

## Annual Review : 2003 [www.icaew.co.uk/review](http://www.icaew.co.uk/review)



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

**Core 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**

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

Members may opt to receive a printed copy of the full accounts by writing to the Communications Department or by emailing their request to [fullaccounts@icaew.co.uk](mailto:fullaccounts@icaew.co.uk)

## PRESIDENT'S STATEMENT



**In June 2003, when I took over as President of the Institute, I set out three simple goals. First, I undertook to help UK accountants in business as well as practice to prepare for the 2005 adoption of International Accounting Standards. Second, I promised to urge Government to bring forward the proposals set out in the 2002 Company Law White Paper. Third, I committed my time and energies to a major national and international campaign to promote the qualities of chartered accountants trained with this Institute.**

### International accounting standards

A survey commissioned by the Institute in mid 2003 showed just how much work will be needed to prepare UK plc for the arrival of International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as they will be known. The survey showed that fewer than half of those who responded felt that they were aware of the impact that the new standards would have on their company and their financial statements. We used these results to launch a major communication campaign involving email updates, press articles, a dedicated website and technical briefings.

We have also announced a two-part assessment to allow individuals to gain and demonstrate their knowledge of and competence in IAS. The first stage is a Certificate which will assess the ability to apply international accounting concepts and principles. The second stage is a Diploma which will be taken following successful completion of the Certificate and will develop a more advanced understanding of the new standards and their application.

### Modern company law

It has been rather more difficult to persuade Government to bring forward a major Bill to enact all of the key recommendations contained in the Company Law White Paper. However, in November 2003, the Government did announce a shorter Companies Bill bringing forward legislation to create the new regulatory framework for the accountancy profession. We welcomed these measures but have continued to

call on Government to bring forward measures to reform the current regime for auditor and director liability.

### The value of our brand

My third and final objective has been the promotion of the value of the chartered accountant brand. The days of any profession saying to the public "you must trust me" and that being enough are over. The public is now saying to the professions "show me why I should trust you". We need to respond to this challenge. We must explain why chartered accountants are worthy of this trust.

I believe that we need to demonstrate that the highest professional and ethical standards exist in our members' own firms. We have continued to develop our Practice Assurance scheme to do just that. I believe it will also give our members in practice a real competitive advantage.

In recent years, the Institute has made very strenuous efforts to get closer to all of its members, and especially those in business. Today, almost 50% of our 125,600 members work in business and in 2003 we launched a major quarterly survey of these members – the *UK Business Confidence Monitor* – to ascertain their views on the macro-economic issues which are affecting business performance. I believe our survey is one of the most authoritative measures of business confidence in the UK.

We rightly make a great deal of the fact that chartered accountants play a leading role in UK boardrooms. Nearly 60% of FTSE 100 finance directors are our

members and over 90% of FTSE 350 companies have at least one member of our Institute on their Board, often as chairman or chief executive. An increasing number of our members lead international businesses and organisations.

We have sought to build on this presence in UK boardrooms and the need for more financially literate independent directors by launching a new Independent Directors Register in November. The register is an online database ([www.icaew.co.uk/idregister](http://www.icaew.co.uk/idregister)) of chartered accountants with business experience who are available to take up independent director roles. The Government very much welcomed this initiative. So far, over 1,000 members have registered, with a small but growing number of board appointments already being made.

### The future

The internationalisation of business and regulation poses real challenges for our Institute, but challenges I believe we are well placed to meet. We remain the only professional body invited to join the World Economic Forum. I was pleased to meet with global policymakers in Davos in early 2004 to set out our vision for the future of financial reporting and corporate governance.

Our standing both at home and overseas is of the highest order. We now have the structure and vision to build on this position to ensure that our members are recognised internationally as holders of the world's most highly respected professional business qualification.

David J. Illingworth  
President



## CHIEF EXECUTIVE'S STATEMENT



**2003 was a year of steady membership growth coupled with sound financial management of our resources. The Institute now has more than 125,600 members with a significant number based in over 50 countries around the world.**

**Our membership is broad based, encompassing not only practices of all sizes but also every aspect of industry, commerce and public service. Our aim, therefore, has been to provide practical leadership on both professional and business issues, as well as services which meet the needs of a diverse and successful group of finance professionals.**

### Managing to budget

Our governing Council has rightly placed great emphasis on the delivery of a balanced budget over a three year cycle. I am pleased that, for the second year in succession, we were able to achieve our budget target for the 2003 financial year.

Two years of above inflation member subscription increases have enabled the Institute to meet the rising costs of regulation and effective international representation which, I believe, are vital if we are to retain our influence and reputation. However, there is little or no slack in our budgets and we must keep a very tight rein on our finances if we are to invest further in our strategic priorities.

You will see from our accounts that our future pension fund deficit as measured by FRS 17 has increased during the last year by over £4 million. We recognise the need to manage this situation proactively and this overall deficit in our pension fund will almost certainly involve additional costs of some £1.5 to £2.5 million per annum going forward from 2005.

Careful stewardship of our resources has enabled a steady increase in the level of investment in the activities that fulfil our commitment to support members

professionally and technically and we intend to continue this trend.

### Fulfilling our strategic aims

Throughout 2003, our staff and volunteer members worked hard to ensure that policymakers, opinion formers and the media have a better understanding of the accountancy profession. Our keen focus on quality assurance has become a priority for the profession globally.

Our technical leadership on professional platforms, through the International Federation of Accountants (IFAC) and the European Federation of Accountants (FEE), is providing the backbone to addressing global expectations of our profession. The Council's agreement to invest more resource in technical thought leadership has resulted in the launch of our major new campaign on *Information for Better Markets* and enabled us to offer greater practical help on important issues for members such as IAS and the money laundering regulations.

A review of our product and service portfolio during the year resulted in a number of revised and new tailored services such as the Practice Society. Our new *UK Business Confidence Monitor* is already securing a higher and more positive profile for our members. Promoted widely through our regional network, the *Monitor* has been well received by the media. Our *Enterprise Survey* and policy recommendations to Government were similarly well received, reinforcing our position as champions of enterprise.

We have also continued to build our qualification in line with market needs. Particularly exciting are the further development of our Common Content project with premier institutes in Europe

which will have an effect on our examinations in 2005, and the strategic relationships we are now developing in China. We are enhancing the portability of our qualification while maintaining quality and building our international profile.

#### **Our public interest role**

Internationally, the Office-Holders and I had numerous meetings with key regulators and policymakers to explain our system of professional regulation and commitment to high professional standards. These discussions build

Practice Assurance. Both schemes have been carefully designed with extensive member consultation to ensure that we develop new regimes which will involve minimal bureaucracy and will further enhance our standing as the pre-eminent body of chartered accountants.

In addition, we are asking members to support our two new initiatives on qualifications in IAS and corporate finance.

We are also starting to undertake a major strategic review for the Institute to

the needs of our members and the wider public who depend on the highest quality of service from our profession. I look forward to representing you as the voice of business and members of the world's leading professional accountancy body.



Eric Anstee  
Chief Executive

**“In 2003, the Institute continued to offer exceptional leadership in the professional and financial reporting arenas whilst delivering sound financial management of member resources.”**



a greater degree of trust – an important issue if we are to prevent unnecessary regulation of our profession. This will continue to form a significant part of my role as chief executive.

Equally important are the changes to the role of the Financial Reporting Council (FRC) resulting from the Government's review of our system of independent oversight. We are committed to the system working well and are ensuring that we are involved at every level in discussions on implementation.

#### **Our future**

2004 is an important year for the Institute. We will ask members to approve schemes to assure quality in the work of our members through a new approach for Continuing Professional Development (CPD) and a system of

identify and prioritise the action and implementation plans that we need to put in place for the next decade. This will need to re-establish our mission and ensure we continue to protect and enhance our influence and brand.

Externally, we shall, of course, also continue to work closely with the newly constituted FRC to ensure that regulation in this country remains world class, as well as undertaking the necessary international liaison to support our objectives.

I am grateful to my predecessor, Peter Owen, for his exceptional leadership through a very challenging time in the Institute's history. I inherited a stable organisation with sound budget and planning systems in place and a clear understanding that we exist to serve

## MEMBER SERVICES



**Virginia Burrell**, Director, Member Services

**The work of the Member Services Directorate in 2003 continued to centre around achieving its overall aim of providing relevant and effective advice, support and services that meet the needs of members. We have also been working to raise members' awareness of the services we offer and introduced a comprehensive *Guide to Member***

***Services*, which was sent to every member as part of their subscription renewal.**

### Presenting members' views

During 2003, two major business surveys – the new quarterly *UK Business Confidence Monitor* and the annual *Enterprise Survey* – formed the cornerstone of our commentary on important financial and economic issues. With widespread national and regional coverage, the 'voice' of members was heard and proved to be a highly effective way of promoting our chartered brand.

A number of major studies were conducted with members on topical issues such as the audit threshold, IAS, fraud and risk management. In addition, many members participated in telephone research providing views on the awareness, use and quality of Institute services and on quality assurance. Business clients provided valuable feedback on how they buy accountancy services and on the relative importance of marketing and promotion.

Our ability to consult with sectors of the membership on key issues, whether technical or business related, is an invaluable tool in reinforcing our members' roles as business advisers and leaders in the business community. Our sincere thanks to those members who continue to respond to our questionnaires. Your help in providing accurate data to us, via the member profile questionnaire, enables us to target our research and other services more accurately.

### A regional voice

Chartered accountants are among the key business leaders in every geographical area. As champions of enterprise, our members are crucial to the development of all sectors of industry and commerce as well as in helping to develop the regional economy. Our 10 regional offices act as the focal point for members' views and opinions and, as such, are the catalyst for the development of appropriate policy initiatives aimed at influencing Government agencies in their regions in the interests of business and economic growth. Additionally, through our increasing network of regional and local contacts we have been able to bring together a network of professionals to tackle specific issues. As ever, the District Societies have continued to offer opportunities for members to network locally and become involved in consultations and committee activities, as well as offering an ongoing programme of courses and events.

During the year, regional staff have focused on the needs of business and younger members as well as helping to run an extensive programme of training courses. High profile events included bringing together those involved in accessing finance for SMEs in virtually every region: a lively debate on the Euro involving the Rt Hon Kenneth Clarke QC MP is just one example. Regional launches of the business surveys also enabled a formal programme of meetings with MPs and a series of related seminars to take place.

### Focuses

The focuses' role is to aid consultation with members, both in the UK and overseas, on key policy-related areas such as CPD, Practice Assurance and international representation on the Council. The resulting input has clearly influenced policy formation in these areas.

“We have carried out a full review of the entire product portfolio in 2003 to ensure that we are able to offer value to members through the services we provide.”

### World class inclusive services

#### Library & information service (LIS)

The LIS continues to be the finest resource in the world for UK accounting, auditing and taxation, and represents a major benefit to members. Its extensive collection has been enhanced further during 2003 to meet the needs of members both in business and practice.

The digitisation programme progressed well in 2003. Legal resources now include

### Advisory services

Our Advisory Services are uniquely positioned, being exempt from the duty to report, and are dedicated to providing practical, impartial and expert advice to members on a wide range of technical, ethical and practice management issues. During 2003, more than 35,000 telephone enquiries were handled by the Advisory Services team and website views during the year doubled to over 90,000.



The city groups in Sydney and Kuala Lumpur, launched in 2002, are continuing to provide members with support and networking opportunities. The contact member network of 74 Institute members around the world supports members locally.

In 2003, the business focus established a public sector consultation panel to gain a better understanding of the views and needs of our members working in the public sector. Consultation forums were also held with members via the sole practitioners' day, *Standing out from the Crowd*, and younger members' days held in London and Leeds on the theme of *How do YOU achieve success?*

electronic sources for statutes, cases and legal commentary.

The information team handled some 21,000 enquiries on accounting, auditing, corporate finance and taxation during the year. They also shared their expertise during an evening seminar, *Leveraging information from the internet*, requested by members in business.

Our commitment to knowledge sharing saw valuable new online resources developed. Topics included money laundering, corporate governance and international standards on auditing. These provide round-the-clock, global access to LIS information and the online catalogue LibCat, at [www.icaew.co.uk/library](http://www.icaew.co.uk/library).

An important, highly topical issue that Advisory Services addressed during the year was to offer practical support and advice to practice and business members on the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003. A members-only enquiry line was established and two comprehensive helpsheets were developed.

Advisory Services also developed a helpsheet on the new Clients' Money Regulations and revised and updated the extensive library of other helpsheets available to members on the website. Working with the sole practitioner consultation panel, guidance which deals with the appointment of an alternate by a sole practitioner was revised and simplified.

### Library services

- > 21,000 enquiries
- > 7,000 book loans

- > 2,000 new titles added
- > 500,000 page views on website
- > 47,000 searches on LibCat

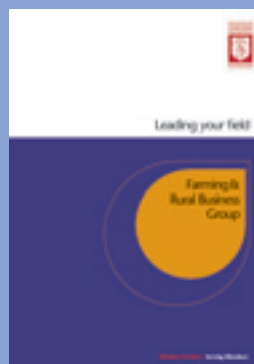
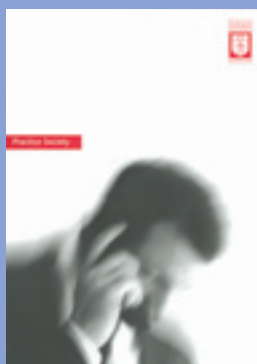
### Tailored products and services

During 2003, we continued to develop tailored services to meet the needs of members in specific industry sectors. Special interest groups provide members with practical support that is pertinent to their industry sector by offering bespoke events, electronic newsletters, helpsheets, technical advice and specific sector networks.

newsletter and negotiated discounts on a number of products and services. Since March 2003, over 1,500 firms have joined. There has also been a strong take up of our Practice Management Consultancy which offers impartial advice across a broad range of issues.

With the Money Laundering Regulations 2003 coming into effect on 1 March 2004, we ran a number of sell-out

We carried out a full review of the entire product portfolio in 2003 to ensure that we are able to offer value to members from additional services. Consequently, we launched new ranges of products across the areas of personal and business finance, home, motor and health and wellbeing. Details of all of these products can be found on our website at [www.icaew.co.uk/memberservices](http://www.icaew.co.uk/memberservices).



### Practice society

Practice Society was launched in March 2003 and is dedicated to supporting and promoting the interests of general practitioners. Subscribers benefit from a highly practical package of products and services, including a business support helpline that offers advice on VAT, tax, legal and personnel issues, a monthly

seminars around the country outlining the impact the new legislation would have on members. Following the success of these, more seminars were planned to run in March 2004. In addition, we produced an *Anti-Money Laundering Procedures and Training Manual*. Details can be found at [www.icaew.co.uk/moneylaundering](http://www.icaew.co.uk/moneylaundering).

The quality of the suppliers whose brands we associate with is important to us. All potential suppliers undergo a rigorous assessment and tendering process. As a result, we are pleased to have announced partnerships with the Royal Bank of Scotland Group, Aon Limited and BUPA.

The take up of these products and services among members is increasing and demonstrates that members value the services we offer.

#### Special interest groups – tailored services for a niche market

- > Charity and voluntary sector
- > Entertainment and media industry
- > Farming and rural business
- > Healthcare
- > Interim management (new in 2003)
- > Litigation support
- > Solicitors

### Introducing products and services

Our aim is to enhance members' business and personal lives by working with prestigious partners to provide an impressive choice of relevant products and services. Our decisions over the type of product and the supplier are influenced by an intention to provide services that represent good value to members, save time and/or are bespoke to the accountancy market.



## EDUCATION AND TRAINING



**Professor Brian Chiplin**, Executive Director, Education and Training

**2003 has been an extremely busy year for the Education and Training Directorate. The milestones achieved during the year include:**

- > the development of a new approach to CPD involving extensive consultation across the membership. The final scheme was approved by the Council at the end of the year ready for a members' vote at the Special Meeting in June 2004
- > the design, implementation and successful launch of a new Independent Directors Register
- > substantial enhancement of our international profile including continued significant progress on the Common Content project and developments in China
- > approval for a new initiative for a Certificate and Diploma in IAS to be launched with the approval of members at the Special Meeting in June 2004
- > proposals developed for an award in corporate finance.



During the year we continued to develop our day-to-day business to deliver practical benefits to students. Of particular importance were:

- > the redesign and refocus of the Financial Reporting learning materials for the 2004 examinations to prepare for the adoption of IAS in 2005 in the UK
- > the design and implementation of e-learning and e-assessment in accounting
- > a new ethics training package to reinforce the emphasis on this important component of our training.

Other improvements included an additional sitting of the Professional Stage exams in March, a new online ordering system for learning materials, a new product (*TACTICS*) aimed at helping Advanced Stage students with their revision, and the approval of a new appeals process together with simplified and modernised regulations.

### Continuing professional development

The new approach to CPD aims to make CPD relevant to all our members and better for business. It is an approach that focuses on each individual's own development and commitment to professionalism and builds on the experience and skills of all members.

The CPD consultation period closed in late October 2003 and the final scheme has been developed using the feedback received from members. The Council approved this scheme in December and the details are available on the Institute's website ([www.icaew.co.uk/newcpd](http://www.icaew.co.uk/newcpd)) and in hard copy. Members will have received further details on the scheme with their AGM papers and will have the opportunity to vote on the scheme in June 2004.

### Students

The long term future of the Institute is its students. We continue to attract the brightest and the best with 84.8% of our graduate intake having a First or Upper Second Class Honours Degree. The AAT Fast Track has proved successful. We continue to have a strong presence in smaller and medium-sized practices (sole practitioners and firms of 2-100 partners) which now account for 47% of our students.

### Independent directors register

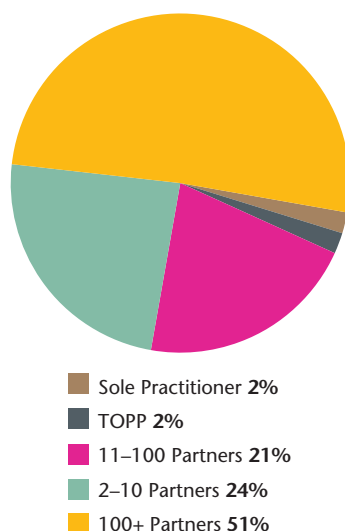
[www.icaew.co.uk/idregister](http://www.icaew.co.uk/idregister)

The Independent Directors Register, an online database of chartered accountants with business experience who are available to take up independent director roles, was launched in November 2003 to coincide with the introduction of the new UK *Combined Code on Corporate Governance*. The launch event was held at the DTI and Minister of State for Industry and the Regions, the Rt Hon Jacqui Smith MP, praised the programme as a positive contribution in the drive to ensure high standards of UK corporate governance. By the end of the year, over 1,000 members had registered with a small but growing number of appointments being made.

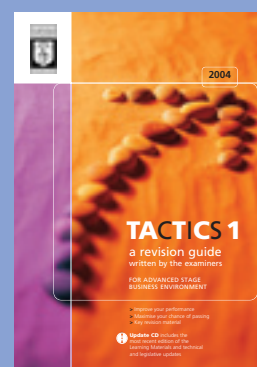
### International developments

The Common Content project, a collaboration with institutes in France, Germany, Italy, the Netherlands, Ireland and Scotland, developed significantly in 2003. 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. The participants have reached substantial agreement on the learning outcomes. Indeed, we at the Institute will be incorporating these into our examinations in 2005.

**Student body by type and size of training organisation**



We have made significant advances during the year in China following an initial visit in September 2003 by the President accompanied by Professor Brian Chiplin and our Technical Director, Robert Hodgkinson. We are forging a number of key strategic relationships at the highest level. The year ended with Professor Brian Chiplin being invited by the Assistant Minister of Finance, Madam Feng, who is responsible for all aspects of accounting in China, to attend and speak at a high-level international symposium in China on IAS.



**“The new approach to CPD aims to make CPD relevant to all our members and better for business.”**

## TECHNICAL STRATEGY



**Robert Hodgkinson**, Director, Technical

**Our technical reputation and influence are built on excellence, thought leadership and practical insight on both professional and business issues. We are recognised as pioneers of high quality global standards based on principles and professional judgement.**

Our technical activities throughout 2003, as in 2002, focused on promoting a better understanding of the profession and of the significant and ongoing reform programme we have been leading for a decade or more amongst policymakers, the media and the wider public.

Our work with IFAC and FEE intensified as the development of global standards for the profession, especially those aimed at raising audit quality, became more urgent. Ethics codes were revised and we worked on extending the application of our principles-based approach to objectivity and independence throughout the whole financial reporting chain.

We have concentrated on building relationships with regulators and policymakers to encourage more transparent dialogue and trust. We worked to facilitate trans-Atlantic dialogue between the US and EU regulatory authorities on important issues for the profession. In particular, we talked to the US Public Company Accounting Oversight Board (PCAOB), set up under the Sarbanes-Oxley Act, to explain the Institute's systems for audit registration, monitoring and discipline and further the Board's understanding of how it might rely on our systems for its purposes.

Details of all our activities can be found on [www.icaew.co.uk/technicalpolicy](http://www.icaew.co.uk/technicalpolicy).

### International accounting standards

One of the most urgent issues for business across the EU is the introduction of IAS in 2005. Furthermore, following the DTI's decision to allow unlisted companies to use IAS in their annual and consolidated accounts, businesses of all sizes will eventually be affected.

In May, our survey of members in business and practice showed that a worrying number were unaware of the impact IAS would have in the UK. Our top priority therefore, has been to ensure that members are aware of the commitment and practical actions necessary for implementation.

We recruited a full-time Head of IAS Implementation to undertake a series of awareness and knowledge raising initiatives. The dedicated website [www.iasknowledge.com](http://www.iasknowledge.com), a joint venture with the global publishing house Wolters Kluwer, became a primary resource for members, offering a free regular email update service. We also released a fourth update to *The Convergence Handbook*, our guide to the principal differences between UK GAAP and IAS.

The major implications of IAS for the UK tax system were addressed by the Tax Faculty which published a discussion paper on the issue in conjunction with the CBI, resulting in a new joint forum on the subject between the Inland Revenue and representative tax bodies.

**"We have concentrated on building relationships with regulators and policymakers to encourage more transparent dialogue and trust."**



We continued to provide members, relevant politicians and decision-makers with our policy briefings on difficult issues in IAS development such as financial instruments and insurance contracts. We also warned about the negative repercussions for EU capital markets if the EU endorsement process of IAS is derailed by sectoral considerations.

### Auditing

European Commission plans to introduce International Standards on Auditing (ISA) in the EU intensified our work with the International Auditing and Assurance Standards Board, the newly empowered standard-setter in this area, through a number of ongoing consultations aiming to update and improve global standards.

The Audit and Assurance Faculty developed a strategic and operational plan on ISA implementation and continues to work to share and promote best practice, for example in relation to fraud prevention and detection and internal audit effectiveness.

Within the UK, the Faculty commissioned a member survey to seek views on the likely benefits and drawbacks of an increase in the audit exemption threshold. The findings argued that the Government's case for raising the threshold was not proven and we warned against the unintended

consequences of proceeding with implementation.

### Money laundering

The money laundering regulations were laid before Parliament in November 2003, coming into force on 1 March 2004. The regulations increase the scope of who must report suspicions of money laundering and establish criminal sanctions for those who fail to comply. We had lobbied Government over the years to curb proposals that would prove difficult to implement. We have been working with the authorities to produce informative guidance that will help members understand their obligations under the regulations.

In order to help members address their new responsibilities, we redoubled our awareness raising campaign. Our interim guidance helped members during the period of uncertainty before the regulations were laid. The President wrote to all members working in the UK to alert them to the changes and we sponsored a special money laundering issue of *accountancy* magazine on the new regime, sent free of charge to all members in January 2004. Special guidance for tax practitioners was issued by the Tax Faculty. We also built up our helplines on these issues and began work on an *Anti-Money Laundering Procedures and Training Manual* and helpsheets ([www.icaew.co.uk/moneylaundering](http://www.icaew.co.uk/moneylaundering)).





### Corporate reporting

The European Commission brought forward its legislative activity under the EU Financial Services Action Plan in 2003. Our Corporate Finance Faculty took the lead in promoting our concerns on the Commission's various proposals, particularly on the Transparency Directive which proposed mandatory quarterly reporting for listed companies and reduced reporting timetables. While supporting the principle of greater transparency in financial reporting, we were unconvinced that a regime of mandatory quarterly reporting would best serve investors. The Commission subsequently announced that it would relax the regime in favour of quarterly trading updates.

### Pushing back the boundaries of business reporting

Improving the quality of business reporting in the public interest has been an important objective for the profession in restoring public confidence. We took the lead and launched a major ongoing campaign *Information for Better Markets* to progress and improve business reporting beyond current models which do not satisfactorily address market needs.

Our first publication of the campaign, *Prospective Financial Information: Guidance for UK Directors*, provides practical guidance for directors in an important area of market reporting and was



welcomed by the UK Listing Authority and the Takeover Panel. Our second publication, *New Reporting Models for Business*, looks at recent proposals for major changes to business reporting. Further reports will follow on sustainability, and also digital reporting which builds on important work by the Faculty of Information Technology on XBRL, the electronic financial language.

In response to the emerging sustainability agenda, the Faculty of Finance and Management issued a report considering four aspects of corporate social responsibility – strategy, reporting, communication and accounting – and their implications for members in business. This was followed up with a debate with speakers from the City, business, the profession and Government.



### Corporate governance

During the year, greater responsibility was placed worldwide on audit committees and non-executive directors to improve corporate governance. Our work on the revision of the UK *Combined Code* prompted us to produce a comprehensive series of booklets on *Guidance for Audit Committees*, copies of which were widely distributed amongst UK listed companies. Europe-wide, we worked with FEE on the *Financial Reporting and Auditing Aspects of Corporate Governance* as well as providing input to the European Commission's Action Plan on Company Law and Corporate Governance.

### Champions of enterprise

We were very active in promoting issues relevant to small and medium-sized enterprises (SMEs) which account for over 95% of the UK's 3.7 million businesses. In October, we issued a landmark policy paper *Entrepreneurship: the key to growing the SME sector*, in which we called on Government to conduct a fundamental review of legislation affecting SMEs and to 'think small first'.

Our stance was backed by our annual *Enterprise Survey 2003: UK Business Growth, Plans and Barriers* which indicated that legislative change costs, on average, £11,000 per business annually. SME financing issues were addressed in our recommendations to the Government's consultation *Bridging the Finance Gap*, in which we suggested practical ways that early-stage companies could access additional funding.

## PROFESSIONAL STANDARDS



**Sally Hinkley**, Executive Director, Professional Standards

**Following the major corporate failures in America, the UK Government published its *Review of the Regulatory Regime of the Accountancy Profession* in January 2003. The Institute has worked closely with the DTI on the review and to implement its recommendations, and to develop even stronger arrangements for oversight, standard-setting and inspection under a reconstituted FRC. The new arrangements will draw on the Institute's existing powers under its Charter to discipline our members, and will renew our existing responsibilities for regulation as a Recognised Supervisory Body under Companies Act legislation.**

To support the new arrangements, we have worked with other CCAB Bodies to establish a new Accountancy Investigation Discipline Board (AIDB). This will work within the FRC to investigate matters which raise important issues affecting the public interest which would until now have been referred to the Joint Disciplinary Scheme (JDS). We have also helped develop detailed proposals for the new Audit Inspection Unit (AIU) which, in phases from 2004, will take over responsibility for the inspection of major listed company and other major audits. The AIU will work closely with the Institute, which will remain responsible for the inspection and monitoring of all other audits.

On the international stage, the Institute has been engaged in discussions with the European Commission and with US regulators to help provide a basis for co-operation between regulators for firms with international networks.

In 2003, our aim has been to work closely with Government, the FRC and the other accountancy bodies to ensure the new UK regime will be effective and practicable. 2004 will be a year of implementation, following enactment of a new Companies Bill to effect these changes.



In support of wider change, Professional Standards has reorganised into two key Directorates:

- > Professional Conduct Directorate (PCD), formerly Professional Standards Office, which registers firms in the regulated areas and insolvency practitioners, and is responsible for regulation, investigation and discipline and deals with complaints relating to members and member firms, and
- > Quality Assurance Directorate (QAD), formerly the Joint Monitoring Unit, which reviews and monitors firms in the regulated areas and is also supporting the design of Practice Assurance through pilot testing. A central team leads on the Practice Assurance project, on regulatory policy and provides business support.

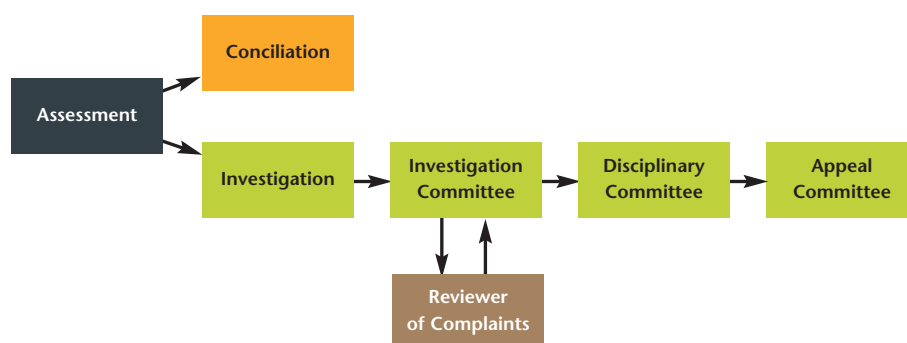
### Professional conduct directorate

PCD handles the investigation of complaints about the professional conduct of members and member firms and exercises the Institute's responsibilities under statute for regulating insolvency practitioners and firms for audit and non-mainstream investment business. Disciplinary action is concerned with the allocation of responsibility for failures, with punishment as appropriate, to protect both the chartered accountant brand and the public. Regulatory activity (which relies on the reports on monitoring visits by QAD) is designed to ensure that preventative action is taken to maintain standards.

PCD receives complaints against members and firms from a variety of external sources, including Institute members. In addition, cases are opened as a result of press monitoring and internal regulatory and disciplinary processes. PCD opened around 1,600 new cases in 2003.

Somewhat over half of the complaints against members or firms disclose a potential liability to disciplinary action. Of these, about 40% are resolved by conciliation. The remaining 60% are either not suitable for conciliation or are of a sufficiently serious nature to require investigation with a view to disciplinary action. Of the cases reported to the Investigation Committee, 110 resulted in disciplinary action in 2003.

### The complaints handling process



In addition, another important PCD activity is to protect the brand by taking action against people who wrongly describe themselves as chartered accountants. About 50 instances of this come to our attention each year. In each case, PCD writes to the person who has been misdescribing him or herself, seeking a signed undertaking that he or she will not do so in future. If this is not forthcoming, or if the person continues to do so in spite of signing an undertaking, legal action is initiated. During 2003, PCD has publicised this work in *accountancy* magazine to encourage members to report any instances of misrepresentation that come to their attention.

### Quality assurance directorate

The Directorate is primarily responsible for the monitoring of firms registered with the Institute for audit and investment business and, with effect from 1 January 2005, also of insolvency

practitioners. The QAD will also be responsible for Practice Assurance review visits pending approval by members at the Special Meeting in June 2004. QAD carried out a total of 1,143 monitoring visits in 2003, including those on behalf of other bodies.

### Audit regulation

There are about 6,300 firms registered by the Institute for audit. During 2003, 916 audit monitoring visits to these firms were carried out.

The Audit Registration Committee (ARC) withdrew registration from 24 firms and accepted the voluntary surrender of registration by a further 13 firms following monitoring visits. Restrictions were placed on the registration of 78 firms and around 40 regulatory penalties were issued following consideration of monitoring visit reports.

**“Professional standards underpin the reputation of our members and protect the public. In a rapidly changing world, upholding ethical and professional standards is key to maintaining public confidence in the chartered accountant brand. Practice Assurance will take our quality assurance forward another step.”**

During 2004, the monitoring of audits of economically significant entities (e.g. major listed companies) will start to be undertaken by the new AIU that has been established under the FRC. The AIU's reports on its monitoring visits to Institute-registered firms will – alongside those of QAD – continue to be made to the Institute's ARC, which remains responsible for registration of auditors and for taking any necessary regulatory action, under the Institute's responsibilities as a supervisory body recognised by the Secretary of State.

During 2003, the QAD has been working closely with the FRC and the DTI to ensure that visits to firms, whether under the auspices of the AIU or QAD, proceed smoothly during the period of the AIU's development, and beyond.

#### Insolvency regulation

Around 700 individuals are licensed to conduct insolvency work by the Institute.

A total of 150 monitoring visits were conducted during the year to insolvency practitioners licensed by the Institute. The Insolvency Licensing Committee decided to remove one insolvency licence, placed restrictions on 15 licences and issued 13 regulatory penalties in 2003.

To assist firms, the Institute has worked with the Joint Insolvency Examination Board in revising its rules to make it simpler for firms to train staff who are not Institute members to become licensed insolvency practitioners.

#### Investment business regulation

About 3,100 firms are licensed by the Institute to conduct non-mainstream investment business work and 107 monitoring visits were carried out to these firms in 2003, and a further four pension transfer review visits. The Investment Business Committee did not have occasion to take any regulatory

action during 2003 as a result of non-mainstream investment business monitoring. However, one firm's licence was withdrawn as a result of failure to submit an annual return. Two regulatory penalties were issued arising from pension transfer reviews.

The Government is introducing regulations covering Mortgages and General Insurance from October 2004. The Institute has worked intensively in making representations to the Treasury and the Financial Services Authority to try to ensure that these new regulations are implemented in a practical and workable fashion.

#### Practice assurance

Practice Assurance forms part of the Institute's overall quality assurance programme and is closely aligned with the proposed changes to CPD for our members. It aims to provide all members in practice with principles and standards against which they can review, assure and improve their work.

Following the Council's decision in December 2001 to develop proposals for a compulsory scheme of Practice Assurance, the Institute has continued extensive consultation with members to develop a relevant and effective scheme. All members will be eligible to vote at the Special Meeting to be held in June 2004, on changes to the Institute's Bye-laws, which will be required in order to bring the scheme into operation.

Over 25 pilot visits have been successfully carried out to volunteer firms of different sizes, with very positive results.

Practice Assurance will enhance the chartered accountant brand by:

- > demonstrating to others what we already know – that not only do ICAEW chartered accountants in practice hold



the premier professional business qualification, but they also back this up with the highest ethical standards, quality service and business expertise

- > allowing the Institute to support members in practice in their commitment to maintain the quality of their professional services to the public
- > enabling the Institute to assist firms in promoting themselves more effectively
- > demonstrating to the business community and the wider public, our commitment to upholding and developing professional standards that command public confidence.



## FINANCE AND OPERATIONS



**Michael Izza**, Chief Operating Officer

**The Institute's gross income for 2003 increased by 6.3% to £47.1 million (2002: £44.3 million). The retained surplus for the year was £0.54 million compared with a like-for-like deficit of £1.26 million in 2002 (after eliminating the exceptional profits and tax charges associated with the sale of ABG Professional Information in 2002). The result**

**includes a further year of higher than expected case costs from the Joint Disciplinary Scheme in respect of existing cases (up £0.6 million compared with 2002), partially offset by fines and cost recoveries of £1.2 million (2002: £1.1 million), primarily from the completed investigation into Wickes.**

The Institute's balance sheet remains strong. Despite a further decrease in the value of Chartered Accountants' Hall, net assets at the end of the year were £37.0 million (2002: £37.9 million). Net cash outflow before movement on short term investments for the year was £11.5 million (2002: £1.3 million) as a result of settling the taxation liabilities arising on the sale of ABG Professional Information in 2002 and the timing of membership subscription renewals. Excluding these two items, the cash position for the year was broadly neutral.

### Subscriptions and other income

Subscriptions and fees increased by 21%, reflecting a 1.6% increase in membership numbers and the approved increase in rates for 2003. Membership numbers continue to increase and at the end of the year stood at 125,643 (2002: 123,654).

Income from subscription based services and commercial activities rose by £0.4 million to £4.8 million. Income from self financing activities (Student Education and Training, Practice Regulation and

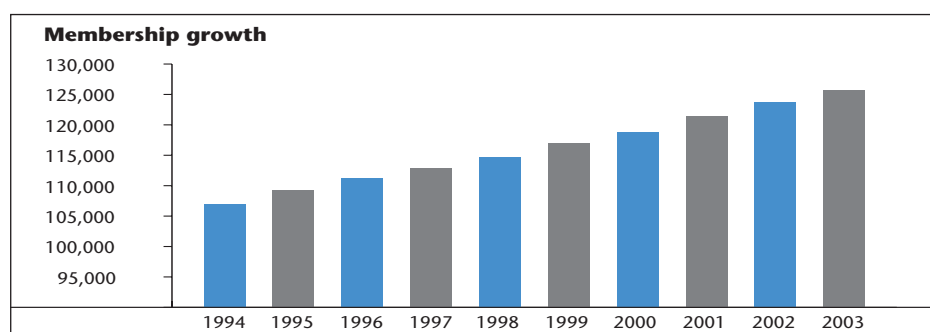
**"We have continued to develop the key priorities for the Institute while driving operating efficiencies and cost savings throughout the organisation."**

Faculties) fell by £1.9 million to £16.1 million in line with planned business changes.

Licence fee income amounted to £1.85 million (2002: £1.85 million) in the year arising from our strategic alliance with Wolters Kluwer.

### Operating activities

The fee increases approved by the members in 2003, have enabled us to continue developing the key priorities for the Institute while driving operating efficiencies and cost savings throughout the organisation. Central and administration costs reduced by £0.8 million before overhead recoveries to £15.3 million (2002: £16.1 million). Full time equivalent headcount has increased overall during the year from 425 to 428 (fallen from 488 to 486 including Library and JMU staff who have employment contracts with the Institute). At the same time the number of employees in the central and administrative areas has fallen from 182 to 178.



### Investment income and taxation

Low interest rates have continued to affect our investment income during 2003. We have achieved non-equity investment returns of 3.8% for the year as a whole (2002: 4.0%), maintaining the majority of our funds available in cash and near cash instruments in line with the Institute's low risk investment strategy. Our equity portfolio yielded gross dividends of 2.7% (2002: 2.2%).

The Institute's 2003 tax charge on its non-mutual activities (investment and licence fee income and trading with non-members) has been reduced by Gift Aid payments to the Chartered Accountants' Trust for Education and Research. Agreement with the Inland Revenue on the liability arising on the sale of ABG Professional Information in 2002 has contributed substantially to a credit of £0.5 million in respect of prior years.

### Balance sheet and cash flows

Net assets at 31 December 2003 were £37.0 million (2002: £37.9 million). The valuation of Chartered Accountants' Hall has fallen for the second year in succession to £8.1 million, reflecting a substantial reduction in City property rentals. The reduction of £1.8 million has been dealt with as a reduction in revaluation reserves. The effect of this reduction is offset by increases in the value of the Institute's equity portfolio (up 12.5% to £3.8 million) and an increase in the value of the Rare Book Collection by £0.3 million.

Current cash and short term investment levels have fallen by £11.5 million as a result of the payment of tax liabilities following the disposal of ABG Professional Information in 2002 and the timing of membership renewals. Current liabilities have fallen by a similar amount.

### Information technology

Implementation of our new membership systems has continued apace and is starting to deliver a more integrated approach to managing our whole relationships with members and firms. Phases encompassing national and regional events booking and audit and insolvency registration have been completed during 2003.

Visits to our website from members, students and others continue to show upward trends. Online activities such as payments of fees and subscriptions and release of examination results are proving popular.

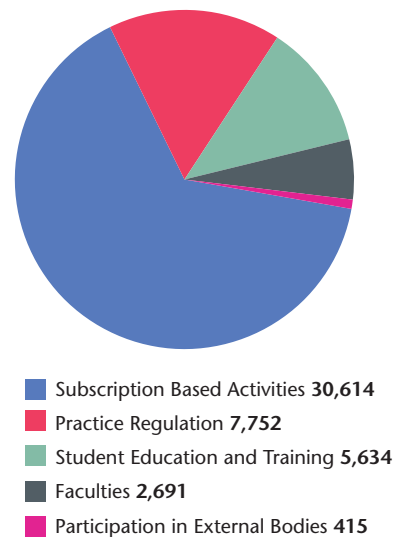
### Property services and facilities

Property Services and Facilities has completed a new long term maintenance plan for Chartered Accountants' Hall. Major projects have been undertaken during 2003 to repair the Great Hall roof, replace the boilers and upgrade electrical supplies. All have been achieved within budget and without significant disruption to the daily running of the building.

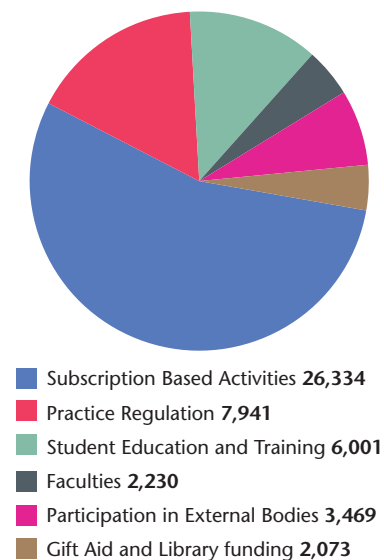
A strategic review of our property requirements in Milton Keynes has started in anticipation of the lease on our Silbury Court premises (which houses the Professional Standards Directorates) coming to an end in 2007.

We continue to market and promote our excellent public facilities at Chartered Accountants' Hall and are pleased that both room bookings and esca, our restaurant, have continued to perform satisfactorily.

### Operating income 2003 (£'000)



### Operating expense 2003 (£'000)



## TREASURER'S REPORT

### Overview

**It is pleasing to report a satisfactory financial outcome for the year, my first as Treasurer. Once again members will not be surprised to learn that the Institute faced substantial challenges during the year. Changes in membership subscription patterns, lower than expected investment income returns and a further year of higher than anticipated case costs from the Joint Disciplinary Scheme, emphasise the continuing need for vigilance and tight financial management.**

Our planning, forecasting and management reporting processes are well established with both The Board and with the Council. I am grateful to Michael Izza, our Chief Operating Officer, for the rigour and candour with which he engages the Council throughout the year.

I would like to thank Peter Smith, my predecessor as Treasurer, for his contribution and wisdom over the past two years and to wish him well for the future.

### International accounting standards

The Institute will adopt IAS from 2005. Preparation is already under way with initial briefings to The Board during 2003 and a continuous programme of training and assessment. I am pleased that our finance and technical strategy teams have been working together to produce a practical case study of how we are going about preparing for implementation in 2005 and an initial assessment of the likely impact on the Institute's financial reporting. The case study is published at [www.icaew.co.uk/technicalpolicy](http://www.icaew.co.uk/technicalpolicy) and will be updated regularly between now and 2005.

### Pensions

Despite a marked improvement in the world's capital markets during 2003, the funding deficit on our defined benefit pension arrangements increased substantially, mainly reflecting an increase in forecast price inflation from 2.25% to 2.75% and an actuarial re-assessment of life expectancy after

retirement. This year's FRS 17 disclosures show a deficit at 31 December 2003 of £26.6 million compared with £22.2 million at the end of 2002.

As we have reported in previous years, we agreed to increase employer cash contributions to the scheme by £1.3 million during 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, secondly by increasing employee contributions by 1% from the end of 2002 and thirdly by limiting the future pension entitlement for members of the scheme with less than ten years' service.

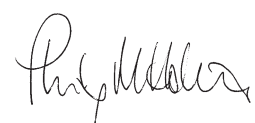
The next full actuarial valuation of the scheme is due to take place in 2004. The indication from our actuaries is that we should be planning to increase employer contributions by between £1.5 million and £2.5 million a year from the start of 2005. Our current reserves of £37.0 million are substantially earmarked for continuing operations and for future investment to maintain and increase our reputation and income. Consequently, the funding of the pension deficit will need to be drawn from the Institute's future income streams.

### Outlook for 2004 and beyond

The challenges for the Institute will undoubtedly increase again in 2004. The current strategic review will reset the objectives for 2005 and onwards and will require your Council to re-appraise our future priorities and funding needs.

Continuing global concern over failures in corporate governance and control require us more than ever to promote the importance and value of our profession and in particular its reputation for excellence and high ethical standards. The unprecedented pace of change in worldwide accounting and auditing standards and regulation places a great responsibility on the Institute to continue to provide technical thought leadership and effective support for all our members in business and practice. It is vital that the Institute's international reputation is sustained and developed further.

The demands on our resources are ever increasing. I am pleased that continual efforts are being made to improve the efficiency and effectiveness of the way the Institute manages its affairs. As members, we should all be concerned to ensure that our Institute is properly funded in these challenging times so that it has the resources to address these major issues effectively on our behalf.



Philip Hollins  
Treasurer  
16 March 2004

## SUMMARY FINANCIAL STATEMENTS

**Summary Revenue Account**

for the year ended 31 December 2003

Note	Income £'000	Expenditure £'000	2003 Net £'000	2002 Net £'000
<b>Subscriptions and other income</b>				
Subscriptions and fees	23,932	–	23,932	19,772
Licence and data access fees	1,850	–	1,850	1,850
	<b>25,782</b>	<b>–</b>	<b>25,782</b>	21,622
<b>Subscription based services</b>				
Members' Education and Training	662	(2,740)	(2,078)	(1,385)
Professional Standards	664	(3,019)	(2,355)	(2,154)
Member Services	1,978	(7,875)	(5,897)	(5,836)
Technical Strategy	226	(3,361)	(3,135)	(2,548)
Central Activities	1,302	(9,339)	(8,037)	(7,315)
	<b>4,832</b>	<b>(26,334)</b>	<b>(21,502)</b>	(19,238)
<b>Self financing activities</b>				
Student Education and Training	5,634	(6,001)	(367)	(206)
Practice Regulation	7,752	(7,941)	(189)	(531)
Faculties	2,691	(2,230)	461	367
	<b>16,077</b>	<b>(16,172)</b>	<b>(95)</b>	(370)
<b>Participation in External Bodies</b>	<b>415</b>	<b>(3,469)</b>	<b>(3,054)</b>	(2,073)
<b>Gift Aid and Library funding</b>	<b>–</b>	<b>(2,073)</b>	<b>(2,073)</b>	(1,900)
<b>Totals of income and expenditure</b>	<b>47,106</b>	<b>(48,048)</b>		
<i>(2002 Totals of income and expenditure</i>	<i>44,322</i>	<i>(46,281))</i>		
<b>Operating deficit</b>			<b>(942)</b>	(1,959)
Sale of ABG Professional Information – discontinued operations			269	22,181
Net realised and unrealised gains/(losses) on listed investments			110	(1,158)
Investment income			930	953
<b>Surplus before taxation</b>			<b>367</b>	20,017
Taxation			77	(5,522)
<b>Net surplus after taxation</b>			<b>444</b>	14,495
Add back: deficit attributable to self financing activities			95	370
<b>Net surplus transferred to accumulated fund</b>			<b>539</b>	14,865



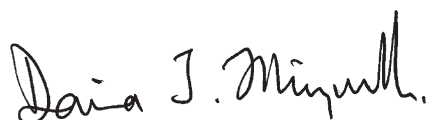
## SUMMARY FINANCIAL STATEMENTS

**Summary Balance Sheet**

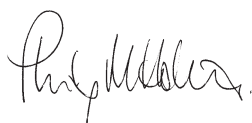
at 31 December 2003

Note	2003 £'000	2002 £'000
1 <b>Fixed assets</b>	<b>37,705</b>	37,977
2 <b>Current assets</b>	<b>20,208</b>	33,995
3 <b>Creditors:</b> amounts falling due within one year	<b>(13,180)</b>	(25,659)
<b>Net current assets</b>	<b>7,028</b>	8,336
<b>Total assets less current liabilities</b>	<b>44,733</b>	46,313
<b>Provisions for liabilities and charges</b>	<b>(7,781)</b>	(8,428)
	<b>36,952</b>	37,885
<b>Reserves</b>		
4 Revaluation reserve	<b>8,496</b>	9,942
4 Investment revaluation reserve	<b>403</b>	300
4 Accumulated fund	<b>20,688</b>	20,183
	<b>29,587</b>	30,425
Reserves retained by self financing activities	<b>7,365</b>	7,460
	<b>36,952</b>	37,885

Approved on behalf of the Council



David J. Illingworth  
President  
16 March 2004



Philip Hollins  
Treasurer

## SUMMARY FINANCIAL STATEMENTS

### Summary Cash Flow Statement

for the year ended 31 December 2003

Note	2003 £'000	2002 £'000
<b>Cash flow from operating activities</b>	<b>(6,811)</b>	4,266
Income received on investments	1,501	200
Taxation	(5,480)	(199)
Purchase of tangible fixed assets	(1,745)	(1,097)
Sale of tangible fixed assets	4	16
Purchase of long term investments	(17)	(16,031)
Sale of ABG Professional Information	1,000	11,613
<b>Cash flow before net purchases of short-term investments</b>	<b>(11,548)</b>	(1,232)
Net sales of short-term investments	11,433	1,076
Net decrease in cash in the year	(115)	(156)

### Notes to the Summary Financial Statements

for the year ended 31 December 2003

1. Fixed Assets	2003 £'000	2002 £'000
<b>Net book amounts</b>		
Freehold property	10,921	12,917
Short leasehold property	71	89
Silver collection and antiques	3,375	3,059
Furniture, computers and equipment	2,910	2,506
Investments in subsidiaries and related undertakings	3	3
Other investments	20,425	19,403
	<b>37,705</b>	<b>37,977</b>

### 2. Current Assets

Current assets at 31 December 2003 include deferred consideration of £8.5 million (2002: £9.5 million) following the sale of the business of ABG Professional Information, of which £7.5 million (2002: £8.5 million) 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 2003 include corporation tax liabilities of £346,000 (2002: £6,055,000 in respect of the sale of the business of ABG Professional Information).

### 4. Reserves

	Revaluation Reserve 2003 £'000	Investment Reserve Revaluation 2003 £'000	Accumulated Fund 2003 £'000	Total 2003 £'000
Revenue Account surplus	—	—	539	539
Net change in market value of long-term investments over cost	—	433	—	433
Deferred tax attributable to above	—	(131)	—	(131)
Reclassification of gains realised in the year	—	(199)	199	—
Reclassification of freehold depreciation	233	—	(233)	—
Decrease in valuation of tangible fixed assets	(1,679)	—	—	(1,679)
	(1,446)	103	505	(838)
Reserves at 1 January	9,942	300	20,183	30,425
Reserves at 31 December	8,496	403	20,688	29,587

The Accumulated Fund at 31 December 2003 includes the net surplus of £16,395,000 arising from the sale of the ABG Professional Information business in January 2002, which the Council has determined as not currently being available for general purposes.

## SUMMARY FINANCIAL STATEMENTS

### 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 the 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 2003.

### Independent Auditors' Statement to the Members of The Institute of Chartered Accountants in England and 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. This report is made solely to the Institute's members, as a body. Our audit work has been undertaken so that we might state to the Institute's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's members as a body, for our audit work, for this report or for the opinions we have formed.

### Respective Responsibilities of the Council and Auditors

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

### Basis of Audit Opinion

We have conducted our work in accordance with Bulletin 1999/6 *The auditors' statement on the summary financial statement* issued by the Auditing Practices Board for use in the United Kingdom.

### Opinion

In our opinion the summarised financial statements are consistent with the full Annual Accounts of The Institute of Chartered Accountants in England and Wales for the year ended 31 December 2003.



RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors  
London  
16 March 2004

## LIST OF COUNCIL MEMBERS

as at 31 December 2003

NB: The attendance record at meetings of the Council in 2003 is shown alongside each member (actual/possible).

President

**David Illingworth (7/7)**

Senior Adviser, KPMG LLP

Deputy-President

**Paul Druckman (7/7)**

Managing Director, Orange Consulting

Vice-President

**Ian Morris (7/7)**

Partner, Morris & Co.

**Barry Alexander (4/7)**

Elected, London

Director, Fisher Corporate plc

**Debbie Anthony (4/4)**

Co-opted, Chairman of Education and Training Board

Partner, Deloitte. LLP

**Andrew Baigent (7/7)**

Elected, London

Director, National Audit Office

**Arthur Bailey (7/7)**

Elected, Staffs Salop and Wolverhampton Consultant, Bentley Jennison

**Geoff Barnes (5/7)**

Co-opted, Senior Partner of a 'Group A' firm international organisation

Chief Executive Officer and President, Baker Tilly International

**Carl Bayley (2/2)**

Co-opted, member in Scotland

Partner, Bayley Consulting

**Paul Beeson (3/4)**

Elected, Sheffield

Partner, Shorts

**Tony Bennewith (5/7)**

Elected, South Eastern

Sole Practitioner, A J Bennewith and Co.

**Peter Blackie (6/7)**

Co-opted, European Commission

Adviser, European Commission

**Brian Boswell (6/7)**

Elected, Birmingham and West Midlands

Chief Executive, Meridian Resources

**Evie Bowyer (4/7)**

Elected, London

Director, EVB Training Consultancy Ltd

**David Brigham (6/7)**

Elected, Humberside and District

Group Financial Controller, East Riding Holdings Company

**Rob Bryant (6/7)**

Elected, London

Sole Practitioner

**Gavin Casey (4/4)**

Co-opted, senior member in business

Chairman, Tragus Holdings Limited

**Richard Chapman (6/7)**

Elected, Staffs Salop and Wolverhampton

Managing Director, Paterson Photographic Ltd and various engineering companies

**Ian Cherry (6/7)**

Elected, North West

Director, A I Cherry

**David Chitty (7/7)**

Elected, Croydon

Partner, Chantrey Vellacott DFK

**John Clements (6/7)**

Elected, East Anglian

Non-Executive Director

**John Collier (4/4)**

Elected, London

Consultant, Glenn Irvine International Executive Search

**Tony Cooper (6/7)**

Elected, Sheffield

Group Finance Director and Company Secretary, Henry Boot plc

**Dennis Cox (5/7)**

Elected, London

Managing Director, Risk Reward Ltd

**Nick Cudmore (4/4)**

Elected, Humberside and District

Partner, Oxley Coxon

**Aubrey Davies (4/7)**

Elected, Liverpool

Partner, Aston Hughes & Co

**Graham Durgan (7/7)**

Elected, Thames Valley

Chief Executive/Chairman, Foulks Lynch

**Richard Dyson (7/7)**

Elected, Manchester

Member, Ernst & Young LLP

**Maurice Ede (6/7)**

Elected, South Eastern

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

**Prof. Stella Fearnley (7/7)**

Elected, Southern

Professor of Accounting, University of Portsmouth

**Victoria Fryer (6/7)**

Co-opted, younger member

Partner, Naylor Wintersgill

**David Furst (6/7)**

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

Senior Partner, Horwath Clark Whitehill

**Bill Graham (6/7)**

Elected, Northern

Non-Executive Director

**Bruce Gray (5/7)**

Elected, Croydon

Sole Practitioner

**Michael Greenwood (7/7)**

Elected, North West

Business Manager

**Michael Groom (5/7)**

*Ex officio* – Past-President

Non-Executive Director

**Howard Gross (5/7)**

Elected, London

Chief Executive, Gross Klein

**Martin Hagen (5/7)**

Elected, West of England

Office Senior Partner, Deloitte. LLP

**Barrie Harding (6/7)**

Elected, South Essex

Sole Practitioner

**Richard Harwood (7/7)**

Elected, Birmingham and West Midlands

Principal, Harwoods

**Michael Hawley (7/7)**

Elected, Nottingham Derby and Lincoln

Principal Lecturer in Accounting, Nottingham Business School



**Ian Hayes (6/7)**

Elected, London  
VAT Partner, Buzzacott

**Marion Hodgkiss (2/4)**

Elected, Liverpool  
The Financial Training Co. Ltd.

**John Holdstock (6/7)**

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

**Peter Holgate (4/7)**

Elected, London  
Partner, Kingston Smith

**Philip Hollins (7/7)**

Elected, London  
Partner, Hacker Young

**Alistair Hollows (7/7)**

Elected, Manchester  
Financial Services Consultant

**Paul Hubbard (7/7)**

Co-opted, member in EU  
Audit Director, KPMG LLP

**Nigel Hughes (3/4)**

Elected, Beds Bucks & Herts  
Managing Director, Totteridge Associates Ltd

**David Hunt (7/7)**

Elected, Nottingham Derby and Lincoln  
Management training consultant/presenter,  
after-dinner/conference/course speaker

**Simon Hurst (7/7)**

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

**Peter Jenkins (3/4)**

Elected, London  
Group Finance Director, Numerica Group plc

**Surinder Kaul (4/4)**

Elected, London  
Sole Practitioner, Wular Kaul & Co

**Adrian Keene (7/7)**

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

**Jeremy Knight (3/7)**

Elected, South Eastern  
Sole Practitioner

**Duncan Learmouth (2/7)**

Co-opted, member in business  
Head of Investor Relations,  
GlaxoSmithKline plc

**Mark Lee (3/4)**

*Ex officio* – Chairman of Tax Faculty  
Director of Tax Services, WJB Chiltern plc

**Howard Leigh (5/7)**

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

**Neil Lerner (3/7)**

Co-opted, Chairman of Ethics Committee  
UK Head of Risk Management, KPMG LLP

**Robin Liddell (7/7)**

Elected, Northern  
Director, RS Liddell Consulting Ltd.

**Hilary Lindsay (7/7)**

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

**Alan Lindsey (6/7)**

Elected, London  
Sole Practitioner, Alan Lindsey and Co.

**Tony Lomas (0/0) See note 1**

Co-opted, Chairman of Insolvency  
Practitioners Committee  
Deputy Leader, Business Recovery Services  
Division, PricewaterhouseCoopers LLP

**David McBride (6/7)**

Elected, London  
Deputy Director General, Institute of Quality  
Assurance

**John Malthouse (5/7)**

*Ex officio* – Chairman of Practice Society  
Committee  
Principal, Malthouse & Co.

**Cameron Maxwell (6/7)**

Elected, South Essex  
Finance Director, InvestinMedia plc

**Robert Millea (6/7)**

Elected, East Anglian  
Retired/Non-Executive Director and Clerk

**Geoffrey Mitchell OBE (5/7)**

Co-opted, Chairman of Technical Strategy  
Board  
Director, Finance Projects, Barclays plc

**Peter Mitchell (4/7)**

Elected, Beds Bucks & Herts  
Senior Partner, Peter Mitchell & Co;  
Chairman, Society of Professional Accountants

**Sheilagh Moffat (7/7)**

Elected, Birmingham and West Midlands  
Partner, Moffat Gilbert

**Prof. Peter Moizer (3/7)**

Co-opted, academic  
Professor of Accounting, Leeds University

**Alun Morgan (7/7)**

Elected, South Wales  
Director, PCP Limited

**Tony Morwood-Leyland (2/2)**

Co-opted, London  
HM Customs & Excise Large Business Group

**Sam Narula (2/7)**

Elected, South Eastern  
Sole Practitioner

**Geoff Norman (1/7) See Note 2**

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

**Nick Parker (3/7)**

Elected, Southern  
Regional Director of Tax, Tenon

**Clive Parritt (5/7)**

Elected, London  
Chairman, Baronsmead VCT2 plc and  
Non-Executive Director

**Philip Pawson (6/7)**

Elected, West Yorkshire  
Barrister, lecturer and consultant

**Christopher Pearce (4/7)**

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

**Geoffrey Piper (3/4)**

Elected, Liverpool  
Chief Executive, The North West Business  
Leadership Team

**Andrew Ratcliffe (3/7)**

*Ex officio* – Chairman of Audit and Assurance  
Faculty  
Partner & Chairman, Global Board,  
PricewaterhouseCoopers LLP

**Nigel Richens (5/7)**

Elected, Manchester  
Partner, PricewaterhouseCoopers LLP

**Gerald Robinson (6/7)**

Elected, South Wales  
Sole Practitioner

**Peter Rosewell (5/7)**

Elected, West of England  
Consultant and Non-Executive Director

**Michael Sherry (6/7)**

Elected, London  
Tax Counsel

**Mark Spofforth (7/7)**

Elected, South Eastern  
Partner, Spofforths

**Harry Stern (6/7)**

Elected, London  
Consultant, FSPG

**Michael Trigg (5/7)**

Elected, South Western  
Lecturer, Exeter Business School

**Paul Wagstaff (5/7)**

Elected, Thames Valley  
Senior Partner, Wagstaffs

**David Walker (7/7)**

Elected, West Yorkshire  
Director, Botting and Co Ltd

**Jatinder Wasu (3/7)**

Elected, London  
Principal, Sterling Hay

**Robert Webb (6/7)**

Elected, West Yorkshire  
Director and Consultant

**Jan Weber (6/7)**

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

**Eric Wiles (7/7)**

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

**Fiona Wilkinson (4/4)**

Elected, South Western  
Principal, Wilkinsons

**Peter Wyman (5/7)**

*Ex officio* – Past-President  
Partner, PricewaterhouseCoopers LLP

**Notes**

- 1 Co-opted to the Council 3 December 2003
- 2 On 3 December 2003, the Council granted leave of absence in accordance with Principal Bye-Law 37(c).

**The following were also members of the Council during the year 2003:****Retired with effect from 3 June 2003****John Anderson OBE (2/3)**

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

**Clifford Bygrave (3/3)**

Elected, Beds Bucks & Herts  
Sole Practitioner

**Susan Gompels OBE (3/3)**

Elected, London  
Principal, SI Gompels & Co

**Nick Green (0/3)**

Elected, London  
Corporate Finance Practitioner

**Anne Jenkins (2/3)**

Elected, London  
Technical Director, demist.com

**Douglas Llambias (2/3)**

Elected, London  
Chairman, The Business Exchange plc

**Harry Pearce (2/3)**

Elected, South Western  
Principal, Pearce Wills

**David Shaw (3/3)**

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

**Peter Smith (2/3)**

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

**Nigel Turnbull (3/3)**

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

**Graham Ward (3/3)**

*Ex officio* – Past-President  
Senior Partner, Global Energy and Utilities Group, PricewaterhouseCoopers LLP

**Geoff Winn (3/3)**

Elected, Humberside and District  
Consultant; Vice-Chairman, Scarborough Building Society

**Resigned with effect from 3 September 2003****Peter Douglas (2/4)**

Elected, London  
Consultant

**Resigned with effect from 3 December 2003****Phil Wallace (2/6)**

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

**SENIOR MANAGEMENT TEAM 2003****Eric Anstee**

Chief Executive (from 15 September 2003)

**Michael Izza**

Chief Operating Officer

**Prof. Brian Chiplin**

Executive Director, Education and Training

**Sally Hinkley CBE**

Executive Director, Professional Standards (from 12 February 2003)

**Peter Owen CB**

Secretary General (to 5 September 2003) and  
Executive Director, Professional Standards (to 11 February 2003)



