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ANNUAL REVIEW
2002

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Our vision

That members are recognised as holders of the world's most highly respected professional business qualification

Objectives

- To enhance the value and distinctiveness of Institute qualifications
- To develop and promote, in the interests of both the public and members, the highest standards of education and training, professional conduct and technical competence and service
- To further the theory and practice of accountancy
- To create a competitive advantage for members arising from membership

Annual Review - make a choice

You can now choose to read future copies of the Annual Review and the resolutions for the Institute's annual and special meetings on the Institute's website, rather than receiving printed copies. If you select this option you will get an email with a link to the online documents. You can see this year's version at www.icaew.co.uk/review

Make your choice by logging onto the website with your membership number and password at www.icaew.co.uk/myagm and registering your preference

You can download the full report and accounts which provide a more detailed description of the Institute's financial affairs from www.icaew.co.uk/review

Members may opt to receive a copy of the full accounts by writing to the Communications Department or by emailing their request to fullaccounts@icaew.co.uk

“Our Institute provided leadership for our profession in persuading the world that we are right to have confidence in our high standards of work and professional conduct whilst promoting considered and appropriate change”

President's Statement

2002 was a momentous year for the profession worldwide. The damage to investor confidence in financial reporting and auditing caused by the major corporate collapses in the US spread across the global capital markets.

Events in the US exacerbated already difficult economic trading conditions and created a risk-averse climate in which the audit became seen as the first line of defence against business failure whether driven by corporate greed, mismanagement or more general economic downturns.

Our Institute provided leadership for our profession in persuading the world that we are right to have confidence in our high standards of work and professional conduct whilst promoting considered and appropriate change. I therefore spent much of my time talking to securities regulators, leaders of the profession, law makers and politicians across four continents.

Our UK experience provided valuable insight. Importantly, our standards of accounting, auditing and ethics, as well as our code of corporate governance, became globally recognised benchmarks. We have built an international reputation as a leading UK institution and body of global finance professionals and our qualification is respected as world-class. At the same time we have introduced changes to strengthen auditor independence still further.

We pushed hard to ensure that unintended consequences of knee-jerk reactions were recognised. The findings of the UK Treasury Committee inquiry into the financial regulation of publicly listed companies in September were measured – in stark contrast to the rushed US Sarbanes-Oxley Act, the unfortunate effects of which will take some time to be resolved.

We now know the outcome of the Government review undertaken by the Co-ordinating Group on Audit and Accounting Issues. Overall, we welcomed the review as a sensible package of measures which, together with the Higgs and Smith Reviews on non-executive directors and audit committees, will further enhance the quality of UK auditing. We have accepted the case for some changes in arrangements for the Institute's Joint Monitoring Unit (JMU) because of international regulatory expectations but will continue to recognise the outstanding work of the staff at the JMU in building monitoring arrangements that will be emulated the world over.

One of our major aims has been to explain effectively why enforced separation of audit and non-audit work, where other safeguards against loss of independence are available, would result in loss of audit quality. Allowing auditors to have other involvement with clients assists them in gaining valuable background knowledge, far beyond the traditional auditing skill set, which can improve the quality of the audit. An audit-only profession would become less dynamic and encounter problems attracting sufficient high-calibre recruits to maintain in the future the quality of professional expertise our Institute has provided throughout its history.

Top quality people are enhanced by top quality training. The new ACA qualification has received acclaim from both students and employers and we have a number of further changes in progress. We are also well on the way with other premier European accounting bodies to building common content to our national qualifications. The drive towards international accounting and auditing standards has underpinned this project and in turn the project will enhance the global mobility of our members.

During the year, our Audit and Assurance Faculty began a significant campaign on the value and scope of audit – whether of a FTSE company or an SME – to ensure that the public and others understand how quality and value are built-in at every level in processes and in people. The last year has reinforced the need for the Institute to do more to explain these values.

The management of accountancy firms themselves became a high profile issue, as calls for greater transparency and enhanced governance practices became more pronounced. We accepted that we had to dispel the mystique around the profession. Now, at the time of writing, we have had agreement from the larger firms to publish from January 2003 annual reports which will help the public to understand how such firms work. The reports aim to include financial information, how the firm is managed and governed and how quality output is achieved.

President's Statement

For smaller firms, public understanding of quality is bound up with the Practice Assurance scheme. An extensive member consultation is helping to ensure that we develop a light touch, cost-effective scheme. Council approved the scheme in principle in its February 2003 meeting. Pilot testing will take place during the remainder of this year before the final scheme is put to members for approval next year.

The work of our Council, our dedicated staff and many members on numerous working parties and committees, has ensured that this has been a highly productive year. My heartfelt thanks to them all and to my fellow Office-Holders and our Secretary General, Peter Owen, for their unstinting support.

The coming year promises to be no less demanding if we are to build on our successes and get ever closer to our vision that our members are recognised as holders of the world's most highly respected professional business qualification.



Peter Wyman
President

"A major operational review included an extensive reassessment of how policy, strategy and budget setting were handled within our governance arrangements"

Secretary General's Statement

Our goal in 2002 was to move forward on our strategic aims whilst managing resources within the budget agreed by Council.

Managing to the budget

We focused on re-defining financial and operational plans to support work on professional and regulatory issues arising from the unprecedented challenges to the profession during the year, as well as development work to create future opportunities and services for our members. A strong focus on savings in discretionary spending across the board enabled us to achieve our budget target.

It is a credit to the dedication of staff and volunteers that the whole Institute pulled together so well. We were able to produce additional and consistently high quality work that benefited the whole profession and the wider interests of the business world despite stretched resources.

The sale of ABG

Two decisions during 2002 helped support a more commercial approach to strategy and operations. The first, to sell ABG Professional Information business to Wolters Kluwer/Croner.CCH, has resulted in a strategic alliance with Europe's leading financial information publisher with whom we are now working on a number of commercial opportunities. The second, members' approval to a substantial increase in fees and subscriptions for 2003, will enable the Institute to invest in the priority areas identified by our Council such as promotion of the ACA brand and leading-edge technical work.

Setting the strategy

During the year, we undertook a major operational review which included an extensive reassessment of how policy, strategy and budget setting were handled within our governance arrangements. We aimed specifically to clarify and strengthen lines of responsibility and accountability.

A number of key changes were made:

- our operational and strategic planning review process now revolves around Council's conference in July, which is the key point in the annual budgetary cycle
- our Council now meets seven times a year and the agenda for these meetings is driven by a sharp focus on long term and high-level strategic issues
- four Boards dealing with education and training, member services, technical strategy and professional standards take the lead in developing policy and assessing operational planning in their areas for timely consideration and decision by Executive and Council
- responsibility for budgeting and financial control are focused on directors to underpin their responsibility for management of resource as well as risk assessment under our internal control arrangements.

Investing in technical work

The Technical Strategy Directorate was established as a separate entity during 2002 and became the prime focus of public policy developed within the Institute. It was heavily involved in supporting the Institute's response to post-Enron issues and the volume of new material emerging from both UK and international standard-setters.

Regional activity

Our local and regional structure fully bedded down in 2002, its first full year of operation. Regional business opinion surveys amongst members and relationship building with key regional business and governmental bodies made a significant contribution to policy development.

The year also saw the integration, within the Member Services Directorate, of former ABG activities that were retained by the Institute. Restructuring of these activities and alignment into the Directorate's existing product development programme created a strong platform for addressing members' practical business needs.

Secretary General's Statement

2003 – going forward

Although the fees and subscriptions increase for 2003 will give us the resource we need for our ambitious operational plan in supporting our strategic framework, there is no slack. The costs of regulation and of international representation continue to rise much faster than inflation because of increased pressure to strengthen existing mechanisms as quickly as possible. We will need to keep a tight grip on budgets.

Some of the major issues we will face going forward include:

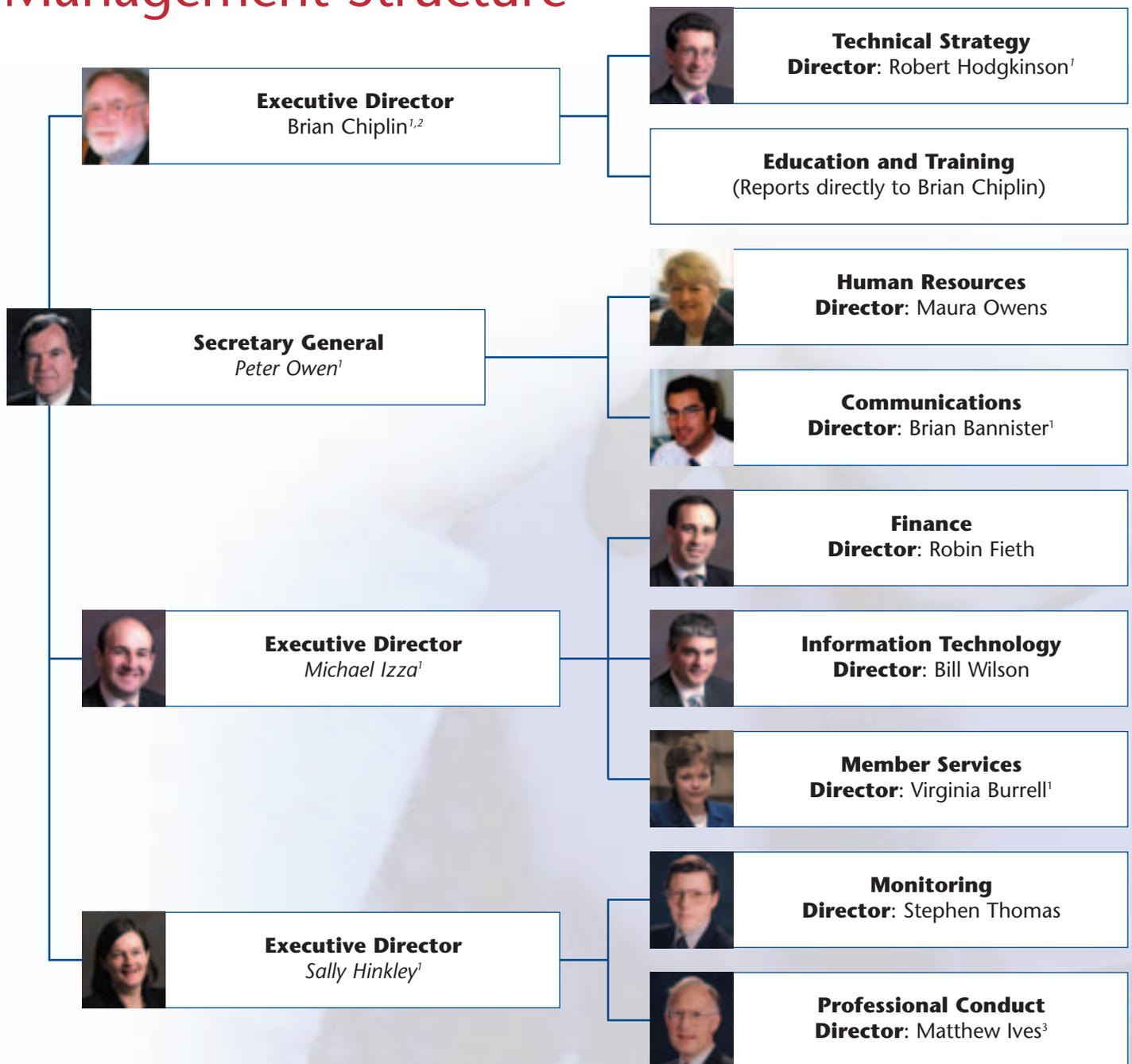
- developing the best possible Practice Assurance scheme to promote the benefit of the chartered accountant brand and provide a public signature of quality
- ensuring we fully tackle all the issues, both political and financial, resulting from major changes to our self-regulatory regime
- maintaining our leadership in professional matters both nationally and internationally.

I have enjoyed leading the Institute's staff through this exciting period which also included a radical review by Council of the role of a future Chief Executive. My successor should be in post by summer 2003, and I am confident that he or she will inherit an organisation with a very clear sense of purpose, sound planning and budget processes and a strong commitment to maintaining the Institute's reputation as the world's leading accountancy body.



Peter Owen
Secretary General

Management Structure



¹ Management Team members

² Chief Economist

³ General Counsel

The Institute's retained surplus for the year was £14.87 million compared with a retained deficit of £7.72 million (as restated for the reclassification of equities) in 2001.

Finance and Operations

Overview

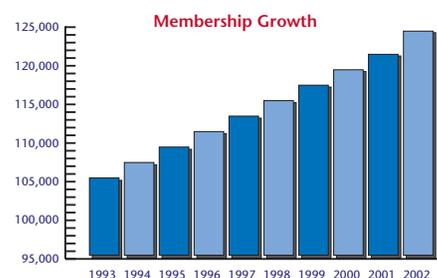
The retained surplus for 2002 includes the profit arising from the disposal of ABG Professional Information in January 2002 of £22.18 million and the associated corporation tax charge of £6.06 million. On an operational basis, the deficit for the year was £1.25 million compared with a planned deficit for the year of £1.49 million.

This result includes losses on the Institute's equity portfolio of £1.16 million in addition to the £0.90 million of losses (£0.69 million as restated) reported last year. For the second year we have again faced higher than expected case costs from the Joint Disciplinary Scheme in respect of both existing and newly referred cases, but this year there was an offset from fines and cost recoveries of £1.15 million, primarily from the completed investigations into Polly Peck and Barings.

The valuation of Chartered Accountants' Hall has fallen in 2002 by £2.78 million, reflecting a softer central London property market. This has not impacted on the Revenue Account, being dealt with as a reduction in revaluation reserves.

Subscriptions and other income

Subscriptions and fees increased by almost 5%, reflecting a 1.9% increase in membership numbers and the approved increase in rates for 2002. Membership numbers continue to increase and at the end of the year stood at 123,654.

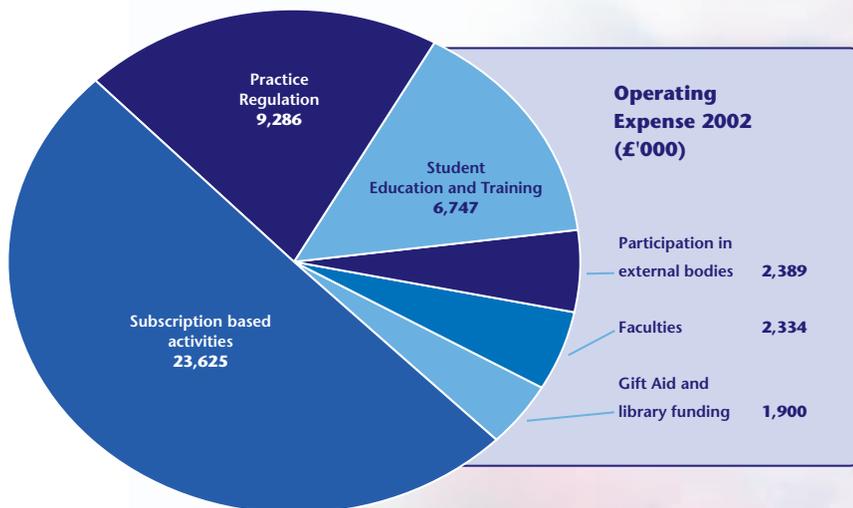
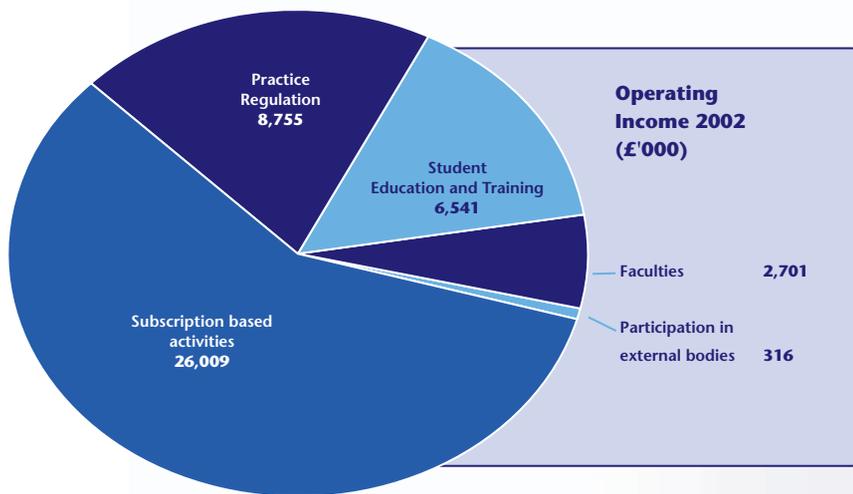


Licence fee income amounted to £1.85 million in the year, arising from the new strategic alliance with Croner.CCH following the sale of the ABG business.

Operating activities

We have continued to seek operating efficiencies and costs savings throughout the organisation. Average headcount has remained stable year on year after eliminating the effect of the ABG disposal. Actual headcount at the end of December 2002 was 42 lower than at the end of 2001 on the same basis. There were substantial savings in central and administration costs (down £1.98 million compared with 2001), resulting in lower overhead charges to the rest of the Institute (down £0.95 million). The Directorates themselves have also all made significant efforts to contain discretionary expenditure.

"We have continued to seek operating efficiencies and costs savings throughout the organisation"



Note to charts above:

Participation in external bodies includes the costs of membership of the Consultative Committee of Accountancy Bodies (CCAB) and the International Federation of Accountants (IFAC), and funding for the Accountancy Foundation and the Joint Disciplinary Scheme.

Investment income

Low interest rates continued to affect our investment income adversely during 2002. We have achieved non-equity investment returns of approaching 4% for the year as a whole, maintaining the majority of our funds

available for investment in cash and near cash instruments, a position endorsed by our investment managers. Our equity portfolio yielded gross dividends of 3.4% (2001: 2.2%).

Taxation

The 2002 taxation charge includes £6.06 million arising from the sale of ABG, offset by tax losses crystallised on our equity portfolio. The Institute's normal tax charge on its non-mutual activities (investment and licence fee income and trading with non-members) has been wholly eliminated by Gift Aid payments to the Chartered Accountants' Trust for Education and Research.

Information technology

A major IT investment to replace the existing membership system was approved in the summer of 2002. Implementation of the complete system is planned to take place over a number of years and will in time enable us to manage our whole relationship with members and firms more effectively. Phase 1 went live in November and was used for the 2003 membership subscriptions run. Future phases will encompass course and event bookings nationally and regionally, audit registration, student registrations and monitoring. Members will not necessarily notice any discernible change in the near term. However as our membership data improves and the phases roll out, service levels and support will improve tangibly.

Property services and facilities

Property Services and Facilities undertook essential repairs to the fabric of Chartered Accountants' Hall. Further development and marketing of our public facilities has been well received; room bookings have held up in difficult market conditions and our restaurant, esca, has continued to perform satisfactorily.

During 2002 we have continued to evolve and adapt our training strategy to ensure we keep pace with business needs and remain the hallmark of professional quality. The developments we have set in motion at pre and post-qualification together with the *common content* project will ensure that we continue to attract the highest quality entrants to the profession who are well equipped to serve the public as well as their professional and personal interests.

Education and Training

2002 has been a challenging year for the profession. Not surprisingly, there was a general decline in the recruitment of new students into chartered accountancy training taking effect for the Institute in the new intake from August 2002. Between August and the end of the year we had admitted some 2,750 new students, which was close to 15% down on the corresponding period for 2001. The decline was slightly less than we had been expecting. Overall, we had some 9,150 students in training at the end of the year.

In the short run there is little we can do to affect intake numbers and the cycle in accountancy student recruitment is well known. We have, therefore, introduced measures to control our costs whilst maintaining our focus on quality provision. In the long run, the steps we have taken and continue to take to enhance the relevance and standing of the ACA and widen its attractiveness to students and employers will ensure we enhance the position of our qualification.

The new ACA is now fully operational and students have generally performed very well at both the Professional and Advanced Stages, responding constructively to the new-style questions which reflect the need to exercise professional judgement within a business context. The next significant change planned to the ACA syllabus will be the move to International Accounting Standards (IAS) – or International Financial Reporting Standards (IFRS) as they will be known – for examinations in 2004 in advance of their introduction for UK listed companies in 2005.

During 2002, we introduced a completely new approach to the work experience requirements for our students, enhancing the integration which has been the basis of the new ACA. This stresses a reflective and developmental approach rather than being simply time-based and is part of our consistent attempt to emphasise the importance of professional scepticism and professional judgement exercised with integrity.

The AAT Fast-Track route introduced last year has proven to be very attractive to good quality applicants who are making a successful transition from the AAT to the full ACA programme. Indeed, the first prize in the overall order of merit for the Professional Stage examinations in December was awarded to a student on the Fast-Track programme.

We have put considerable effort into developing an e-learning and e-assessment package for Accounting, which will be available from the autumn of 2003. We believe that we have made significant progress in ensuring that the e-assessment can handle quite complex analyses of incomplete records. That innovation is a major improvement on existing assessment packages and allows us to maintain the rigour of our Accounting programme.

The International Federation of Accountants (IFAC) issued a set of draft standards for education and training during 2002, which are to be finalised in 2003. Our approach to the ACA is entirely consistent with these standards and, indeed, we believe that our achievements are well above the minimum required.

"Substantial progress has been made on the common content project in collaboration with Institutes in France, Germany, Italy, the Netherlands, Ireland and Scotland"

Substantial progress has been made on the *common content* project in collaboration with Institutes in France, Germany, Italy, the Netherlands, Ireland and Scotland. Our aim is that, by 2005, our national qualifications will be common except for those elements of national law, custom and practice, which need to be different.

This *common content* project is a response to the globalisation of business activity, the single market and regulatory harmonisation. It aims to:

- unify as far as possible the qualifications for membership of the participating Institutes
- maximise the common elements of the professional qualifications while retaining national elements unique to each country.

We adopted a completely new approach to designing this programme. Instead of looking at our various syllabuses to see what was common we decided to start afresh. We analysed the services that professional accountants provide and then worked out what knowledge, skills and attributes would be needed by someone just beginning their career as a qualified chartered accountant (the entry level accountant).

The services provided by accountants in the modern world indicate the breadth of the coverage of the work and how far removed it is from the 'bean-counter' image. We have grouped them under five heads:

- strategic and business management
- performance measurement and reporting
- assurance and related services
- taxation and legal services
- financial management.

Professional accountants must be able to integrate professional knowledge from each of these services in order to assist their clients or employers in making business decisions. They must possess professional attributes such as integrity and ethical standards as well as a variety of personal skills. A qualification designed to reflect this profile of professional accountants produces the best auditors and is the best training for business.

We think this project is an exciting development of enormous potential benefit to all interested parties in that it:

- meets public expectations of professional accountants
- provides the natural career choice for the highest quality individuals
- offers increased portability across national boundaries
- promotes common education and training programmes
- focuses on the services demanded by clients and employers
- ensures national qualifications are globally-recognised market leaders
- provides commercial benefits to firms.

Our approach to the ACA is being carried forward into our review of the continuous professional development of our members. The emerging IFAC standard is likely to specify that CPD requirements should apply to all members, whether in practice, business or elsewhere, which reflects the public interest in maintaining standards across the profession. Our approach will be risk-based and reflect the commitment to fitness for purpose embodied in the ethical standards agreed by all members. We will begin full and open consultation on the principles and practices involved in this new approach in the spring of 2003.

As well as 'business as usual', our key priorities for 2003 consequently include the development of the new CPD policy; further progress on the *common content* project; the implementation of e-learning and e-assessment; and further development of international activities.



2002 was a year of consolidation and enhanced member support for the Member Services Directorate. We made considerable investment in development resources to build a platform for delivering valued services to members in future. We concentrated, in particular, on building our product development arm to identify products and services that will support members in their professional careers.

Member Services

Key resources for members

Our Advisory Services continued to address the very real needs of members, handling nearly 42,000 telephone enquiries during the year – 13% more than in 2001 – as well as providing a range of help sheets and other support for members. These services comprise confidential help on technical, ethical and practice management issues and are available to members in practice and in business, online and over the telephone.

Technical Enquiry Services - an invaluable source of information

Top 3 telephone topics

- The duty of care of auditors in the light of the Bannerman case
- FRS 17 on pensions
- FRS 19 on deferred tax

Top 3 popular helpsheets

- Accounting and reporting by charities
- Late payment of commercial debt
- The national minimum wage and owner managed companies

The range of issues covered by Practice Advisory Services has been strongly focused on subjects dealing with practice structure and development, risk mitigation and succession planning.

Our ethical enquiries team has supported business members with advice on hot topics including the balance between confidentiality to an employer and whistle blowing obligations, and questions regarding the potential wrongful trading of an employer. We have continued to provide a wide range of advice and support on ethical issues to members in practice.

Another key resource for members is our world-class Library & Information Service (LIS) which continued to add to its important print and digital collection in 2002. To ensure that members are able to get access to information wherever they are and whenever they need it, work continued to create online content, targeted at members in practice, members in business and across all special subject interest areas.

Library Enquiries

27,500 enquires in 2003 including:

- IR35
- preparing company accounts
- dealing with personal service companies
- guidance for valuation of shares in private companies
- tax planning such as inheritance, pension schemes and capital gains information for helping SMEs
- specialist industry sector data and auditing guides such as banking, charities, surveyors and clubs

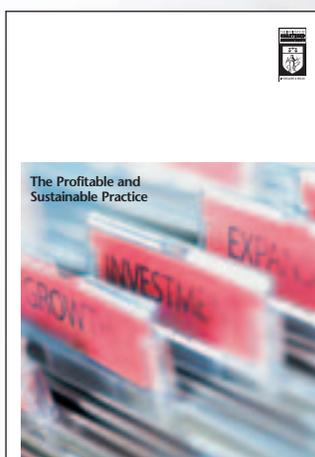
“We asked members for their views on topical issues including venture capital and the Euro ...to build the profile of the brand nationally and regionally and demonstrate that chartered accountants are at the heart of business”

As a contribution to the Institute's important work on auditor independence and the response to the US Sarbanes-Oxley Act, the LIS developed an auditor independence resource area on the web which included an email updating service. Other important developments were the highly acclaimed IAS portal and accounting and auditing standards links pages.

In addition, of enormous benefit to hard-pressed practitioners drowning in tax returns, a historic share price service was introduced by LIS in April 2002 to complement the existing dividend and company information services. Members can telephone, fax or email their requirements and obtain data, usually on the same day.

New products and services 2002

- A *Start Up Business Rewards Programme* was launched in October to help practices attract small business clients. The scheme aims to link up new business owners with leading household brands providing vital solutions to start-up business needs in essential areas such as insurance, legal, IT-telecom, travel and utilities.
- Preparatory work was begun for the launch of a Practice Society in March 2003. The Society will be a tailored service dedicated to supporting and promoting the interests of general practitioners within the profession as well as providing bespoke services and products.
- A new publication *The Profitable and Sustainable Practice* was published in December and mailed to 16,000 firms. The report was the result of a broad consultation amongst members in general practice to identify how and why certain accountancy firms succeed well beyond market expectations and offers practical advice on achieving greater sustained profitability.



- Chartered Accountants' Independent Financial Services (CAIFS) broadened its offering by launching a referral service which gives members who are not registered with the FSA for investment business the opportunity to introduce clients for investment business to an approved IFA. It enables members to provide a broader service and further extend their relationship with clients.

Special Interest Groups - addressing a niche market

Special Interest Groups membership continued to grow in 2002. They provide practical support and promote chartered accountants within various industry sectors:

- Farming and rural business
- Charity and voluntary
- Entertainment and media
- Litigation support
- Solicitors
- Healthcare

Your views

The Focus and Research Centre provides our principal means of consulting with, and research amongst, members and 2002 saw a significant increase in activity in this area.

We began to ask users of current services about their use and satisfaction with them and to identify gaps in service offering. This will become a standard feature in 2003.

Completion of general practitioner research led to the development of the Practice Society concept. Research is also ongoing with members in business and we hope this will identify service development opportunities in due course.

We asked members for their views on topical issues including venture capital and the Euro, as well as continuing our annual *Farm Profits Survey*. This type of research is used to build the profile of the brand nationally and regionally and demonstrate that chartered accountants are at the heart of business and make an important contribution to the issues of the day.

A major programme of member consultation on Practice Assurance (see Professional Standards page 19 for details) saw all members in practice invited to give their views on the development of the scheme.

Member Services

Spotlight on the Focuses

- The Business Focus increased the awareness of the new ACA and promoted the availability of the Ethics Advisory Services as a means of support
- The Practice Focus ran a third sole practitioners' consultation day, *Meeting the Challenge*, which focused on money laundering from a global perspective
- The International Focus successfully established two city groups, Sydney, Australia and Kuala Lumpur, Malaysia in addition to fostering good relations with the Chinese profession in Beijing
- The Younger Member Focus identified a need for career roadshows amongst newly qualified members and facilitated roadshow development through the regions
- The Focuses continued to enhance and provide *Business, International and Practice Member Alerts*, which research shows are favourably received

Members in the regions

2002 saw the first full year of operation of the regional infrastructure. Relationships with the Regional Development Agencies and other key players in the regions were significantly strengthened and helped to raise the Institute's profile in the regions. Views of members were sought on devolution as proposed in the Government's white paper *Your regions, your choice* and we welcomed, for the second time, the Minister of the Regions to hear our comments and respond to issues raised.

The regional organisation has continued to give support to the District Society network which continues to play a key role in harnessing volunteer activities and in relating to members.

Regional staff visited firms and met members who had previously not been engaged with the Institute. This allowed us to hear members' concerns first hand and feed them into policy development.

The new support structure for student societies gave them the option of benefiting from the regional structure. Student Council began preparing a business plan to support the new category of 'provisional members'. New member ceremonies were oversubscribed throughout the year and 2003 will see the first regional ceremony in Manchester during March.

Technical and strategic expertise on professional issues were at the heart of the Institute's response to restoring credibility and trust in financial reporting and auditing.

Technical Strategy

Responding to the post-Enron environment

We responded to numerous reviews and investigations into the profession. In the UK, the Government set up the Co-ordinating Group on Audit and Accounting Issues and the Treasury Committee investigated the financial regulation of public limited companies including matters such as the role of non-executives and audit committees.

Our new Technical Strategy Board and Directorate – established to fulfil Institute strategic goals within the available resource – ensured that the in-house expertise amongst the technical departments, which now include the Institute's Ethics Group and International Affairs, and the five specialist Faculties, was harnessed to provide a focused response to the prevailing issues, in the UK and abroad.

Our overall approach is to play an active role to promote better understanding of the profession amongst policy makers, the media and the wider public of the significant and ongoing reform programme the profession has been leading for a decade or more. Our objectives during the year were to:

- avoid knee-jerk reactions and set policy based on hard evidence
- have standards based on principles, not detailed rules-based requirements
- campaign for continuous improvement in standards and practices based on international, high quality standards.

Consistent reinforcement of these messages throughout the year has resulted in the UK profession being seen as leading the fight to enhance public confidence in the UK and abroad. The latter part of the year included the production of research reports such as *Auditor independence and non-audit services* and *Mandatory rotation of audit firms* which subsequently helped form the background to representations to Washington law-makers on the Sarbanes-Oxley Act as well as to the UK government.

International accounting standards (IAS)

During the year there was increased acceptance by the US, indeed worldwide, of the value of IAS and of principles-based standard-setting. Our on-going active support for the UK Accounting Standards Board (ASB) and the International Accounting Standards Board, therefore, has been an important aspect of our technical work. We published two updates of the *Convergence Handbook* comparing IAS to UK financial reporting requirements.

We have continued to work with the profession in Europe through the Fédération des Experts Comptables Européens (FEE), in particular in influencing the Committee of European Securities Regulators (CESR) on enforcement issues surrounding the mandatory introduction of IAS, or IFRS as they will be known, in the EU by 2005. We have also worked with FEE to encourage the European Commission to adopt International Standards on Auditing within the EU by 2005 to coincide with the introduction of IAS.

We began a UK-specific initiative in conjunction with our business partner, the global publishing house Wolters Kluwer/Croner.CCH, to promote courses and provide information to help members and companies to be aware, as a matter of urgency, of the first-time implementation issues surrounding IAS.

Corporate reporting

We maintained our leadership in the debate on the relevance and quality of corporate reporting for use by shareholders and the capital markets. Our consultation on Prospective Financial Information (PFI) published in July, aimed to provide guidance to UK directors on how to prepare PFI that will be both useful and relevant. Based on principles, the guidance is applicable on an international basis in an area of reporting of great importance to the capital markets.



Technical Strategy

The issue of risk – a major one for the next few years – was also addressed via a briefing paper *Risk Reporting* and in guidance from our Faculty of Finance and Management to members and others in business - *Managing Risk*. The risk-based approach of our Turnbull report on internal control of 1999 has grown in international importance with its potential applicability to key provisions of the Sarbanes-Oxley Act.

In an area where UK disclosure is leading the world, we developed guidance for preparers of Operating and Financial Reviews (OFR) which took into account the revision by the ASB to its OFR Statement. This was a result of our active support for implementation of the Company Law White Paper *Modernising Company Law* which had proposed a mandatory OFR for public and large private companies.

Future developments in financial reporting, especially with regard to web-based reporting, are being revolutionised by the continued development and field-testing of XBRL, the electronic financial language. Our IT Faculty has continued to lead the UK's participation in XBRL International.

The year's events generated intense interest in corporate governance issues on which we, as an Institute, have taken a lead in the past with, for instance, our guidance for audit committees and the Turnbull guidance on *Internal Control: Guidance for Directors on the Combined Code*. The outcomes of the Higgs review on non-executive directors and the Smith review on audit committees reflected many of our own views on the ways in which UK corporate governance could be further enhanced whilst retaining the unitary board

that has been beneficial for UK business.

Auditor independence and ethics

The negative publicity surrounding auditor independence issues needed to be addressed as did the need to demonstrate why UK audits can be relied on.

We took the lead in Europe in implementing the requirements of the European Commission's *Recommendation on Statutory Auditor Independence*, which was published in May. The Recommendation endorses the principles-based threats and safeguards approach pioneered in the UK but includes additional requirements in specific circumstances. The Institute's Council agreed to adopt the EC Recommendation's requirements in June. In addition, ethics guidance on corporate finance work, confidentiality and conflicts of interest, and professional fees were revised with additional guidance.

We responded to consultations issued by the Ethics Standards Board and the U.S. Securities & Exchange Commission (SEC) during the year, stressing the benefits of the approach we adopt to ethics guidance and the need for international harmonisation. Senior volunteers and staff met with key figures from the SEC to set out the UK position.

“Our overall approach is to play an active role to promote better understanding of the profession amongst policy makers, the media and the wider public”

Following the government recommendations in January 2003 to transfer the setting of standards for auditor independence to the Auditing Practices Board and oversight of the profession’s ethics standards in other areas to a Professional Oversight Board, we will seek to work with those bodies to ensure that the public interest is served.

To support more informed discussion of the provision of non-audit services by auditors, we published proposals for enhanced disclosure of auditor fees in companies’ annual reports. Called *Disclosure of the nature and value of services provided by auditors*, the draft guidance for directors underwent wide consultation. We played a key role in promoting greater understanding of the independence issues that were being raised in the provision of tax advisory services, and demonstrated that UK requirements provide a framework for dealing with potential conflicts.

Audit quality

In tandem with the activities described above, we began a campaign publicly to explain the nature of auditing and the practical factors that drive audit quality. The Audit and Assurance Faculty publication *Audit Quality* was sent to firms and the wider business community to kick-start the campaign to inform wider stakeholders about the remit, purpose and limitations of an audit and to give reassurance on the audit profession’s commitment to audit quality in the UK.



The Faculty also issued guidance recommending firms to include additional wording in the audit report following the Bannerman case ruling of July in Scotland. This recommendation was based on advice the Institute received from Leading Counsel. Under the guidance, auditors still have exactly the same responsibility for their audit reports to the shareholders as a body as they always had. We anticipate that this guidance will be of practical help for members of firms of all sizes and also helpful to users of financial statements by clarifying auditors’ responsibilities.

European directives

The appointment of our new Technical Strategy Director, Robert Hodgkinson, who is involved at senior level with FEE and EU matters, came at a time of intensified legislative activity within the EU.

Our Corporate Finance Faculty, already the largest network of corporate financiers in Europe, took the lead in promoting our concerns on the Commission’s various proposals, in particular on the Prospectus and Market Abuse Directives where there were potential negative implications for UK business.

Our October conference in Brussels, *A single capital market in Europe*, brought together the Chairman of the SEC with other international and European regulators and standard-setters to discuss, amongst other subjects, the effects of the Sarbanes-Oxley Act on European business.

The upgraded EU Money Laundering Directive, due to be implemented in the UK by June 2003, extended the obligation of Member States to combat laundering of the proceeds of all serious crime and the accountancy profession to report suspicions of laundering. To provide practical guidance and support to members on these new and contentious obligations, we ran a series of highly successful roadshows around the country, with a second series to follow in May 2003. A range of formal and informal guidance is also being prepared for a number of Institute newsletters.

Taxation

The Faculty of Taxation has been very active on European tax issues. The Faculty’s activities through the Confédération Fiscale Européenne (CFE), the leading pan-professional tax group in Europe, included ensuring recognition of tax advisers in fellow Member States and that Chartered Accountants are fully recognised as providers of tax services.

The impact of IAS will have a profound effect on the taxation of companies in Europe and the Faculty of Taxation is working with FEE to ensure that the tax implications are given proper consideration. Closer to home, the Faculty continues work on a number of initiatives in respect of the move to IAS on the taxation position of UK companies. These involve identifying the key issues and resolving difficulties with other bodies as well as the Inland Revenue.

The Professional Standards Directorate deals with complaints against members, related disciplinary action, regulatory policy and the regulation of member firms.

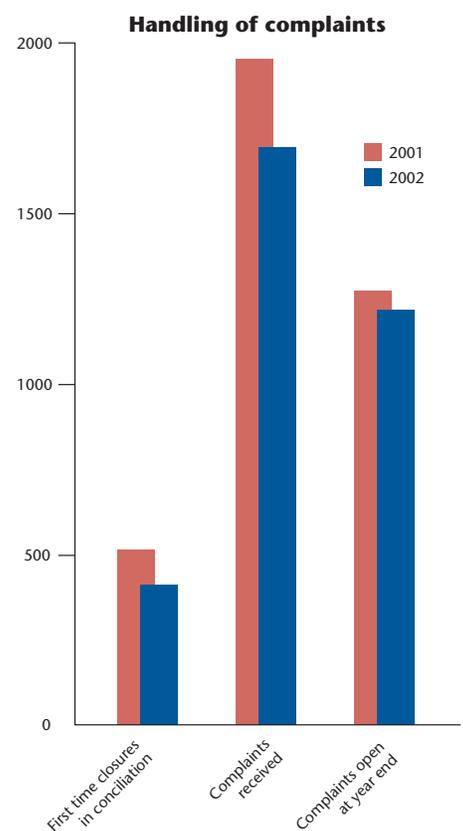
Professional Standards

Professional Standards Office

The Professional Standards Office (PSO) carries out the Institute's quasi-judicial regulatory and disciplinary responsibilities. It has two main areas of activity:

- regulating, under statute, the practices of members engaged in the reserved areas of audit, insolvency and investment business; and
- disciplining members or firms when their professional standards have fallen below the reasonable expectations of the public or other members.

All decisions that directly affect the positions of individual members are taken by committees of their peers, with the involvement of independent non-accountant members who provide an external perspective. The PSO committees rule on whether or not firms should be authorised to work in the reserved areas and, where a complaint has been received, whether an offence has been committed and, if so, what penalties should be imposed.



"Our mission is: in the interests of our members to uphold and develop professional standards that command public confidence"

Designated professional body regime

On 1 December 2001, the Institute achieved Designated Professional Body (DPB) status under the Financial Services and Markets Act 2000. The Act provides that firms who undertake 'non mainstream' investment business activities can remain licensed by the Institute. Firms undertaking 'mainstream' investment business must be licensed by the Financial Services Authority.

The breadth of 'non-mainstream' investment business that can be undertaken under the DPB licence has meant that there are still over 3,000 firms licensed by the Institute, compared to just over 4,000 under the previous regime.

Audit regulation

Monitoring of firms is currently conducted by the Joint Monitoring Unit (JMU), as agent of the Institute. Approximately 6,500 firms are registered by the Institute for audit and 968 visits were conducted during 2002.

Following the publication of the *Review of the Regulatory Regime of the Accounting Profession* by the DTI in January 2003, a new inspection unit, working under the Financial Reporting Council (FRC), will take over the responsibility for monitoring audits of listed companies, major charities and pension funds. The decision to set up a unit wholly independent of the profession was taken to reflect changes in the international regulatory environment: there was no criticism of the quality of the JMU's work.

JMU staff will be fully integrated into the Institute from the beginning of next year and will continue to conduct audit visits to Institute firms falling outside the ambit of the FRC's Independent Audit Inspection Unit and other statutory inspection visits.

Insolvency regulation

The Institute takes an active role in the continuing development of insolvency regulation and has continued to work with the Insolvency Practitioners Association to ensure that there is a consistent approach to regulatory and disciplinary matters affecting the majority of insolvency practitioners.

A total of 125 monitoring visits were conducted during the year on the Institute's behalf, by the Joint Insolvency Monitoring Unit. The number of new complaints received against insolvency practitioners fell from 286 in 2001 to 243 in 2002.

Practice assurance

Following Council's decision in December 2001 to develop proposals for a scheme of compulsory practice review called Practice Assurance, the Institute undertook extensive consultation with members throughout 2002 in order to determine the detail of such a scheme. Members' views were sought through a series of roadshows across the country and three web-based questionnaires.

Final proposals for the implementation of the scheme will be published during 2003 and field tests will be undertaken in the autumn. All members will be eligible to vote at a special meeting, to be held no later than June 2004, on changes to the Institute's Bye-laws which will be required in order to bring the scheme into operation.

The scheme is being developed to allow regulatory and Practice Assurance requirements to be combined in a single visit. The Institute is firmly committed to ensuring that monitoring of all regulated areas continues to be conducted to a high standard.

Treasurer's Report

Overview

This year represented the third year of planned significant change for our Institute, funded partially from the reserves built up in earlier years.

Whilst it is pleasing to report a satisfactory financial outcome for the year as a whole, members will not be surprised to learn that the Institute once again faced substantial challenges during the year. Unbudgeted losses on our equity portfolio were coupled with lower than expected investment income. These, together with a second year of higher than expected case costs from the Joint Disciplinary Scheme in respect of both existing and newly referred cases and the substantial efforts required to respond to the issues for the profession arising from Enron, have reinforced the need for continued tight financial management.

At an operational level, we have made considerable advances this year implementing the new planning and budgeting processes established in 2001. The results have been encouraging in terms of the rigour of the processes, greater transparency and the involvement of Council at each key stage. We were very pleased to welcome Michael Izza, our new Executive Director, Finance and Operations, and Robin Fieth, our new Director of Finance, in the early part of the year, and to see immediate improvements in the effectiveness of the finance function.

ABG Professional Information

In January 2002, we announced the sale of our ABG Professional Information business to Wolters Kluwer/Croner.CCH for an initial consideration of £15 million with deferred consideration of a further £10 million over ten years. In addition, as part of a new strategic alliance with Wolters Kluwer/Croner.CCH, we expect to receive licence fee income of at least £18.5 million over a ten year period.

The surplus on disposal after costs and taxation was £16.1 million, which was £1.1 million better than the initial estimates of £15 million included in my report last year, and which has been added to our reserves during 2002.

The disposal of ABG Professional Information is expected to be broadly neutral on the Revenue Account going forward. The income previously received from ABG will be replaced by investment income on the net disposal surplus and the annual licence fees, offset by increases in irrecoverable VAT and corporation tax. We consider that the quality of the earnings going forward will be better than the income stream from the business sold, which in recent years had been under extreme external pressure and had fallen short of our expectations.

Accounting policies and treatments

In light of the ABG sale, we have taken the opportunity this year to refine a number of areas of accounting policy and treatment, focusing primarily on the treatment of our investments, the costs of IT development projects, improvements to our properties and aspects of cost and revenue recognition.

The outcome of this review is reflected in this year's financial statements. We have transferred the equity portfolio from current assets to fixed assets to reflect better the purpose of continuing to hold these investments. The net impact of this change of policy is to increase the retained surplus for 2002 by less than £0.1 million. The prior year's results have been restated to reflect this change of policy, the retained deficit for 2001 being reduced by £0.2 million. Net assets are not affected.

We have also taken £16.1 million to fixed assets comprising interest bearing securities to reflect our commitment to hold the surplus on disposal of the ABG business for the longer term to generate investment income.

We have capitalised £0.7 million of costs associated with InBase, our major IT project to upgrade the Institute's systems for dealing with membership information, and £0.5 million for upgrading of infrastructure at Chartered Accountants' Hall.

With regard to revenue recognition, we have this year accrued £0.4 million of income in the Education and Training area to reflect that Training Office Authorisation Fees relate to an academic year rather than a financial year.

Pension schemes

In common with many other organisations with defined benefit pension arrangements, we are facing increasing funding deficits, emphasised by the FRS 17 disclosures this year which show a deficit at 31 December 2002 of £22.2 million compared with £10.2 million at the end of 2001. As reported last year, we have agreed to increase employer cash contributions to the scheme by £1.3 million over the period 2002 – 2004. We have also taken a number of steps to restrict our liabilities. Firstly by closing the scheme to new members in July 2000 and, with effect from the end of 2002, increasing employee contributions by 1% and limiting future pension entitlement for members with less than ten years' service.

The next full actuarial valuation of the scheme is due to take place in 2004 and, unless circumstances change dramatically, the advice from our actuaries is that we should contemplate the need to increase employer contributions by between £1.5 million and £2.5 million a year from 2005.

Outlook for 2003

The 2003 year will present further challenges for the Institute. I am delighted that the members approved the 2003 subscription increases. These will provide us with vital additional resources. In the post-Enron environment we must promote the importance and value of our profession. With the unprecedented pace of change in worldwide accounting standards, we must continue to provide technical thought leadership. We must also continue to develop important new services for our members regionally, nationally and internationally.

There remain considerable uncertainties in the regulatory regime and in the investment markets. Overall we plan to break even in 2003 whilst meeting these challenges and continuing to invest in the future of our Institute.



Peter Smith
Treasurer
18 March 2003

Summary Financial Statements

Summary Revenue Account

for the year ended 31 December 2002

Note	Income £'000	Expenditure £'000	2002 Net £'000	2001 As restated Net £'000
Subscriptions and other income				
Subscriptions and fees	19,772	-	19,772	18,835
Licence and data access fees	1,850	-	1,850	-
	21,622	-	21,622	18,835
Subscription based services				
Members' Education and Training	570	1,955	(1,385)	(1,901)
Professional Standards	584	2,738	(2,154)	(2,904)
Member Services	1,707	7,543	(5,836)	(6,771)
Technical Strategy	273	2,821	(2,548)	(2,968)
Central Activities	1,253	8,568	(7,315)	(8,342)
	4,387	23,625	(19,238)	(22,886)
Self financing activities				
Student Education and Training	6,541	6,747	(206)	(1,006)
Practice Regulation	8,755	9,286	(531)	382
Faculties	2,701	2,334	367	223
	17,997	18,367	(370)	(401)
Participation in External Bodies				
	316	2,389	(2,073)	(3,592)
ABG Professional Information - discontinued operations				
	-	-	-	1,333
Gift Aid and Library funding				
	-	1,900	(1,900)	(1,600)
Totals of income and expenditure				
	44,322	46,281		
(2001 Totals of income and expenditure)	53,755	62,066		
Operating deficit				
			(1,959)	(8,311)
Sale of ABG Professional Information - discontinued operations			22,181	-
Net realised losses on listed investments			(1,069)	(618)
Unrealised losses on listed investments			(89)	(73)
Investment income			953	849
Surplus/(deficit) before taxation				
			20,017	(8,153)
Taxation			(5,522)	37
Net surplus/(deficit) after taxation				
			14,495	(8,116)
Add back: deficit attributable to self financing activities			370	401
4 Net surplus/(deficit) transferred to/(from) accumulated fund			14,865	(7,715)

Summary Balance Sheet

at 31 December 2002

Note	2002	2001
	£'000	As restated £'000
1 Fixed assets	37,977	26,253
2 Current assets	33,995	25,866
3 Creditors: amounts falling due within one year	25,659	17,030
Net current assets	8,336	8,836
Total assets less current liabilities	46,313	35,089
Provisions for liabilities and charges	8,428	8,852
	37,885	26,237
Reserves		
4 Revaluation reserve	9,942	12,746
4 Investment revaluation reserve	300	249
4 Accumulated fund	20,183	5,412
	30,425	18,407
Reserves retained by self financing activities	7,460	7,830
	37,885	26,237

Approved on behalf of the Council



Peter Wyman
President
18 March 2003



Peter Smith
Treasurer

Summary Financial Statements

Summary Cash Flow Statement

for the year ended 31 December 2002

	2002	2001
	£'000	As restated £'000
Cash flow from operating activities	4,266	(4,496)
Income received on short-term investments	200	1,065
Taxation	(199)	(137)
Purchase of tangible fixed assets	(1,097)	(1,818)
Sale of tangible fixed assets	16	17
(Purchase)/sale of long term investments	(16,031)	113
Sale of ABG Professional Information	11,613	-
Cash flow before net purchases of short-term investments	(1,232)	(5,256)
Net sales of short-term investments	1,076	5,974
Net (decrease)/increase in cash in the year	(156)	718

Note to the Summary Financial Statements

for the year ended 31 December 2002

1 Fixed Assets

	2002	2001
	£'000	As restated £'000
Net book amounts		
Freehold property	12,917	15,350
Short leasehold property	89	338
Silver collection and antiques	3,059	3,277
Furniture, computers and equipment	2,506	2,963
Investments in subsidiaries and related undertakings	3	3
Other investments	19,403	4,322
	37,977	26,253

2 Current Assets

Current assets at 31 December 2002 include deferred consideration of £9.5 million (2001: £Nil) following the sale of the business of ABG Professional Information, of which £8.5 million (2001: £Nil) is receivable after more than one year.

3 Creditors: amounts falling due within one year

Creditors: amounts falling due within one year at 31 December 2002 includes corporation tax liabilities in respect of the sale of the business of ABG Professional Information of £6.1 million (2001: £Nil).

4 Reserves

	Revaluation Reserve 2002 £'000	Investment Reserve 2002 £'000	Accumulated Fund 2002 £'000	Total 2002 £'000
Revenue Account surplus	-	-	14,865	14,865
Net change in market value of long-term investments over cost	-	208	-	208
Current and deferred tax attributable to above	-	(62)	-	(62)
Reclassification of gains realised in the year	-	(95)	95	-
Reclassification of freehold depreciation	189	-	(189)	-
Decrease in valuation of tangible fixed assets	(2,993)	-	-	(2,993)
	(2,804)	51	14,771	12,018
Reserves at 1 January as previously stated	12,746	-	5,661	18,407
Prior year adjustment	-	249	(249)	-
Reserves at 1 January as restated	12,746	249	5,412	18,407
Reserves at 31 December	9,942	300	20,183	30,425

The Accumulated Fund at 31 December 2002 includes the net surplus of £16,126,000 arising from the sale of the ABG Professional Information business in January 2002, which Council has determined as not currently being available for general purposes.

Summary Corporate Governance Statement

The Council has adopted the provisions of Section 1 of the Combined Code prepared by the Committee on Corporate Governance, to the extent appropriate. During the year Council has monitored and assessed key risks in compliance with the guidance, *Internal Control: Guidance for Directors on the Combined Code* (the Turnbull guidance).

The full Corporate Governance Statement is set out in the Accounts for the year ended 31 December 2002.

Independent Auditors' Statement to the Members of The Institute of Chartered Accountants in England & Wales

We have examined the summarised financial statements, which comprise the Summary Revenue Account, Balance Sheet, Cash Flow Statement and notes to the Summary Financial Statements.

Respective Responsibilities of Council and Auditors

The Council is responsible for preparing the Annual Review and Summary Financial Statements. Our responsibility is to report our opinion on the consistency of the summarised financial statements within the Annual Review and Summary Financial Statements with the full Annual Report and Accounts. We also read the other information contained within the Annual Review and Summary Financial Statements and consider the implications for our annual report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

Basis of Audit Opinion

We have carried out the procedures we consider necessary to ascertain whether the summarised financial statements are consistent with the full annual accounts from which they have been prepared.

Opinion

In our opinion the summarised financial statements are consistent with the full annual accounts of The Institute of Chartered Accountants in England & Wales for the year ended 31 December 2002.



RSM Robson Rhodes

Chartered Accountants and Registered Auditors

London

18 March 2003

Members of Council

President

Peter Wyman
Member, PricewaterhouseCoopers LLP

Deputy-President

David Illingworth
Consultant, KPMG LLP

Vice-President

Paul Druckman
Managing Director, Orange Consulting

Barry Alexander

Elected, London
Director, Fisher Corporate plc

John Anderson OBE

Elected, Liverpool
Chairman, Caer Rhun Hall; Director, various companies

Andrew Baigent

Elected, London
Audit Manager, National Audit Office

Arthur Bailey

Elected, Staffs Salop & Wolverhampton
Senior Partner, Bentley Jennison

Geoff Barnes

Co-opted, Senior Partner of a 'Group A' firm international organisation
Chief Executive Officer and President, Baker Tilly International

Tony Bennewith

Elected, South Eastern
Principal, A J Bennewith and Co

Peter Blackie

Co-opted, European Commission
Head of Unit, Department of Economic & Financial Affairs, European Commission

Brian Boswell

Elected, Birmingham and West Midlands
Group Financial Controller, Aga Foodservice Group plc

Evie Bowyer

Elected, London
Director, EVB Training Consultancy Ltd

David Brigham

Elected, Humberside
Group Financial Controller, East Riding Holdings Company

Rob Bryant

Elected, London
Sole Practitioner

Clifford Bygrave

Elected, Beds, Bucks & Herts
Sole Practitioner

Richard Chapman

Elected, Staffs Salop & Wolverhampton
Managing Director, Blackwell Ltd

Ian Cherry

Elected, North West
Principal, A I Cherry

David Chitty

Elected, Croydon
Partner, Chantrey Vellacott DFK

John Clements

Elected, East Anglian
Non-Executive Director and Consultant

Tony Cooper

Elected, Sheffield
Group Finance Director and Company Secretary, Henry Boot plc

Dennis Cox

Elected, London
Managing Director, Risk Reward Ltd

Aubrey Davies

Elected, Liverpool
Partner, Aston Hughes & Co

Peter Douglas

Elected, London
Consultant

Graham Durgan

Elected, Thames Valley
Chief Executive, Durgan Monstein plc

Richard Dyson

Elected, Manchester
Member, Ernst & Young LLP

Maurice Ede

Elected, South Eastern
Chief Executive, Association of British Independent Accounting Firms Ltd; Partner, Phipps & Co.

Stella Fearnley

Elected, Southern
Reader in Accountancy, University of Portsmouth

Victoria Fryer

Co-opted, younger member
Partner, Naylor Wintersgill

David Furst

Co-opted, Senior Partner of a 'Group A' firm
Senior Partner, Horwath Clark Whitehill

Susan Gompels OBE

Elected, London
Principal, SI Gompels & Co.

Bill Graham

Elected, Northern
Non-executive Director, The Banks Group Ltd.

Bruce Gray

Elected, Croydon
Sole Practitioner

Nick Green

Elected, London,
Corporate Finance Practitioner

Michael Greenwood

Elected, North West
Business Manager

Michael Groom

Ex officio, Past-President
Non-executive Director

Howard Gross

Elected, London
Chief Executive, Gross Klein & Co

Martin Hagen

Elected, West of England
Office Senior Partner, Deloitte & Touche, Bristol

Barrie Harding

Elected, South Essex
Consultant, Baker Tilly

Richard Harwood

Elected, Birmingham & West Midlands
Principal, Harwoods

Michael Hawley

Elected, Nottingham, Derby & Lincoln
Principal Lecturer in Accounting, Nottingham Business School

Ian Hayes

Ex officio – Chairman, Tax Faculty
VAT Partner, Buzzacott

John Holdstock

Elected, Beds, Bucks & Herts
Managing Director, PRG-Schultz UK Ltd.

Peter Holgate

Elected, London
Partner, Kingston Smith

Philip Hollins

Elected, London
Partner, Hacker Young

Alistair Hollows

Elected, Manchester
Financial Services Consultant

Paul Hubbard

Co-opted, member in EU
Audit Director, KPMG

David Hunt

Elected, Nottingham, Derby & Lincoln
Management training consultant/presenter

Simon Hurst

Ex officio – Chairman, Faculty of Information Technology
Proprietor, The Knowledge Base

Anne Jenkins

Elected, London
Technical Director, demist.com

Adrian Keene

Elected, Leics & Northants
Managing Director, Mutual Clothing & Supply Co. Ltd

Jeremy Knight

Elected, South Eastern
Sole Practitioner

Duncan Learmouth

Co-opted, younger member in business
Investor Relations Director, GlaxoSmithKline plc

Howard Leigh

Ex officio – Chairman, Corporate Finance Faculty
Director, Cavendish Corporate Finance Ltd

Neil Lerner

Co-opted, Chairman of Institute Ethics Group
Member, KPMG LLP

Robin Liddell

Elected, Northern
Consultant

Alan Lindsey

Elected, London
Principal, Alan Lindsey and Co

Douglas Llambias

Elected, London
Chairman, The Business Exchange plc

David McBride

Elected, London
Deputy Director General, Institute of Quality Assurance

John Malthouse

Co-opted – Chairman, General Practitioner Panel
Principal, Malthouse & Co

Cameron Maxwell

Elected, South Essex
Managing Director, CMA Services Ltd; Director, Avesco plc

Robert Millea

Elected, East Anglian
Retired/ICAEW Training Consultant

Geoffrey Mitchell OBE

Co-opted, Technical Monitor
Director, Finance Projects, Barclays plc

Peter Mitchell

Elected, Beds, Bucks & Herts
Partner, Peter Mitchell & Co

Sheilagh Moffat

Elected, Birmingham & West Midlands
Partner, Moffat Gilbert

Prof. Peter Moizer

Co-opted, academic
Professor of Accounting, Leeds
University

Alun Morgan

Elected, South Wales
Director, PCP Limited

Hilary Morris

Elected, Leics & Northants
Open University Business School
Lecturer and Consultant

Ian Morris

Elected, Liverpool
Senior Partner, Morris & Co

Sam Narula

Elected, South Eastern
Sole Practitioner

Geoff Norman

Co-opted – Member in 'Big 4' firm
Head of UK Audit, Ernst & Young LLP

Nick Parker

Elected, Southern
Director of Tax, Tenon Limited

Clive Parritt

Elected, London
Chief Executive, The Business Exchange
plc

Philip Pawson

Elected, West Yorkshire
Barrister, lecturer and consultant

Harry Pearce

Elected, South Western
Principal, Pearce Wills

Chris Pearce

Ex officio – Chairman of Faculty of
Finance & Management
Non-executive Director, Debenhams
plc; Director/Trustee, Rentokil Pension
Fund

Andrew Ratcliffe

Ex officio – Chairman, Audit &
Assurance Faculty
Member, PricewaterhouseCoopers LLP

Nigel Richens

Elected, Manchester
Member, PricewaterhouseCoopers LLP

Gerald Robinson

Elected, South Wales
Sole Practitioner

Peter Rosewell

Elected, West of England
Consultant and Non-Executive Director

David Shaw

Elected, Sheffield
Chairman, The Manchester Hosiery
Group; Consultant, Hart Shaw

Michael Sherry

Elected, London
Tax Counsel

Peter Smith

Co-opted, Institute Treasurer
Non-Executive Director, NM Rothschild
& Sons Ltd

Mark Spofforth

Elected, South Eastern
Partner, Spofforths

Harry Stern

Elected, London
Senior Partner, FSPG

Michael Trigg

Elected, South Western
Lecturer, Exeter Business School

Nigel Turnbull

Co-opted – Chairman, Technical
Strategy Board
Chairman/Non-Executive Director

Paul Wagstaff

Elected, Thames Valley
Senior Partner, Wagstaffs

David Walker

Elected, West Yorkshire
Director, Botting and Co Ltd

Phil Wallace

Co-opted – Chairman, Insolvency
Practitioners Committee
Member, KPMG LLP

Graham Ward

Ex officio, Past-President
Senior Member, Global Energy and
Utilities Group,
PricewaterhouseCoopers LLP

Jatinder S Wasu

Elected, London
Principal, Sterling Hay

Bob Webb

Elected, West Yorkshire
Consultant

Jan Weber

Co-opted, Chairman – Business Focus
Directing Group
Finance Director, DLIBJ Asset
Management International

Eric Wiles

Elected, Birmingham & West Midlands
Business Development Manager, HSBC
Rail (UK) Ltd

Geoff Winn

Elected, Humberside
Senior Partner, Winn & Co; Chairman,
Scarborough Building Society

The following were also members of
Council during the year 2002:

Retired with effect from 11 June 2002

Phillip Day

Elected, West Yorkshire
Consultant, Appleton Day Associates

Rev. John Edwards

Ex officio – Chairman, Faculty of
Finance and Management
Church of England Minister and
Pension Scheme Advisor

The Baroness Noakes DBE

Ex officio, Past-President
House of Lords

George Ridgway

Elected, Leics & Northants
Senior Partner, Pole Arnold

Paul Rutteman CBE

Elected, London
Secretary General, EFRAG

Andrew Shelley

Elected, East Anglian
Company Chairman

*Resigned with effect from 2 October
2002*

Derek Smith

Co-opted, Managing Partner of
'Group A' firm
Former UK Managing Partner,
Mazars Neville Russell

SENIOR MANAGEMENT TEAM 2002**Peter Owen CB**

Secretary General (from 6 March 2002)
and Executive Director, Professional
Standards

Michael Izza

Executive Director, Finance &
Operations

Prof. Brian Chiplin

Executive Director, Education &
Training

John Collier

Secretary General (to 6 March 2002)

Sally Hinkley CBE was appointed as
Executive Director, Professional
Standards with effect from 10 February
2003