



2017



Our year in review

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Letter to members

In economic terms, 2017 will likely be remembered simply as the year that followed the upheaval of 2016. The uncertainty that was triggered by the UK's vote to leave the EU and the election of Donald Trump as US President not only endured, but settled in to such an extent that it became the new normal.

This instability, combined with major global revelations on tax avoidance, meant that trust in chartered accountants, along with other experts, professions and institutions, was challenged.

We had already recognised that ICAEW needed to evolve, in order to address the challenges of this new world. In 2017, we began this evolution. Our new brand was launched, along with a refreshed strategy, all underpinned by our vision for a world of strong economies.



Nick Parker
President



Michael Izza
CEO

We know we have to address in more depth how to strengthen trust in our profession and how to adapt to the changing demands being placed on it.

We started from a strong position, achieving record student intake in both 2015 and 2016. Our student numbers continued to grow in 2017, rising to a new record level of 8,437.

Just as importantly, we continued to increase the number of routes into the profession, not least with our new Level 7 Trailblazer apprenticeship and Business and Finance Professional (BFP) designation. Our overall membership has continued to rise, ending the year at 149,298.

We maintain a healthy financial position and continue to target modest growth. Our operating deficit for 2017 was £(0.3)m. While this is down from a surplus of £0.8m in 2016, it reflects budgeted investment in strategic initiatives that will benefit our members, our profession and the public interest.

The net result is again affected by developments in public interest disciplinary cases handled by the Financial Reporting Council (FRC). The conclusion of a number of cases resulted in the return of £17.4m of fines and costs to ICAEW, which partly offsets sums paid to the FRC (£50m since inception). Because of this, our net surplus after taxation is £17.1m.

We've continued our work to increase diversity in the profession, emphasising the importance of reflecting the communities we serve.

We completed the redevelopment of Chartered Accountants' Hall, our London headquarters. This listed, flagship building is established as a prime events venue in the heart of the City.

In a year of political upheaval, we engaged heavily with government and politicians. This included Heads of Missions events at party conferences, during which we promoted our vision to ambassadors, diplomats and the Foreign Secretary. Our CEO travelled to South East Asia with the FRC to help shape understanding, and increase the reach, of our profession in key growth markets. We also continued to offer our insight around Brexit.

2017 was the first of our three-year operational plan, to develop into an agile organisation that can reach a wider group of professionals and draw out value from their communities. This is being executed against a backdrop of significant business uncertainty in many of our most important markets, meaning that ICAEW's purpose is as important as ever.

We've been redefining the role that ICAEW Chartered Accountants can and do play in their local economies and on the global stage.

Technological changes will have a fundamental impact on the work of our members, who will need to work with and alongside them in the future. This will be pivotal in achieving our vision for a world of strong economies.

We would like to thank our members and staff for their loyalty and dedication, and for helping us to make ICAEW a powerful force for positive change.

2017 in numbers

ICAEW enjoyed another busy and successful year, with more services offered to more members and students right across the world

MEMBERSHIP

Membership grew to **149,298**, from admissions of newly qualified students to membership, together with reciprocal and similar arrangements with members of other institutes.



Total ACA student numbers at the end of 2017 stood at **27,866** (2016: 25,822).



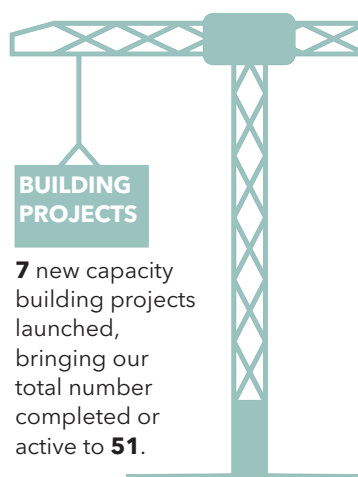
2017 saw another record ACA student intake of **8,437**, an increase of 118 over our previous record.



5 new communities were launched. There are now 18 in total, with over **34,000** members.



There are now **56,329** members of our faculties.



ICAEW PRACTICE CONFERENCE

ICAEW Practice Conference attracted **398** delegates.



GLOBAL REACH



countries with ICAEW members

SOCIAL MEDIA

41%

increase in social media engagement rate

STANDARDS

3,570

firms reviewed by our
QUALITY ASSURANCE DEPARTMENT

WEBSITE

1,112,463

unique users of the **ECONOMIA WEBSITE**,
with 1,368 posts published



**CO-FOUNDER AND HONORARY TREASURER, SMART WORKS AND
CHAIR, ACTION FOR STAMMERING CHILDREN**

Jo Hunter

Jo Hunter studied economics and social sciences at university, before joining PwC in 1982 to gain a professional qualification. She qualified in 1986 and told *economia* in June 2017 what this meant: 'I loved audit, the experience of meeting people and the variety of industries and companies. It's stood me in such good stead for everything I've done since; that variety and the discipline of the training, which I think is second to none.'

The rigour of her training is what she relies upon most. 'I'm very keen on following the rules, that part of the training lives with you forever ... you never know all the answers but you know when to ask the questions.'

Dress for Success is an American non-profit organisation helping women to get back into the workplace by providing professional attire and support. Hunter worked for its London affiliate that ultimately broke away and rebranded as UK-based charity Smart Works. It has supported 7,000 women, with a high rate of success. The

private sector provides high-quality clothes and volunteers provide styling advice and interview tips.

Action for Stammering Children provides assessments and therapy for stammering children, and funds training for therapists as well as research. 'I was treasurer for six years and when the chair retired I was asked to take over. I'm the only board member without a direct connection with stammering, but I'm passionate about it now.'

Hunter says she still falls back on her training to help with the fundraising work both roles involve.

'I loved audit, the experience of meeting people, the variety and training stood me in good stead'

ICAEW is an international professional body. Our members work across all sectors of the economy, including practice, business and the public sector. We support them through our network of offices around the world.



Who we are and what we do

ORGANISATION STRUCTURE

ICAEW is a chartered body and operates in the public interest under the terms of our Royal Charter. It is headed by a chief executive and has five operating departments:

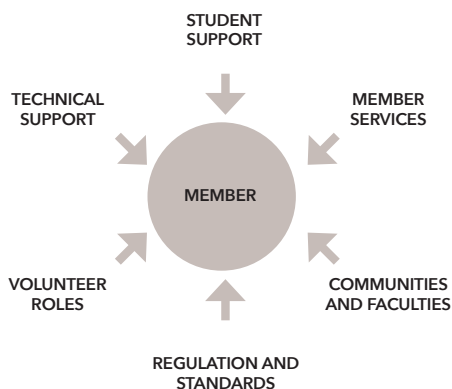
- Learning & Professional Development develops and assesses ICAEW qualifications and employers training our students;
- Professional Standards provides confidence that our members uphold the highest professional and ethical standards, investigating and, if necessary, disciplining those who don't;

- Technical Strategy researches and influences policy and develops best practice guidance in the activities in which our members typically work;
- Members, Commercial and Shared Services supports our members in all stages of their careers, develops our commercial operations and provides expertise to drive competitive advantages; and
- Finance & Operations delivers the core functions and activities that support the day-to-day operation of ICAEW, our brand and reputation and our activities.

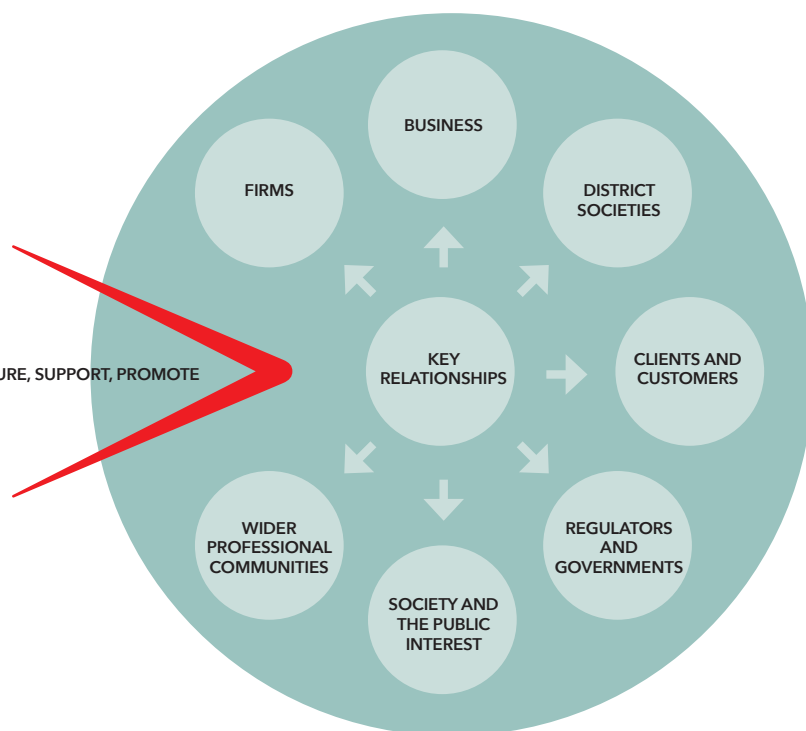
OUR BUSINESS MODEL

What we offer:

- We are a professional body with members in 153 countries.
- We ensure our members maintain the highest standards of professional and ethical conduct.
- We operate examinations that attract students to a globally recognised premium qualification.
- We support our members throughout their careers and professional activities.
- We have a regulatory role in the UK for our members and member firms.
- We are a voice for the profession with governments, regulators, decision-makers and other key stakeholders.



NURTURE, SUPPORT, PROMOTE



The nurturing, support and promotion of members, and the profession, sit at the centre of how ICAEW creates value



CFO, GRAZE

Andy Gibbs

As CFO of Graze, the healthy snack company, Andy Gibbs oversees finance, data and legal. In his five years in post, his staff has grown from 2 to 20.

Graze was founded as an online subscription service in 2007. It has grown every year since, expanding into the US in 2013. Since 2016, they have supplied their products to physical stores, selling in shops including Sainsbury's and Walgreens. In 2016, they reported 8% growth and around £75m revenue.

Gibbs graduated from the University of Oxford in 2000, and spent three years at the technology-focused firm Diamond Management and Technology. He then worked in PwC's south-east M&A team for eight years.

He spotted Graze's potential while carrying out due diligence for Carlyle Group. The private equity house was looking to invest in the business and join Octopus, which had provided Graze with Series A funding in 2009, and DFJ Espirit. Gibbs spent two months working with Graze and its management team, which included alumni from

Innocent and Lovefilm, and clearly recalls the night he went home to his wife with a revelation.

'I suppose I had been looking for a business where I thought, "that's the one". I think it was day two on the project and I distinctly remember saying to my wife, "there's a job here, I'm going for it" ... It was a business that was really going places.'

He describes his ACA training as providing 'a real bedrock', giving him a frame of reference as to why some businesses are successful and others not.

'I had been looking for a business where I thought "that's the one". It was a business going places'

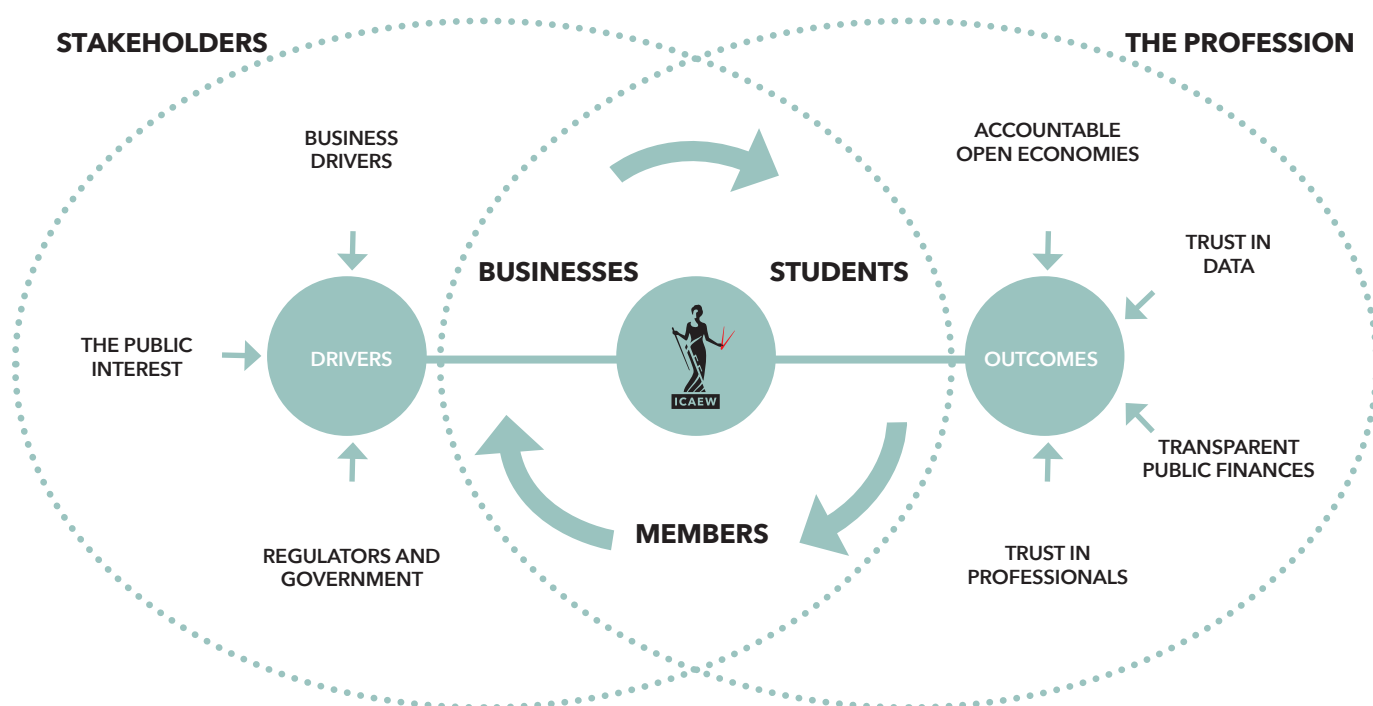
HOW WE CREATE VALUE

- We attract a growing body of students to our qualifications and designations, who are our pipeline of future members.
- We set high standards for these students to qualify as ICAEW Chartered Accountants and be eligible for membership.
- Once admitted we have very high member retention rates, with the majority remaining members for 40 years.

We make use of our intellectual, reputational and physical assets to generate commercial income:

- We run a series of courses through our Academy and leadership programmes to prepare the next generation of business leaders.
- We use our historic headquarters, Chartered Accountants' Hall, for a wide variety of events and functions all year round.
- We work with partners where there is mutual benefit in engaging with our high-quality membership.
- We work with government and key stakeholders to promote the profile of ICAEW members in delivering economic growth.

- We resource this from membership fees, regulatory fees, student and examination fees and commercial operations.



ICAEW sits at the centre of a complex ecosystem of stakeholders



CO-FOUNDER, THE TABLE AND MAGAZINE STREET KITCHEN RESTAURANTS

Gauri Devidayal

At the age of 10, Gauri Devidayal boarded an aeroplane alone in Mumbai for the first of many childhood visits to London. Her growing familiarity and fondness for the city shaped her decision to study law at UCL. She opted to read tax law for her final year, and was offered a summer internship at PwC. This turned into a one-day-a-week job and by the time of her graduation, she was offered a full-time position and progressed as a tax consultant.

Devidayal enjoyed the fast-moving global culture of PwC, and was supported by the firm when she returned to India. Once back home, she followed her boss to KPMG.

Today, she is one of the entrepreneurs behind Mumbai's fine dining restaurant, The Table, and Magazine Street Kitchen, an innovative cooking venue with its spin-off, Mag Street Bread Co.

Her training has meant that she insists on having rigorous financial processes, systems, and controls that have underpinned the development and growth of the business. 'When you are running your own business,

accountancy is the crux ... the advantage I have is immeasurable.' Devidayal doesn't need an external accountant to point out the importance of bookkeeping and cash flow to a start-up. When the business does need external accounting advice and services, Devidayal is able to critically assess them.

The business has gone from strength to strength. The success of The Table led to a catering spin-off, The Dining Table, which grows local produce on its own farm. In 2016, Devidayal and her husband launched Magazine Street Kitchen, converting an old factory into an innovative space that can be used for masterclasses, workshops, group events and community cooking initiatives, as well as intimate dinners.

'Being a passion-driven project as opposed to a finance-driven project has paid off,' she says, because the subtle sense of 'being transported somewhere' by The Table has been vital to its success. 'We've been around six years and we are still getting recognition and awards.'

ICAEW around the world

OUR ACCOUNTANCY PARTNERSHIPS AND ALLIANCES

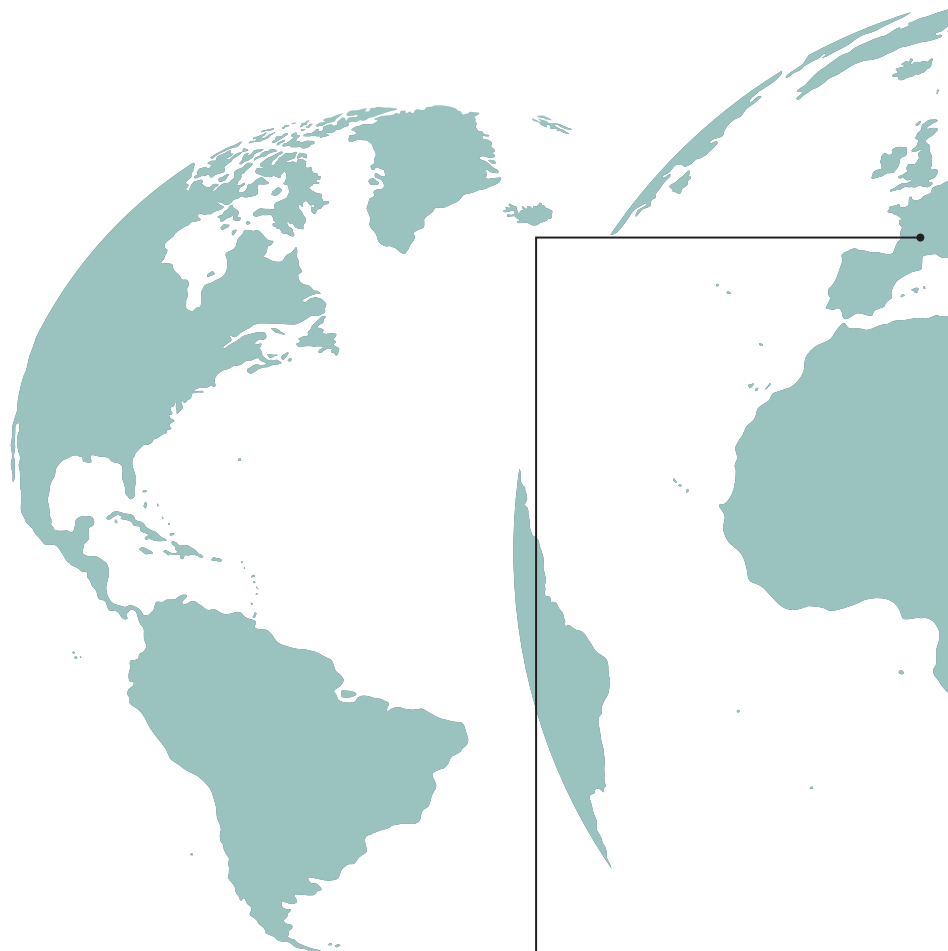
We work with global institutes, professional bodies and think tanks, organising joint events and meetings to further the profession – including the International Federation of Accountants (IFAC), the Confederation of Asian and Pacific Accountants (CAPA), the American Finance Association (AFA), and the Pan-African Federation of Accountants (PAFA).

ICAEW is a founder member of Chartered Accountants Worldwide (CAW), an international network of chartered accountancy bodies which work together to support, develop and promote the role that chartered accountants play across the world. CAW now comprises 11 member bodies, representing over 1.6m members and students globally.

ICAEW is also a founder member of the Global Accounting Alliance which represents almost 1m members in 180 countries. It promotes quality services, shares information and collaborates on important international issues.

We are also a member of Accountancy Europe, which represents 51 professional organisations from 37 countries to European institutions, bringing our insight to the European policy debate.

We run the Accountancy Profession Strategic Forum, with input from the World Bank and European Commission. This brings together professional accountancy bodies from across Europe to share common challenges and strategic thinking.



ACHIEVEMENTS AROUND THE WORLD

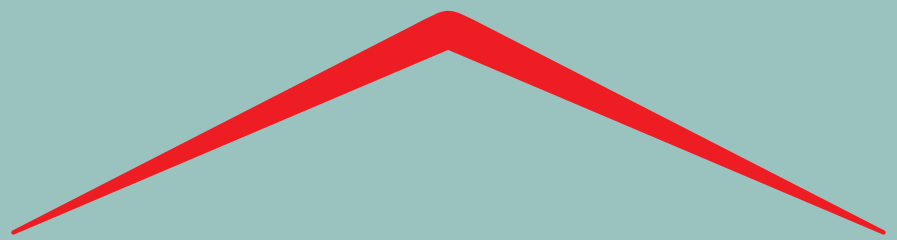
In 2017, our regional operations around the world continued to go from strength to strength. A key plank of our vision to achieve a world of strong economies is increasing both our global student intake and membership, and working to connect these communities.

In **CONTINENTAL EUROPE**, we enjoyed particular success in Cyprus, Greece, the Czech Republic and Bulgaria, across student recruitment, Authorised Training Employer growth and our interactions with local regulators.

We continued to grow the size, relevance and reputation of the Accountancy Profession Strategic Forum (APSF) and the Quality Assurance Network (QAN), opening new opportunities for us across Europe.



ICAEW's strategy focuses on the Future Professional, Connecting Communities and remaining an Agile Institute. This is explored in greater detail in this section, including an examination of how well we have performed in all these areas, compared to the strategic objectives that we set out at the start of the year.



Performance in 2017

Key performance indicators

MEASURE	2016	2017	COMMENT
ACA intake	8,319	8,437	Another record year that was built on strong performance in the UK (across all sectors) and South East Asia
CFAB intake	5,620	5,538	The shortfall in expectations was in part due to uncertainty over Level 4 apprenticeships in the UK
Membership	147,538	149,298	Admissions and retentions continued to perform well, delivering healthy member growth which exceeded 150,000 in early 2018.
Faculty users	56,200	56,329	Our faculties remained a key way of engaging with and supporting members
Operating result	£0.8m	£(0.3)m	There was an expected reduction following investment in brand launch and additional disciplinary cost provisions
Net result	£11.3m	£17.1m	Returns continued from FRC disciplinary cases funded by ICAEW across many years

Future Professional

The Future Professional is both the future of our current members and the next generations of chartered accountants. Our members, today and in the future, must be known for their ethical behaviour, possess modern, relevant skills and knowledge, and hold values fundamental to trust and transparency.

We have continued to provide qualifications for chartered accountants across all economic sectors, with a commitment to practices, businesses and organisations of all sizes in the private, not-for-profit and public sectors. Our qualifications continue to evolve to provide the Future Professional with the necessary skills and values. We have started to include more digital content – cyber and data analysis – within CFAB, the Business Finance Professional designation and the ACA. Data analytics is also now part of our ICAEW Academy portfolio.

The link between our core learning products and our membership remains critical to our success. In 2017 we re-launched our Pathways to Membership scheme, ensuring we attract a diverse range of quality candidates from different professional accountancy bodies.

OBJECTIVE	OUTCOME	NEXT STEPS
Student and CFAB growth	Our ACA intake for 2017 was 8,437 and our CFAB intake was 5,538. While it was another strong year for the ACA, built on strong performance in the UK and South East Asia, our CFAB intake fell short of expectations in part due to uncertainty over Level 4 apprenticeships in the UK	We will continue to work closely with employers and training providers in all key markets to ensure the ACA remains the premium qualification
Introduce a new membership category for CFAB	The Business and Finance Professional (BFP) designation was launched in September	We shall encourage take-up from existing CFAB holders
Enable employers to offer the ACA as a government-funded Level 7 apprenticeship	The government approved our Level 7 apprenticeship in October	Our work with employers will continue to ensure the qualification meets their needs
Enable ICAEW Chartered Accountants to offer all reserved legal services	The Lord Chancellor decided to reject our application, contrary to the Legal Services Board's recommendation	We have sought leave to judicially review the Lord Chancellor's decision
Increase the external contribution to our thought leadership	Five new communities were launched in 2017, reaching a total of 18 and offering further insight from these beyond our membership	There will be further development of our communities and refinements for member interests
Increase event attendance, using new formats and technology	ICAEW's first virtual conference on IFRS was held in October 2017. Attendances totalled 450 people from 25 countries, with the average duration being 320 minutes	Further conferences are planned for 2018, including one on 'digital disruption' in May

ARTIFICIAL INTELLIGENCE

Perhaps the most fundamental of all changes the Future Professional will have to prepare for is the rise of artificial intelligence (AI).

In June, we published our report, *Artificial Intelligence and the Future of Accountancy*, looking at the rise of AI, its impact on the accountancy profession and how it can be used by accountants.

We researched and produced this report because we believe that in order to build a positive vision of the future, we need to develop a deeper understanding of how AI can solve accountancy and business problems, and the skills that accountants will need to work alongside it.

To coincide with the report, staff in our digital team created our very first AI assistant, using IBM Watson technology. This went live on our website as the report was published. Within the first month, the chatbot had over 3,500 interactions from over 2,000 conversations.

The assistant is trained to answer questions relating to the report, as well as about AI and ICAEW more widely, and even about itself.

It is still operating in 'beta' mode, but all interactions are helping to improve its learning capabilities. The process of developing the bot and the data through its interactions is intended to provide increased learning and understanding in this relatively new digital platform.

ICAEW FOUNDATION BURSARY PROGRAMME

The ICAEW Foundation provides life-changing bursaries for talented and ambitious undergraduates from financially challenged backgrounds. This support gives more young people the chance to realise their potential and choose their own professional futures.

The Foundation currently provides 35 active bursaries through its Changing Futures bursary programme. We support students of accountancy and finance in universities across the UK and our sister charity, ICAEW Foundation in Hong Kong, supports some students in the Chinese University of Hong Kong to realise their potential through their studies.

In recent years, ICAEW Foundation has grown its geographical reach. In 2017, we saw the completion of the first year for 10 bursary students in Malawi. This programme will continue for another four years.

In September, we supported 11 final year students in Ghana with bursaries that will run for two years.

CAPACITY BUILDING

Our capacity building activities around the world continued to grow in 2017.

Key to achieving our vision for a world of strong economies is ensuring that other countries and their accountancy professions can play their part, with their own Future Professionals.

We know there is weak capacity in global accountancy, and our experience in regulation, education and training means that we are well placed to address these gaps.

Over the past decade we've worked on over 45 capacity building projects, funded by several donor organisations, in developing countries and emerging economies.

Early in 2017, the Asian Development Bank granted funding for the launch of a second phase of our project to strengthen financial management in Asia and the Pacific. This funding covered technical implementation support for all five of the countries in which we are enhancing quality assurance systems: Cambodia, Georgia, Myanmar, Nepal and Samoa.

Also in 2017, we developed a revised work experience regime for the Chartered Accountants Zambia professional qualification and, with funding from the Department for International Development, supported the Institute of Chartered Accountants Zimbabwe in developing its new professional qualification.

Towards the end of the year, we began a World Bank-funded project to strengthen the profession in Afghanistan and began the next phase of strengthening education and training in Ghana.

In a different and significant step in Saudi Arabia, we assisted the Capital Market Authority in establishing an audit regulation division.

We also continued to work on other longer-term projects in Kyrgyzstan and Lesotho.

IFRS VIRTUAL CONFERENCE

In October, we hosted our first ever virtual conference.

This was a collaborative effort across eight different ICAEW teams, including staff in our Singapore and Dubai offices.

We hosted a joint conference with the IFRS Foundation on IFRS 16 *Leases*, and featured video introductions from ICAEW CEO Michael Izza and IASB Chairman Hans Hoogervorst, seven on-demand technical sessions, three live panel sessions (in Singapore, Dubai and London), and five live Q&A sessions including three with IASB technical experts.

The pilot was a success, attracting 450 people from 25 countries, with an average attendance duration of 320 minutes. Three quarters of attendees also indicated a preference to attend more events in this format, and we have a second virtual conference planned for spring 2018 on the topic of digital disruption. Our aim is to prove that we can create a commercial outcome, and several IT vendors have already expressed interest in partnering with us.

BIG DATA IN CHINESE BUSINESSES

In 2016, ICAEW, the Shanghai National Accounting Institute and Inspur, formed the Big Data and Accounting Research Centre, to undertake research on the impact of technologies on accountancy.

Throughout 2017, we researched issues around the innovative generation and exploitation of data in China, for publication at the beginning of 2018. The sheer size of the country, its rapid adoption of mobile technology, and comprehensive planning around the use of big data from its government, make China a fascinating and worthwhile case study.

The project provided an excellent learning environment about the opportunities provided by big data in supporting economic growth and transforming traditional industry sectors. Specifically, we looked at how big data can benefit accountancy and contribute to the value provided by our profession.



Connected Communities

In 2017 we continued to maintain the strong link between ICAEW professionals and their communities by sharing benefits, opportunities and insights.

Our communities are held together by their shared ethical values and behaviours. We believe that our members benefit as much from each other as from member services provided by ICAEW.

We have been working to clearly promote the purpose of our communities: what they are for, how they add value to the Future Professional, and how they contribute to our wider vision.

We now have 56,329 members of our faculties and more than 34,000 members of our communities. These are like-minded professionals who come together to share good practice and learn from each other.

OBJECTIVE	OUTCOME	NEXT STEPS
Launch new Connected Communities	Five new communities launched in 2017 for Academia & Education; Career Breakers; Corporate Governance; Exporting; and Personal Financial Planning	We shall continue to develop communities which address particular interests of members and broader stakeholder groups
Maintain high member retention rates	We offered members a wider range of payment options and simpler processes. We also clarified the membership proposition	We will maintain a vibrant and far-reaching membership base

IN 2017, WE LAUNCHED FIVE NEW COMMUNITIES**Academia & Education**

Launched in April, this community serves as an online forum for anyone with an interest in the sector. It is free to join and open to all.

Career Breakers

A forum for members planning to return to work after a career break. It offers the space to connect, share information and get support. During 2017, we worked with CABA to develop customised workshops, which we plan to roll out to the regions during 2018.

Corporate Governance

This community successfully transitioned from the Non-Executive Directors Special Interest Group (NED SIG) into the new Corporate Governance Community by the beginning of 2017. It has retained a large number of the NED SIG members, and proves there is an appetite for more information and content on this subject.

Exporting

Launched in December, this new community has already amassed a membership of over 1,000. The Exporting Community is for those advising or working in companies seeking to export, and it's free of charge. It provides updates on export topics and opportunities to attend regional roundtables.

Personal Financial Planning

Launched in October 2017, this community is a free resource open to professionals with an interest in personal financial planning and investment advice. It provides content and events on regulation, pensions, investments and probate.

COMMUNITIES PLATFORM

In 2017, we completed a major update to the ICAEW communities platform.

This work brought in colleagues from across ICAEW, and all efforts have been focused on improving the quality of our users' experience.

The new ICAEW brand is now properly reflected across the entire community platform. Every community now has its own carousel where users can find news from across the accountancy, business and finance profession.

Our community proposition spreads across social media platforms, which saw a 76% increase in use during 2017.

CULTURE AND DIVERSITY

At ICAEW we believe that the concept of diversity encompasses inclusion, acceptance and respect. It means understanding that each individual is unique and recognising our individual differences.

We encourage these values in our culture, which significantly enhances our ability to deliver our strategy. We are committed to attracting and retaining skilled and motivated employees and fostering a working environment where people of all backgrounds and experience can reach their full potential.

In 2017, we launched a new governance body - the Executive Committee. This replaced two discontinued bodies - the Management Team and the Senior Management Team - and offers us a chance to look at strategic and important operational matters in a timely way.

The Executive Committee includes two members of staff from outside the senior leadership team. Chosen annually, these staff members bring their operational insights to aid and support high-level discussions and decisions.

Gender Pay Gap

In early 2018, we published our gender pay gap report for 2017. The gender pay gap is defined as the difference between the average earnings of men and women in an organisation, on the snapshot date of 5 April 2017.

ICAEW's mean gender pay gap is 33.6%, and our median gender pay gap is 36.8%.

We have more female staff than male - 62.7% of employees were female on 5 April 2017. However, we have more men than women in senior roles.

We recognise that we have an opportunity gap. Although we have a low turnover at a senior level, when these roles do arise we need to do more to attract women to apply.

We have already been working to address this, in particular by focussing on the areas of recruitment and development.



NON-EXECUTIVE DIRECTOR, UK INDIA BUSINESS COUNCIL

Vandana Saxena OBE

A successful business leader and entrepreneur in Europe and India, Vandana Saxena helped BPP Professional Education create the largest educational presence in Central and Eastern Europe. She created, built and sold education publishing company Get Through Guides, and she sits on the board of directors for several organisations. She was honoured with an OBE from the Queen in 2008 for services to trade and investment.

Saxena was inspired to become a chartered accountant by her father when the radio station she worked for went bankrupt. 'My father said to me that if I had been a chartered accountant, I may have been able to save the station. That really influenced me and I realised that it would be great to learn how businesses work.'

She worked with HW Fisher and then EY in Europe. In 1995 she qualified as an ICAEW member.

Her move to Eastern Europe came after the fall of communism and presented a new landscape and new challenges. She set up a small training company that

grew and was bought by listed company BPP. It promptly set up an international division and asked Saxena to expand it. Subsequently, it became Europe's largest professional education company, later acquired for a \$700m acquisition.

Vandana moved to India in 2005, and was one of the first people to champion ICAEW there. She would tell people that: 'ICAEW is the global gold star. It's going to help you understand the world and understand strategy.'

Learning has long been a theme in Saxena's life, including from mistakes. One client, a large outsourcing firm, told her it was unhappy with how things were being delivered. She promised to turn things around. Once done, she went back to find out what else could be improved. It has now been a client for over 10 years.

She attributes this mindset to her training: 'ICAEW teaches you to think and to structure, to work out what the problem is, what the causes are and what would happen if you changed this or that.'

Agile Institute

Being agile means doing things differently. It means changes to our people, projects and processes. We need to be more open to more people in order to make our membership stronger and richer.

We must remain alert to potential disruption to our strategy from external risks and events, and our core business model must be able to adapt to changing environments.

In 2017 we worked to improve ICAEW's ability to shape and react to external events quickly. This included how we best deploy our resources to increase our impact on behalf of our members, the profession and the public interest.

In 2016, our council endorsed the principle of reacting rapidly to events, even when this requires clarifications as events develop. We need to be fast to be relevant, and in 2017 we have reflected this by seeking to consider our risk appetite more clearly and updating our delegations of authority.

OBJECTIVE	OUTCOME	NEXT STEPS
Develop a clear and engaging brand experience	ICAEW's new brand and visual identity was launched in Q1 2017	We will continue to develop the identity and awareness of the brand and what ICAEW stands for
Develop additional regulatory products and support	<i>Without Question</i> , ICAEW's second high-quality training film, received its premiere in October 2017	Pursue high levels of engagement with member firms and key stakeholders, which is being developed into multiple licence agreements
Create capacity in our financial planning to encourage investment in new initiatives	As a result of cost savings, we released £1.6m for in-year projects being assessed for broader development	We shall continue to support project initiatives in our budget and include larger scale initiatives in 2018. We will evolve our operational and financial planning models to support a more agile method of working
Evolve our culture	There has been a major focus on our internal culture in 2017 with staff encouraged to be more collaborative, innovative and agile. Staff have participated in intellectual property workshops. We also held our first digital trends conference in 2017 to share stories of how we can deliver innovation	The development of our internal culture will continue, as will consulting and engaging with staff as to how we can better collaborate to make our institute more agile

PUBLIC POLICY

We continue to expand our public policy work. The current uncertainty around Brexit and wider domestic politics means it is more important than ever that we work alongside policymakers, informing and influencing their work where possible, on behalf of our members and in the wider public interest.

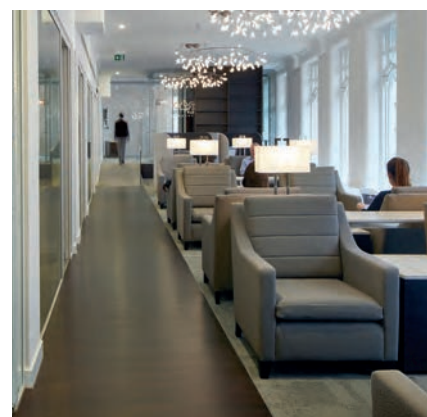
In this regard, 2017 was one of our busiest and most high-profile years, with key activities including:

- holding meetings and attending roundtables with ministers and shadow ministers from the Treasury and the Department for Business, Energy & Industrial Strategy (BEIS);
- holding events at both the Conservative and Labour party conferences in October;
- hosting a Professional and Business Service Event on Brexit with the Shadow Brexit Secretary;
- senior ICAEW representatives attending a business reception in November with the Prime Minister at 10 Downing Street;
- making representations to the Chancellor, ahead of both the Spring and Autumn Budget Statements. Our CEO, Michael Izza, also attended a comprehensive debrief, hosted by the Chancellor, following the Autumn Budget;
- reconstituting the All Party Parliamentary Group for Business, Finance and Accountancy; and
- jointly with the FRC, undertaking trips to the US, China, Singapore and Malaysia, to meet with professional bodies and government officials regarding audit, the future of the profession and Brexit.

CHARTERED ACCOUNTANTS' HALL (CAH)

We saw the continuation in 2017 of our major refurbishment and redevelopment of Chartered Accountants' Hall. This is one of our major projects to secure the long-term value and versatility of our physical infrastructure. We completed the remaining upper levels of the building and they have now been returned to use. The Great Hall has been reopened and serves as one of London's premier and most prestigious event spaces. Our new Business Centre also provides more space and improved facilities for our members. The final phase, creation of a new multi-purpose members' lounge, will take place in 2018.

A highlight of the refurbishment has been the reacquisition and reinstallation of the four stained glass windows, designed by Henry Holiday in 1896, outside the Great Hall. The windows were originally installed on the main staircases leading to the first and second floors, and contain a series of allegorical figures representing some of the skills and virtues associated with our profession, such as accuracy, probity, knowledge and prudence.



SUSTAINABILITY

The political and economic challenges of 2017 further emphasised the need for economic solutions to be sustainable in the long-term.

We remain concerned about sustaining prosperity long into the future, rather than achieving short-term financial gain.

Our Sustainability Committee continued to oversee the development and implementation of strategy and policy. We continued to provide businesses with guidance on sustainability, so that we can enhance the contributions others make to it. We made presentations, and held workshops and conferences with academics, stakeholders and civil society.

UN Global Goals Game

ICAEW sponsored the development of a Global Goals Mini Game. The interactive game, launched in September, was designed to familiarise players with the 17 Global Goals and encourage them to make a pledge towards one of them.

In just two months, this generated over 150,000 sessions – the second highest after the homepage and around 5% of total traffic on icaew.com. The majority of participants were from South East Asia, making this a highly effective way of raising our profile in the region. The most popular choice of goals so far are: no poverty (goal 1), quality education (goal 4) and climate action (goal 13).

Natural Capital Coalition

ICAEW hosts the Natural Capital Coalition project, a collaboration of over 250 organisations. The coalition is making a considerable global impact through the Natural Capital Protocol, launched in 2016. In 2017, an Oceans Supplement was added to the protocol, along with the launch of the consultation periods for a Forest Products Sector Guide and a Finance Sector Supplement.

Finance for the Future Awards

In partnership with A4S and Deloitte, the Finance for the Future Awards recognises financial leadership in developing successful business models that deliver environmental and social benefits. In 2017, we saw a record number of national and international entries with a rigorous assessment process. The winners from five categories were announced at a ceremony in October with over 160 CFOs and other guests in attendance.

AuditFutures

Our unique AuditFutures programme continued to create a positive, creative and forward-looking vision for the profession. In 2017 it spearheaded collaborations on the future of reporting with the FRC and key projects on the impact and disruption of technologies like blockchain and AI. In addition to engaging the academic community, we launched the Good Professional Project to help change public perceptions and inspire the next generation.

Sustainability at Chartered Accountants' Hall and Metropolitan House

As an organisation, we are actively involved in initiatives to reduce our carbon footprint – and encourage all ICAEW staff to play their part in supporting these. In 2017 ICAEW saw a 70% reduction in paper from the printer/copiers from the previous year. Paper cups in staff kitchens are being phased out and a green travel scheme introduced in Milton Keynes.



COO, AMERICAN UNIVERSITY OF SHARJAH

Dr Jeannette Vinke

Jeannette Vinke is chief operating officer of the American University of Sharjah, having previously held senior positions at KPMG and Deutsche Bank.

Vinke was an audit manager at KPMG before joining Deutsche Bank, eventually becoming vice president for Germany. She moved to Dubai in 2004 to be with her husband and was able to rejoin KPMG as she was an ACA. 'Doing the ACA has given me so many choices. I've not really had to look for a job since I qualified. It's been about what suited my life.'

When Deutsche Bank was expanding in the Middle East, it asked Vinke to be CFO of its operations there. She helped set up branches in Dubai, Qatar and Riyadh. After four years, she stepped back to spend time with her two young children.

'I always wanted to teach so I contacted the dean here at the American University of Sharjah and he said they could do with some interesting local practitioners. He asked me to come and teach for a year and I've never

looked back.' Vinke taught accounting and finance as a senior lecturer before accepting the job of COO in 2017.

Vinke feels fortunate to have found her way into teaching while also doing her doctorate with a thesis on sustainability in accounting, which she finished in 2015. With her corporate background and understanding of academia, she feels her new role as COO is a good fit. She oversees finance, IT and the campus, with 220 people reporting to her.

She also serves as a founding member of ICAEW's Middle Eastern Advisory Board.

'Doing the ACA has given me so many choices. I have not had to look for a job since I qualified'

Developing and maintaining the highest standards

QUALITY ASSURANCE

Our Quality Assurance Department is responsible for reviewing almost 29,000 practising certificate holders and affiliates in over 12,000 firms.

In 2017, we reviewed 3,570 firms. We spent over 150 weeks reviewing the work of our top 20 firms across their audit, insolvency, investment business, probate and general practice activities. Over the last decade, we have doubled the number of reviews undertaken by introducing a variety of review types based on risk, with a net increase of only one member of staff. In addition we reviewed almost 200 firms for our third party clients.

Our annual return, sent to over 12,000 firms, is a key source of regulatory information. We are delighted our firms continue to value its online format and the continuous improvements we make.

We completed our review of nearly 150 sets of first year FRS 102 accounts and shared the results with the Financial Reporting and Audit and Assurance Faculties and the FRC. The FRC reviewed this exercise very favourably, giving ICAEW a specific mention in the latest FRC *Developments in Audit* publication. We were the only recognised professional body to undertake this work.

FINANCIAL REPORTING AND UK GAAP

The UK financial reporting regime has been through a period of radical change and many small entities prepared and filed accounts under the new regime for the first time during 2017. Our Financial Reporting Faculty used a variety of channels – including social media, Practicewire, the Faculty's app and webinars – to help members keep abreast of the changes.

The faculty also produced a suite of practical helpsheets and FAQs on topics that members were finding particularly challenging, such as filing options for small companies, directors' loans and micro-entity accounts.

An important opportunity to influence the requirements of the current regime was also presented in 2017 as the FRC conducted its first major review of FRS 102. ICAEW's efforts helped secure pragmatic solutions to problem areas, such as accounting for directors' loans and intangible assets.

The amendments are generally not effective until 2019. However, we have a programme in place to provide practical support to members, particularly those who might wish to adopt the changes early.

WITHOUT QUESTION

Following the success of *False Assurance*, in 2017 we launched our second drama film, *Without Question*. This film is intended for corporate training use by a wide range of audiences, from firms to directors and board members, to universities and other academic establishments.

Without Question highlights the challenges directors and professional advisers face seeking assurance on difficult issues, and explores the importance of effective communication.

It presents three hypothetical situations, raising and exploring a wide range of themes, including reliance on experts, accounting estimates and confidentiality. It enables viewers to discuss these and other difficult issues they might not feel comfortable addressing in relation to their work.

We have received very positive feedback so far, and believe that the style and production value of our films set them apart from other corporate training films.



HEAD OF INTERNAL AUDIT, GREEN CLIMATE FUND, SOUTH KOREA

Mark Jerome

After growing up in Addingham, in the Yorkshire Dales, Mark Jerome read modern history at the University of Oxford before embarking on his working life.

'I was with the Ministry of Agriculture, Fisheries and Food for eight years, and had reached a stage when my career progression didn't feel in my control. That's when I decided to move, and though it may seem odd given my background and my age - I was nearly 30 - accountancy leapt out as the obvious choice.

'It was the one career with the potential to give me all the challenges and opportunities I wanted, and it hasn't disappointed. The ACA is a passport to everywhere.' Jerome loves being an ACA because he's been able to travel, use his brain and never gets bored.

He then spent 25 years with KMPG - moving to Brussels, Slovakia and then Vietnam, where he met his wife and raised their children. His first assignment was a \$10m project to develop accountancy guidelines and introduce accountancy and audit training throughout the

country. He stayed on after that developing and delivering projects in Vietnam, Laos, Thailand, Cambodia and Mongolia, gradually becoming more involved in the not-for-profit and development sector.

The Green Climate Fund was founded in 2010 to help developing countries cut greenhouse emissions. It has funded projects such as solar energy development in Chile, building wetlands ecosystems in Uganda, and establishing water conservation in Morocco. Jerome built his department and developed methodologies, procedures and tools, focusing on the factors that will challenge the fund and what to do about them.

'Accountancy was the one career with the potential to give me all the challenges and opportunities I wanted'

Risks and opportunities



Assessing the risks posed in a
changing world is key to
identifying the opportunities
for ICAEW to demonstrate the
value of the work we do

Risks

The Chief Executive and executive directors identify, evaluate and manage the risks faced by ICAEW. These are reviewed on a regular basis by the Board, Audit committee and Council.

We regularly assess both the controls in place and actions required to manage risks and take strategic choices accordingly. You can read about the full process in the accompanying financial statements.

We are a risk-conscious organisation but we are not risk averse. We understand, explore and manage risk in order to deliver our strategy. We recognise that every activity that we engage in must uphold and promote our reputation. Our reputation and that of our members is what matters to us most.

Over the year, the Board has identified the principal risks, which are outlined here. A more detailed description of these risks can be found in the accompanying financial statements.

OUR RELEVANCE AND DEMAND FOR FUTURE SKILLS

This risk concerns the profession moving away from business models that are resourced by a core set of ACA-trained accountants, or that firms develop an externally recognised qualification.

CHANGING NATURE OF THE GLOBAL COMPETITIVE ENVIRONMENT

This risk concerns external changes that result in professional bodies losing relevance or ICAEW falling behind in the marketplace and being unable to execute strategy in the public interest.

THE LOSS OF PUBLIC TRUST

This risk concerns a global financial crash, debt crisis or financial scandal that causes the public to lose trust in the profession and financial institutions. A loss of such trust would reduce our ability to support members, undermining our disciplinary and regulatory roles and hampering our ability to act in the public interest.

THE IMPACT OF BREXIT

There are many risks raised by the UK's decision to leave the EU, including the lack of certainty about transitional arrangements, the future trading and regulatory relationship between the EU and the UK, and the cross-border recognition of professional qualifications.

CYBER AND DATA SECURITY

This risk concerns the failure or breach of physical or cyber security systems (as a result of cyber attack), mismanagement of data (relating to clients, students or elections) or a breakdown of ACA assessment processes.



Opportunities

THE DRIVE TO ADVISORY

Strong economies are powered by trust in numbers. The continued decline in the number of audit-registered firms in the UK and the active consolidation discussions in the US, are indicative of a wider trend towards advisory.

THE IMPACT OF TECHNOLOGY ON THE PROFESSION

Portability is key: core skills will still be needed, but as AI and advanced data analytics do more of the heavy lifting, human processing skills will become relatively less important. Skills in analysis, communications, leadership and relationship building will continue to be needed in boardrooms, but higher levels of technical capability will also be required.

Humans will need to understand, synthesise and ethically apply a deeper range of technical knowledge. There will, however, always be a need for professionals with an enquiring mind and an ability to question what does not look right.

THE ROLE OF A PROFESSIONAL BODY

Wider environmental factors are more difficult to predict, so our approach is to stay in touch with technology and fulfil our role as the nexus between professionals and the profession.

In practice, this means keeping members up to date with technology; influencing and informing the debate about standards, ethics and regulation in the digital age; and providing hubs and communities for members to gain insight and share thinking.

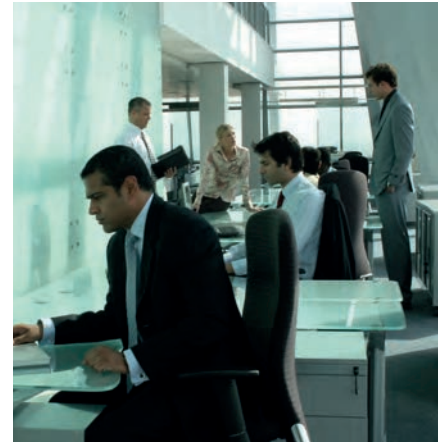
MEGATRENDS

Broadly, there are five key megatrends that will shape the future environment in which our members operate:

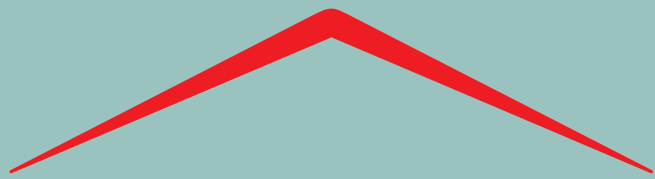
- rapid urbanisation;
- climate change and resource scarcity;
- shifts in global economic power;
- demographic and social change; and
- technological breakthroughs.

We need to clearly consider the direction of travel of our members and prospective members, their behaviours and the expected markets in which they will operate.

If we continue to meet their needs, we will remain relevant, and we will remain a strong institution.



From technology to the ACA, member support to ICAEW Academy, we have a full set of key strategic projects that we have set our sights on in the year ahead.



Priorities for 2018

We will be developing a number of strategic projects to enhance the skills and capabilities of members, to develop the profession and to meet the public interest. We are able to carry out this extra level of investment following the unplanned additions to reserves arising from the returns from disciplinary cases.

Some of these projects are highlighted here, including our disruptive technology project, as well as enhanced support for charity trustees and their community, and projects to address social mobility in the profession. We will also be responding to the challenges facing auditors and the public perception of audit.

TECHNOLOGY

Our disruptive technology project – Artificial Intelligence, Blockchain, Cyber and Data (ABCD) – will enhance members' skills and maintain their competitive edge. We will train with partner organisations to help members understand and deal with technological developments in finance.

ACA

We will continue to evolve our ACA, to keep our qualification relevant and to provide a future-proof workforce that benefits practices and businesses of any size. The pre-eminence of this qualification will continue to lie at the heart of its appeal. Cyber risk and deeper technology content will be added throughout the ACA in 2018. We also want to widen access to ACA and CFAB training materials. We will continue to look at how CFAB students can continue a path into ACA study.

ICAEW ACADEMY

Our ICAEW Academy will continue to offer a comprehensive curriculum of CPD courses, talent development programmes and specialist qualifications. We will help our members focus on their specific needs in order to nurture their skills and have a tangible impact upon their performance.

MEMBER SUPPORT

Our online hubs, such as Making Tax Digital and Brexit, will continue to develop and support our members through fundamental changes in the regulatory landscape.

COMMUNITIES

More of our communities will continue to connect, better informing and engaging our members and audiences. We will continue to digitise our technical content, making it easier for our communities to access the information and insight they need.

BUSINESS SYSTEMS TRANSFORMATION

We will continue our three-year programme to replace all our major business systems, which is due to complete in 2019.

WORLD CONGRESS OF ACCOUNTANTS

We will sponsor and participate in the four-yearly congress to be held in Sydney, Australia, which is expected to attract 6,000 international delegates.

Financial review and summary financial statements



ICAEW's financial statements for 2017 include the charitable trusts associated with ICAEW together with our international subsidiaries. The commentary that follows relates primarily to the operational activities of ICAEW, which include the costs of our international subsidiaries that are managed as a single entity with ICAEW. Except where stated, this commentary excludes Financial Reporting Council (FRC) fines and cost recoveries arising in the year.

RESULTS

ICAEW's operational income was £105.2m, an increase of £5.2m compared with 2016. Our operational deficit was £(0.3)m (2016: £0.8m surplus).

ICAEW received £14.6m in fines and £2.8m of cost recoveries from FRC disciplinary cases, reflecting the culmination of investigations conducted over a number of years which have been funded by ICAEW. Since its inception, cumulative charges to the income statement in respect of case costs to the end of 2017 are £50.4m, funded in part by levies on member firms; fines and cost recoveries total £40.2m over the 13-year period. This return of sanctions is altering materially for most new cases as noted below.

Including these fines and cost recoveries, total income was £119.8m, £13.1m higher than in 2016 and the retained surplus after tax for the year was £17.1m (2016: £11.3m).

ICAEW is developing a range of projects which will use some of these additional reserves; these projects are intended to address public interest matters, support member development and enhance professional interests. More information can be found in the earlier sections of this annual review. Membership income growth was £1.2m and was supplemented by growth in our student-related income, driven by the rising trend in our student base, and our commercial activities, enabling us to continue to invest in our strategy in the UK and internationally.

Net assets at 31 December 2017 were £74.1m, an increase of £27.4m over the 2016 net assets of £46.7m. Cash and cash equivalents ended the year at £16.5m, reflecting a net cash inflow of £4.6m in the year, after £1.6m contributions to reduce the pension scheme deficit and £5.0m cash contributions to FRC case costs. Total cash and investments stood at £59.2m at the end of the year, an increase of £7.0m on 2016.

The consolidated outcome for the year, including the results of ICAEW's charitable trusts, was a surplus after tax of £16.7m (2016: £11.4m).

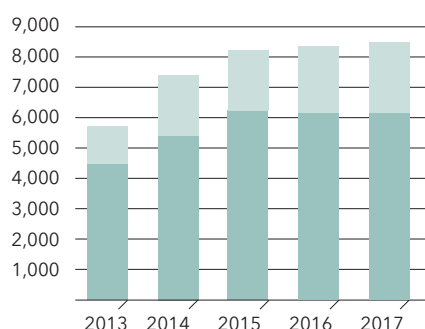
STUDENT AND MEMBERSHIP GROWTH

2017 saw another record ACA student intake of 8,437 – an increase of 118 over our previous record intake of 8,319 in 2016.

Total ACA student numbers at the end of 2017 stood at 27,866 (2016: 25,822). In addition 5,538 students signed up for our foundation level Certificate in Finance, Accounting and Business (CFAB) and University Scholarship Schemes.

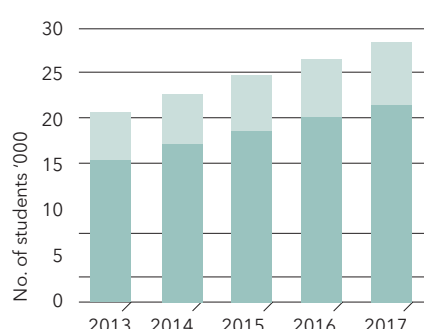
In the year, membership grew to 149,298, from admissions of newly-qualified students to membership, together with reciprocal and similar arrangements with members of other institutes.

STUDENT INTAKE

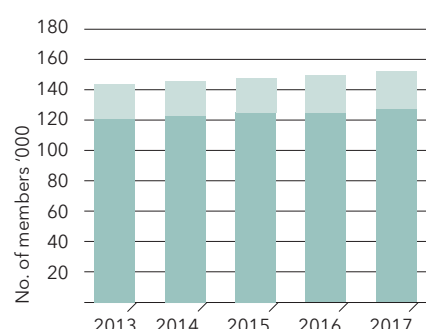


■ UK ■ INTERNATIONAL

STUDENT GROWTH



MEMBERSHIP GROWTH



INCOME

Revenue from members' fees and subscriptions rose by 2.6% to £47.2m, reflecting the continued growth in membership and a modest increase in membership fees. Income from our qualifications (learning and professional development income) increased by £0.7m, reflecting the record ACA and CFAB intakes in the past three years.

Our regulatory (professional standards) income rose by £1.7m, reflecting the changes in the number and mix of registered firms and fee increases to cover the cost of regulation together with improved income from our capacity building projects. Our commercial income increased to £11.8m (up £0.2m on 2016) with improved results from both our leadership programmes and our portfolio of Academy events.

EXPENDITURE

Operating expenditure increased to £105.5m, excluding cost recoveries from concluded FRC cases.

The increase in student numbers and the successful roll-out of computer-based exams resulted in an increase in student-related direct costs.

Costs of regulatory activities continued to increase but 2017 also saw a further increase in our investment in member services and digital services. We also saw an increase in depreciation and asset write offs as a direct consequence of the completion of the refurbishment of Chartered Accountants' Hall and investment in our business systems.

FRC CONDUCT COMMITTEE CASE COSTS

The FRC Conduct Committee carries out independent investigations of the work and conduct of chartered accountants, both in public practice and elsewhere, where this has given rise to public concern or where required under the Audit Enforcement Procedure.

During 2017 we charged costs of £6.0m to the income statement for new charges arising from obligations in relation to FRC Conduct Committee cases. These charges are for new cases taken on and extensions of work on existing cases over and above those foreseen in the provision at the end of 2016. These were partly offset by levies on member firms of £4.5m.

In 2018 we expect to pay to the FRC in the region of £5.0m in respect of current and new obligations. We also expect to make charges for new obligations of £5.0m and receive levies by way of contribution to these new obligations of £4.5m.

We received the proceeds from fines of £14.6m (2016: £6.7m) and cost recoveries of £2.8m (2016: £3.8m) imposed by FRC tribunals in a number of cases. These cases have been conducted over many years with costs incurred by ICAEW and proceeds returned to ICAEW.

The FRC has been redesignated as a public body; cases investigated under the Audit Enforcement Procedure (established June 2016) within this new status are likely to mean that bodies such as ICAEW will no longer receive any fines levied in cases which they have funded. This will materially alter the manner in which case costs are determined by the FRC and provided by ICAEW. For now the costs continue to be provided in the absence of any sanctions retained by the FRC. Existing cases instigated under the Accountancy Scheme are not affected by this change.

TAX

The net corporation tax charge for the year was £nil (2016: £nil). As a mutual membership organisation, much of our income is exempt from corporation tax.

PENSIONS

The IAS 19 valuation at 31 December 2017 was a whole scheme surplus of £5.7m (2016: £1.2m). The pension asset is recognised as ICAEW considers that any surplus arising would be recoverable, assuming the gradual settlement of scheme liabilities over time. The significant movement is a result of asset growth which offsets the small reduction in the yields on corporate bonds used to determine the discount rate for IAS 19 purposes.

ICAEW's defined benefits pension scheme was closed to further member benefit accrual in 2010. The latest triennial actuarial valuation showed a deficit of £19.8m at 31 March 2016. The trustee and ICAEW agreed deficit funding arrangements comprising annual payments of £1.6m from 1 January 2017 until the deficit is eliminated. With our support, the trustee has developed an investment strategy intended to make the scheme entirely self-sufficient by around 2026.

A charge remains over Chartered Accountants' Hall and the scheme has an interest in up to £10.0m of our investment portfolio.

The scheme valuation has again been subject to the volatility in the financial markets. A desktop valuation of the technical funding position at 31 December 2017 estimated the scheme deficit at £10.6m.

FINANCIAL POSITION

Net assets at 31 December 2017 were £74.1m – an increase of £27.4m on the 2016 position.

During 2017, the market value of our long-term investments rose to £42.7m from £40.3m in 2016.

Trade and other payables were £47.9m (2016: £50.7m). Trade and other receivables were £24.0m (2016: £22.2m).

We have provided £13.0m (2016: £12.0m) of costs relating to the FRC Conduct Committee at 31 December 2017, reflecting their current case load. Case costs are forecast on the basis of the available information on cases and their current stage of progress. The accuracy of this forecast depends on assumptions made about the progress of individual cases and is subject to a significant degree of judgement. We do not take account of any potential future income from fines or cost recoveries from FRC Conduct Committee cases.

We carried out a professional valuation of Chartered Accountants' Hall at year end, following completion of the major refurbishment project, which enhanced both the public and office space. This led to a revaluation increase of £6.8m reflecting both the work done, and the local property market. Chartered Accountants' Hall was last revalued in December 2014.

Other changes in net assets arose from the movements in the IAS 19 pension asset and a net cash inflow.

CASH FLOW

Cash balances at 31 December 2017 were £16.5m. Net cash inflow was £4.6m compared to £1.6m in 2016. Our current cash profile fluctuates on an annual cycle, this year peaking at £50.6m in February and bottoming out at £8.3m in December.

Funding of the FRC Conduct Committee case costs saw a cash outflow of £5.0m (2016: £5.4m).

ICAEW paid £1.6m (2016: £1.8m) of deficit funding to the Staff Pensions Fund, in line with the current agreement.

Capital expenditure was £12.2m (2016: £12.4m) reflecting the completion of our Chartered Accountants' Hall refurbishment programme and the expansion of our business systems review. We expect to incur £9.1m of capital expenditure in 2018, reflecting the continued investment in these major projects, together with the development of our qualifications programme.

REPORT OF THE AUDITOR

The auditor's report on the full accounts for the year ended 31 December 2017 was unqualified.

FURTHER INFORMATION

The annual review is only part of ICAEW's annual accounts and reports, you can get full financial statements at fullaccounts@icaew.com or by writing to Andrew Fagg, Finance Director.

Summary financial statements

Summary group income statement for the year ended 31 December 2017

	2017			2016		
	Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees	47.2	-	47.2	46.0	-	46.0
Learning and professional development	13.4	(20.3)	(6.9)	12.7	(19.2)	(6.5)
Professional standards	18.3	(18.0)	0.3	16.6	(16.4)	0.2
Commercial and shared services	11.8	(16.3)	(4.5)	11.6	(14.7)	(3.1)
Members	1.1	(17.0)	(15.9)	0.9	(16.5)	(15.6)
Technical strategy	4.6	(9.9)	(5.3)	4.8	(9.9)	(5.1)
Central activities	0.3	(14.0)	(13.7)	0.5	(13.3)	(12.8)
Charitable trusts	0.1	(0.8)	(0.7)	0.1	(1.0)	(0.9)
	96.8	(96.3)	0.5	93.2	(91.0)	2.2
FRC Conduct Committee	4.5	(6.0)	(1.5)	4.5	(5.5)	(1.0)
Other regulatory and professional associations	1.7	(3.4)	(1.7)	1.0	(3.1)	(2.1)
	6.2	(9.4)	(3.2)	5.5	(8.6)	(3.1)
Operating result	103.0	(105.7)	(2.7)	98.7	(99.6)	(0.9)
Investment income	2.1	-	2.1	1.8	-	1.8
Result before taxation	105.1	(105.7)	(0.6)	100.5	(99.6)	0.9
Taxation	-	(0.1)	(0.1)	-	-	-
Net result from operations after taxation	105.1	(105.8)	(0.7)	100.5	(99.6)	0.9
FRC fines and cost recoveries	14.6	2.8	17.4	6.7	3.8	10.5
Net result after taxation	119.7	(103.0)	16.7	107.2	(95.8)	11.4

Summary group statement of comprehensive income

	2017	2016
	£m	£m
Net result after taxation recognised in the income statement in the year	16.7	11.4
Items that may be reclassified subsequently to profit or loss:		
Gains on revaluation of available for sale investments	1.3	3.3
Gains reclassified on disposal	0.5	0.6
Items that will not be reclassified subsequently to profit or loss:		
Gains on revaluation of property, plant and equipment	7.0	-
Actuarial gains/(losses) recognised in the year	2.8	(10.3)
Deferred tax	(0.5)	(0.2)
Other comprehensive income/(expense) in the year	11.1	(6.6)
Total comprehensive income in the year	27.8	4.8

Summary ICAEW income statement for the year ended 31 December 2017

	2017			2016		
	Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees	47.2	-	47.2	46.0	-	46.0
Learning and professional development	13.4	(20.3)	(6.9)	12.7	(19.2)	(6.5)
Professional standards	18.3	(18.0)	0.3	16.6	(16.4)	0.2
Commercial and shared services	11.8	(16.3)	(4.5)	11.6	(14.7)	(3.1)
Members	1.1	(17.4)	(16.3)	0.9	(16.5)	(15.6)
Technical strategy	4.6	(9.9)	(5.3)	4.8	(9.9)	(5.1)
Central activities	0.3	(13.6)	(13.3)	0.5	(13.0)	(12.5)
	96.7	(95.5)	1.2	93.1	(89.7)	3.4
FRC Conduct Committee	4.5	(6.0)	(1.5)	4.5	(5.5)	(1.0)
Other regulatory and professional associations	1.7	(3.4)	(1.7)	1.0	(3.1)	(2.1)
	6.2	(9.4)	(3.2)	5.5	(8.6)	(3.1)
Gift aid and library funding	-	(0.6)	(0.6)	-	(1.0)	(1.0)
Operating result	102.9	(105.5)	(2.6)	98.6	(99.3)	(0.7)
Investment income	2.3	-	2.3	1.4	-	1.4
Result before taxation	105.2	(105.5)	(0.3)	100.0	(99.3)	0.7
Taxation	-	-	-	-	0.1	0.1
Net result from operations after taxation	105.2	(105.5)	(0.3)	100.0	(99.2)	0.8
FRC fines and cost recoveries	14.6	2.8	17.4	6.7	3.8	10.5
Net result after taxation	119.8	(102.7)	17.1	(106.7)	(95.4)	11.3

Summary ICAEW statement of comprehensive income

	2017 £m	2016 £m
Net result after taxation recognised in the income statement in the year	17.1	11.3
Items that may be reclassified subsequently to profit or loss:		
Gains on revaluation of available for sale investments	0.7	1.8
Gains reclassified on disposal	0.5	0.6
Items that will not be reclassified subsequently to profit or loss:		
Gains on revaluation of property, plant and equipment	7.0	-
Actuarial gains/(losses) recognised in the year	2.6	(10.0)
Deferred tax	(0.5)	(0.2)
Other comprehensive income/(expense) in the year	10.3	(7.8)
Total comprehensive income in the year	27.4	3.5

Summary statements of financial position as at 31 December 2017

		Group		ICAEW	
	Note	2017 £m	2016 £m	2017 £m	2016 £m
Assets					
Non-current assets	2	114.3	93.0	98.9	78.4
Current assets		42.7	36.5	41.4	34.8
Total assets		157.0	129.5	140.3	113.2
Liabilities					
Current liabilities		(53.1)	(56.0)	(52.9)	(55.7)
Non-current liabilities		(13.5)	(10.9)	(13.3)	(10.8)
Total liabilities		(66.6)	(66.9)	(66.2)	(66.5)
Total net assets		90.4	62.6	74.1	46.7
Reserves					
Revaluation reserve		16.4	9.7	16.4	9.7
Investment revaluation reserve		7.1	6.0	7.1	6.0
Accumulated fund		46.2	27.4	45.2	25.9
Other reserves		5.4	5.1	5.4	5.1
Charitable trusts		15.3	14.4	-	-
	3	90.4	62.6	74.1	46.7

Approved on behalf of the council



Nick Parker
President
14 March 2018



Michael Izza
Chief Executive
14 March 2018

Summary statements of cash flows for the year ended 31 December 2017

	Group		ICAEW	
	2017	2016	2017	2016
	£m	£m	£m	£m
Cash generated from operating activities	23.0	20.5	22.9	21.0
Cash outflow on pension liabilities	(1.6)	(1.8)	(1.6)	(1.8)
Cash outflow on FRC Conduct Committee provision	(5.0)	(5.4)	(5.0)	(5.4)
Tax paid	(0.1)	-	-	-
Purchase of property, plant and equipment	(6.3)	(9.4)	(6.3)	(9.4)
Purchase of intangible assets	(5.9)	(3.0)	(5.9)	(3.0)
Net disposal of available for sale investments	(0.5)	(0.5)	(0.8)	(0.7)
Investment income received	1.0	1.2	1.3	0.9
Net increase in cash and cash equivalents in the year	4.6	1.6	4.6	1.6
Net cash and cash equivalents at 1 January	12.4	10.8	11.9	10.3
Net cash and cash equivalents at 31 December	17.0	12.4	16.5	11.9

Notes to the summary financial statements

for the year ended 31 December 2017

1 Basis of preparation

The summary financial statements have been extracted from ICAEW's full financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards, and under the historical cost convention as modified by the revaluation of properties and available for sale investments.

2 Non-current assets

	Group		ICAEW	
	2017	2016	2017	2016
	£m	£m	£m	£m
Carrying amounts				
Property, plant and equipment	41.2	31.2	41.2	31.2
Intangible assets	9.3	5.4	9.3	5.4
Investments in associated undertakings	0.1	0.1	-	-
Available for sale investments	58.0	55.1	42.7	40.3
Pension asset	5.7	1.2	5.7	1.5
	114.3	93.0	98.9	78.4

3 Reserves

	Revaluation reserve £m	Investment revaluation reserve £m	Accumulated fund £m	Other reserves £m	Charitable trusts £m	Total £m
Reserves at 1 January 2017	9.7	6.0	27.4	5.1	14.4	62.6
Net result after taxation	-	-	16.4	0.2	0.1	16.7
Increase in valuation of property, plant and equipment	7.0	-	-	-	-	7.0
Net change in market value of long-term investments over cost	-	1.2	-	-	0.6	1.8
Actuarial gains recognised in year on defined benefit pension scheme	-	-	2.5	0.1	0.2	2.8
Deferred tax attributable to above	(0.3)	(0.1)	(0.1)	-	-	(0.5)
Total other comprehensive income in the year	6.7	1.1	2.4	0.1	0.8	11.1
Total comprehensive income in the year	6.7	1.1	18.8	0.3	0.9	27.8
Reserves at 31 December 2017	16.4	7.1	46.2	5.4	15.3	90.4

ICAEW

	Revaluation reserve £m	Investment revaluation reserve £m	Accumulated fund £m	Other reserves £m	Total £m
Reserves at 1 January 2017	9.7	6.0	25.9	5.1	46.7
Net result after taxation	-	-	16.9	0.2	17.1
Increase in valuation of property, plant and equipment	7.0	-	-	-	7.0
Net change in market value of long-term investments over cost	-	1.2	-	-	1.2
Actuarial gains recognised in year on defined benefit pension scheme	-	-	2.5	0.1	2.6
Deferred tax attributable to above	(0.3)	(0.1)	(0.1)	-	(0.5)
Total other comprehensive income in the year	6.7	1.1	2.4	0.1	10.3
Total comprehensive income in the year	6.7	1.1	19.3	0.3	27.4
Reserves at 31 December 2017	16.4	7.1	45.2	5.4	74.1

Summary corporate governance statement

The council has adopted the provisions of section 1 of the UK Corporate Governance Code (September 2012) prepared by the committee on corporate governance, to the extent appropriate. During the year the council has monitored and assessed key risks in compliance with the guidance Internal control: guidance for directors on the combined code. The full corporate governance statement is set out in the financial statements for the year ended 31 December 2017.

ANNUAL REVIEW

This annual review includes only summary financial information and is accompanied by a full set of financial statements, which include more detailed information on the results, as well as a detailed risk register and explanation of corporate governance arrangements.

The full financial statements are published at **icaew.com/review**

If you would like a hard copy, please email fullaccounts@icaew.com or write to Andrew Fagg, Finance Director.

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