000.

Grant making policy

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

The trustees ask that ACCA and AAPA members advise the Secretary of the Fund of any potential beneficiaries they believe to be in need but who may be reluctant to approach the Fund directly. The trustees are concerned that the Fund does not receive enough applications, although they try to contact all potential beneficiaries through a variety of media.

The trustees review the guidelines for granting assistance annually. Details of how to apply for grants and other assistance, together with the relevant forms, are available from the Secretary and the ACCA website at http://www.accaglobal.com/uk/en/member/membership-benefit/benevolent-fund

Report of the Trustees of the Chartered Certified Accountants' Benevolent Fund

For the year ended 31 March 2016

Financial review

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

The financial statements for the year are shown on pages 62 to 72. The Statement of Financial Activities on page 62 shows the incoming resources available to the Fund and the extent to which these resources have been applied. This, together with the Balance Sheet on page 63, shows the total assets of the Fund to be £3,547,736 (2015: £85,000), which will generate income to meet its future obligations. The Fund held £352,285 (2015: £nil) in bank balances and short term deposits and in the opinion of the trustees the Fund continues to be in a position to pursue its charitable activities in the foreseeable future. Governance costs for the current year include legal costs relating to the transfer of the loans into the Fund, advice received in respect of the Mortgage Credit Directive and professional fees payable to the Financial Conduct Authority (FCA) so that the Fund has the permissions to administer mortgages.

The trustees are grateful to all who have contributed in any way to the work of the Fund during the year to 31 March 2016. In particular, it expresses thanks to those who made a financial contribution and those who gave of their time. Donations from members including tax on Gift Aid donations amounted to £46,608 (year ended 31 March 2015: £nil).

The trustees would like to thank all those members who have made donations to the Fund, particularly those who are UK taxpayers and have completed Gift Aid declarations which allow the Fund to reclaim basic rate tax paid on these donations. This method of giving is very tax efficient and the trustees encourage UK taxpayers to consider completing Gift Aid declarations if they have not already done so. The trustees also encourage donors to gift shares directly to the Fund in order to gain the tax benefits available both to the Fund and the donor.

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

Investment policy and performance

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

During April 2015 the investment portfolio was transferred from the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund, to the Fund. For the purposes of performance comparisons, the comparable figures for 2015 relate to the performance of the investment portfolio while it belonged to the old charity. The total return on capital investments for the period from when the portfolio was transferred was -5.98% (2015: 8.82%) against the benchmark (FTSE WMA Income) of -4.75%, (2015: 8.23%) while the total return on income investments for the same period was 2.5% (2015: 2.63%) against the benchmark (FTSE A Govt (All)) of 0.03%% (2015: 10.16%). The trustees consider the overall return on long term investments and deposits for the period to be disappointing although accept that it is line with the negative movements in the stock markets during that period.

The trustees will consider the asset allocation strategy regularly and will formally review the investment strategy every three years. As part of good governance the trustees review the investment management services every five years. In September 2015, the trustees undertook a review of those services and following a robust tendering exercise, decided to reappoint Charles Stanley as managers of the investment portfolio. In December 2015 the trustees reviewed the investment strategy and considered the charity's Statement of Investment Principles as part of this review. The trustees agreed to change the asset allocation strategy so as to allow Charles Stanley more flexibility when selecting investment. Following discussion with Charles Stanley the trustees also agreed to implement a bespoke benchmark for performance monitoring purposes.

Report of the Trustees of the Chartered Certified Accountants' Benevolent Fund

For the year ended 31 March 2016

Public benefit
The Fund's principal charitable purpose is to give to those members of ACCA or AAPA and their families and dependants, who are in need, by reason of age, ill-health, disability, financial hardship or other disadvantage. The Fund assists its beneficiaries by awarding grants or loans of money, the provision of specific items, the payment of services and relevant advice and support. The trustees are of the view that the Fund meets the public benefit requirement by relieving members and their families and dependants of financial hardship. The Charity Commission published revised public benefit guidance in February 2014 which the trustees have noted.

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

The trustees consider variability of the investment returns on the investment portfolio to constitute the charity's major financial risk and recent volatility in the world stock markets has demonstrated this risk. This is mitigated by retaining expert investment managers and having a diversified investment portfolio. The trustees manage the investment portfolio on a total returns basis. The trustees consider a total return basis will stabilise the resources available for grant-making and allow them to take account of the longer-term outlooks for investment returns.

Reserves policy
The trustees aim to maintain unrestricted funds at a level that will meet anticipated demands for assistance as and when they arise as well as special demands in times of emergency such as the Nepal earthquake. ACCA has over 178,000 members in 188 countries and the reserves policy reflects the uncertainties that this brings.

The trustees assess the reserves to be retained in the context of its long-term strategic projections. These estimate anticipated growth in membership numbers and take account of demographic changes that anticipate increases in the number of retired members, and the likely effects of the African AIDS pandemic on members' families. The trustees have prepared a 15-year projection, which will be updated annually, which indicates that, while the Fund is likely to be able to increase its reserves in the short to medium term, the growth in total demand will mean that, from 2023, the Fund's expenditure will exceed its income and it will be necessary to apply its reserves to meet these needs. This shortfall is expected to increase in subsequent years.

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

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

The trustees have also designated some of the unrestricted funds as a Disaster Fund for use in case of a national or international disaster, whether the result of forces of nature, terrorism or war, which affects a significant number of members. A Disaster Fund was held by the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund and this has been transferred from that charity to the Fund as part of the transfer documentation between the trustees of both charities. This is shown separately in the financial statements. The trustees have put a cap on the Disaster Fund at £250,000.

All ACCA and AAPA members are contacted annually about the availability of the Fund; ACCA offices worldwide receive updates of the Fund's activities and policies and there is a link to the Fund's website from the main ACCA website. Despite all these active channels of communication, the Fund still finds it challenging to attract a sufficient number of applicants demonstrating real hardship and, as a consequence, the financial support it is able to give remains limited. The trustees continue to consider how the work of the Fund could be more widely recognised by developing new publicity and communication strategies. As part of this, a new website for the Fund is being developed and the Fund continues to liaise and work with other benevolent funds.

Report of the Trustees of the Chartered Certified Accountants' Benevolent Fund

For the year ended 31 March 2016

Achievements and performance
During the year, the Fund agreed to pay grants, ranging from £50 to £11,711 (2015: £nil), to 27 (2015: nil) beneficiaries and offered relevant advice and support. The grants amounted to £39,714 (2015: £nil). Included in this are commitments to 12 (2015: nil) beneficiaries for grants, payable after the year-end, amounting to £10,669 (2015: £nil). Under SORP 2015 these commitments are included in the financial statements as creditors. Grants were paid from the unincorporated charity in the prior year and ranged from £9 to £2,500 to 20 beneficiaries and totalled £15,608. The unincorporated charity had 8 grants committed at the end of the previous year which were transferred to the Fund during the year.

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

Structure, governance and management
The Chartered Certified Accountants' Benevolent Fund is a company limited by guarantee following incorporation on 6 February 2014, registration number 08880293. It was also registered as a charity with the Charity Commission for England and Wales on 25 March 2014, registration number 1156341, and with OSCR in Scotland on 9 January 2015, registration number SC045337. The company is governed by its Memorandum and Articles of Association. The company is limited by guarantee and therefore has no share capital.

The governing body is the Board of Directors which consists of no less than five and no more than fifteen trustees. The directors (who are also trustees of the charity for the purposes of charity law) were appointed on the date of incorporation and are listed on page 59. They have all served as directors throughout the year apart from Denis Argent who resigned on 4 August 2015.

At every Annual Retirement Meeting one third, or the number nearest to one third of the trustees, being those who have been longest in office since their last appointment or reappointment, must retire from office. Where more than one third of the trustees have served for the same period of time since their last appointment or reappointment those trustees shall agree amongst themselves which trustees shall retire, or in the event that agreement cannot be reached, the decision shall be made by lot.

The trustees met four times in the year. At each meeting they considered applications from potential beneficiaries and reviewed the financial position of the Fund. A strategy meeting is held annually at which the trustees agree the broad strategy and activities of the Fund including consistency of grant-making, investments, reserves and risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the trustees is delegated to the Secretary and the administrator.

At each meeting the trustees also considered the activities required to complete the transfer of the assets and liabilities from the unincorporated charity to the charitable company limited by guarantee. The transfer document to transfer the assets and liabilities was signed in December 2014 and became effective as of 31 December 2014.

New trustees will be identified from the relevant skillsets and may be appointed from outwith ACCA members. The new trustees will be appointed by the current trustees and serve for a period of time after which they may put themselves forward for re-appointment. The Articles of Association provide for one third of the trustees to be due for re-appointment in any one year.

Structure, governance and management (continued)
The trustees have a New Trustee Induction pack which will be given to new trustees. The pack includes a copy of the Memorandum and Articles of Association of the company, a brief history of the company, the last three years' annual reports of the Fund and of the unincorporated charity, recent minutes, a copy of the Charity Commission guidance 'The Essential Trustee: What you need to know' and a copy of the most recent management financial statements, strategy and 15-year rolling plan.

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

Reference and administrative information
Trustees
P D Finch, Chairman
D J Argent (resigned 4 August 2015)
J Beckerlegge
Dr M J M Briston
Mrs S Burd
Mrs J Cole
A Sandison
A G Thorne

Honorary Secretary
H McCash

Principal Office
The Adelphi, 1-11 John Adam Street, London, WC2N 6AU

Honorary Auditor
Grant Thornton UK LLP, 110 Queen Street, Glasgow, G1 3BX

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

Solicitors
Bates Wells & Braithwaite London LLP, 10 Queen Street Place, London, EC4R 1BE.

Wilsons Solicitors LLP, Alexandra House, St Johns Street, Salisbury, Wiltshire, SP1 2SB

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

Secured lending and the Financial Conduct Authority
During the year the Fund applied to the Financial Conduct Authority (FCA) to enable it to administer secured loans and charge nominal interest rates on those loans. The loans were previously held by the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund, which had a Consumer Credit Licence which expired during the year. Following a robust application process the Fund was FCA authorised to administer secured loans and the Secretary and the trustees were all approved under section 59 of the Financial Services and Markets Act (FSMA) 2000 to be able to perform the Controlled Function. The loans are in the process of being transferred to the Fund from the unincorporated charity. The trustees were keen to ensure that the charity was able to support its beneficiaries by providing low-interest lending secured on the borrower's property. It is however recognised that the administrative burden is onerous and the Fund has been in contact with some other charities who believe that the regulation burden is completely out of place for charities and that there should be an exemption for charities who provide secured lending to beneficiaries. A number of charities together with the ACO have established a working group and have contacted the FCA to request a meeting to address the concerns of the regulation. It is hoped that guidance can be issued where charities can have an exemption from the necessary regulation.

Report of the Trustees of the Chartered Certified Accountants' Benevolent Fund

For the year ended 31 March 2016

Plans for the future

The Fund is now fully operational as the main charity following the transfer of the majority of the assets and liabilities from the charity established by Trust Deed. The trustees will continue to transfer the rest of the assets and liabilities during the forthcoming year. The charity established by Trust Deed will continue to operate until such time that the trustees are satisfied that all the assets and liabilities have been transferred to the charitable company. Only at that time will the trustees consider the dissolution thereof.

The trustees will continue to maintain its efforts to attract applications for assistance from ACCA and AAPA members and to treat these with courtesy and concern, making every possible effort to ensure that support is offered in all appropriate cases.

The Fund has permissions to administer secured lending from the FCA for loans that already exist however there are further requirements which need to be addressed before the Fund can award any new lending. The Fund will progress this during the forthcoming year, while at the same time becoming part of the ACO working group which is seeking to reduce the administrative burden for administering secured loans and mortgages.

In particular, the trustees will continue to promote the Benevolent Fund across the world to try and reach all members. This will be done with features in Accounting and Business, the Fund's website, using members' networks, national offices and collaborating with other Benevolent Funds.

Key management personnel remuneration

The trustees consider the Board of Directors and the Secretary as comprising the key management personnel of the charity in charge of directing and controlling the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are included in notes 7, 16 and 17 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Secretary and in accordance with the Fund's policy withdraw from decisions where a conflict of interest arises.

The services of the Secretary are donated by ACCA.

Trustees' responsibilities statement

The trustees (who are also directors of the Chartered Certified Accountants' Benevolent Fund for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

Trustees' responsibilities statement (continued)

The trustees are responsible for keeping adequate accounting records, that are sufficient to show and explain the charitable company's transactions which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Memorandum and Articles of Association. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

During the year, BDO LLP resigned as auditor of ACCA and consequently resigned as auditor of the Chartered Certified Accountants' Benevolent Fund. They have been replaced by Grant Thornton UK LLP following a robust audit tender exercise carried out by ACCA. The Fund is most grateful for Grant Thornton UK LLP's support and a resolution to re-appoint them will be proposed in accordance with section 485 of the Companies Act at the annual general meeting.

David Finch
Chairman
26 May 2016

Statement of Financial Activities
For the year ended 31 March 2016

Notes		Total funds Year ended 31 March 2016 £	Total funds Period ended 31 March 2015 £
	Income		
2	Transfer in from The Chartered Certified		
	Accountants' Benevolent Fund (unincorporated charity)	**3,571,418**	85,000
3	Donations	**72,824**	–
4	Investment income	**80,468**	–
	Total income	**3,724,710**	85,000
	Expenditure		
5	Expenditure on raising funds		
	Investment management costs	**16,196**	–
6,7	Expenditure on charitable activities	**77,004**	–
	Total expenditure	**93,200**	–
9	Net losses on investments	**(168,774)**	–
	Net income and net movement in funds	**3,462,736**	85,000
	Reconciliation of funds		
	Total funds brought forward at 1 April	**85,000**	–
	Total funds carried forward at 31 March	**3,547,736**	85,000

All amounts relate to continuing activities and to unrestricted funds.

The accompanying notes on pages 65 to 72 form part of these financial statements.

Balance Sheet as at 31 March 2016
Company Number 08880293

Notes		31 March 2016 £	31 March 2015 £
	Fixed assets		
9	Investments	**2,566,804**	–
	Current assets		
10	Loans	**77,364**	–
11	Amounts due from related parties	**123,259**	–
	Tax recoverable	**4,200**	–
	Prepayments and accrued income	**3,493**	–
12	Short-term investments	**444,000**	85,000
	Cash at bank and in hand	**352,285**	–
		1,004,601	85,000
13	**Creditors:** amounts falling due within one year	**23,669**	–
	Net current assets	**980,932**	85,000
	Total assets less current liabilities	**3,547,736**	85,000
	Funds		
15	**Unrestricted funds**		
	Designated funds	**185,060**	–
	General funds	**3,362,676**	85,000
	Total funds	**3,547,736**	85,000

The financial statements were approved by the trustees on 26 May 2016 and signed on their behalf by:

David Finch Chairman

The accompanying notes on pages 65 to 72 form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2016

	Total funds Year ended 31 March 2016 £	Total funds Period ended 31 March 2015 £
Net cash used in operating activities	**3,366,250**	85,000
Cash flows from investing activities:		
Interest and dividends	**80,468**	–
Proceeds from sale of investments	**156,571**	–
Net cash provided by investing activities	**237,039**	–
Cash flows from financing activities		
Purchase of investments	**(2,892,004)**	–
Net cash provided by financing activities	**(2,892,004)**	–
Change in cash and cash equivalents in the year	**711,285**	85,000
Reconciliation of funds		
Cash and cash equivalents brought forward	**85,000**	–
Cash and cash equivalents carried forward	**796,285**	85,000

The accompanying notes on pages 65 to 72 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 March 2016

1 Accounting Policies

The following accounting policies are considered material in relation to the Fund's financial statements:

(a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) *Reconciliation with previous Generally Accepted Accounting Practice*

In preparing the accounts the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS102) a restatement of comparative items was required. No restatements were required except that funds on deposit have been reclassified from fixed asset investments to short-term investments. As a result, fixed asset investments have decreased and short-term investments have increased by £85,000 as at 31 March 2015. This has no effect on opening fund balances. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of investment gains as a component of reported income.

Reconciliation of reported net income	£
Net income as previously stated	85,000
Adjustment for gains on investments now treated as a component of net income	–
2015 net income as restated	85,000

(c) *Critical accounting estimates and judgements*

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the trustees' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the recoverability of the loans. Where there is an indication that the loan is not recoverable a review will be undertaken of the recoverable amount of that asset based on value in use calculations which will involve estimates and assumptions made by the directors.

(d) *Income recognition*

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. All incoming resources are accounted for on an accruals basis except for donations which are accounted for when received. Legacies are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised on a receivable basis. Investment income is stated gross of taxation recoverable. Interest receivable on loans is recognised when receipt can be established with sufficient reliability. Gifts in kind are recognised at their market value on receipt (see notes 16 and 17).

Notes to the Financial Statements
For the year ended 31 March 2016

1 Accounting Policies (continued)

(e) *Expenditure recognition*
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Fund to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

(f) *Preparation of the accounts on a going concern basis*
The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

(g) *Unrestricted funds*
The unrestricted general funds represent the amounts retained to ensure the continuing charitable activities of the Fund. Designated funds are unrestricted funds that are set aside at the discretion of the trustees for specific purposes. The purpose of specific designated funds is shown in note 15 to the financial statements.

(h) *Fixed asset investments*
Fixed asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Fund does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of the volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or sub-sectors.

(i) *Realised and unrealised gains and losses*
All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase price if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year-end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

(j) *Short-term investments*
Short-term investments includes cash deposits with a maturity of between 3 months to 1 year from the date of acquisition or opening of the deposit or similar amount.

(k) *Cash at bank and in hand*
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(l) *Support costs*
Support costs comprise the costs of administrative support provided by ACCA and trustees' expenses, both of which are apportioned between Grants Payable and Governance Costs on the basis of the time spent on each activity. Details of support costs are given in notes 7, 16 and 17.

(m) *Expenditure on raising funds*
The costs of generating funds consist of investment management costs and certain legal fees.

(n) *Expenditure on charitable activities*
Costs of charitable activities include grants made and an apportionment of overhead and support costs as shown in notes 6 and 7.

1 Accounting Policies (continued)

(o) *Governance costs*
Governance costs comprise expenditure relating to the Fund's governance and include any costs related to audit, legal and professional fees together with an apportionment of overhead and support costs as shown in notes 6 and 7.

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

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

(r) *Foreign currencies*
Transactions in foreign currencies are converted into sterling, which is the presentational currency of the charity, at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

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

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

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

Loans
Loans are carried at the original amount advanced to a beneficiary less any payments made and less provision made for the non-recoverability of these loans. A provision for impairment of loans is established when there is objective evidence that the Benevolent Fund will not be able to collect all amounts due according to the original terms and conditions of the loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand or bank overdraft and short-term investments and are subject to insignificant risk of changes in value.

Trade and other payables
Trade and other payables are stated at their fair value.

Gains and losses
All gains or losses on financial assets and liabilities are recognised in the statement of financial activities, including unrealised and realised gains or losses on investments.

Notes to the Financial Statements
For the year ended 31 March 2016

		31 March 2016 £	31 March 2015 £
2	**Charitable donations**		
	Donation to the Chartered Certified Accountants' Benevolent Fund	**3,571,418**	85,000

During the year the Fund received £3,571,418 from the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund, as authorised by the transfer documentation which became effective as at 31 December 2014.

		31 March 2016 £	31 March 2015 £
3	**Donations**		
	Donations from members	**46,608**	–
	Gifts in kind – costs reimbursed by ACCA (notes 16 and 17)	**26,216**	–
		72,824	–
4	**Investment income**		
	Dividends on listed investments	**71,005**	–
	Interest on cash deposits and fixed rate investments	**9,463**	–
		80,468	–
5	**Investment management costs**		
	Investment management fees	16,196	–

6 Expenditure on charitable activities

	Direct costs £	Support costs £	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Grants payable	**39,704**	**16,525**	**56,229**	–
Governance costs	**11,084**	**9,691**	**20,775**	–
	50,788	**26,216**	**77,004**	–

7 Support costs

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

Support costs	Basis of Apportionment	Grants payable £	Governance costs £	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Office costs	Work done	**6,575**	**6,575**	**13,150**	–
Trustees expenses	Actual	**5,356**	**2,296**	**7,652**	–
Staff expenses	Actual	**1,757**	**439**	**2,196**	–
Meeting costs	Actual	**2,253**	**965**	**3,218**	–
		15,941	**10,275**	**26,216**	–

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

8 Analysis of grants

All grants awarded are for the benefit of individuals and their families.

9 Investments

	31 March 2016 £	31 March 2015 £
Quoted investments		
Market value at 1 April	–	–
Acquisitions	**2,892,004**	–
Disposals at carrying value	**(156,426)**	–
Net unrealised investment losses	**(168,629)**	–
Loss on disposal	**(145)**	–
Market value at 31 March	**2,566,804**	–
Historical cost as at 31 March	**2,735,433**	–

Investments at market value		
UK Equities	**1,444,232**	–
Europe Equities	**74,172**	–
North America Equities	**240,514**	–
Asia Pacific Equities	**148,357**	–
Other Global Equities	**65,242**	–
UK Gilts	**201,714**	–
Other Fixed Interest	**271,958**	–
Property	**120,615**	–
Total	**2,566,804**	–

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

9 Investments (continued)

All investment assets were held in the UK except as disclosed above.

The following individual shareholdings or investments are considered individually to be material with the market values and proportion of the portfolio shown as at 31 March 2016:

Holding	Market Value	Percentage of portfolio
BlackRock Charinco units	**194,984**	7.6%

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

10 Loans

Loans are classified as debtors. Most of the loans are secured by legal charges on freehold properties and are interest-bearing at rates related to bank base rate. The loans from UK beneficiaries were transferred from the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund, on 30 March 2016. One loan is being repaid by instalments. It is not expected that any of the loans will be repaid within one year.

	31 March 2016 £	31 March 2015 £
11 Amounts due from related parties		
Due from ACCA	**9,556**	–
Due from the unincorporated charity, the Chartered Certified Accountants' Benevolent Fund	**113,703**	–
Market value at 31 March	**123,259**	–
12 Short-term investments		
Market value at 1 April	**85,000**	–
Acquisitions	**714,000**	85,000
Disposals at carrying value	**(355,000)**	–
Market value at 31 March	**444,000**	85,000
Historical cost as at 31 March	**444,000**	85,000
13 Creditors: amounts falling due within one year		
Trade creditors	**3,873**	–
Grants committed	**10,669**	–
Accrued expenses	**9,127**	–
	23,669	–

14 Analysis of net assets between funds

	Investments £	Net current assets £	Total 2016 £
Unrestricted funds:			
Designated funds	**–**	**185,060**	**185,060**
General funds	**2,566,804**	**795,872**	**3,362,676**
	2,566,804	**980,932**	**3,547,736**

15 Transfers between funds

		Designated Funds		
	General funds £	Disaster Fund £	Loan Fund £	Total £
At 1 April 2015	85,000	–	–	85,000
Net movement in funds for the period	3,462,736	–	–	3,462,736
Transfer of loans from old charity	(77,364)	–	77,364	–
Transfer of Disaster Fund from Old charity	(101,486)	101,486	–	–
Transfer in respect of Disaster Fund	(7,960)	7,960	–	–
Utilised during the year	1,750	(1,750)	–	–
At 31 March 2016	**3,362,676**	**107,696**	**77,364**	**3,547,736**

The designated Disaster Fund is available to provide emergency assistance to members and their families who have been affected by national or international disaster. The designated Loan Fund is maintained at a value equal to the total amount of loans to beneficiaries and recognises the fact that these amounts are not available for the Fund's day-to-day operations. During the year £1,750 was utilised to assist 7 ACCA members and affiliates who had been severely affected by the Nepal earthquake.

16 Related party transactions

The Fund exists to provide assistance to persons in need who are or have been members of ACCA or related organisations and their families and dependants. ACCA is responsible for the administration of the Fund and bears some of its overhead expenses which are not reflected in the Statement of Financial Activities. However, staff costs and expenses incurred by ACCA amounting to £18,564 (2015: £nil), are included as income in the Statement of Financial Activities as 'gifts in kind' and the expenditure as 'Support costs'.

ACCA also collects certain income and pays certain expenditure on behalf of the Fund and there may, therefore, at any time be a balance outstanding between the Fund and ACCA. As the transfer of assets and liabilities from the unincorporated charity is still ongoing, a balance exists between the two Chartered Certified Accountants' Benevolent Funds. Any such balances at the year-end are identified in total in the balance sheet.

	31 March 2016 £	31 March 2015 £
Related party balances	Owed	Owed
ACCA	**9,556**	–
Chartered Certified Accountants' Benevolent Fund (unincorporated charity)	**113,703**	–
	123,259	–

17 Trustees' expenses and remuneration

The trustees all give freely of their time and expertise without any form of remuneration or other benefits in cash or kind (2015: £nil). They may be reimbursed for directly incurred expenses or costs may be incurred by the Fund for attendance at meetings. In total these costs amounted to £7,652 (2015: £nil) to 6 (2015: nil) trustees. These expenses were made up of 6 trustees reimbursed for their travel expenses of £7,407 (2015: £nil) and seminar and conference related travel expenses for 2 trustees of £245 (2015: £nil). These are included in the Statement of Financial Activities under income as 'gifts in kind' and under expenditure as 'Support costs'.

18 Auditor's remuneration

The auditor received no remuneration for the period (2015: £nil).

19 Reconciliation of net movement in funds to net cash flow from operating activities

	31 March 2016 £	31 March 2015 £
Net movement in funds	3,462,736	85,000
Deduct interest income shown in investing activities	(80,468)	–
Add back unrealised losses on investments	168,629	–
Increase in debtors	(208,316)	–
Increase in creditors	23,669	–
Net cash used in operating activities	3,366,250	85,000

Independent Auditor's Report to the Members of The Chartered Certified Accountants' Benevolent Fund Limited

We have audited the financial statements of The Chartered Certified Accountants' Benevolent Fund Limited for the year ended 31 March 2016 which comprise the balance sheet, the statement of financial activities, the statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on pages 60 and 61), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The trustees have elected for the financial statements to be audited in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Act 2011 rather than also with the Companies Act 2006. Accordingly we have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 requires us to report to you if, in our opinion:

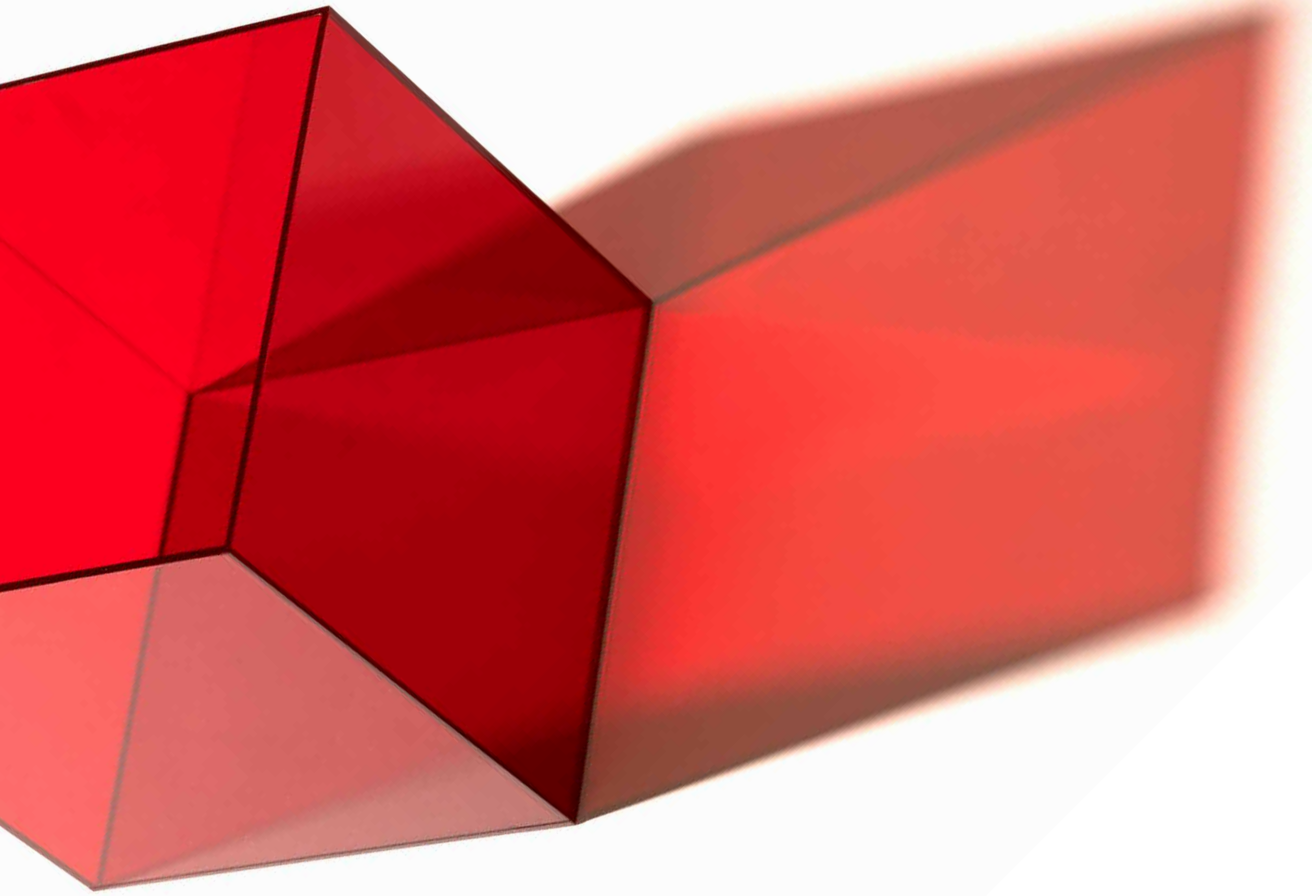
- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or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

Grant Thornton UK LLP

Diana Penny
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Edinburgh
27 June 2016

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Think Ahead ACCA



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