

**ICAEW**  
**ANNUAL REVIEW**  
2018



# 2018



*Our year in review*



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# Chief Executive's Foreword



**2018 was a watershed year for our profession, and a highly challenging one for ICAEW. In part, the state of audit and accountancy in 2018 was defined by the questions being asked about it.**

A number of high-profile business collapses resulted in a further eroding of public trust in the profession and a deep reflection on our role in society. It also led to an unprecedented level of political and media scrutiny.

The audit expectation gap, together with questions about UK corporate governance, were brought to the fore and the need to embrace significant change became clearer than ever.

As a result, several root-and-branch reviews of the structure and operation of the profession were instigated, to which we submitted comprehensive responses. What comes out of these reviews will likely have fundamental implications for ICAEW, our members and the wider profession, and we're committed to working with them to achieve practical and sustainable solutions. More details can be found on page 25.

2018 will perhaps also be remembered for the uncertainty of Brexit, placing on us the key responsibility of supporting members - not least with contingency planning for a possible 'no deal' scenario.

We leveraged our relationships with other professional bodies across Europe, to make representations and provide insight to relevant stakeholders throughout the Brexit negotiations, on behalf of our members, our profession and businesses more widely.

Despite these challenges, ICAEW enjoyed another strong year.

In what was the second year of our three-year operational plan to transform into a more agile organisation, we continued to execute our strategy, meeting some important performance targets.

We were very pleased with our membership growth and student intake, the latter of which set a new record. We have grown our market share of students in both the UK and the international markets in which we operate.

We ended 2018 with a net surplus of £13.1m, partly as a result of healthy growth in both membership and student-related income.

We received £16.3m in fines and £1.9m of cost recoveries from FRC disciplinary cases, reflecting the culmination of investigations conducted over a number of years which we have funded. Including these fines and cost recoveries, total income was £123.9m - £4.4m higher than in 2017.

Our surplus was lower than 2017 due to our investment in a range of strategic projects intended to address public interest matters, support member development and enhance professional interests.

We launched our new 'Finance in a Digital World' online learning initiative with Deloitte, to assist members in navigating digital change. We also launched our new Core Accounting and Tax Service, offering eligible member firms and students access to Bloomsbury Professional's catalogue of financial titles.

Additionally, our Business Systems Transformation is now at a critical stage and we expect this to be resource-intensive up to 2020.

Thank you to all of our members for your continued support for and commitment to our institute and our profession.

**Michael Izza**  
CEO

# Message from the President



**When I began my Presidency of ICAEW on 6 June 2018, I referred to some of the founding principles of our institute: enterprise guided by knowledge and prudence; manufacture and commerce directed by experience; finance guided by accuracy and probity; education.**

I said that these principles are perhaps even more important today, in a time of such uncertainty and change. That is a message I've sought to emphasise to our members and students across the world during the past year; that whilst challenges may change, the values we apply in addressing them - ICAEW's values - are as valid now as they were in 1880.

These principles lie at the heart of our vision to build a World of Strong Economies. A strong national accountancy profession is essential for the existence of a strong national economy, and a strong global economy requires a strong global accountancy profession. To remain strong we must constantly reinforce our global connections and encourage a new generation to embrace our values.

That's why my core theme for the year has been promoting and improving access to our profession.

The ACA changed my life, and I want it to change the lives of others. Nobody should think that accountancy isn't for them. We need to break down the barriers that prevent some people from accessing the professions. We need to recruit the best, irrespective of everything except talent, potential and attitude.

I've sought to promote the truly inspirational work of the ICAEW Foundation, and I encourage you to turn to page 18 to read about what was achieved in 2018. Poverty should never be a barrier to achievement and through the Challenge Ten initiative, we are changing the lives of 10 more talented young people whose aspirations would otherwise not have been realised. The Foundation can and will change more lives in 2019 and beyond if we continue - as members and firms - to give it our support. It is something we can be immensely proud of.

We can also be proud of the work our international capacity building team does: over 50 projects in over 30 countries over the past decade - further details of which can be found on page 18.

And I've highlighted the need to embrace digital technology. The new vocabulary of accountancy encompasses artificial intelligence, blockchain, cyber security and data analytics. We must use our experience and insight to overcome the challenges, harness the opportunities and be seen as leaders in this increasingly digital world.

It's been a challenging but also immensely exciting year for our profession, and one in which I'm proud and grateful to have served as ICAEW President.

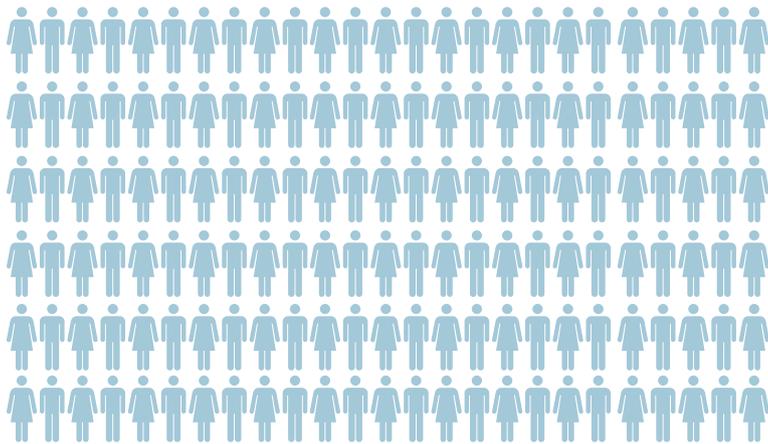
**Paul Aplin**  
President

# 2018 in numbers

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

## MEMBERSHIP

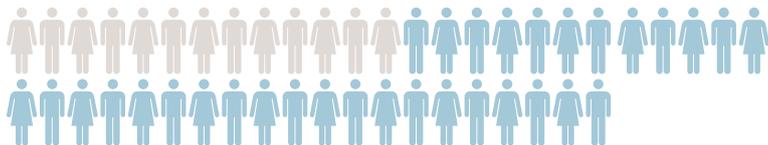
Welcomed our **150,000<sup>TH</sup>** member in 2018



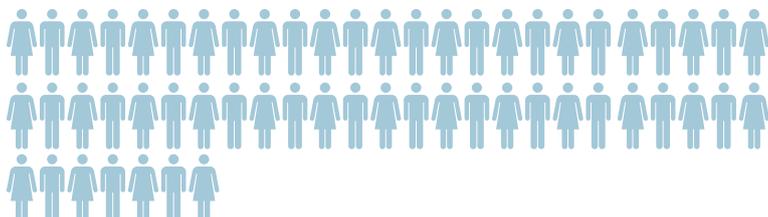
Record ACA intake of **8,821** - **4.5%** above previous record



Recruited **12,757** new members of our Communities - a **40%** increase from 2017 - bringing total membership to **44,875**

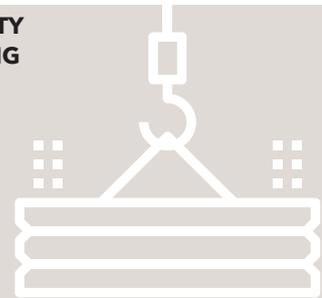


There are now **56,329** members of our Faculties.



SOURCE: 2017 READER RESEARCH

## CAPACITY BUILDING



Worked on **10** capacity building projects across **13** countries

## GLOBAL REACH



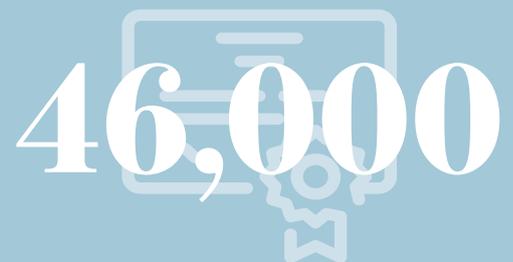
countries with ICAEW members

## SOCIAL MEDIA



increase in social media engagement rate

## EDUCATION



computer-based exams sat

## MEMBER RETENTION



# Who we are and what we do



ICAEW is an international professional body.  
We have over 152,000 members working  
across all sectors of the economy, including  
practice, business and the public sector.

## Organisation structure

ICAEW is a chartered body and operates in the public interest under the terms of our Royal Charter, awarded to us in 1880. The institute is headed by a chief executive and has five operating departments:

- **Learning & Professional Development** develops and assesses ICAEW qualifications and employers training our students;
- **Professional Standards** provides confidence that our members uphold the highest professional and ethical standards, investigating and, if necessary, disciplining those who don't;
- **Technical Strategy** researches and influences policy and develops best practice guidance in the activities which our members typically undertake;
- **Members, Commercial and Shared Services** supports our members at all stages of their careers, develops our commercial operations and provides expertise to drive competitive advantages; and
- **Finance & Operations** delivers the core functions and activities that support the day-to-day operation of ICAEW, our brand and reputation.

## Our business model

What we offer:

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

## How we create value

Our role as a professional body goes well beyond delivering financial performance. We have public interest obligations, multiple regulatory roles and a need to uphold and drive the highest standards for our profession and our members.

### VALUE DRIVERS

- We attract a growing body of students to our qualifications and designations, who are our pipeline of future members.
- We set high standards for these students to qualify as ICAEW Chartered Accountants and be eligible for ICAEW membership.
- Once admitted we have very high member retention rates, with the majority remaining members for 40 years. We make use of our intellectual, reputational and physical assets to generate commercial income:
  - We run courses through our Academy and leadership programmes to prepare the next generation of business leaders.
  - We use our historic headquarters, Chartered Accountants' Hall, for a wide variety of events and functions throughout the year.
  - We work with government and key stakeholders to promote the importance of ICAEW members in delivering economic growth.
- We also generate income from membership fees, regulatory fees, and student and examination fees.

# Strategic vision and priorities

Our strategic vision is of a World of Strong Economies.

Everything we do is motivated by our belief that accountancy can be a force to bring positive economic change across the world.

A World of Strong Economies has always meant we work with others to develop strong, accountable and open economies where people can trust data, leaders can make good decisions, public finances are transparent and businesses are accountable.

ICAEW has set out three strands to its strategic focus, which inform our progress.



## FUTURE PROFESSIONAL

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

ICAEW Chartered Accountants are future leaders. They are a force for positive change. As their institute, we speak for the profession, uphold technical and ethical standards and campaign for social and economic progress. We promote ICAEW Chartered Accountants as people who ensure the world's economic activity is advancing and accountable.

## CONNECTED COMMUNITIES

We work with governments, regulators and business leaders across the world. We nurture communities of professionals who work towards our vision, bringing people together to share their knowledge and insight.

Our ICAEW Faculties and Communities have well-established and respected networks, and our many local member groups provide a valuable role in linking ICAEW with activity across local economies. We continue to work closely with these groups in implementing our strategy.

Our communities are held together by their shared ethical values and behaviours. We believe that our members benefit as much from each other as they do from the services that we provide them. We know that when we collaborate, we collectively empower individuals and business to succeed and economies to grow stronger.

## AGILE INSTITUTE

Being agile means adapting our people, projects and processes to the needs and expectations of our membership, of businesses and of the wider public. The integrity of our institute and our profession depends upon our ability to respond efficiently and effectively to change, while upholding the quality, integrity and ethical behaviour of the profession.

Where members look to us for guidance and support, we must provide and update our resources regularly and quickly. We must be alert to potential disruption to our strategy and working practices from external risks and events, and our core business model must be able to adapt to changing environments.



## MEMBER PROFILE

## *Gautam Banerjee*

Gautam Banerjee is chairman of Blackstone Singapore – part of a multinational private equity and financial services firm.

He grew up in Mumbai and recalls, 'we lived in a company apartment and next door there were three young management trainees, all chartered accountants. They were quite cool and that's when I took some interest in the profession'.

He discovered that chartered accountants held jobs in all sorts of sectors, and concluded that 'getting a job wouldn't be a problem'.

He joined what was then Touche Ross in the late 1970's after completing a BSc in accounting and financial analysis at the University of Warwick. Moving to Singapore at 16, he joined PwC as an ACA in 1982. He became partner in 1989, led various practices including assurance and advisory, served as interim chairman of PwC India, and held a position on the firm's strategy council.

Perhaps his most enlightening role was as chief operating officer for PwC's eastern cluster –

which includes China, Australia, Japan and Southeast Asia. It transformed his people management skills. 'The role was to ensure every country followed the direction of the global firm. It forced you to understand cultural differences.'

Gautam also strongly believes audit is affected by culture and that the process needs to be strengthened; 'The way we were taught, the audit partner would engage with the CFO and the CEO and try to understand the business'.

After 30 years at PwC, he moved to chair Blackstone's Singapore office in 2013. In the years since, his staff have grown from around 15 to nearly 60. He says, 'I was never that familiar with private equity and real estate but that's the good thing about being a chartered accountant, you understand these things fairly quickly'.

He was also a nominated member of parliament in Singapore, during which time he worked on government initiatives to attract talented nationals back to the country.

# ICAEW around the world



Our members build and strengthen economies in 153 countries. We support them through our network of offices around the world.

# Key Achievements

## OUR GLOBAL PARTNERSHIPS AND ALLIANCES

We work with institutes and professional bodies around the world - including the International Federation of Accountants (IFAC), the Confederation of Asian and Pacific Accountants (CAPA), the ASEAN Federation of Accountants (AFA) and the Pan-African Federation of Accountants (PAFA).

ICAEW is a founder member of Chartered Accountants Worldwide (CAW), an international network which works together to support, develop and promote the role that chartered accountants play across the world. CAW now comprises 12 member bodies, representing over 1.8 million members and students in more than 190 countries.

ICAEW is also a founder member of the Global Accounting Alliance (GAA), which represents almost one million members in 180 countries. It promotes quality services and shares information. We are also a member of Accountancy Europe, which represents 51 professional organisations from 36 countries to European institutions.

We run the Accountancy Profession Strategic Forum (APSF), which brings professional accountancy bodies across Europe together to share strategic thinking and develop capacity and co-operation.

## WORLD CONGRESS OF ACCOUNTANTS (WCOA)



In November, we attended the World Congress of Accountants (WCOA) in Sydney, Australia. WCOA occurs every four years and brings together

thousands of business and finance delegates from across the world.

We again used WCOA to showcase our expertise in ethics, technology and career development. We took advantage of the presence of more than 160 accountancy bodies in the same place at the same time to strengthen our relationships.

The theme of 2018's congress was 'Global leaders, global challenges', which spoke to the way our profession turns challenges into opportunities. Our chief executive facilitated a discussion on 'ethical dilemmas in changing times', and we hosted a screening of our newest corporate training film, *Without Question*.



In CONTINENTAL EUROPE, we continued to grow our APSF community, and our Quality Assurance Network (QAN) met with the Committee of European Audit Oversight Bodies (CEAOB) to discuss quality assurance.

We enhanced our member engagement across the continent, with roadshows, networking events, CABA sessions and career development workshops.

BULGARIA saw a strong student intake and successful screenings of our training film *False Assurance* to a range of stakeholders.

In GREECE and CYPRUS, we achieved strong student growth and took on new ATEs. We also held high-level roundtables on the digitalisation of tax, as part of the IT Faculty's roadshow of activities across the two countries.

We held a dinner in the EUROPEAN PARLIAMENT, hosted by Theodor Stoilojan MEP, on the future of corporate reporting. Attendees included senior representatives from the profession and those involved in standard-setting.

We established a new ICAEW Women in EU Finance network in BRUSSELS, bringing together professionals interested in advancing gender equality in the EU financial services arena.

We renewed our memorandum of understanding with the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), setting out the route to membership and the rights of members of both institutes wishing to join the other.

Our presence in SAUDI ARABIA continued to grow, through our relationship with the Saudi Organization for Certified Public Accountants (SOCPA) and our advisory work in the Kingdom.

In the UNITED ARAB EMIRATES, we launched the ICAEW GO scholarship, designed to allow students to complete the CFAB as quickly and cost-effectively as possible.



**GREATER CHINA**  
Our Annual Summit in CHINA saw industry experts share insights on the future development of the financial industry under the New Economic Environment. It attracted over 200 registrations and mainstream media coverage.

Our Women in Finance network was launched, at the British Ambassador's residence in BEIJING.

In SHANGHAI, we signed a memorandum of understanding with the Shanghai National Accounting Institute (SNAI) in relation to the use of our corporate and educational training films.

In AFRICA we signed a memorandum of understanding with the Institute of Chartered Accountants of Nigeria (ICAN), initiating a discussion about the way in which our two bodies can work together heading forward.

We held our first graduation ceremony for CFAB students in VIETNAM, attended by the British Prime Minister's Trade Envoy, the British Consul General and the British Deputy Head of Mission. Our first class in 2015 contained 20 students; we now have more than 600.

In MALAYSIA, we secured three pioneering partnerships - two with academic institutions to develop accounting professionals, and one with the British Malaysian Chamber of Commerce to enable our members to access benefits and privileges.

In SINGAPORE, we launched a new thought leadership report, 'Fintech innovation: perspectives from Singapore and London', produced jointly with the Institute of Singapore Chartered Accountants (ISCA).

Our Southeast Asia Academic Conference was held in KUALA LUMPUR, attracting over 70 Partners in Learning and higher education institutions.



We rounded off a successful year in HONG KONG with our gala dinner and inaugural tech conference. The conference brought together leading experts who shared insights on technological developments. We also sold several licences for our corporate training films in Hong Kong during 2018.



## MEMBER PROFILE

## *Paul Taiano OBE*

An amateur jockey, Paul Taiano broke his neck in 2005 when his horse threw him to the ground.

Wheelchair-bound and dependent on his wife - but refusing to be defined by his disability - Paul now has a job specialising in the entertainment industry at Nyman Lisbon Paul, which he joined as a trainee in 1978. Before and since his accident, he has held successful non-executive roles, and was awarded an OBE in 2018 for his services to drama training and horse racing welfare.

Horse racing has always featured heavily in his life; the son of an on-course bookmaker, he began racing at 16. His degree in business and accountancy was something to fall back on. 'My uncle ran a dress manufacturing company, his accountant was Nyman Lisbon Paul, and he got me a job. I've been there ever since', he says with a smile. 'Ever since' is 40 years and counting.

Working his way up to manager and becoming a partner before the age of 30, Taiano found his colleagues and his roles highly

rewarding, and after his accident the firm supported him back to work.

He says access to finance is probably the biggest challenge for the sector. 'People are expensive to hire, to attract the audience you quite often need a star name, there's the complexity of the set that you need to build...'

He joined the audit committee of the Royal Central School of Speech and Drama in 1996, which he chaired from 2004, and went on to become chairman of the board of governors in 2005 - two weeks before his injury. 'The first board meeting I did, I took over the boardroom at Stoke Mandeville [hospital].' During his tenure, the School obtained its own degree-awarding powers, was admitted as a federal college of the University of London, gained royal status and became a Centre of Excellence.

In 2018, Paul finished another chairmanship - at Huntingdon Racecourse, which he's sought to make the best small course within the Jockey Club.

# Performance in 2018



ICAEW's strategy focuses on supporting the Future Professional, Connecting Communities and remaining an Agile Institute. Everything we do serves this strategy and works towards our vision of a World of Strong Economies.

Here we explore our performance in these areas and reflect on our achievements.

## KEY PERFORMANCE INDICATORS

MEASURE	2017	2018	COMMENT
ACA intake	8,437	8,821	A record year for ACA intake, 4.5% above our previous record and 13% above budget. This is based on strong performance in the UK and Southeast Asia (SEA). Our expectations for 2019 are for continued development in these markets in particular.
CFAB intake	5,538	7,084	Above budget performance for CFAB studiers in SEA and for university scheme registrations in SEA and Greater China.
Membership	149,298	151,761	Growth of 1.6% was ahead of budget and based on continued strong retention rates of 99.1% and our highest admission level for 25 years. We expect to maintain this level of growth in 2019.
Faculty users	56,329	56,218	Met budget and retained a sizeable and vibrant set of engaged groups. Structures and delivery models are being reviewed to ensure continued relevance and impact numbers in 2020 and beyond.
Operating result	£(1.0)m	£(3.0)m	The result includes a charge of £0.6m estimated pension liability for Guaranteed Minimum Pension equalisation and £1.5m adjustment from the deferral of admission fees under IFRS 15. The underlying operating result was below budget due to higher costs of IT infrastructure development and operation, and a reduction in VAT recovery.
Net result	£16.4m	£13.1m	The net result includes £18.2m of fines and cost recoveries from disciplinary cases handled by the FRC and funded by ICAEW. The result also includes £2.1m of strategic project investment to deliver innovations, professional support and public interest matters.

# The Future Professional

**In 2018, we continued to develop our members as future leaders and as a force for positive change, supporting them to uphold world-leading technical and ethical standards.**

## TECHNOLOGY AND THE PROFESSION

As technology continues to disrupt our profession, and becomes ever-more pervasive, we continue to place an ever-growing spotlight on it.

In 2018, we continued to focus on those technological trends which will be, or already are, the most transformational for audit and accountancy.

The 'A-B-C-D' technologies of Artificial Intelligence, Blockchain, Cyber Security and Big Data provide tremendous opportunities but will potentially lead to radical changes in the role of the accountant.

The theme for this year's ICAEW Practice Conference was 'Connecting in a digital world', and provided more than 420 delegates with a combination of technical sessions, case studies and practice management sessions over two days. We also had a record 26 exhibitors at the event.

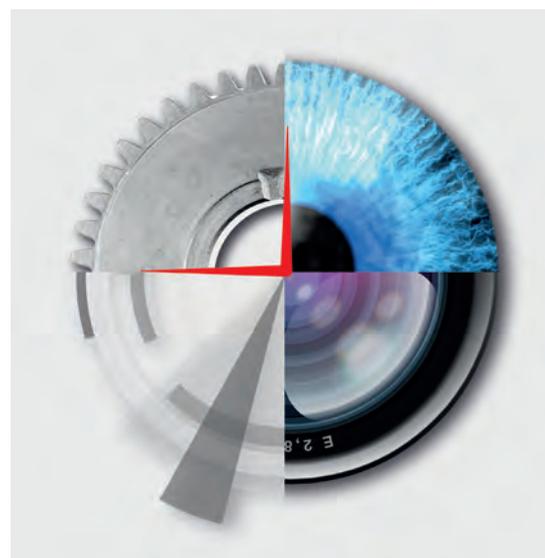
### Technology in the ACA

We continue to develop the ACA to ensure that it remains a world-leading professional qualification, and that our members are equipped with the right skills in a fast-changing world.

Technology continues to be deeply embedded in both the syllabus and in our assessment methods, developing technical knowledge and the professional skills needed to adapt to technological advances.

Content on subjects including data analytics, cyber risk and security, cloud accounting and blockchain enables students to converse effectively with IT teams, asking the right questions and identifying appropriate solutions.

Over 46,000 computer-based exams were sat during 2018, with the final case study exam moving over in 2019.



## Finance in a Digital World

We partnered with Deloitte to develop a new online learning experience, which went live in October.

This new initiative is designed to help members and other professionals to navigate the digital change that is occurring at such fast pace - increasing awareness and developing an understanding of the impact that digital is having, and will continue to have, on the finance sector.

It is part of a longer-term ambition to increase the 'digital maturity' of our profession, to be better-equipped with the necessary skills to thrive in a new digital world.

The '[Finance in a Digital World](#)' online portal contains access to a variety of learning modules, including animations, case studies, webinars and interactive exercises. These resources allow users to explore digital trends and technologies, and learn about their applications to and benefits for finance.

The experience consists of nine modules which explore the digital revolution and future predictions for finance, explain how disruptive technologies are applied to finance, show how the role of finance is set to change, and suggest how to successfully deliver digital projects and embed digital transformation.

### **AI in Corporate Advisory**

In July, we launched a new initiative - now called 'AI in Corporate Advisory' - to undertake unique research into the application of AI-based technologies to transaction services. This project is being undertaken by ICAEW's Corporate Finance Faculty and Drooms (a secure data platforms provider), and is being supported by AI experts from ICAEW's major member firms, as well as from major City law firms.

The results of the research will be published as a white paper at a conference at Chartered Accountants' Hall in July 2019. The project also complements AI-related projects across ICAEW involving the IT Faculty, the Financial Services Faculty, business ethics and business law experts.

### **Online AI assistant**

In June, our online AI assistant, 'Mia', was upscaled into a fully-functioning chatbot. Launched in 2017, our virtual assistant is trained to answer questions about ICAEW, and even about herself.

Mia now covers a range of popular topics for members and students, and is continuously trained so that every interaction improves her responses to future enquiries.

By the end of the year, the re-launched Mia had handled over 11,000 conversations, 48% of which were outside our core UK operating hours - enabling us to better serve members and students around the world.

Feedback has been extremely positive, with Mia's satisfaction score approaching four out of five by the end of the year, having grown month-on-month since the relaunch.

A further 8,000 conversations were held with a chatbot dedicated to handling questions relating to members' fees and subscriptions between November and December.

### **CORE ACCOUNTING AND TAX SERVICE (BLOOMSBURY PROFESSIONAL)**

At our Practice Conference in October, we launched our new Core Accounting and Tax Service.

It provides all staff in our member eligible firms, as well as ICAEW students, with free access to Bloomsbury Professional's comprehensive and highly-acclaimed online catalogue of over 60 tax, accounting and financial reporting titles.

Bloomsbury's titles offer extensive, authoritative information from some of the UK's leading tax and accounting experts, on which our regulated practices rely to provide fully compliant and up-to-date client advice.

This provision of easy-access, reliable content helps us to continue improving accounting standards. It also enables us to deliver even better value to eligible firms, who are able to make significant savings by replacing all or some of their existing subscriptions.

### **CAPACITY BUILDING**

Our capacity building work remains a key part of our strategy, and is taking on increasing importance in realising our vision of a World of Strong Economies. Our work helps other countries to build their own professions, and their own Future Professionals.

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

Our capacity building activities continued to grow in 2018, working on a total of ten projects across 13 countries. We broke into two new countries: in September, we began a six-month project in Georgia to provide audit quality assurance support for professional accountancy organisations; and in October, we began a project to strengthen regulation in the Abu Dhabi Global Market (ADGM).

We also concluded a large DFID-funded project to strengthen the accountancy profession in Ghana, and began the second phases of ongoing projects in Cambodia and Kyrgyzstan.

We have now worked on more than 50 projects in over 30 developing countries and emerging economies across Asia, Africa, Europe and the Middle East.



### ICAEW FOUNDATION

Our members' charity, ICAEW Foundation, works to support the next generation of professional accountants by providing bursaries to talented young people from financially-challenged backgrounds.

Our university-focused programme, Changing Futures, helps ambitious students on their way towards a degree in accountancy and finance. It has partnered with 16 universities across the UK to date.

Our international programme, Building Futures, works closely with local chartered accountancy institutes in developing economies, to provide bursaries to bright local students to improve their pass rates and realise their ambition of becoming chartered accountants. To date, Building Futures has supported 54 students in Malawi, Lesotho and Ghana.

In 2018, the Foundation received a boost as ICAEW President Paul Aplin launched his 'Challenge Ten' initiative - challenging ICAEW members to fund ten bursaries for students of new chartered accountancy qualifications in Cambodia and Lesotho.

'Challenge Ten' is supported by the Foundation's new fundraising film - *Poverty should never be a barrier to achievement* - which showcases its international work through its Building Futures bursary programme.

The film was entered into the Charity Film Awards. It features Khadijah Iddris from Ghana, who went from working on a building site to starting a professional career with support from the bursary. She is now progressing towards a doctorate in finance.

Also in 2018, the Foundation expanded its reach to Cyprus and is now supporting a student at the University of Cyprus.

The Foundation also financially supports the work of Humentum, an international charity which provides training in core areas to small local NGO's.

Our support in 2018 enabled Humentum to support small local organisations in Ghana, Jordan, Kenya, Myanmar, Nepal, Thailand and Uganda with bursaries to access financial management training courses.

**THOUGHT LEADERSHIP**

Our insight helps to equip the Future Professional with the knowledge and information to understand and address today's challenges. Much of our thought leadership is publicly available, allowing us to influence and educate on a wide variety of topics.

**Audit insights**

In 2018, we continued our 'Audit insights' series with reports looking at cyber security and investment management.

'[Cyber security: coping with increasing complexity](#)' looked at the substantial gaps in cyber security caused by complex IT systems and examined how businesses need to adopt smarter approaches.

Our further report, '[Investment management](#)', asked whether the industry is fit for purpose and identified what changes need to be made.

**Connect and Reflect**

Our 'Connect and Reflect' approach, launched in 2017, argues for positive approaches to corporate governance that ensure businesses connect with and reflect modern society. In 2018, we began to apply our approach, by publishing the first two of five papers.

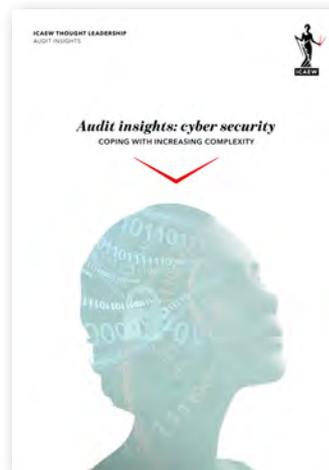
'[How to end excessive pay](#)' examined the challenges in tackling this contentious subject and provided a ten-step action plan to support boards in their approach to remuneration of executives.

'[How employee directors add value](#)' explains the role and responsibilities of employee directors. It urges boards to consider the value they bring and outlines an action plan to assist with this.

**Fintech innovation**

In Singapore in October, we launched a report in partnership with the Institute of Singapore Chartered Accountants (ISCA) - '[Fintech innovation: perspectives from Singapore and London](#)' - which investigates how a successful fintech sector is built and examines what we can learn from experiences in both countries.

These publications and others are publicly available to download or read online on our website.



# Connected Communities

**Maintaining and growing the strong link between ICAEW professionals and their communities was perhaps more important than ever during the economic uncertainty and instability of 2018.**

We now have 56,218 members of our Faculties and 44,875 members of our Communities.

## ICAEW COMMUNITIES

In 2018, our ICAEW Communities groups continued to go from strength to strength.

We recruited 12,757 new members – a 40% increase from 2017. At the end of 2018, the total membership of our 25 Communities was 44,875.

In May, we officially launched our new Diversity Community (previously soft-launched in 2017), with a great deal of fanfare at Chartered Accountants' Hall. The event featured personal stories from ICAEW members who have faced and overcome diversity challenges in their professional and personal lives.

This Community brings together all those who care about diversity, allowing us to harness each other's knowledge, resources and ideas, to ensure we successfully embrace diversity within our profession and others.

We know that firms see the benefits of diversity, but they don't always have the resources to develop their own initiatives. A major benefit of this Community is helping and connecting members and practices who may not currently have ready access to support where they live and work. It also helps smaller businesses by providing examples of best practice that they can adopt for themselves.

In November, we launched a further six new communities:

Our Retail Community helps members to connect with fellow finance professionals and stay up-to-date with developments in this fast-moving sector.

Our Independent Advisers & Consultants Community offers practical support and guidance for anyone in an independent role, including interim managers, part-time finance directors, consultants, the self-employed or those looking to change career.

Our Construction & Retail Estate Community offers a range of insights and updates on technical and industry matters, bringing together members with other professionals working in the sector.

Our Practitioner Business Advice Community offers tools, resources, events and insight on topics such as Making Tax Digital, Brexit and becoming a virtual Finance Director, helping practitioners to develop their advisory services.

The Charity & Voluntary Community has been split into two new, distinct Communities - our Volunteering Community offers members access to our trustee training modules, professional liability insurance for all volunteering activities with UK not-for-profit organisations, and regular newsletters with information on volunteering issues and current opportunities, while our Charity Finance Professionals Community offers a wide range of help sheets and information on technical and compliance matters for those working in the charity sector, alongside access to a range of events and webinars.

We also expanded the presence and promotion of our Communities online and on social media, including the launch of our @ICAEWCommunities Twitter account.

## UK REGIONS AND DISTRICT SOCIETIES

In the UK, ICAEW operations are run regionally, tailoring support for members and students across the country. Within these regions, our ICAEW District Societies help ensure that our Institute remains active and relevant at local level.

This network of offices, staff and volunteers are on the front line for supporting members and students across the UK. They run professional and social events, offer training opportunities, and provide help and advice to their members. They are deeply engaged with developing their local economies and promoting the profession.

In 2018, the District Societies again hosted their annual dinner programme for local members – hosted by ICAEW Office Holders and entertained by high-profile speakers – and their local ceremonies to award newly-qualified students and new ICAEW members.

### Key achievements

In October, the ICAEW South Wales Annual Dinner saw 472 members, guests and sponsors enjoy keynote speeches from the Secretary of State for Wales, the Rt. Hon. Alun Cairns MP, and Lord Digby Jones.

In September, classroom tuition was introduced for the first time for ICAEW students in Scotland, with face-to-face tuition at Certificate and Professional Level.

In November, we hosted the inaugural ceremony for newly qualified ACA's in Jersey, which was followed by an informal members' supper and networking. Both events were very well-received, and a programme of Jersey-specific events is now being planned.



ICAEW Birmingham and West Midlands hosted a business breakfast to discuss the productivity gap, attended by 50 local members from practice and business, and Phil Smith, former Chief Executive and Chairman of Cisco UK and Ireland.

In the first 'Future Leaders' programme event, ICAEW Manchester hosted a lunch event with the Lord Mayor of the City of London, on 'The Business of Trust'. The event considered how professional services can rebuild public trust following the financial crisis and what the profession's future holds. The 'Future Leaders' initiative will be rolled out as a national programme across the District Societies.

In 2018, our highly successful Life Member Teas programme was held outside of London for the first time. Events were held in the Southern, West of England, West Yorkshire and York, South West and Lancashire and South Lakeland District Societies. This will now be a national programme and the 2019 Life Member Teas calendar will take the event to ten new District Society locations across the UK.

As part of our Continuing Professional Development (CPD) offering, in 2018 we again co-ordinated the 'Events in A Box' CPD programme with 12 District Societies. These annual programmes of technical, business and life skills CPD courses support members' professional development through all stages of their career. In 2018, over 70 courses were held through the 'Events in a Box' programme.

### CULTURE AND DIVERSITY

ICAEW is committed to supporting the diversity agenda, ensuring that the chartered accountancy profession is a truly inclusive one.

We actively encourage diversity and inclusivity across the Institute, in our staff and in our membership. We are committed to attracting and retaining skilled and motivated employees and fostering a working environment where people of all backgrounds and experience can reach their full potential.

In 2018, these themes were enhanced through the launch of our Diversity Community (see page 21) and through our President's focus on increasing access to the profession.

### Internal audit of culture

Our Internal Audit department completed an internal audit of ICAEW culture in early 2018. Culture is a unique differentiator and enabler for organisations; a good culture ensures that the capability of ICAEW as a whole is greater than the sum of the capabilities of its parts.

The project involved holding one-to-one interviews and workshops with a cross-section of colleagues at all levels - exploring their understanding of our values and aims, and capturing stories and experiences that reflect them. The audit team then analysed this information to identify common themes or differences which could have resulted from cultural alignment or misalignment. The results were then played back to participants for confirmation, followed by a collaborative process of identifying the next steps for improvement.

The resulting report was presented to Board, who debated and supported the proposed improvement plan.

### **Stonewall Workplace Equality Index Awards**

In January, we were proud to host the Stonewall Workplace Equality Index Awards at Chartered Accountants' Hall. The event serves to launch the annual Stonewall Workplace Equality Index, widely recognised as the UK's leading benchmarking tool for LGBT inclusion in the workplace, and recognises individuals who have served as role models in their own workplaces.

We were proud that accountancy firms increased their standing in the 2018 Index, and we used the event to encourage other firms to apply to the Index in future.

### **Gender pay gap**

In early 2019, we published our [gender pay gap report](#) for 2018. The gender pay gap is defined as the difference between the average earnings of men and women in an organisation, on the snapshot date of 5 April 2018.

ICAEW's mean gender pay gap is 30.5% (an improvement from 33.6% in 2017).

ICAEW's median gender pay gap is 34.5% (an improvement from 36.8% in 2017).

We are confident that our gender pay gap is not an issue of equal pay, as we regularly benchmark salaries to ensure that our male and female staff are rewarded equally for the same or similar work.

We have more female than male employees - 64.2% of employees were female on 5 April 2018. However, we have more men than women in senior roles, so we recognise that we have an opportunity gap.

We continue to work to address this, focussing on our recruitment and staff development, and encouraging more women to apply for senior roles when they arise. Although we have made progress since 2017, and anticipate that it will take several years to achieve parity, we remain committed to closing the gender pay gap.

### **Women in Finance Charter**

In 2018, we further demonstrated our commitment to gender diversity by signing the Women in Finance Charter. The Charter commits organisations to four pledges:

- To have one member of a senior executive team who is responsible and accountable for gender diversity and inclusion.
- To set internal targets for gender diversity in senior management.
- To publish progress annually against these targets online.
- An intention that the pay of the senior executive team is linked to delivery of these targets.

We are committed to have 40% of our senior management team made up of women by March 2020.

On 5 April 2018, 37.2% of our senior management team was made up of women.

### **Women in Finance networks**

During 2018, we launched two new Women in Finance networks - in Brussels and Beijing. These bring together professionals interested in advancing gender equality in their respective financial services industries.

Across the UK, our regional offices and District Societies rolled out a national 'Women in Business' programme, delivered to members through local topical events and activities.

# Agile Institute

**The challenges of 2018 demanded agility and adaptation. We led and engaged with discussions on areas of fundamental importance to the future of our profession and the global economy.**

## PUBLIC POLICY

2018 was one of the busiest, and undoubtedly most important, years for our public policy engagement.

A need to engage with and show leadership on Brexit, combined with an urgency to address the wave of political criticism being levied at our profession in the UK, meant that our public affairs strategy had to be more fine-tuned than ever before.

- During the summer and autumn, we made comprehensive submissions to the various inquiries into audit, including Sir John Kingman's review of the FRC and the CMA's market study into competition and resilience in the audit sector.
- We built a strong relationship with Rachel Reeves MP, Chair of the Business, Energy and Industrial Strategy Select Committee. In November, Rachel delivered a keynote speech on trust in the profession at Chartered Accountants' Hall and met with ICAEW members in her Leeds West constituency to discuss the issue further.
- We engaged with Parliament on the Industrial Strategy by hosting discussions with Liz Truss MP, Chief Secretary to the Treasury, on productivity.
- We also worked with the Labour Party on the Industrial Strategy, with ICAEW members attending a series of regional roundtables hosted by Rebecca Long-Bailey, Shadow Secretary of State for Business, Energy and Industrial Strategy.
- Michael Izza met with Richard Harrington MP, Parliamentary Under Secretary of State for Industry and Energy, and participated in the Small Business Advisory Group, which meets regularly with the Minister for Small Business.
- Vernon Soare, our Chief Operating Officer, met with Baroness Fairhead CBE, Minister of State for Trade and Export Promotion, to support the Government's export agenda, and Paul Aplin attended an event with Dr. Liam Fox MP, Secretary of State for International Trade, for the launch of the Government's Export Strategy.

- Ahead of both the Spring Statement and the Autumn Budget, we wrote to the Chancellor of the Exchequer to offer our insight and to make recommendations. We also contributed two chapters to the IFS Green Budget, on defence spending and Assets in the Whole of Government Accounts.
- We also held conversations on the public finances with the Labour Party through an event we co-hosted with the Fabian Society in July - 'Public Finance Choices for the Left' - looking at the choices facing a future Labour government. This was attended by Peter Down MP, Shadow Chief Secretary to the Treasury.
- We continued to build relationships with the Shadow Front Bench, including Michael Izza meeting with Chi Onwurah MP, Shadow Minister for the Industrial Strategy, and Anneliese Dodds MP, Shadow Treasury Minister.
- We were present at both the Conservative and Labour Party Conferences, at which we held events with the Chancellor of the Exchequer, the Foreign Secretary and the Shadow Foreign Secretary.
- In February, we held our annual parliamentary dinner for ICAEW members who sit in the House of Commons and House of Lords.
- ICAEW President Paul Aplin met with ICAEW member and former Minister for Women and Equalities, Justine Greening MP, to discuss how the profession can do more to support social mobility.

Michael Izza in conversation with Rachel Reeves MP



- At the end of the year, ICAEW's Director of Business and Industrial Strategy, Iain Wright, was asked by the Professional and Business Services Council to negotiate a Sector Deal between government and the sector, in order to improve growth and profitability and increase skills and social mobility. Iain is a former Member of Parliament, Government Minister and Chair of the Business Select Committee.

### AUDIT REFORM

2018 was a landmark year for audit. A series of high-profile corporate failures led to intense political and media scrutiny, and a challenge for the profession to regain public trust.

Central to this challenge was the need to embrace fundamental change, and as such a number of reviews of and inquiries into audit were commissioned.

### Regulation

In April, the Secretary of State for Business, Energy and Industrial Strategy (BEIS) commissioned a 'root and branch' Review of the operation of the Financial Reporting Council (FRC), to be led by Sir John Kingman. We undertook extensive internal and external consultation in relation to the Review; we collected views from across the membership - including a two-hour debate at Council Conference in July and two engagement events in London and Manchester to hear from smaller firms. We also attended a roundtable for Recognised Supervisory Bodies (RSBs). In August, we submitted our [formal written evidence](#) to the Review.

The remit of the Review was extended in October, as views regarding the arrangements for auditor procurement and remuneration were invited. We also made a [submission](#) to this invitation.

Sir John Kingman's initial findings were published in December, including a total of 83 recommendations. A public consultation on the findings was launched in March 2019.

### Competition and resilience

During July and August, ICAEW worked with the largest nine firms to explore options for increasing competition and choice, and briefed our concluding ideas to the Competition and Markets Authority (CMA).

In October, the CMA announced its formal Market Study into the audit sector, reviewing choice and competition, resilience, and incentives for producing robust audits. We again consulted extensively, and made a [comprehensive submission](#) at the end of October.

In December, the CMA published an update report, which proposed a series of legislative and regulatory changes - referred to as 'remedies'. The CMA sought feedback to these proposals, which we [provided](#) in January 2019.

### The future of audit

At Chartered Accountants' Hall in November, Rachel Reeves MP, Chair of the House of Commons BEIS Select Committee, announced that her committee would be conducting an inquiry into the future of the audit market.

The first phase of the inquiry was the collection of written evidence - in the form of responses to a series of questions - which we [submitted](#) in January 2019.

We believe that the Committee has an important role in ensuring that the recommendations emerging from all of the reviews work together to constitute a coherent programme of reform.

As part of the next phase of the inquiry, our Chief Executive, Michael Izza, appeared before the Committee to give oral evidence in February 2019.

### Audit standards

In December, the Department for BEIS announced a new independent review into audit standards, to be chaired by Sir Donald Brydon, outgoing Chair of the London Stock Exchange. We had argued for some time that there should be a thorough examination of the role and purpose of audit itself, and we publicly pledged our full support to Sir Donald and this important project.

The terms of reference for the Brydon Review were published in February 2019.

### BREXIT

Across the UK and much of Europe, Brexit dominated news headlines during 2018. The continued uncertainty throughout the year led to instability and anxiety amongst businesses and the wider economy.

We knew that, above and beyond the decision of the UK to leave the European Union, what mattered most to our members was clarity over the arrangements for such a departure. Without it, many were unable to assess how Brexit would impact their operations and thus unable to plan ahead.

Our EU Exit Steering Group continued to meet fortnightly throughout 2018 to consider our operational and strategic response. Our priorities were to ensure that members were kept fully aware of government announcements and support, and to provide our own support and insight at every opportunity.

We continued to coordinate the Accountancy Sub-Group of the Professional and Business Services Council (PBSC) Mutual Market Access Working Group, comprising the largest firms and other professional bodies. We also continued to liaise closely with the European regulatory and stakeholder community, including Accountancy Europe.

We launched our online [Brexit hub](#), which serves as a portal to a comprehensive library of information and guidance. It consists of internal ICAEW expertise and links to external content – including checklists, practical guides and articles. We continued to update the hub throughout the year as external events unfolded.

Key to these updates was delivering – and where necessary explaining – sector-specific government guidance, published periodically to help businesses understand the implications of the UK leaving the European Union without a ‘withdrawal deal’.

We published our own extensive technical guidance on the potential implications of Brexit – with or without a ‘deal’ – for audit, financial reporting, tax, financial services and corporate finance.

We also produced an in-depth report with Chartered Accountants Ireland, designed to help chartered accountants support businesses to deal with the trading landscape after Brexit.

### **INNOVATION INVESTMENT CONFERENCE**

In July, we hosted a conference at Chartered Accountants’ Hall – ‘Boosting Finance for the UK’s Industrial Strategy’ – part of our wider programme to help step up investment in the UK Government’s Industrial Strategy Challenge Fund programme.

This was the first conference of its kind since the Government launched the Industrial Strategy in November 2017, and brought together policy-makers, government agencies, academics, technologists, entrepreneurs, scale-up companies, public funders, venture capitalists and professional advisers.

The keynote speaker was Lord Clement-Jones CBE, Chair of the House of Lords Select Committee on Artificial Intelligence.

We want to increase awareness of the new opportunities presented by the Industrial Strategy and attract more capital towards it, as well as to scale up the projects and ventures that emerge from the Fund.

At the conference, we launched a new initiative – now called ‘AI in Corporate Advisory’ – to use AI and Big Data in corporate finance transaction services. The scheme is collaborating with governments, firms, regulators and others to ensure that the opportunities of new digital technologies are seized and risks are tackled.

### **SUSTAINABILITY**

We want to strengthen economies and build prosperity in ways that will last long into the future. There continues to be an increasing need for business and economic activity to be sustainable for the long-term.

The UN Global Goals for Sustainable Development (SDG’s) speak directly to ICAEW’s vision of a World of Strong Economies. They provide a narrative of what the world wants by 2030, therefore articulating the public interest.

Sustainability has traditionally been synonymous with the environment, but in recent years its remit has evolved to also encompass a range of social themes.

We recognise that business success is interdependent with both environmental and social success. In that vein, we want to play our part in changing behaviour across the economy to live within its means.

Our Sustainability Committee oversees our policy and thought leadership in this area, including:

- Challenging the way people think about sustainability as a series of connected issues.
- Highlighting best practice and inspiring innovation across the profession.
- Collaborating across ICAEW to enable and catalyse change.
- Rethinking how the economic system can drive sustainable outcomes.
- Supporting and enabling communities of change-makers.

#### UN Global Goals workshop

We have developed a workshop that uses gamification to help members and others engage with the SDG's, along with a template that businesses and members can use to replicate it. By the end of 2018, around 4,000 people had taken part in the workshop.

#### Natural Capital Coalition

ICAEW hosts the Natural Capital Coalition, a collaboration of over 250 organisations. The Coalition is making a considerable global impact through the Natural Capital Protocol, launched in 2016.

In 2018, ICAEW built on this work; we co-ordinated a multi-party proposal for a Horizon 2020 Innovation-funded project from the European Commission, which was awarded in November. From 2018-2020, the project - worth €2m in total - will create an EU-wide network to accelerate the integration of natural capital in business decision-making, as well as to stimulate investment in natural capital business activity.

#### Finance for the Future Awards

Hosted in partnership with HRH The Prince of Wales' Accounting for Sustainability Project (A4S) and Deloitte, the Finance for the Future Awards recognises financial leadership in developing successful business models that deliver environmental and social benefits.

Award categories include 'building sustainable financial products'; 'embedding an integrated approach'; and 'driving change through education, training and academia'.

2018 saw a record 31 finalists from 12 countries, with businesses from as far afield as Haiti, the US and Mauritius among the winners.

#### CHARTERED ACCOUNTANTS' HALL (CAH)

2018 saw the completion of our refurbishment and redevelopment of Chartered Accountants' Hall. This has been one of our major projects to secure the long-term value and versatility of our physical infrastructure.

During the autumn we successfully completed the final phase, transforming the former restaurant into a modern, multi-purpose Members' Club. Our 'One Moorgate Place Club' is the ideal destination for a meal, drinks and entertaining clients.

As with our Business Centre, use of the Club is included as part of ICAEW membership.



One Moorgate Place Club

# Developing and maintaining the highest standards



We are responsible for protecting the public by ensuring that our students, members and firms maintain the highest standards of professional conduct and competence.

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## QUALITY ASSURANCE

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

In 2018, we reviewed 3,333 firms. We spent over 150 weeks reviewing the work of our top 20 firms across their audit, insolvency, investment business, probate and general practice activities. Over the last decade, we have doubled the number of reviews undertaken by introducing a variety of review types based on risk, with a net increase of only one member of staff. In addition we reviewed almost 200 firms for our third party clients.

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

Feedback for our reviews across 2018, compiled quarterly by an external data research company, was highly positive. The feedback report from Q4 2018, noted that; 'Quarter on quarter, QAD reviewers continue to be rated extremely positively by firms. The reviewer ratings for all interaction with firms remains highly positive. The satisfaction scores confirm that reviewers are offering a consistently exceptional level of service', and, 'The survey results indicate the reviewers are highly rated regarding their level of commitment to offer help and guidance during their review'.

## Turnaround, Restructuring and Insolvency Awards

Our hard work was recognised at the Turnaround, Restructuring and Insolvency Awards in November, when we won the award for 'Education and Training Provider of the Year'.

The award was in recognition of the depth and innovation of our training and education services - including our courses, conferences and webinars, and specifically our Certificate in Insolvency and corporate training films. Judges also specified our emphasis on ethics and inclusivity, and our focus on SME work.

## CORPORATE TRAINING FILMS

Our corporate training films - '[False Assurance](#)' and '[Without Question](#)' - continued to go from strength to strength in 2018, receiving increasing coverage across the world and further positive feedback.

The films are intended for use by a wide range of audiences, from firms to directors and board members, to universities and other academic establishments. We believe that their style and production value sets them apart from other corporate training films

By the end of 2018, our first film, '*False Assurance*', had provided training to over 250,000 people worldwide.

# 2019 and beyond



With our profession and the global economy undergoing unprecedented change, supporting our members, working in the public interest and strengthening economies are as important as they have ever been.

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## **PRIORITIES**

Our two biggest priorities continue to be the loss of public trust in audit and the instability caused by Brexit.

There's a risk of further corporate collapses or another financial crash terminally undermining public trust in audit – leading to significant economic damage for major economies, critical negative effects for large firms and on the brand and reputation of members and firms. This would undermine our regulatory role and hamper our ability to work in the public interest.

A number of landmark reviews are underway, with significant implications for our profession. We will continue to play a full and active role in engaging with and supporting these reviews, making comprehensive submissions to them and working to help turn their proposals into practical recommendations for regulation and legislation. We will continue to promote the need to embrace fundamental change in order to regain public trust.

2019 will likely be the most pivotal year in the Brexit process. The UK's decision to leave the European Union raises many risks, some of which may not be fully realised until after it has occurred. The future trading and regulatory relationship between the UK and the rest of the world, and the cross-border recognition of professional qualifications, are perhaps the two greatest concerns.

We will continue to influence and respond to Brexit – providing practical insight to guide our members and to help them cope with change and uncertainty. We'll promote stability in the interests of our members, businesses and strong economies.

## **MEMBERS AND GROWTH**

We'll continue to support our members through other technical and regulatory changes – including on financial reporting requirements, anti money laundering and Making Tax Digital.

Our members also need the skills and attributes to be successful in the future business environment. We will continue to embed technology content in the ACA – including specifics such as data analytics, cloud, the internet of things, cyber risk and security, distributed ledger technology and the digitalisation of tax.

As a global institute, we have a global strategy – we will refine our strategy so that it is executed in the right way, in the right places across the world. Our voice needs to be clear and influential in key global markets, to support our vision.



## MEMBER PROFILE

## Tamara Roberts

Tamara is CEO, FD (and sometimes COO) of Ridgeview Wine estate in Kent. Her parents started the business in 2014, but later that year her father passed away. Tamara and her brother, Simon, took the reins and have worked with their respective partners to build the business.

'Simon and I have always lived in an environment where people are not afraid to say "let's do this", she says. 'Although my father appeared to be a risk-taker, every risk he took was calculated and measured. I think that's what's rubbed off. Nothing's done on a whim, it's done with hard fact and evidence, but we're not afraid to stick our necks out.'

There is increasing interest in English vineyards, and shifts in climate mean that large areas of the UK could become wine-producing regions by 2100. The business model requires long-term investment and inevitably involves financial fragility; Roberts says it is completely alien to traditional thinking and thus it can be

difficult to obtain finance. There are also significant regulatory requirements and potential repercussions of Brexit.

To compensate for this uncertainty, Roberts uses the skills she's honed as an ICAEW Chartered Accountant. She did a law degree but realised accountancy would give her broader scope and qualified in 1998 with PwC. She says the ACA has been invaluable for running a growing business, and she uses networking group The Supper Club for broader leadership advice.

'All the training you get with a firm like PwC, every single part of it helps. Then it's important not to be too insular, to sit down CEO-to-CEO and listen and see how others are coping with similar issues'.

They intend to keep pushing for growth, including export and diversification into events and accommodation on the estate.

Current key markets include the US, Scandinavia, Japan, Taiwan and Canada.

# Financial review and summary financial statements



ICAEW's financial statements for 2018 include the charitable trusts associated with ICAEW together with our international subsidiaries. The following commentary relates primarily to the operational activities of ICAEW, which include the costs of our international subsidiaries which are managed as a single entity with ICAEW. Except where stated, this commentary excludes Financial Reporting Council (FRC) fines and cost recoveries arising in the year.

ICAEW has adopted IFRS 15 in the year and this has resulted in admission fees now being treated as a material right recognised over the expected membership period. This is a reflection of the enduring nature of professional membership as opposed to purely awarding a qualification. The standard also has a smaller impact on the treatment of disciplinary income. The results for 2017 have been restated accordingly. Cash reserves are not affected by the changes.

## RESULTS

ICAEW's operational income was £107.6m, an increase of £2.7m compared with 2017. Our operational deficit was £(3.0)m (2017: £(1.0)m) and the net surplus after tax was £13.1m (2017: £16.4m).

The impact of adopting IFRS 15, Revenue from Contracts with Customers, on admission fees and disciplinary income is shown below:

	Income £m	Net result £m	Net asset £m
2018 Admissions	(1.5)	(1.5)	(29.8)
2018 Disciplinary	0.6	0.1	0.1

2017 Admissions	(0.7)	(0.7)	(28.4)
2017 Disciplinary	0.4	-	-

Membership income growth was £1.6m and was supplemented by growth in our student-related income, driven by the rising trend in our student base, and our commercial activities, enabling us to continue to invest in projects to support our strategy in the UK and internationally.

ICAEW received £16.3m in fines and £1.9m of cost recoveries from FRC disciplinary cases, reflecting the culmination of investigations conducted over a number of years which have been funded by ICAEW. Since its inception, cumulative charges to the income statement in respect of case costs to the end of 2018 are £55.4m, funded in part by levies on member firms; fines and cost recoveries total £58.4m over the 14-year period.

Including these fines and cost recoveries, total income was £123.9m, £4.4m higher than in 2017 and the retained surplus after tax for the year was £13.1m (2017: £16.4m). ICAEW invested £2.1m in a range of strategic projects which utilise some of these additional reserves; these projects are intended to address public interest matters, support member development and enhance professional interests. More information can be found in the annual review.

Costs excluding strategic projects increased by £4.7m to £110.6m including a £0.6m one-off charge relating to additional pension charges arising from Guaranteed Minimum Pension (GMP) equalisation following the Lloyds case. Other cost increases reflect the growth in student numbers, investment in IT infrastructure and increased irrecoverable VAT, contributing to an operational deficit.

Net assets at 31 December 2018 were £61.7m, an increase of £15.9m over the 2017 net assets of £45.8m. Total cash and investments stood at £85.0m at the end of the year, an increase of £25.8m on 2017. This includes the inflow of £18.2m from FRC disciplinary cases. Cash and cash equivalents ended the year at £36.1m, reflecting a net cash inflow of £19.6m in the year. This reflects the FRC receipts and earlier receipt of bulk membership subscriptions than in previous years. Cash outflows include £1.6m agreed pension scheme deficit funding and £6.2m cash contributions to FRC case costs.

The consolidated surplus after tax for the year, including the results of ICAEW's charitable trusts, £13.8m (2017: £16.0m). The deferral of admission fees is a significant change in presentation, resulting in annual reductions in net income of £1m or more. Therefore ICAEW believe it is beneficial for users of the financial statements to have the results presented for comparison using the previous basis of income recognised at the point of admission.

	2018 £m	2017 £m
Operational income	109.1	105.6
Operational deficit	(1.5)	(0.3)

Total income	125.4	119.8
Net surplus	14.6	17.0

Net assets	91.5	74.1
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## STUDENT AND MEMBERSHIP GROWTH

2018 saw a third consecutive year of record ACA student intake, with 8,821 new students in the year – an increase of 384 over our previous record intake of 8,437 in 2017. 25% of the intake was from outside the UK.

Total ACA student numbers at the end of 2018 stood at 28,700 (2017: 27,866). In addition 7,084 students signed up for our foundation level Certificate in Finance, Accounting and Business (CFAB) and University Scholarship Schemes, an increase of 1,546 over the 2017 figure.

In the year, membership increased to 151,761, with admissions of newly-qualified students to membership reaching a 25-year high, together with reciprocal and similar arrangements with members of other institutes.

## INCOME

Revenue from members' fees and subscriptions rose by 3.4% to £48.1m, reflecting the continued growth in membership and an inflationary increase in membership fees. Income from our qualifications (learning and professional development income) increased by £0.2m, reflecting the record ACA and CFAB intakes in the past three years.

Our regulatory (professional standards) income rose by £0.5m, reflecting in part the changes in the number and mix of registered firms and fee increases to cover the cost of regulation. Adoption of IFRS 15 increased disciplinary income by £0.6m, £0.1m net (2017: £0.4m income, nil net). Our commercial income increased to £12.6m (up £0.8m on 2017) with £0.6m increase within catering following the completion of the major refurbishment project in Chartered Accountants' Hall in 2017.

## EXPENDITURE

Operating expenditure increased to £110.6m, excluding cost recoveries from concluded FRC cases and expenditure on our strategic projects. The total includes an increase in irrecoverable VAT resulting from the volume and mix of costs. The increase in student numbers and successful roll-out of computer-based exams resulted in an increase in student-related direct costs.

Costs of regulatory activities reflects the change in accounting policy for fines, with a provision against doubtful debts now recorded of £0.5m (2017: £0.4m). 2018 also saw a further increase in our investment in member services and digital services. As a direct consequence of the completion of the refurbishment of Chartered Accountants' Hall and investment in our business systems, depreciation and amortisation increased by £0.8m compared with 2017.

As a result of the recent case regarding Lloyds Bank pension schemes, an estimated potential liability in relation to GMP equalisation on the Staff Pensions Fund of £0.6m has been included as past service cost in the income statement.

## FRC CONDUCT COMMITTEE CASE COSTS

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

During 2018 we charged costs of £5.1m to the income statement for new charges arising from obligations in relation to FRC Conduct Committee cases. These charges are for new cases taken on and extensions of work on existing cases over and above those foreseen in the provision at the end of 2017. These were offset by levies on member firms of £4.6m. During the year we paid £6.2m to the FRC in respect of ongoing case costs.

In 2019 we expect to pay to the FRC in the region of £5.0m in respect of current and new obligations, which is also our expected charges for new obligations. We expect to receive levies by way of contribution to these new obligations of £4.5m.

We received the proceeds from fines of £16.3m (2017: £14.6m) and cost recoveries of £1.9m (2017: £2.8m) imposed by FRC tribunals in a number of cases. These cases have been conducted over many years with costs incurred by ICAEW and proceeds returned to ICAEW.

The majority of open cases are investigated under the Audit Enforcement Procedure, established June 2016. As a Recognised Supervisory Body ICAEW is liable for costs of investigation but any fines levied will be remitted by the FRC to HM Treasury. ICAEW would receive any cost recoveries imposed. Existing cases instigated under the Accountancy Scheme are not affected by this change.

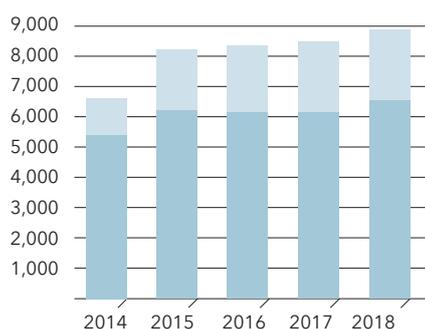
## PENSIONS

The IAS 19 valuation at 31 December 2018 was a surplus of £12.4m (2017: £5.7m). The pension asset is recognised as ICAEW considers that any surplus arising would be recoverable, assuming the gradual settlement of scheme liabilities over time. The significant movement is a result of updated longevity assumptions to reflect the latest model, together with an increase in market yields used to determine the discount rate for IAS 19 purposes, both contributing to a decrease in liabilities.

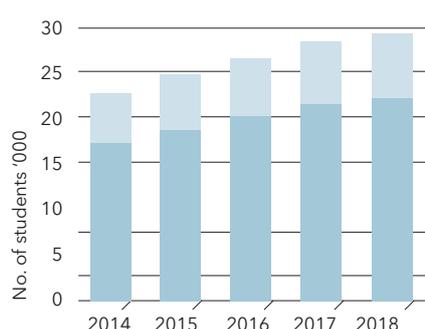
Further, the IAS 19 valuation includes an estimate of the potential liability in relation to GMP equalisation, resulting in an additional liability of £0.6m, with a consequent charge to the income statement.

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

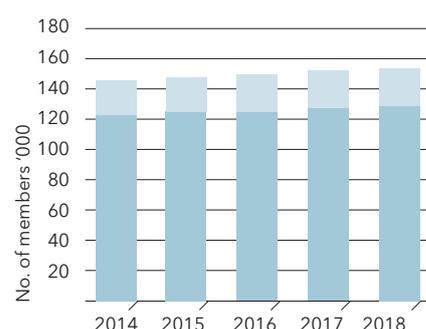
## STUDENT INTAKE



## STUDENT GROWTH



## MEMBERSHIP GROWTH



■ UK ■ INTERNATIONAL

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

The scheme valuation has again been subject to the volatility in the financial markets. A desktop valuation of the technical funding position at 31 December 2018 estimated the scheme deficit at £14.7m. The next triennial valuation will take place as at 31 March 2019.

Further details are given in note 28 to the financial statements, including details of the different bases for the actuarial valuation and IAS 19 valuation.

### **TAX**

The net corporation tax charge for the year was £nil (2017: £nil). As a mutual membership organisation, much of our income is exempt from corporation tax.

### **FINANCIAL POSITION**

Net assets at 31 December 2018 were £61.7m - an increase of £15.9m on the 2017 position (after restatement for IFRS 15 adoption).

During 2018, the market value of our long-term investments rose to £48.9m from £42.7m in 2017. This includes sums made available from unutilised cash reserves awaiting market placement, offset in part by a fall in market value in the final quarter of the year.

Trade and other payables were £70.3m (2017: £49.3m), the increase arising largely from the timing of the 2019 bulk subscriptions income of £17.5m being received in December rather than in January as in previous years; this is treated as income in advance. Trade and other receivables were £25.0m (2017: £24.0m). Deferred income relating to the benefit obtained from admission fees over expected membership durations was £29.8m (2017: £28.3m).

We have provided £11.9m (2017: £13.0m) of costs relating to FRC Conduct Committee cases at 31 December 2018, reflecting the current case load. Case costs are forecast on the basis of the available information on cases and their current stage of progress. The accuracy of this forecast depends on assumptions made about the progress of individual cases and is subject to a significant degree of judgement. We do not take account of any potential future income from fines or cost recoveries from FRC Conduct Committee cases.

The most recent professional valuation of Chartered Accountants' Hall was completed as at 31 December 2017 following completion of the major refurbishment project, which enhanced both the public and office space. The next valuation will take place as at 31 December 2022.

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

### **CASH FLOW**

Cash balances at 31 December 2018 were £36.1m. Net cash inflow was £19.6m compared to £4.6m inflow in 2017. The key elements related to our result for the year, together with the timing of cash receipts in advance of our 2019 subscriptions around year end (£17.5m). Our current cash profile fluctuates on an annual cycle, this year peaking at £51.5m in February and a minimum of £11.1m in November. Funding of the FRC Conduct Committee case costs resulted in a cash outflow of £6.2m (2017: £5.0m).

ICAEW paid £1.6m (2017: £1.8m) of deficit funding to the Staff Pensions Fund, in line with the current agreement. Capital expenditure was £9.8m (2017: £12.2m) reflecting the expansion of our business systems review and additional works in Chartered Accountants' Hall. We expect to incur £8.7m of capital expenditure in 2019, reflecting the continued investment in our ongoing business systems review, together with the development of our qualifications programme.

### **REPORT OF THE AUDITOR**

The auditor's report on the full accounts for the year ended 31 December 2018 was unqualified.

### **FURTHER INFORMATION**

The annual review is only part of ICAEW's annual accounts and reports, you can get full financial statements: [fullaccounts@icaew.com](mailto:fullaccounts@icaew.com)

# Summary financial statements

## Summary group income statement for the year ended 31 December 2018

	2018			2017 restated		
	Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees	48.1	-	48.1	46.5	-	46.5
Learning and professional development	13.6	(22.1)	(8.5)	13.4	(20.3)	(6.9)
Professional standards	20.1	(19.3)	0.8	18.7	(18.4)	0.3
Commercial and shared services	12.6	(16.5)	(3.9)	11.8	(16.3)	(4.5)
Members	1.0	(17.3)	(16.3)	1.1	(17.0)	(15.9)
Technical strategy	4.5	(9.7)	(5.2)	4.6	(9.9)	(5.3)
Central activities	0.2	(16.0)	(15.8)	0.3	(14.0)	(13.7)
Charitable trusts	-	(0.9)	(0.9)	0.1	(0.8)	(0.7)
One off pension past service cost	-	(0.6)	(0.6)	-	-	-
	<b>100.1</b>	<b>(102.4)</b>	<b>(2.3)</b>	<b>96.5</b>	<b>(96.7)</b>	<b>(0.2)</b>
FRC Conduct Committee	4.6	(5.1)	(0.5)	4.5	(6.0)	(1.5)
Other regulatory and professional associations	1.6	(3.4)	(1.8)	1.7	(3.4)	(1.7)
	<b>6.2</b>	<b>(8.5)</b>	<b>(2.3)</b>	<b>6.2</b>	<b>(9.4)</b>	<b>(3.2)</b>
<b>Operating result</b>	<b>106.3</b>	<b>(110.9)</b>	<b>(4.6)</b>	<b>102.7</b>	<b>(106.1)</b>	<b>(3.4)</b>
Investment income	2.4	-	2.4	2.1	-	2.1
<b>Result before taxation</b>	<b>108.7</b>	<b>(110.9)</b>	<b>(2.2)</b>	<b>104.8</b>	<b>(106.1)</b>	<b>(1.3)</b>
Taxation	-	(0.1)	(0.1)	-	(0.1)	(0.1)
<b>Net result from operations after taxation</b>	<b>108.7</b>	<b>(111.0)</b>	<b>(2.3)</b>	<b>104.8</b>	<b>(106.2)</b>	<b>(1.4)</b>
FRC fines and cost recoveries	16.3	1.9	18.2	14.6	2.8	17.4
Strategic projects	-	(2.1)	(2.1)	-	-	-
<b>Net result after taxation</b>	<b>125.0</b>	<b>(111.2)</b>	<b>13.8</b>	<b>119.4</b>	<b>(103.4)</b>	<b>16.0</b>

**Summary group statement of comprehensive income**

	<b>2018</b>	<b>2017 restated</b>
	£m	£m
Net result after taxation recognised in the income statement in the year	13.8	16.0
Items that may be reclassified subsequently to profit or loss:		
(Losses)/gains on revaluation of available for sale investments	(5.5)	1.3
Gains reclassified on disposal	1.2	0.5
Items that will not be reclassified subsequently to profit or loss:		
Gains on revaluation of property, plant and equipment	-	7.0
Actuarial gains recognised in the year	5.6	2.8
Deferred tax	0.5	(0.5)
<b>Other comprehensive income in the year</b>	<b>1.8</b>	<b>11.1</b>
<b>Total comprehensive income in the year</b>	<b>15.6</b>	<b>27.1</b>

**Summary ICAEW income statement for the year ended 31 December 2018**

	<b>2018</b>			<b>2017 restated</b>		
	Income	Expenditure	Net	Income	Expenditure	Net
	£m	£m	£m	£m	£m	£m
Subscriptions and fees	48.1	-	48.1	46.5	-	46.5
Learning and professional development	13.6	(22.1)	(8.5)	13.4	(20.3)	(6.9)
Professional standards	19.2	(19.3)	(0.1)	18.7	(18.4)	0.3
Commercial and shared services	12.6	(16.5)	(3.9)	11.8	(16.3)	(4.5)
Members	1.0	(17.7)	(16.7)	1.1	(17.4)	(16.3)
Technical strategy	4.5	(9.7)	(5.2)	4.6	(9.9)	(5.3)
Central activities	0.2	(15.6)	(15.4)	0.3	(13.6)	(13.3)
One off pension past service cost	-	(0.6)	(0.6)	-	-	-
	<b>99.2</b>	<b>(101.5)</b>	<b>(2.3)</b>	<b>96.4</b>	<b>(95.9)</b>	<b>0.5</b>
FRC Conduct Committee	4.6	(5.1)	(0.5)	4.5	(6.0)	(1.5)
Other regulatory and professional associations	1.6	(3.4)	(1.8)	1.7	(3.4)	(1.7)
	<b>6.2</b>	<b>(8.5)</b>	<b>(2.3)</b>	<b>6.2</b>	<b>(9.4)</b>	<b>(3.2)</b>
Gift aid and library funding	-	(0.6)	(0.6)	-	(0.6)	(0.6)
<b>Operating result</b>	<b>105.4</b>	<b>(110.6)</b>	<b>(5.2)</b>	<b>102.6</b>	<b>(105.9)</b>	<b>(3.3)</b>
Investment income	2.2	-	2.2	2.3	-	2.3
<b>Result before tax</b>	<b>107.6</b>	<b>(110.6)</b>	<b>(3.0)</b>	<b>104.9</b>	<b>(105.9)</b>	<b>(1.0)</b>
Tax	-	-	-	-	-	-
<b>Net result from operations after tax</b>	<b>107.6</b>	<b>(110.6)</b>	<b>(3.0)</b>	<b>104.9</b>	<b>(105.9)</b>	<b>(1.0)</b>
FRC fines and cost recoveries	16.3	1.9	18.2	14.6	2.8	17.4
Strategic projects	-	(2.1)	(2.1)	-	-	-
<b>Net result after tax</b>	<b>123.9</b>	<b>(110.8)</b>	<b>13.1</b>	<b>119.5</b>	<b>(103.1)</b>	<b>16.4</b>

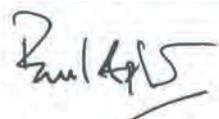
**Summary ICAEW statement of comprehensive income**

	<b>2018</b>	<b>2017</b> <b>restated</b>
	£m	£m
Net result after taxation recognised in the income statement in the year	<u>13.1</u>	<u>16.4</u>
Items that may be reclassified subsequently to profit or loss:		
(Losses)/gains on revaluation of available for sale investments	(4.5)	0.7
Gains reclassified on disposal	1.2	0.5
Items that will not be reclassified subsequently to profit or loss:		
Gains on revaluation of property, plant and equipment	-	7.0
Actuarial gains recognised in the year	5.6	2.6
Deferred tax	<u>0.5</u>	<u>(0.5)</u>
<b>Other comprehensive income in the year</b>	<b>2.8</b>	<b>10.3</b>
<b>Total comprehensive income in the year</b>	<b><u>15.9</u></b>	<b><u>26.7</u></b>

**Summary statements of financial position as at 31 December 2018**

	Note	<b>Group</b>		<b>ICAEW</b>	
		<b>2018</b>	<b>2017</b> <b>restated</b>	<b>2018</b>	<b>2017</b> <b>restated</b>
		£m	£m	£m	£m
<b>Asset</b>					
Non-current assets	2	130.1	114.3	115.6	98.9
Current assets		63.3	42.7	62.0	41.4
<b>Total assets</b>		<b>193.4</b>	<b>157.0</b>	<b>177.6</b>	<b>140.3</b>
<b>Liabilities</b>					
Current liabilities		(74.9)	(54.5)	(75.3)	(54.3)
Non-current liabilities		(40.8)	(40.4)	(40.6)	(40.2)
<b>Total liabilities</b>		<b>(115.7)</b>	<b>(94.9)</b>	<b>(115.9)</b>	<b>(94.5)</b>
<b>Total net assets</b>		<b><u>77.7</u></b>	<b><u>62.1</u></b>	<b><u>61.7</u></b>	<b><u>45.8</u></b>
<b>Reserves</b>					
Revaluation reserve		16.5	16.4	16.5	16.4
Investment revaluation reserve		4.4	7.1	4.4	7.1
Accumulated fund		37.2	17.9	35.4	16.9
Other reserves		5.4	5.4	5.4	5.4
Charitable trusts		14.2	15.3	-	-
	<b>3</b>	<b><u>77.7</u></b>	<b><u>62.1</u></b>	<b><u>61.7</u></b>	<b><u>45.8</u></b>

Approved on behalf of the council



Paul Aplin  
President  
27 March 2019



Michael Izza  
Chief Executive  
27 March 2019

## Summary statements of cash flows for the year ended 31 December 2018

	Group		ICAEW	
	2018	2017	2018	2017
	£m	£m	£m	£m
Cash generated from operating activities	44.6	23.0	44.5	22.9
Cash outflow on pension liabilities	(1.6)	(1.6)	(1.6)	(1.6)
Cash outflow on FRC Conduct Committee	(6.2)	(5.0)	(6.2)	(5.0)
Tax paid	(0.1)	(0.1)	-	-
Purchase of property, plant and equipment	(4.2)	(6.3)	(4.2)	(6.3)
Purchase of intangible assets	(5.6)	(5.9)	(5.6)	(5.9)
Net disposal of available for sale investments	(8.7)	(0.5)	(8.7)	(0.8)
Investment income received	1.5	1.0	1.4	1.3
<b>Net increase in cash and cash equivalents in the year</b>	<b>19.7</b>	<b>4.6</b>	<b>19.6</b>	<b>4.6</b>
Net cash and cash equivalents at 1 January	17.0	12.4	16.5	11.9
<b>Net cash and cash equivalents at 31 December</b>	<b>36.7</b>	<b>17.0</b>	<b>36.1</b>	<b>16.5</b>

## Notes to the summary financial statements for the year ended 31 December 2018

### 1 Basis of preparation

The summary financial statements have been extracted from ICAEW's full financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards, and under the historical cost convention as modified by the revaluation of properties and available for sale investments.

### 2 Non-current assets

#### Carrying amounts

	Group		ICAEW	
	2018	2017	2018	2017
	£m	£m	£m	£m
Property, plant and equipment	42.1	41.2	42.1	41.2
Intangible assets	12.2	9.3	12.2	9.3
Investments in associated undertakings	0.1	0.1	-	-
Available for sale investments	63.3	58.0	48.9	42.7
Pension asset	12.4	5.7	12.4	5.7
	<b>130.1</b>	<b>114.3</b>	<b>115.6</b>	<b>98.9</b>

### 3 Reserves

Group	Revaluation reserve	Investment revaluation reserve	Accumulated fund	Other reserves	Charitable trusts	Total
	£m	£m	£m	£m	£m	£m
<b>Reserves at 1 January 2018 (restated)</b>	<b>16.4</b>	<b>7.1</b>	<b>17.9</b>	<b>5.4</b>	<b>15.3</b>	<b>62.1</b>
Net result after taxation	-	-	13.9	-	(0.1)	13.8
Net change in market value of long-term investments over cost	-	(3.3)	-	-	(1.0)	(4.3)
Actuarial gains recognised in year on defined benefit pension scheme	-	-	5.6	-	-	5.6
Deferred tax attributable to above	0.1	0.6	(0.2)	-	-	0.5
Total other comprehensive income in the year	<b>0.1</b>	<b>(2.7)</b>	<b>5.4</b>	<b>-</b>	<b>(1.0)</b>	<b>1.8</b>
Total comprehensive income in the year	0.1	(2.7)	19.3	-	(1.1)	15.6
<b>Reserves at 31 December 2018</b>	<b>16.5</b>	<b>4.4</b>	<b>37.2</b>	<b>5.4</b>	<b>14.2</b>	<b>77.7</b>

ICAEW	Revaluation reserve	Investment revaluation reserve	Accumulated fund	Other reserves	Total
	£m	£m	£m	£m	£m
<b>Reserves at 1 January 2018 (restated)</b>	<b>16.4</b>	<b>7.1</b>	<b>16.9</b>	<b>5.4</b>	<b>45.8</b>
Net result after taxation	-	-	13.1	-	13.1
Net change in market value of long-term investments over cost	-	(3.3)	-	-	(3.3)
Actuarial gains recognised in year on defined benefit pension scheme	-	-	5.6	-	5.6
Deferred tax attributable to above	0.1	0.6	(0.2)	-	0.5
Total other comprehensive income in the year	<b>0.1</b>	<b>(2.7)</b>	<b>5.4</b>	<b>-</b>	<b>2.8</b>
Total comprehensive income in the year	0.1	(2.7)	18.5	-	15.9
<b>Reserves at 31 December 2018</b>	<b>16.5</b>	<b>4.4</b>	<b>35.4</b>	<b>5.4</b>	<b>61.7</b>

#### SUMMARY CORPORATE GOVERNANCE STATEMENT

The council has adopted the provisions of section 1 of the UK Corporate Governance Code (September 2012) prepared by the committee on corporate governance, to the extent appropriate. During the year the council has monitored and assessed key risks in compliance with the guidance Internal control: guidance for directors on the combined code. The full corporate governance statement is set out in the financial statements for the year ended 31 December 2018.





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We've been at the heart of the accountancy profession since we were founded in 1880 to ensure trust in business. We share our knowledge and insight with governments, regulators and business leaders worldwide as we believe accountancy is a force for positive economic change across the world.

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