

**“SHAPING
THE
FUTURE”**



**ICAEW
ANNUAL REPORT AND
FINANCIAL STATEMENTS
2023**



WHO WE ARE AND WHAT WE DO

The Institute of Chartered Accountants in England and Wales (ICAEW) is a chartered professional body and operates in the public interest under the terms of our Royal Charter, awarded to us in 1880, and the Supplemental Charter of 1948.

We strive to ensure our members and member firms maintain the highest standards of professional and ethical conduct.

We operate and evolve a globally-recognised premium qualification that attracts students around the world.

We invest in business development to attract quality students and ensure our examinations and training meet the needs of employers and the wider profession.

We support our members throughout their careers and professional activities.

We are a voice for the profession with governments, regulators, decision-makers and other key stakeholders.

We have a regulatory role in the UK which enables us to improve the professional standards of our members and member firms and protect the public interest. This role is carried out by our Professional Standards Department (PSD) and overseen by the ICAEW Independent Regulatory Board (IRB), whose primary objective is to act in the public interest. Our regulatory work is separated from our other activities so that we can monitor, support or take steps to ensure changes if standards are not met.

Kevin is the immediate Past Chair of ICAEW's Members' Society Malaysian Chapter.

Kevin Foo FCA
Head of Financial Services, KPMG Malaysia

Simon is responsible for liaising with our business members.

Simon Gray FCA
Head of Business, ICAEW



THANK YOU TO OUR GLOBAL NETWORK OF VOLUNTEERS

The achievements in this report depend upon the vital contributions of our global network of member and student volunteers. We are very grateful for their support.

Serving on our councils, boards and committees, and supporting our outreach and recruitment work, our volunteers' expertise helps realise our strategy, benefitting our members and students, the wider profession and the global economy.

Our volunteers continue to play a fundamental role in our success, and we are very grateful to them for their involvement and goodwill. This report showcases some of the inspirational individuals that are helping us to deliver our strategy.

Dennis is a member of the ICAEW Hong Kong Committee.
Dennis Chow FCA
Chair, Deloitte Asia Pacific and Deputy Chair, Deloitte Global



Alex led a regional breakout session at our UK Regions Economic Summit.
Alex Boulter ACA
Partner, CKCA Limited

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Alison is one of our most senior and highly regarded members in Australia.
Alison Kitchen FCA
Non-Executive Director, National Australia Bank



Adam is Chair of our Valuation Community.
Adam Sutton ACA
Partner, Valuations and Modelling Grant Thornton LLP



GROUP FINANCIAL HIGHLIGHTS

£142.2M

TOTAL INCOME

£130.2M

OPERATIONAL INCOME

£20.1M

EDUCATION AND TRAINING INCOME

£10.0M

NET SURPLUS AFTER TAX

£58.0M

SUBSCRIPTIONS AND FEES INCOME

£183.1M

NET ASSETS

OPERATIONAL HIGHLIGHTS

169,722

TOTAL MEMBERSHIP

2.0%

MEMBERSHIP GROWTH

28,713

INTERNATIONAL MEMBERS

38,490

TOTAL ACA STUDENTS

10,007

INTERNATIONAL ACA STUDENTS

146

COUNTRIES

Urvashi is part of our Member Programme Management team which supports the clients who deliver our Team Training and flagship Leadership Development Programmes.

Urvashi Bakrania
Client Relationship Executive, ICAEW

Robert represents ICAEW in Wales.

Robert Lloyd Griffiths OBE
ICAEW Director, Wales

Tracey supports accounting for ICAEW group entities, preparation of financial statements and sustainability reporting.

Tracey Steedon ACA
Financial Accountant, ICAEW

The red dividers featured in our photos are a key element of our logo. They represent measurement, accuracy and precision - all hallmarks of our profession.



OUR STRATEGY AT A GLANCE



Read more: [icaew.com/strategy](https://www.icaew.com/strategy)



OUR VISION

ICAEW Chartered Accountants enable a world of sustainable economies.

Our global community can and should be a force for good, achieving prosperity in ways which are responsible and resilient. Our members measure, advise and assure with expertise and integrity, enabling the conduct of business on a fair, transparent and accountable basis.

This decade is critical and truly one of transformation. How we respond to the risks, trends and other powerful factors will largely decide the shape and role of ICAEW in 2030 – our 150th anniversary.

OUR STRATEGIC FOUNDATIONS

Our approach to strategy is built around three core pillars of activity, the strategic foundations, which seek to fulfil the obligations of our Royal Charter:



STRATEGIC FOUNDATION BELONGING & SUPPORTING

We support our more than 169,500 members across the world, personally and professionally. We do this through our faculties, communities and district societies, as well as the Chartered Accountants Worldwide (CAW) network.



STRATEGIC FOUNDATION EDUCATION & TRAINING

We are committed to educating the ICAEW Chartered Accountants of tomorrow, with a focus on building future business and professional leaders. We work with universities, schools and other educational establishments to support recruitment activity for employers and our commitment to social mobility.



STRATEGIC FOUNDATION REPUTATION & INFLUENCE

We apply our expertise across a wide variety of topics relating to business, the profession and national policymaking. Our work in upholding standards is also crucial to protecting the public and holding our members accountable.

OUR STRATEGIC THEMES

Our high-level themes group together major new activities that we are undertaking this decade to achieve our key strategic outcomes.



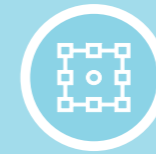
STRATEGIC THEME ONE STRENGTHEN TRUST IN ICAEW CHARTERED ACCOUNTANTS AND THE WIDER PROFESSION

In 2030, ICAEW Chartered Accountants will have a distinctive reputation for their integrity, expertise and commitment to the public interest. They will have earned and retained the confidence of enterprises, investors, regulators and governments and wider society, making them the most trusted sources of business advice.



STRATEGIC THEME TWO HELP TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In 2030, ICAEW will be acknowledged as having made a leading contribution to achieving the UN SDGs to end poverty, protect the planet and promote peace and prosperity around the world. We will have mobilised our own expertise and influence to address the challenges and enabled successful transformative action by governments.



STRATEGIC THEME THREE SUPPORT THE TRANSFORMATION OF TRADE AND THE ECONOMY

By 2030, ICAEW will be recognised as having helped to reset the relationship between economies and the communities they serve, supporting businesses while ensuring they operate to the highest standards of transparency and responsibility, and with proper consideration for the interests of all stakeholders.



STRATEGIC THEME FOUR MASTER TECHNOLOGY AND DATA

In 2030, in a world transformed by technological change, ICAEW Chartered Accountants will be more relevant than ever, due to a global reputation for understanding both the immediate effects and the wider potential of these changes, and for enabling economies, governments and businesses to adapt and thrive with confidence.



STRATEGIC THEME FIVE STRENGTHEN THE PROFESSION BY ATTRACTING TALENT AND BUILDING DIVERSITY

In 2030, significant and growing numbers of exceptional individuals from all backgrounds worldwide, will seek and retain membership of ICAEW. As access to the profession widens, our training will continue to demonstrate rigour, relevance and value to employers and members alike.



CHAIR OF THE BOARD'S FOREWORD

"ICAEW is a truly remarkable body, with a magnificent legacy and global reputation for excellence."

Peter Wyman FCA
Chair of the Board



At no other time in modern history has it been more important for institutions to prove their worth and strengthen public trust in themselves and what they do. That means serving, and being seen to serve, the public interest, effectively and efficiently.

ICAEW is a truly remarkable body, with a magnificent legacy and global reputation for excellence. We remain in a position of strength, thanks to the work and profile of our more than 169,500 members around the world, the dynamism and promise of our more than 38,000 students, and the continued commitment of colleagues who develop and run our activities.

We cannot, however, be complacent about the future. To maintain public confidence in the work of our members, and in ICAEW itself, we must keep under constant review how we think, make decisions and operate, to ensure we remain agile and fit for purpose; able to continue acting in, and serving the public interest in, an increasingly challenging and volatile world.

Strengthening and modernising our governance is an important enabler to achieving this, and I was delighted in October to be appointed as the first independent Chair of the ICAEW Board.

The need for an independent chair of board was one of the first recommendations of a comprehensive review of ICAEW's governance, driven by our strategy introduced in 2020. I'm very grateful to all those who have contributed, and continue to contribute, to these important reforms.

During my first few months, I've had the pleasure of witnessing first-hand the incredible work that takes place at the heart of our operations, the evidence of which is clear throughout this Annual Report. But we must continue to evolve.

I look forward to playing my part in the implementation of further governance reforms, as approved by ICAEW Council. Currently, my biggest priority in this regard is leading the appointment of new Board members, all of whom, apart from the President, will be independent from Council.

At the same time, we are revising the terms of reference for the Board and its committees. I aim to have all this completed by the time of our AGM in June, creating a high-performing Board comprised of highly skilled Board members.

2024 will also see the formation of a new Governance and Appointments Committee (GAC), to oversee appointments proposed by the new Board Nomination Committee, responsible for board member and senior employee appointments, removals and succession planning. The GAC will also keep the integrity of our governance under review more widely.

These are all critical steps in ensuring we continue to thrive and meet the objectives set out in our Royal Charter. I have been a passionate advocate for my profession and ICAEW all my working life, and I will continue to work to make both the best they can be.

Peter Wyman FCA
Chair of the Board

CHIEF EXECUTIVE'S FOREWORD

"I reflect with pride on everything our institute has achieved during my 18 years in the role, and would like to express my gratitude to everyone I have worked with and who has supported me."

Michael Izza FCA
Chief Executive
to 31 March 2024



When we set out our 10-year strategy in 2020, we anticipated a decade of change, but the succession of shocks and surprises delivered in the first four years has been quite extraordinary. Our world continues to be shaped by the profound consequences of the pandemic, even as we struggle to understand the implications of a chain of geo-political crises around the globe.

I am proud that our members have helped millions of businesses navigate another difficult year.

As their institute, our top priorities have been supporting them in that vital task, representing and amplifying the contribution they make to society and the economy, and working to secure for the profession a sustainable pipeline of talent for the future.

On that last point, 2023 saw another record ACA intake, with 12,225 students worldwide taking up our flagship qualification. We also began the process of evolving the ACA, to ensure it equips the next generation of ICAEW Chartered Accountants with the skills and the strengths to succeed in tomorrow's workplace.

We also achieved another year of impressive growth in our global membership, which reached 169,722.

In this Annual Report you will read how our members are providing leadership on some of the most significant challenges facing our planet.

This has not gone unacknowledged: recent research shows that trust in our profession (and in ICAEW specifically) has increased, and that chartered accountancy is one of only two professions to see an uplift in trust globally. This work was undertaken through Chartered Accountants Worldwide (CAW), which has now grown to 16 chartered bodies working together to advance the profession. Our collaboration with other accountancy bodies - through CAW, the Global Accounting Alliance and, in the UK and Ireland, the Consultative Committee of Accountancy Bodies - remains an important part of our reputation and influence activity.

As part of maintaining and building trust, in 2023 we introduced a new approach to the continuing

professional development of ICAEW members, basing the requirements on the complexity of their work and its potential impact on the public. We also advanced our focus on ethics, including the launch of our new Ethics Learning Programme.

Our partnership with CIPFA accelerated in 2023, bringing our two organisations ever closer and mirroring how all parts of the economy - business and industry, government and public services, and the third sector - increasingly interact.

We continued to show leadership on the sustainability agenda and the road to net zero: a personal highlight for me was attending COP28 in Dubai. The keen interest in our events and the quality of the discussions reinforced just how critical our profession is to achieving the global transition to net zero. Our immediate goal is to build capacity in the profession to help enable this, and our partnerships with the Capitals Coalition and A4S will help support this work.

Technological change will also have far-reaching implications for our profession, and for every business or organisation our members



work in and with. Our work in this area in 2023 included launching our generative AI guide and our research into the technology landscape for mid-tier firms. ICAEW's investment in Engine B has been a central component of our strategic ambition that the profession "master tech and data" and by the end of the year several accountancy firms had adopted the product and many more were demonstrating real interest in using co-pilots in their business.

All this success means that financially, ICAEW remains in a position of strength. Our year-on-year operational income increased to £130.2m, with a net result after tax of £10.0m. Although expenditure was heavily impacted by inflationary pressures on salaries and other supplies, together with headcount required to progress our strategy, we continued to grow our net assets, which stood at £183.1m at the end of the year.

Because of the funding arrangement currently in place, our financial statements can be materially affected by the activities of FRC conduct committees. In 2018, Sir John Kingman's Independent Review of the FRC proposed moving responsibility for funding case costs away from the recognised professional bodies and onto a statutory footing. Little progress has been made on this since then, but it remains a change that we would welcome and support.

As in previous years, the individuals featured in this report are just some of those who are helping us shape the future, through their knowledge, skills and insight. We thank all of them.

We are also extremely grateful to all our volunteers around the world for their contributions, on our boards, committees and in a variety of other roles. The generous donation of their time, effort and

talent enables us to continue supporting and representing our members to a high standard, and is fundamental to ICAEW's continued success and profile.

2023 marks my final full year serving as Chief Executive of ICAEW. I reflect with pride on everything our institute has achieved during my 18 years in the role, and would like to express my gratitude to everyone I have worked with and who has supported me.

I wish the utmost success to my successor, Alan Vallance, who I know will continue to lead ICAEW from strength to strength as we head towards our 150th anniversary in 2030.



Michael Izza FCA
Chief Executive



WELCOME TO THE NEW CHIEF EXECUTIVE

"I am delighted to be joining ICAEW. It is a genuine honour to have been asked to lead the organisation of which I am a member and to succeed Michael Izza as Chief Executive."


Alan Vallance FCA
Chief Executive

On 1 April 2024, Alan Vallance FCA became Chief Executive of ICAEW. Having previously led successful membership organisations, Alan brings a vision for the future of the institute and the evolution of the profession:

"I am delighted to be joining ICAEW. It is a genuine honour to have been asked to lead the organisation

of which I am a member and to succeed Michael Izza as Chief Executive. The accountancy profession today plays a vitally important leadership role on the key issues facing society. I am determined to ensure ICAEW leads from the front and that this role continues and evolves, with an unwavering focus on the public

interest so that our members play their rightful part in enabling a world of sustainable economies."



Alan Vallance FCA
Chief Executive



MESSAGE FROM THE PRESIDENT

"Much of our success depends upon the generosity and goodwill of our global network of volunteers. We are extremely grateful for everything they do."

Mark Rhys FCA
President



When I became ICAEW President in June, I committed to helping to build a better and stronger profession in the public interest.

This starts with our own institute, and 2023 has been a historic year for ICAEW.

At the heart of this has been the start of fundamental reforms to modernise and strengthen our governance. In October, we appointed an independent Chair of the Board for a renewable three-year term; previously the President would undertake this duty, but I was pleased to relinquish the role to Peter Wyman, to improve the clarity of our structures and accountabilities. Further governance reforms are ongoing and I look forward to continuing progress in 2024.

Michael Izza also announced his retirement as CEO after 18 years of service; we are all immensely grateful for his unstinting and energetic leadership, which has seen ICAEW transformed into a world-leading professional body with truly global reach. I'm greatly looking forward

to working with Michael's successor, Alan Vallance, to ensure that this progress continues.

Michael leaves us in a position of great strength, with continuing growth in our member and student numbers, a healthy balance sheet and partnerships with a diverse range of professional bodies and other stakeholders across the world.

Serving as President has allowed me the privilege of seeing up close and personal, the work involved in building and sustaining this success. I've met with our members across the UK, and all over the world including Hong Kong, Malaysia, Singapore, Cyprus, Dubai, Australia and New Zealand. I've learnt about their work, how being a member of ICAEW helps them personally and professionally, and how we can further improve the support we provide them.

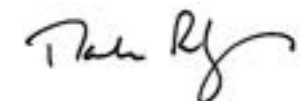
I've also felt the enthusiasm and optimism of our students; the next generation of ICAEW Chartered Accountants who will navigate a future very different to the world

in which the leaders of today began their careers.

Throughout these engagements, I've promoted the themes within our strategy and sought to emphasise just how active and influential our members are across the whole economy, as well as the long-term impact of the leadership they provide.

It's important to note that much of our success depends upon the generosity and goodwill of our global network of volunteers, whose contributions help shape and uphold our operations and our integrity. We are all extremely grateful for everything they do for ICAEW.

Thank you to all colleagues who have supported me in my duties as President, and whose hard work and commitment continue to make ICAEW and our profession so instrumental in the global economy.



Mark Rhys FCA
President



STRATEGIC FOUNDATION

BELONGING & SUPPORTING

We support our members in both business and practice across all stages of their careers, with resources tailored to a wide variety of industries and specialisms.

169,722

MEMBERS

2.0%

INCREASE
YEAR-ON-YEAR

Shariq supported our Memorandum of Agreement to attract, train and develop ICAEW Chartered Accountants across South East Asia.

Shariq Barmaky FCA
ICAEW Singapore Advisory Board member, CEO, Deloitte Singapore and ISCA Vice President

Damien was a finalist in our ICAEW Chartered Star competition.

Damien Poh ACA
Partner and founder, P&W Consulting and Founder, GP Landscape Construction Pte Ltd, Singapore



We support our members in both business and practice across all stages of their careers, with resources tailored to a wide variety of industries and specialisms.

Our global programme of in-person and virtual events continues to provide engagement opportunities and a chance to build connections, bringing a sense of belonging. In 2023, we have been shaping the future by continuing to develop the member experience and enhancing the value of membership, including expanding our content and improving our technical support. This resulted in record levels of engagement and proved particularly important during a time of unprecedented economic challenge.

UK REGIONS

Our programme of activities continued to encourage member engagement across the UK at a regional and local level. During 2023, and in addition to our activities with key stakeholders, UK Regions held more than 400 events, bringing together 9,000 delegates.

We also rolled out our [ICAEW Essentials CPD](#) (Continuing Professional Development) programme across the regions, focused on providing technical updates on core topics.

COMMUNITIES AND FACULTIES

Member engagement in both our communities and faculties increased significantly during 2023 - the first full year following the removal of many of the paywalls.

Membership of our communities grew by 64%, including 22% growth in unique members compared to 2022.

For communities, uptake by members in business increased by 25%, and we are engaging more younger members, with an 18% increase among under-35s.

In 2023, we launched our [Internal Audit Community](#), which reached more than 6,000 members in its first year.

Our [Excel Community](#) continued to grow at an extraordinary rate, achieving 1,063% growth during the year.

By end of 2023, total membership of our communities exceeded 400,000 with over 90,000 unique members.

Membership of our faculties more than doubled during 2023, with a total of 80,363 members.

GLOBAL MEMBERS

17% of our membership is from outside the UK. We support a total of 28,713 international members across 146 countries.

The largest concentrations of members are in China (including Hong Kong SAR), Australia, US, Cyprus, Canada, Malaysia, Singapore, Switzerland and UAE.

In 2023, we hosted 260 events outside of the UK, engaging with 4,113 unique members across the globe.

VOLUNTEERING

ICAEW volunteers

Our members and students play a vital role supporting ICAEW activities and bringing their expertise to all areas of our institute around the world. We are grateful for their support and the role that they play.

During Volunteers' Week in June, we joined thousands of other charities and organisations in recognising the contribution of our volunteers. Then ICAEW Deputy-President, Mark Rhys, shared a message of thanks to our volunteers for all their time and commitment, and some of them explained why they give up their time to support us.

Volunteer roles include serving on our councils, boards, committees and local groups, and supporting our outreach and recruitment work with schools, colleges and universities. Our volunteers' expertise and insight play a fundamental role in helping us shape our activity and strategy.



Not-for-profit sector

Many of our members and students also generously volunteer their world-leading financial skills and experience to benefit charities and other not-for-profit organisations.

Serving as chairs, treasurers, governors, trustees and in a wide range of other roles, they bring their expertise to areas where it might otherwise be lacking or difficult to resource. In 2023, nearly 29,300 ICAEW members worldwide undertook more than 34,200 regular voluntary roles in the third sector.

We encourage volunteering and help many of our members find their roles through [icaewvolunteers.com](https://www.icaewvolunteers.com), which has been connecting charities with finance professionals around the world for over a decade. In 2023, we facilitated 2,140 applications for voluntary roles on our platform.

We appreciate and value the time commitment from all our members who volunteer to support ICAEW, charities and other not-for-profit organisations.

Supporting volunteers

Our [Charity Community](#) is free to join and open to all, bringing together CPD-eligible training, insights and resources for finance professionals and charity volunteers.

In 2023, we refreshed our [Trustee Training Modules](#). This free online course helps members and non-members explore the knowledge and skills required to be an effective charity trustee through a range of reading materials, video recordings and reflective activities. Over 1,750 existing or aspiring charity trustees enrolled for the training in the year.

CONTINUING PROFESSIONAL DEVELOPMENT

CPD is an integral part of being an ICAEW Chartered Accountant. For our members, maintaining their CPD strengthens professional credibility, provides skills and knowledge to perform more effectively and prepares them, our institute and our profession for the challenges ahead.

In November, we introduced revised CPD requirements for our members. Requirements are now based on the complexity of work undertaken, and the potential impact of that work on the public. Members also need to complete mandatory annual training aligned to the [ICAEW Code of Ethics](#).

As well as supporting members in their own right, these revisions help improve the visibility of the technical and ethical standards which our members are expected to uphold.

Our related communication campaign featured tailored messages across various channels, to ensure all members are reached and understand which CPD category they belong to. We will continue to reiterate the message and support our members through the first year of new CPD requirements.

ICAEW NORTHERN IRELAND

We recognised the need to better support members in Northern Ireland. A new member network, ICAEW Northern Ireland, was launched in April for members living and working in the region, who are predominantly business members.

A local ICAEW chair and board, comprising well-connected and influential volunteers, were appointed, bringing opportunities to enhance local member support and raise ICAEW's visibility with key stakeholders and influence regional policy.

The launch was marked with a members' reception, hosted by ICAEW President, Mark Rhys, and a flagship conference, Driving Economic Prosperity in Northern Ireland.

Chaired and facilitated by Clodagh Rice, BBC Business Correspondent for Northern Ireland, the conference brought together ICAEW members, business leaders and key stakeholders, to discuss the future for Northern Ireland's economy, its strategy for growth and the challenges and opportunities for its businesses, infrastructure and economic policy.

Speakers included senior representatives from the Advanced Manufacturing Innovation Centre, the Northern Ireland Chamber of Commerce, Belfast Metropolitan College, Special EU Programmes Body, Belfast City Council and the British Business Bank.

Later in the year, we co-hosted a roundtable with Invest Northern Ireland, examining the local professional services market and the significance of the ACA qualification to future sector growth, credibility and inward investment.



Emily is Chair of the East Midlands ICAEW Board.
Emily Ball-Goldfinch ACA
Corporate Services
Senior Manager, Dafferns
Chartered Accountants

Peter delivered 10 of our CPD Essentials courses in 2023.
Peter Herbert FCA
Director, Insight Training

Liz is a spokesperson for our new CPD Regulations.
Liz Shaw FCA
Senior Manager, Professional Standards, ICAEW

Bernard is Chair of the Northern Ireland ICAEW Board.
Bernard O'Hara FCA
Director, Managed Solutions, KPMG



ACCOUNTEX

For the first time in almost a decade, we exhibited at Accountex in both London and Manchester, welcoming more than 500 visitors to our stands. This resulted in a large number of leads including members related to other professional bodies seeking to transfer to ICAEW membership via our Pathways route, firms looking to train ACAs and other businesses seeking to work with ICAEW on a commercial basis.

Members of other bodies highlighted our global recognition, Royal Charter, high technical standards and world-class library services as reasons they want to join ICAEW. We also received a high volume of positive feedback from ICAEW members who visited us at the stand.

In London, we spoke at several seminars. This included then-ICAEW President Julia Penny joining a panel with influential female accounting and fintech leaders to discuss ambition, diversity, leadership and resilience in professional life.

The ICAEW session, Accounting for the Future: Sustainability and Technology, examined the role technologies such as Blockchain, AI and data analytics can play in helping firms to support their clients with sustainability.

MYICAEW MOBILE APP

With technology continuing to advance, our new mobile app for members and students, **MyICAEW**, relaunched in 2023. This updated version of our previous app offers additional features and functionality, including exam overviews, insights, podcasts, technical helpsheets, chatbot integration, a CPD assessment tool and an interactive community space. MyICAEW is available to download via Apple's **App Store** and **Google Play**.

OTHER HIGHLIGHTS

We continued to grow our presence internationally to support the growth and development of the profession and help engage and represent our membership in key areas.

This included establishing a formal presence in Greece, through our collaboration with the Institute of Certified Public Accountants of Greece (SOEL) and appointing new Council members for Africa, India and Pakistan.

We marked 30 years of ACA training in Cyprus. A special 30th anniversary reception was opened by HE Nikos Christodoulides, President of Cyprus, who highlighted the importance of the ACA in developing professional and ethical skills in the public and private sectors, as well as ICAEW's ongoing work to support the profession in Cyprus.

In July, we held our inaugural dinner for members and students in Indonesia, to commemorate their outstanding accomplishments over the past three years. 140 guests attended, including ICAEW members and students, Authorised Training Employers, university partners, government representatives and other key stakeholders.

In October, visits from ICAEW President, Mark Rhys, and members of our leadership team saw a revival of meaningful face-to-face engagements in Hong Kong. This renewed a sense of connection and collaboration among the ICAEW Hong Kong Community, following a three-year hiatus caused by COVID-19 restrictions. Meetings were held with the British Consulate General, British Chamber of Commerce, Financial Services Development Council and others, together with engagements with various ICAEW committees and members.

We welcomed 65 members and non-members to our **ISQM1 - Maintaining Momentum conference** in November. This collaboration between our Practice Team, Quality Assurance Department and Audit and Assurance Faculty brought together firms of all sizes to share their learnings and challenges on improving audit quality.



Styliana is Chair of our Cyprus Younger Members group.
Styliana Panayi Charidemou BFP, ACA
Director,
PwC Cyprus

Dimitris regularly speaks about data analytics at our events and conferences.
Dimitris Kaskadanis FCA
Senior Director,
Intrum Global Internal Audit,
Data Analytics SME



Jaymal is a member of ICAEW's Hong Kong Leaders Under 40 Committee.
Jaymal Amin ACA
Diplomat,
His Majesty's Government of the United Kingdom



May is an ICAEW Ambassador in Hong Kong.
May Tan FCA
Independent Director,
Manulife Financial Corporation and CLP Holdings Limited



STRATEGIC FOUNDATION

EDUCATION & TRAINING

As the profession is reshaped by generational change, we're focused on attracting and developing sustainable cohorts of future business and professional leaders.



Mandy won several awards in her ACA exams, including one in March which was recognised by the King and Queen Consort of Malaysia.
Mandy Lai Pui Mun
 ACA student

38,490
 STUDENTS

6.7%
 INCREASE
 YEAR-ON-YEAR



2023 saw another record number of students starting their journey to become ICAEW Chartered Accountants. We began the most fundamental review of our flagship qualification in many years, to ensure the ICAEW members of the future remain at the forefront in a fast-changing world. We also extended and renewed our global relationships to collaborate on education and maximise portability of qualifications.

EVOLVING THE ACA

To ensure our flagship qualification, the **ACA**, continues to meet the needs of our employers, members and students, we ran a consultation programme about the evolution of the qualification.

The insight generated from our stakeholders helped us to better understand developments in the workplace, the profession and the ACA.

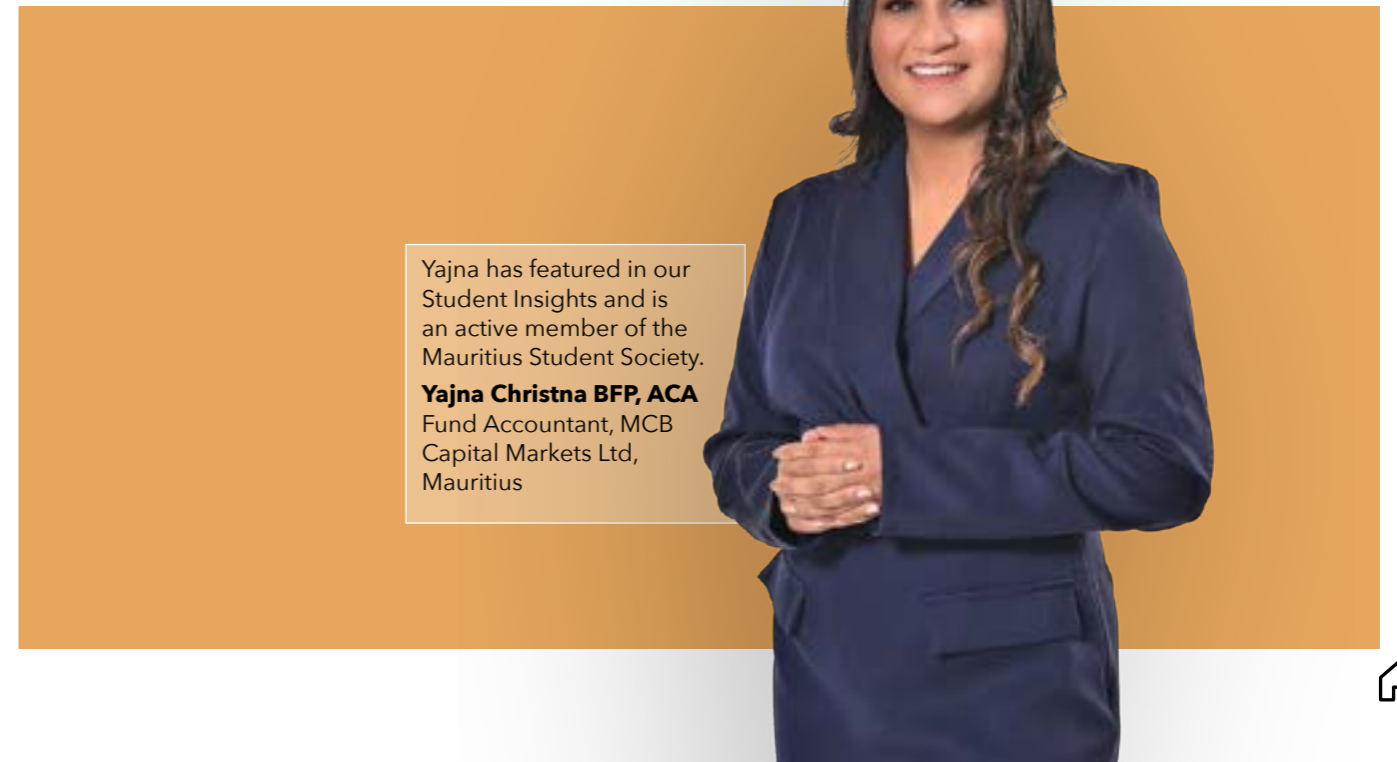
The consultation captured a range of feedback and opinions through roundtables and surveys, which was used to inform our development proposal.

We continued to use technology in the qualification, including the use of workplace data analytics software in exams; and further embedding sustainability.

ICAEW-CIPFA FAST-TRACK TO DUAL MEMBERSHIP

As part of our closer working with CIPFA, in September we **announced** a new fast-track pathway for ACA and CPFA accountants to gain designation of both institutes and qualify for dual membership.

This new accelerated route will help our members build their skillsets and flexibility further as the public and private sectors become increasingly interdependent.



Yajna has featured in our Student Insights and is an active member of the Mauritius Student Society.
Yajna Christna BFP, ACA
 Fund Accountant, MCB Capital Markets Ltd, Mauritius



ICAEW PATHWAYS TO MEMBERSHIP

Our [Pathways to Membership](#) scheme allows fully-qualified members from 15 professional bodies across the world to apply for ICAEW membership based on their experience.

2023 saw continued success in Pathways admissions, with 699 new members joining ICAEW via this route - the largest number since the scheme began in 2007.

The UK, our largest and fastest-growing Pathways market, saw significant numbers of senior ACCA members wishing to join ICAEW. Growth in 2023 also came from other key markets such as Pakistan, the Middle East, China and Nigeria.

Pathways continues to play a key role in member growth and in strengthening our relationships with eligible professional bodies and key stakeholders globally.

OTHER HIGHLIGHTS

We signed a Memorandum of Understanding (MoU) with the Institute of Chartered Accountants of Pakistan (ICAP), highlighting closer collaboration and our intention to work more closely on education and agree a Mutual Recognition Agreement.

We renewed our MoU with the Institute of Chartered Accountants of India (ICAI) to continue to recognise each other's qualifications.

In September, we signed an MoU with the Municipality and Planning Department of Ajman in the UAE, to enhance the skills and experience of their finance and accounting team.

We celebrated the first student of the ICAEW-CA Sri Lanka (CASL) Joint Student and Membership Scheme successfully completing their exams. This student would be the first member to join ICAEW following the introduction of this student route in 2020.

[ICAEW Foundation](#) offered bursaries to 20 students in Sri Lanka. The students were selected by our partner institute, CASL, and reflected those with high potential but who were affected by the country's unstable economic climate.

Sarah joined ICAEW through the Pathways to Membership route.
Sarah Edwards
ACA
Partner, Albert Goodman



Lyndsay joined ICAEW through the Pathways to Membership route.
Lyndsay Blackshaw
ACA
Partner, Albert Goodman

Michael joined ICAEW through the Pathways to Membership route.
Michael House
ACA
Partner, Albert Goodman

Mohammad is a strong supporter of ICAEW and the ACA qualification in the Middle East.
Mohammad Zamani
ACA
Partner, KPMG Lower Gulf



STRATEGIC FOUNDATION

REPUTATION & INFLUENCE

We inform and engage our members in the major emerging and enduring challenges facing the profession, providing them with world-class technical knowledge and ensuring they maintain and enhance their expertise.

Janet joined a panel at our Public Sector Conference to discuss making local government accounts readable.

Janet Dawson, CPFA
Partner, EY



Ed talked about making public finances understandable, with the chair of the OBR, Richard Hughes, at our Public Sector Conference.

Ed Humpherson
CB, ACA
Director General, Office for Statistics Regulation



We also continue to work to ensure that policy and regulation in business and finance are shaped with the future public interest at heart. With the continuing war in Ukraine, spiralling inflation and cost-of-living and cost-of-doing-business crises, representing our members' needs and interests in a difficult operating environment remained at the top of our agenda.

INFLUENCING PUBLIC POLICY

2023 required extensive public policy engagement during many changes in UK parliamentary and government personnel. We engaged with policymakers and kept politicians more widely informed of ICAEW activities and priorities.

Resilience and renewal - ICAEW's fiscal vision

During the UK Government's Spring Budget in March, measures were announced to support individuals back into employment, including through reskilling and tackling childcare costs, as well as greater funding certainty to two Combined Authorities at the next Spending Review - with a commitment to negotiate more deals. These policies reflect recommendations made by ICAEW in our [submission](#) to HM Treasury in January.

It was subsequently announced that the cap limiting non-levy paying companies to 10 apprenticeships was being lifted - a further policy recommendation which was also included in our submission.

Following the Spring Budget, we welcomed several members of the opposition Labour frontbench to Chartered Accountants' Hall for a post-Budget briefing event. Shadow Secretary of State for Business and Trade, Jonathan Reynolds MP; Shadow Financial Secretary to the Treasury, James Murray MP; and Shadow Minister for International Trade, Ruth Cadbury MP, took questions from an audience of 75 senior business representatives.

Ahead of the Autumn Statement in November, we [wrote](#) to the Chancellor, highlighting our campaign, [Resilience and Renewal: Building an economy fit for the future](#), and outlining what we believed should be his key priorities. This followed our [full representation](#) to HM Treasury earlier in October.

Ministerial and parliamentary engagement

We engaged with ministers, shadow ministers and other Members of Parliament throughout the year.

This included an event at EY's Newcastle office with Shadow Science, Research and Innovation Minister, Chi Onwurah MP, showcasing how chartered accountancy plays a pivotal role in driving economic growth and supporting a business and financial ecosystem.

In September, we met with The Rt Hon. the Lord Newby OBE, Leader of the Liberal Democrats in the House of Lords, who is coordinating his party's manifesto for the next general election.

We once again visited the major party conferences, interacting with key stakeholders across politics and business to discuss some of the profession's key priorities.

At the Conservative Conference in Manchester, we took part in the Business Day, which included a lunch with the Prime Minister, and the Chancellor of the Exchequer joined our Enterprise Forum Reception, which we co-sponsored. At the Labour Conference in



Liverpool, we attended a business leaders' dinner and the Business and Trade Reception where we engaged with the Shadow Secretary of State for Business and Trade. We also visited the Business Forum at the Liberal Democrat Conference in Bournemouth.

This conference season was an important opportunity to understand the positioning and framing of the political parties as they prepare manifestos and campaigns ahead of next year's general election.

Company disclosure reform

During 2023, our Corporate Reporting Faculty influenced the development of draft regulations that would have introduced four new reporting statements by the UK's largest public and private companies, including an annual resilience statement, a triennial audit and assurance policy statement, a statement on material fraud and disclosure of a distributable profits figure. The reporting requirements were to be significant steps in the reform of audit and corporate governance.

Including significant input from ICAEW, the draft regulations reflected considerable work undertaken since Carillion and other corporate failures and the various subsequent independent reviews. We were disappointed, therefore, that government decided in October to withdraw these regulations, and consider this to be a major setback in improving transparency and trust in UK corporate reporting.

Our Corporate Reporting Faculty and Audit and Assurance Faculty are, however, considering taking forward elements of the proposed reforms and are liaising closely with policymakers about ways of improving the current legislative framework for corporate reporting.

SUPPORTING EFFICIENT TAX ADMINISTRATION

Our Tax Faculty engaged with HMRC on its review of how Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA) could be shaped to suit the needs of smaller self-employed and property businesses. We wrote to them in April, stating this was an opportunity

for a rethink about what is deliverable by 2026 and to reassess the disproportionate burden of quarterly updates.

In November, the Public Accounts Committee published their report into progress with MTD, to which we had submitted written evidence in June. ICAEW was mentioned six times in the report, including referencing our perspective on HMRC, advocating for greater focus on creating reliable, cost-effective and user-friendly systems.

ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT

The Economic Crime and Corporate Transparency Bill spent much of 2023 passing through the UK parliament, before receiving Royal Assent and becoming an Act in October.

There were several areas we asked parliamentarians to consider.

Companies House

The Bill proposed fundamental reforms to give Companies House powers to verify, scrutinise and reject filings. ICAEW had been calling for Companies House reform for many years and we welcomed these measures to improve the security and reliability of the register.

We were pleased government recognised the potential of accountancy firms to contribute intelligence on economic crime by including them in information sharing protections. We also supported measures requiring registration of changes to auditors.

With a likelihood that our members will be key to delivering the new verification standard, we are now working with Companies House to understand the resourcing requirements.

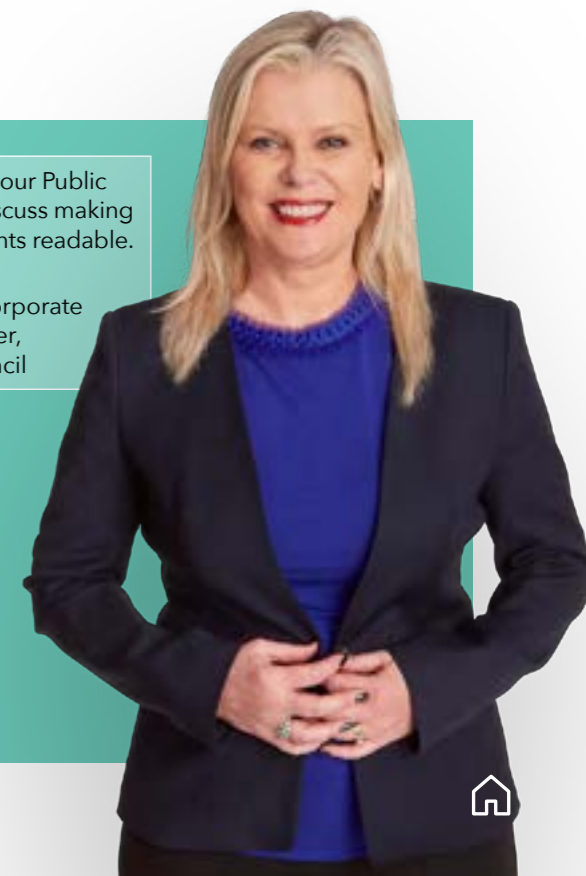
Joel helps to manage our relationship with key UK Government stakeholders.
Joel Spreadborough
Head of Parliamentary and Government Relations, ICAEW



Chris helps to develop our policy positions following consultation with members.
Chris Lane
Senior Policy Manager, ICAEW



Cecilie joined a panel at our Public Sector Conference to discuss making local government accounts readable.
Cecilie Booth FCPFA
Executive Director of Corporate Services and S151 Officer, Peterborough City Council



Richard is a Council member and Chair of ICAEW's Financial Services Faculty.
Richard Andrews FCA
Partner, Head of UK ESG, KPMG



Failure to prevent fraud

The legislation also introduced the “Failure to prevent fraud” offence, making an organisation liable when a specified fraud offence is committed by an employee or agent, for the organisation’s benefit, and it did not have reasonable fraud prevention procedures in place.

We worked closely with the Home Office team writing the guidance for when the offence comes into force, to ensure it addresses our members’ concerns. We established working groups under the Economic Crime sub-committee, who will provide case studies to shape the guidance; this ongoing engagement enables us to proactively influence the implementation of the offence.

Throughout the year, we ran a series of webinars and podcasts to explore the most significant measures in the legislation.

OTHER HIGHLIGHTS

Russia sanctions

Following our extensive guidance in 2022 relating to sanctions following Russia’s invasion of Ukraine, we continued to evolve our guidance as the situation unfolded.

This included in areas directly relevant to our members, such as audit services, early in the year. We continued to work closely with the Department for Business and Trade to relay members’ concerns, including around the implications for group audits.

HM Treasury supervisory reform

In September, we submitted a comprehensive [response](#) to HM Treasury’s consultation on reform of the Anti-Money Laundering and Counter Terrorism Financing Supervisory Regime, which could affect many of our members. We actively engaged through various groups to understand the preferences and concerns of a wide range of members and assimilated this feedback in our response.

PIE definitions

We also contributed to the International Ethics Standards Board for Accountants’ (IESBA) revisions of Public Interest Entity (PIE) definitions and the extension by the UK Government of the PIE definition in UK law. These dialogues were supported by the expertise within our Reputation & Influence department and our membership.

ARGA funding

Following proposals to put funding for the Financial Reporting Council (FRC) on a statutory basis with its transformation to the Audit Reporting and Governance Authority (ARGA), we were pleased to see the FRC consult on the funding formula during 2022, and in spring 2023 we engaged with the FRC around its plan and budget for 2023/24.

B20 summit

Following our role on the B20’s Integrity and Compliance Taskforce in 2022, we were invited to be a network partner at the 2023

B20 summit in New Delhi, India. Specifically, we became a member of the ESG in Business Action Council – one of two action councils established to focus and deliberate on the wider structural agenda of the summit.

The B20 represents the voice of the international business community on global economic issues, feeding into meetings of the G20, including the Leaders’ Summit.

Our participation raised the profile of ICAEW and the profession among global policymakers and business leaders.

Influence in Vietnam

In May, ICAEW’s Head of Vietnam, Trang Dang, became the first Vietnamese woman to be elected to the Board of the British Chamber of Commerce Vietnam. ICAEW has already organised several events in collaboration with the Chamber, helping to connect professionals in finance and business between the two countries, and Trang’s appointment will foster this collaboration further.



Alison supports our members working in the public sector and she also represents ICAEW’s voice in tax matters.

Alison Ring OBE, FCA
Director, Public Sector and Taxation, ICAEW

Ed organised a conference marking the 50th anniversary of the introduction of UK VAT and founded ICAEW’s Duties Committee.

Ed Saltmarsh CTA
Technical Manager, VAT and Customs, ICAEW

Trang represents ICAEW in Vietnam.

Trang Dang
Head of Vietnam, ICAEW



ICAEW AS A REGULATOR



Parjinder Basra
Acting Chair,
ICAEW Regulatory
Board

Our role as an improvement regulator is to strengthen trust in those regulated by ICAEW.

We strengthen trust by enabling, evaluating and enforcing the standards expected by the profession, oversight regulators and government.

STATUTORY APPOINTMENTS AND RESPONSIBILITIES

ICAEW is:*

- The largest recognised supervisory body (RSB) and recognised qualifying body (RQB) for statutory audit in the UK. There are 2,137 firms and 6,623 responsible individuals registered with us under the Companies Act 2006.
- The largest RSB for local audit in England. We have 10 firms and 101 key audit partners registered under the Local Audit and Accountability Act 2014.

- The largest insolvency regulator in the UK. We license over 800 insolvency practitioners (out of a total UK population of 1,542) as a recognised professional body (RPB) under the Insolvency Act 1986.
- A designated professional body (DPB) under the Financial Services and Markets Act 2000 (and previously a RPB under the Financial Services Act 1986). We license 1,672 firms to undertake exempt regulated activities under this Act.
- A supervisory body recognised by HM Treasury for the purposes of the Money Laundering Regulations 2017, dealing with around 10,500 firms.
- An approved regulator and licensing authority for probate under the Legal Services Act 2007. Over 350 firms are accredited by ICAEW to carry out this reserved legal activity.

NON-STATUTORY ASSURANCE SCHEMES

- 245 firms are accredited to perform ATOL returns work under the ICAEW Licensed Practice scheme for ATOL Reporting Accountant work. This was set up in 2016 after the Civil Aviation Authority (CAA) gave approval for ICAEW to license, register and monitor firms which perform ATOL returns work.
- Our Practice Assurance scheme provides ICAEW members working in practice with a framework of principles-based quality assurance standards. We monitor around 11,500 firms to ensure they comply with the Practice Assurance standards.

* Data is correct as at 31 December 2023.



Professional Standards Department

ICAEW's regulatory and conduct roles are carried out by our Professional Standards Department (PSD). This work is separated from ICAEW's other activities through internal governance arrangements so that we can monitor, support, or take steps to ensure change if standards are not met. Our work is based around the "3E's: Enabling, Evaluating and Enforcing."

Through carrying out our statutory responsibilities, maintaining our non-statutory assurance schemes and taking enforcement action, where necessary, through our regulatory committees and disciplinary committees, we protect the public interest by making sure ICAEW firms, members, students and affiliates maintain the highest standards of professional competency and conduct.

Enabling

We enable firms through education. Our approach is to provide guidance to help registrants and licensees maintain the highest professional standards that we, and the public, expect of them. In 2023, we continued to educate and provide guidance through the publication of monitoring reports, results of thematic reviews, help sheets and by holding recorded and live interactive webinars. All these resources are available for those we regulate at [icaew.com/regulation](https://www.icaew.com/regulation)

Evaluating

We evaluate the quality of work carried out by registrants and licensees, and their compliance with rules and regulations and ICAEW's Code of Ethics, through our

monitoring work. In 2023, ICAEW's Quality Assurance Department carried out more than 2,300 visits, completing all of our statutory targets and over 430 additional reviews for third parties pursuant to outsourcing arrangements. Our Regulatory Practice and Policy team also received over 900 Responsible Individual and affiliate applications during 2023 which required evaluation by staff and/or committees to determine approval.

Enforcing

We enforce through taking regulatory action against registrants and licensees whose standards fall below those expected of them. ICAEW regulatory committees imposed conditions/restrictions/financial penalties during 2023 whenever



Steph plays a key role in delivering our regulatory communications.

Steph Patterson
Marketing and
Communications
Manager, PSD, ICAEW



they were concerned at reports from monitoring visits. Regulatory committees also used the ultimate sanction of withdrawing permission to carry out regulated work in order to protect the public. For example, the Audit Registration Committee withdrew two audit registrations during 2023.

We also enforce by taking disciplinary proceedings against ICAEW members and firms where there are breaches of our Disciplinary Bye-laws and regulations. During 2023, we received 953 new complaints, which was higher than the 887 complaints received in 2022. In total, 185 disciplinary matters were referred to the Investigation Committee and 35 matters were referred to the Disciplinary Tribunal. This resulted in the exclusion of nine members and 66 severe reprimands being imposed on ICAEW members and firms in addition to reprimands and cautions for less serious breaches.

In following these 3Es, we ensure ICAEW firms, insolvency practitioners, ICAEW Chartered Accountants and students uphold the highest standards and act in the public interest. View more detail about how we discharge the 3Es on our website: [icaew.com/regulation](https://www.icaew.com/regulation)

ICAEW REGULATORY BOARD (IRB)

The work of the PSD is overseen by the IRB and comprises 11 members* with lay and chartered accountant parity with a lay chair. Members of the IRB are appointed by the independent Regulatory and Conduct Appointments Committee, and the IRB's terms of reference oblige it to act in the public interest. The IRB receives and reviews reports from all regulatory committees and the Investigation Committee following their annual delegated powers' reviews. It also reviews the inspection reports produced by ICAEW's oversight regulators on the PSD's performance and monitors

to ensure implementation of any recommendations resulting from all of those reviews. The IRB also oversees the effectiveness of all ICAEW regulatory and disciplinary committees through its own quality assurance programme involving observation of meetings and meetings with committee chairs.

OVERSIGHT OF ICAEW'S REGULATORY AND DISCIPLINARY WORK

The PSD's work is inspected on a regular basis by the following oversight bodies:

- Financial Reporting Council (annually);
- Insolvency Service (regular thematic reviews);
- Office for Professional Body Anti Money Laundering Supervision (biannually); and
- Legal Services Board (annually).

The PSD may also be inspected by the Financial Conduct Authority for our work as a DPB.

FINANCING OF ICAEW'S REGULATORY AND DISCIPLINARY WORK

The PSD's regulatory and Practice Assurance functions are self-financing. ICAEW membership and practising certificate fees provide a financial contribution towards non-regulatory member disciplinary work. PSD's income is mainly derived from the fees paid by the firms or individuals regulated and supervised by ICAEW. These fees are set by the IRB.

For further information on our regulatory functions and developments during 2023, visit [icaew.com/regulatoryreport](https://www.icaew.com/regulatoryreport)



Bob leads our Quality Assurance Department, ensuring ICAEW firms maintain high standards of professional conduct.

Bob Pinder
Director, Professional Standards, ICAEW





Junaidy actively supports the ICAEW team in Malaysia.
Junaidy Ab-Mutalib
FCA
Member of the ICAEW Ethics Standards Committee

SUSTAINING CONFIDENCE

STRATEGIC THEME ONE
Strengthen trust in ICAEW Chartered Accountants and the wider profession



Read more at:
icaew.com/technical/trust-and-ethics/



STRATEGIC THEME ONE

Strengthen trust in ICAEW Chartered Accountants and the wider profession

Throughout 2023, we continued to build confidence in the integrity of our members and the profession to sustain a reputation for excellence. Our work to improve standards of judgement, regulation and corporate governance contributed to record levels of public trust in what we do.

TRUST RESEARCH

The latest global accountancy trust survey, conducted by Edelman DXI, was published in October, revealing that ICAEW Chartered Accountants are among the most trusted professionals in England and Wales.

Trust in ICAEW specifically also rose 10 points since the research was last carried out in 2021.

The report showed that globally, trust in chartered accountants has reached 85% and chartered accountancy is the only profession other than nursing to see an uplift in trust.

78% of businesses viewed chartered accountants as crucial in addressing economic challenges and three-quarters suggested the profession is vital given the growth of misinformation.

The value placed in our profession has been particularly marked during economic uncertainty and the cost-of-living crisis, with seven in 10 organisations in England reporting they had used ICAEW Chartered Accountants to navigate the turmoil.

ADVANCING OUR FOCUS ON ETHICS

With ethics, trust and integrity underpinning everything finance professionals do on a daily basis, we integrate ethics and ethical considerations throughout our qualifications, exams and professional development requirements.

In 2023, we launched the [ICAEW Ethics Learning Programme](#), to help our members and students develop their knowledge and behaviours in this area. It is a mandatory part of the ACA qualification and BFP designations, and helps members to comply with our revised CPD training requirements.

In June, we provided secretariat and organisational support for the first ever CCAB ethics webinar, which received more than 500 registrations.

In July, we dedicated our Members' Quarterly Newsletter to ethics and, during the summer and autumn, we published new ethics video resources online including a podcast, [Why Do Good People do Bad Things?](#)

We marked Global Ethics Day in October with a wide array of activity. A new dedicated [ethics hub](#) was launched to highlight material being published in advance of the day. A social media campaign featured members and students from around the world promoting the day and the importance of ethics.

Global Ethics Day itself featured a thought leadership event at Chartered Accountants' Hall, which aimed to facilitate a cross-sectoral approach to maintaining stakeholder trust and develop practical proposals aimed at increasing and maintaining trust in professions. Bringing together a diverse array of speakers and attendees, including senior figures from the worlds of accountancy, finance, law, healthcare, regulatory policy, ethical advocacy and politics, ICAEW facilitated a cross-sectoral approach to a common issue: how best to maintain the trust of stakeholders?

ENHANCING AUDITOR EDUCATION AND TRAINING

Our project to develop the quality of auditor education and training focused on a variety of areas, including creating a competency framework for practising auditors, developing tools and learning materials to support members in exercising good professional judgement, and reviewing our audit qualification. New workstreams will be added to the project in 2024.

BETTER REGULATION

ICAEW works to improve regulation continually and question whether current regulatory frameworks are operating as well as they should. Our [Better Regulation](#) project, launched in March, aims to gather insights and help our members understand how the UK's regulatory regime might be improved. We will be applying our findings to our work with government.

Andrew was involved in our activity to support Global Ethics Day.

Andrew Horton FCA
Group CEO,
QBE Insurance
Group,
Australia

Laura and her team ran an ethics campaign which culminated in a cross-profession thought leadership event to mark Global Ethics Day.

Laura Hough
Director, Trust &
Ethics, ICAEW

Simon was involved in our activity to support Global Ethics Day.

Professor Cav. Simon Mordant AO, FCA
Executive
Co-Chairman,
Luminis Partners,
Australia



Why do companies fail?

We believe more research is needed into the causes of unexpected corporate failure, to be able to suggest remedies or means of mitigation. We initiated our own [research project](#), bringing together insights across diverse fields and specifically focusing on internal control and corporate governance.

As part of this project, in October we hosted an event at Leeds University Business School, Business Resilience and Best Practice for Corporate Governance. The event discussed how corporate governance can be enhanced to reduce the risk of company failure, and highlighted how academic research can help provide businesses with relevant insights.

US SECURITIES AND EXCHANGE COMMISSIONER

In his only speech during his visit to the UK, Commissioner of the US Securities and Exchange Commission (SEC), Mark Uyeda, delivered a keynote speech at our event, World-Class Regulation: Building Trust and Transparency in International Markets.

During his speech, the Commissioner highlighted the importance of accounting standards. He focused on the need for the International Accounting Standards Board (IASB) to be sufficiently resourced to fulfill its core regulatory role and to take enforcement action against individuals where required.

All Too Familiar

Our educational film drama, [All Too Familiar](#), launched in March 2022 and co-produced with HMRC, continued to attract attention from firms, organisations, government agencies and other professional bodies globally.

In March, the film was screened to 300 attendees at a joint event with the International Federation of Accountants (IFAC) on AML policy developments in the EU. An event with Caritas Cyprus, a UN-supported organisation working with victims of trafficking and slavery, screened the film to its members in August.

In September, a screening took place in Sarajevo at the Organization for Security and Co-operation in Europe's (OSCE) Human Trafficking Conference. The audience included political and business leaders from the Balkans.

The film was also screened throughout the year at a wide range of other events, including the Economic Crime Symposium at Cambridge University and the AFA ASEAN Federation of Accountants Annual Conference in Bangkok.

OTHER HIGHLIGHTS

We met several times with the Department of Business and Trade on its Call for Evidence on UK non-financial reporting requirements.

We took part in a panel session on audit innovation and judgement at the Foundation for Auditing Research (FAR) conference in the Netherlands.

We hosted a roundtable with Sir Andrew Likierman, former Dean and Professor of Management Practice at the London Business School, on his model for professional judgement. Discussions focused on how tools around judgement could be developed for an audit context.

Our podcast in February, [Carillion Five Years On: Can we Regulate 'Good' Judgement?](#), featured Sir Andrew Likierman, Mark Babington, Executive Director of Regulatory Standards at the FRC, and sector expert Andrew Ratcliffe.

In June, we hosted a seminar with the Vietnamese Ministry of Finance on the Whole of Government Accounts, to help the country address challenges such as property identification and valuation. We shared insights from the UK at the event, which was attended by more than 80 participants from various government offices.

We became a member of IFAC's pilot AML Community of Practice group.



ADVANCING SUSTAINABILITY

STRATEGIC THEME TWO

Help to achieve the UN Sustainable Development Goals (SDGs)



Tasha spoke about preparing a transition plan at our Climate Summit.

Tasha Clarbour ACA
Director, Sustainable Finance, Deloitte



Read more at: icaew.com/climate



STRATEGIC THEME TWO

Help to achieve the UN Sustainable Development Goals (SDGs)

As engagement with our sustainability initiatives continued to grow, we developed our work further in this area. We led calls to action to policymakers, helped launch new corporate standards and ramped up our insight on the importance of ESG considerations, to lead and support the transition to net zero.

GLOBAL SDG PROGRESS

With a UN SDG Progress Report warning the world is on track to meet just 12% of the targets by 2030, in September we coordinated a [call to action](#) to the UK Government to make meaningful progress at the half-way point towards the SDGs' implementation.

This call to action garnered the support of 11 other professional bodies and was advertised in the print and online versions of the *Financial Times*. A letter was sent to the UK Prime Minister, the contents of which were published on our website.

Following the letter's publication, we approached the United Nations Development Programme (UNDP) regarding collaborating on an SDG workstream. After reviewing our extensive track record on engagement with the SDGs, the UNDP followed up with us and we are currently planning for such a collaboration.

COP28

We attended COP28 in Dubai, to share our insight with business leaders and policymakers, and represent our members and the critical role their work plays in building a sustainable economy and achieving net zero.

ICAEW had not attended COP since 2009, when we were the only professional body present. This year's event was a wholly different experience, attracting more than 85,000 attendees from across the world.

We hosted several roundtables and workshops focused on transition planning, embedding nature into business decision-making and upskilling the profession on sustainability. These were very well attended and generated some fantastic discussions, learnings from which our sustainability team are incorporating into plans for future activity.

Together with Accounting for Sustainability and CPA Canada, we held a capacity building roundtable with senior figures from accountancy, banking, regulation and policymaking to discuss how our profession can gain the skills - and leverage our existing knowledge - to prepare and assure non-financial information.



Ian spoke about financing renewables at our Climate Summit.

Ian Brown
Head of Banking and Investments,
UK Infrastructure Bank

Our [COP hub](#) contains a range of practical content and case studies, examining the role the profession can and should play in addressing the climate crisis.

Ahead of COP, we hosted a WWF/Bankers for Net Zero event at Chartered Accountants' Hall, to convene and mobilise the finance sector around the importance of nature.

ICAEW Middle East held various initiatives leading into COP28, including:

- A live TV interview with tier 1 media outlet Emirates News, discussing how banks and ICAEW Chartered Accountants are accelerating the green transition. The interview was posted on our social channels, reaching more than 80,000 people.
- An article published in tier 1 media outlet, Arabian Business, on how businesses need to plan ahead for their green transitions.
- A social media reel with Jeannette Vinke FCA, on the vital role ICAEW Chartered Accountants play in achieving the SDGs. The reel reached more than 135,000 people.

TRANSITION PLAN TASKFORCE

We continued our work as part of the UK's [Transition Plan Taskforce](#). Our Chief Executive, Michael Izza, sits on the Taskforce's Steering Group, together with the Economic Secretary to the Treasury and other senior executives from business, finance and the environmental sector. ICAEW's Director, Sustainability, Richard Spencer, also sits on the Taskforce's working group.

In October, the Taskforce released the final version of its [Disclosure Framework](#), based on the draft launched for consultation in November 2022 and updated following extensive engagement and feedback.



Natalie spoke at our Annual Conference about working towards a net zero future.

Natalie Pullin
Head of Sustainability,
Group Technology, HSBC



PERSEUS

We are proud to sit on the steering group of [Project Perseus](#), an initiative launched in June to help automate the reporting of greenhouse gas (GHG) emissions for SMEs across the UK.

Developed by Bankers for Net Zero and Icebreaker One, the project recognises that there is currently no common process to follow for GHG reporting, and smaller businesses often lack the resource to dedicate to this area.

In its first phase, Perseus is automating access to energy data on business customers, seeking to provide a scalable data-sharing infrastructure with financial-grade security.

NEW SUSTAINABILITY DISCLOSURE STANDARDS

In June, we hosted the launch of the first two IFRS Sustainability Disclosure Standards (S1 and S2), in association with the International Sustainability Standards Board (ISSB).

At the event, Michael Izza participated in a fireside chat with the Vice Chair of the ISSB. Officials from the UK's Department for Business and Trade and the FRC were in attendance, as well as a wide range of practitioners involved in corporate reporting.

FUNDAMENTALS OF SUSTAINABILITY

Our [Fundamentals of Sustainability Programme](#) for students was fully launched in March, following a soft launch in late 2022. The programme provides an overview of the core knowledge in this area, introducing young people to key issues, terminologies and risks around climate change. We want to help educate those who are so passionate about driving sustainability, but who may lack the basic technical knowledge to do so.

In 2023, we enrolled more than 2,000 students globally, with more than 400 completing the course and receiving their certification.

ICAEW ANNUAL DINNER

Sustainability was the theme for the 2023 ICAEW Annual Dinner - our flagship corporate event. The keynote speaker for the evening was Tony Juniper, Chair of Natural England, who spoke passionately of the urgency the world faces and why business can and must take a leadership role. Then-ICAEW President Julia Penny also spoke of the contributions of the finance profession, and highlighted ICAEW initiatives in this area.

Toby leads our work on nature and biodiversity, engaging members and other stakeholders in business, finance and public sector.

Toby Roxburgh
Sustainability Manager,
Nature & Biodiversity,
ICAEW



OTHER HIGHLIGHTS

Membership of our [Sustainability & Climate Change Community](#) grew by 27% year-on-year, with more than 21,300 members at the end of 2023.

Our [Sustainability Certificate](#) has attracted 972 enrolments since its launch in August 2022. Agreements were signed with professional bodies in Nigeria and Sri Lanka to promote the certificate to their members. Our virtual 2023 [Climate Summit](#) took place in November, with more than 2,000 unique delegates.

We took part in a Board Agenda panel discussion exploring ESG issues facing banks. As a result, our Finance Services Faculty was asked to join their advisory panel.

We joined a roundtable on incorporating nature and biodiversity risks in corporate decision-making, hosted by the Institute and Faculty of Actuaries (IFOA).

We held a webinar, [ESG Reporting and Disclosure: Best Practices in Hong Kong and Singapore](#), as part of our C-suite conversations series in collaboration with the British Chamber of Commerce Singapore. The event attracted more than 200 delegates.

We hosted a virtual event with the UAE Banks Federation (UBF) on sustainability reporting standards and other policies needed to support the Gulf Cooperation Council's economic transition to net zero. The webinar was attended by 130 ICAEW members and stakeholders.

In October, we launched the ESG Challenge in Vietnam, in partnership with the Vietnam State Securities Commission. This annual challenge will help younger generations build their knowledge of ESG topics and learn about their practical applications - ultimately benefitting the Vietnamese economy through increased awareness of these issues.

Cecilia is a member of the ICAEW Sustainability Committee and has recently joined the Audit & Assurance Faculty.

Cecilia May FCA
Technical Manager,
Sustainability Assurance,
ICAEW





SUPPORTING BUSINESSES

STRATEGIC THEME THREE

Support the transformation
of trade and the economy

Mike featured in
our Resilience
and Renewal
campaign.

Mike Younger
FCA

Finance Director,
Ian Macleod
Distillers



Read more at:
icaew.com/technical/economy



STRATEGIC THEME THREE

Support the transformation of trade and the economy

We continued our work with policymakers to help ensure tax systems are fit for the future and serve the needs of businesses and individuals. We also provided and facilitated insight and commentary on areas of critical importance to sustainable economic growth.

MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS

We continued to work with the UK Government and the FRC to promote the mutual recognition of professional qualifications between countries in the post-Brexit landscape.

This includes supporting the formation and operation of free trade agreements and audit qualification mutual recognition agreements – including contributing to the FRC’s guidance on their audit recognition agreement with New Zealand.

Our work with Professional Accountancy Education Europe (PAEE) is also paving the way for the ACA to be given equivalence to other leading accountancy and auditing qualifications across Europe. This follows ICAEW members in the UK losing professional mobility benefits post-Brexit.

TAX SIMPLIFICATION

Complexity in tax administration and legislation is a key issue for our members, so we continued to make the case for simplification. In April, together with other professional bodies, we [wrote](#) to the Financial Secretary to the Treasury, offering our support in this area and outlining processes we think government should introduce.

As a result, we met with the Financial Secretary in May, and held two subsequent meetings with officials from HMRC and HM Treasury.

We sent a further [joint letter](#) to the Minister in September, setting out next steps and expressing concern that without a clear plan, focused resource, accountability and investment, delivering meaningful simplification will be difficult.

In June, our Tax Faculty hosted a dinner at Chartered Accountants’ Hall with the Chair of the Treasury Select Committee, Harriett Baldwin MP, during which tax simplification was discussed, along with digitalisation of the tax system and reform of the VAT regime.

PUBLIC SECTOR AUDIT

In April, we chaired a roundtable with the Minister for Local Government, Lee Rowley MP, and members involved in public sector audit. Hosted at the Department for Levelling Up, Housing and Communities (DLUHC), representatives from CIPFA, the FRC and the Local Government Association, as well as EY and Grant Thornton, highlighted challenges and proposed solutions to eliminating the current backlog of audits.

VAT AT 50

In May, we hosted the VAT at 50 conference at Chartered Accountants’ Hall, to mark the 50th anniversary of the introduction of VAT in the UK. The event focused on the future of VAT with an emphasis on simplification, sustainability and technology. Jim Harra, First Permanent Secretary and Chief Executive, HMRC, delivered the keynote speech and over 150 delegates attended, including many representatives from HMRC and HM Treasury.

STRENGTHENING THE UK’S REGULATORY FRAMEWORK

We [responded](#) to the FRC’s consultation on the UK’s Corporate Governance Code. Our response stressed that the future of corporate governance is as much about nurturing good behaviours as it is preventing corporate failures.

We called on the FRC to ensure that an updated version of the Code remains an example of global best practice and makes compliance by business both feasible and desirable. We also supported plans to put director accountability and audit committees at the heart of governance reforms.

Our response followed extensive consultation with our committees and boards, together with meetings with other professional bodies and the large firms.

LIVERPOOL CITY REGION INNOVATION INVESTMENT SUMMIT

With innovation being central to economic recovery, regional growth and levelling up, we partnered with the Liverpool City Region to host their second Innovation Investment Summit.

The summit was opened by Steve Rotherham, Metro Mayor of the Liverpool City Region, and featured investors from across the region and businesses established from initiatives conceived at the inaugural summit in 2022.

Discussions focused on upcoming projects in the region and the opportunities these will offer for investment and innovation.

REPRESENTING SMALL BUSINESSES

We have long campaigned for measures to tackle late payments to small businesses. In October, the UK Government extended payment reporting regulations and gave more powers to the Small Business Commissioner.

Our Corporate Reporting Faculty made written representations to this effect and our views were discussed at a roundtable meeting in August, organised by our Trust & Ethics team and attended by the Commissioner.



Tim supports ICAEW’s development in China.
Tim Yu FCA
Managing Partner of Sky Mountain Capital (Hong Kong) Ltd



Neil spoke about public sector financial reporting at our Public Sector Conference.
Neil Harris CPFA, ACA
Director of Local Audit, Financial Reporting Council



Cathy featured in our Resilience and Renewal campaign.
Catherine Cranton FCA
Finance Director, Paragraf



Charles featured in our Resilience and Renewal campaign.
Charles Platts FCA
Chief Financial Officer, Paragraf



The Small Business Commissioner, together with senior representatives from the Institute of Directors (IoD) and Institute for Government (IfG), also took part in a panel session at our Regions Economic Summit in April. The panel discussed the results from our latest *Business Confidence Monitor*, the outlook for the UK economy and some of the longstanding issues facing the economy such as weak productivity.

UNPACKING THE PUBLIC FINANCES

In November, we held an event in the UK parliament, Unpacking the Public Finances. Discussions focused on the state of the UK's public finances, the decisions needed to improve sustainability and resilience, and how to better communicate financial information to MPs and the public.

Attendees included Dame Meg Hillier MP, Chair of the Public Accounts Committee, and representatives from accountancy firms, think tanks, local government and public bodies including the NAO and Parliamentary Scrutiny Unit.

BANK OF ENGLAND COLLABORATION

Our UK Regions team held quarterly events in collaboration with the Bank of England during 2023, which saw its regional agents sharing insight from the Bank's latest Monetary Policy report and responding to ICAEW's regional *Business Confidence Monitor* findings.

The year culminated in ICAEW's virtual UK Economic Summit, featuring the Bank of England's Chief Economist Huw Pill as our keynote speaker. Huw announced the Bank's latest approach to managing inflationary pressures and interest rates and spoke about the state of the economy and future prospects.

After plenary discussions, delegates joined regional breakout rooms to explore the regional report findings and discuss the outlook for the regions' key sectors. Regional panellists included representatives from FatFace, Halfords, Co-operative Food, Development Bank of Wales and Hiut Denim.

The event was covered by Reuters, Bloomberg, *Financial Times*, *The Times*, *The Telegraph*, *Sky*, *Daily Mail*, *Daily Express* and more than 130 regional titles.

HMRC SERVICE STANDARDS

We deployed a variety of approaches to address the continuing issue of poor HMRC service performance and its serious impact on our members.

We met with HMRC's senior leadership team on multiple occasions, and wrote to government, including jointly with other professional bodies. We submitted detailed evidence to the Public

Accounts Committee inquiry focusing on HMRC's service performance, and met with Treasury Select Committee advisers to explain our concerns. Our evidence included detailed case studies, illustrating how ICAEW members were affected.

Throughout the year we also commented on service performance in the media and through our website, helping to ensure the issue remained on the public agenda.

We emphasised that HMRC's digital services are disjointed, not comprehensive enough, and that investment is required if HMRC is to successfully migrate from phone and postal services to digital services. Our list of concerns with digital services received traction across the agency and is being used in its improvement plans.

OTHER HIGHLIGHTS

Our annual Hardman Lecture in November featured tax lawyer and campaigner, Dan Neidle, presenting on [The Worst Features of the UK Tax System](#). Dan delved into three major causes for concern: tax cliff edges, complexity and public misconceptions about the punitive regime.

In Greece, in partnership with SOEL, we convened a roundtable of leading tax practitioners and the Greek tax authority to discuss collaboration to improve efficiency and effectiveness in the tax system. We shared experiences from the UK and emphasised how jointly tackling challenges and reviewing opportunities can result in improved outcomes for all.

In December, our annual Public Sector Conference attracted more than 150 delegates to discuss how we engage with public sector finance, and local and central government accounts.

We were the catalyst for the Levelling Up, Housing and Communities Select Committee holding an [inquiry](#) into Financial Reporting and Audit in Local Authorities. We gave evidence at hearings which took place in July, and ICAEW is mentioned 14 times in the [main report](#). We are pleased the report highlighted the importance of audited financial statements to the effective financial management of local authorities. We also agree that urgent action is needed to tackle the crisis in local authority audit and endorse the committee's call for greater clarity on the purposes and uses of local authority accounts.

Bev represents ICAEW in the South and South West of England.
Beverley Waters
ICAEW Regional Director, South & South West



Suren spoke at our UK Economic Summit and was regularly quoted in the press on economic issues.
Suren Thiru
Director, Economies, ICAEW



Vishesh is our first representative from India on our Council.
Vishesh Chandiok
ACA
CEO, Grant Thornton Bharat LLP



HARNESSING TECHNOLOGY

STRATEGIC THEME FOUR
Master technology and data

Sam discussed leveraging standardised bank data for analytics at our flagship event, Analytics Live.

Sam Bonser ACA
Product Manager, Circit

Sarah spoke about the future of AI in analytics at our flagship event, Analytics Live.

Dr Sarah Schlobohm ACA
Head of Artificial Intelligence, The Citation Group



Read more at: icaew.com/technology



STRATEGIC THEME FOUR

Master technology and data

With technological change set to define the future of work, we continue to equip our members to harness the current and upcoming opportunities. In 2023, we ramped up our work on AI, and further embedded digital knowledge and skills into our member offerings.

LEADING ON AI

In June, we submitted a [response](#) to the UK Department for Science, Innovation and Technology's consultation, AI regulation: a pro-innovation approach. Our response highlighted the role that ICAEW members can play in helping shape AI risk management and delivering AI assurance services. It also raised the lack of focus on ethics and called for greater regulatory clarity for businesses.

Recognising the significant impact of AI creating seismic change, we published a [generative AI guide](#), examining the technology's role in accounting. This has been extremely well-received by members and organisations, including IFAC and the Information Commissioner's Office (ICO).

We held a multi-disciplinary [roundtable](#) to discuss the professionalisation of AI assurance, including lack of regulation and standards and skills shortages. Representatives attended from the Centre for Data Ethics and Innovation, the Information Commissioner's Office, the British Computer Society, PwC, Mindbridge and Simmons & Simmons.

MASTERING MID-TIER TECHNOLOGY

To help update our understanding of the technology and software landscape in which mid-tier firms are operating, between February and April we conducted [research](#), with support from market research firm, Savanta, and sponsored by Confirmation.

The objectives were to understand where members see their practice on the digital journey, the different technology solutions currently in use and the level of integration between different applications. We also examined any concerns or challenges around the use of technology, now and in the future.

The research approach included telephone and online surveys with senior decision-makers across a mix of practice sizes in the UK.

Key findings included an overall sense of optimism and positive attitude towards new technology. Key drivers for technology adoption were staff retention and wellbeing, and barriers were levels of effort and capability required.

We also held quarterly forums to engage mid-tier practice tech leads and discuss challenges and opportunities with peers and SMEs. September's session explored AI and was attended by the FRC.

ICAEW ANNUAL CONFERENCE: TECHNOLOGY

Our first Annual Conference since the pandemic took place in November.

Tickets sold out several weeks in advance, with more than 300 delegates joining from across the world.

The event featured 20 sessions led by industry experts and 25 sponsorship partners, who came together to explore the future of technology in accounting.



John was instrumental in creating our AI strategy.

John Pearce
Director, Digital and Publishing, ICAEW



Daniel is Vice-Chair of our Tech Board and chairs our Digital & AI accounting insight group.

Daniel Clark FCA
Trainer and Writer, Digital Skills for Professionals Ltd



Shikha helped to promote our mid-tier tech forums to our stakeholders.

Shikha Shah
Senior Marketing Executive, Commercial, ICAEW



Highlights included a keynote speech by Nir Evron, Senior AI Speech, Language and Search Lead at Microsoft, on whether ChatGPT is coming for our jobs; BBC technology editor Zoe Kleinman, discussed how technological trends are changing the face of business; and Alchemy HR founder Lola Abitogun, explained how to get workforces on board with new software.

ICAEW ANALYTICS LIVE

In June, our Data Analytics Community hosted its first in-person event, Analytics Live, focused on the theme of data-driven decision-making.

More than 150 delegates attended, and featured speakers from the Open Data Institute, Engine B and Grant Thornton, together with consultancies, software companies and academia, who shared insights and best practices.

Delegate feedback was overwhelmingly positive, leading to plans for a follow-up conference in 2024.

OTHER HIGHLIGHTS

Our **Data Analytics Community** saw 38% growth in 2023, finishing the year with more than 34,500 members.

In 2023, we had 306 enrolments of our **Data Analytics Certificate**, and began a review of the programme to ensure it remains relevant and as attractive and accessible as possible.

Our **Finance in a Digital World** programme, developed in partnership with Deloitte, is also being reviewed and updated. The programme equips members with insights on how digital transformation has impacted - and continues to impact - finance.

With financial models becoming the most important decision-making tools in finance, in October we launched an **Advanced Financial Modeler Accreditation**, in partnership with the Financial Modeling Institute (FMI). This self-directed e-learning certification includes a range of resources and tutorials on how to create effective, transparent and well-structured financial models.

To mark the 20th anniversary of Cyber Security Awareness month, we launched a **hub** containing articles, guides, webinars and podcasts.

We delivered a digital skills workshop for almost 200 small and mid-size practices, helping firms develop understanding of what digital upskilling means, which skills their firms need and practical ideas of how to fill those gaps.

ICAEW Hong Kong expanded its *Critical Skills* series to encompass workshops on both soft skills and Excel proficiency. The sessions were conducted by David Benhaim, an ICAEW member and Microsoft MVP, who trained participants in intermediate and advanced Excel techniques. The series was promoted to members in Australasia, Greater China, South East Asia and the Middle East, and received more than 1,200 registrations.



Bani manages our Excel and Data Analytics communities and helps deliver content on these subjects and wider tech.
Bani Lamba ACA
Data Analytics and Tech Manager, ICAEW

David is an ICAEW representative for Cambodia and regular Excel Community contributor.
David Benaim FCA
Founder & consultant at Xlconsulting, Cambodia

Andrew is Chair of our Excel Community.
Andrew Paw
Associate Director, Protiviti

Duncan is a member of the ICAEW Hong Kong Committee.
Duncan Fitzgerald FCA
Financial Services Risk and Crypto Leader, PwC Hong Kong



BUILDING DIVERSITY

STRATEGIC THEME FIVE

Strengthen the profession
by attracting talent and
building diversity



Weronika features in our student vlogs.
Weronika Szmyt ACA
Audit Assistant
Manager, BDO UK LLP



Read more at: icaew.com/diversityandinclusion



STRATEGIC THEME FIVE

Strengthen the profession by attracting talent and building diversity

We continued our journey towards ensuring the profile of our community fully reflects the societies it serves. We expanded our flagship Rise initiative and further supported wider education, helping to source and nurture the talent of the future.

STUDENT ATTRACTION CAMPAIGN

Our student attraction campaign, "Accountancy got me here", featured young trainee ICAEW Chartered Accountants together with newly-qualified members, from a wide range of backgrounds, who have followed different routes into the profession.

In the academic year 2022/23, the campaign achieved more than 41m impressions across all media channels. The accompanying television advert on Sky AdSmart achieved more than 335,000 impressions, carefully targeted at those from lower socio-economic groups across the UK.

The campaign was developed by our Student Attraction and Global Brand teams. It won Best Early Careers Attraction campaign at the 2024 UK RAD awards, against strong competition including Coca-Cola, the RAF and Santander.

RISE

The [Rise initiative](#), developed by ICAEW together with firms, has now reached more than 10,000 young people. We are investing to grow this number to 50,000 in 2024 and have refreshed the Rise brand identity to support this growth.

134 Rise workshops were held across the UK in the 2022/23 academic year.

Since launching in 2021, 907 volunteers have signed up to the programme and 31 organisations have partnered with us.

Every teacher involved has told us they would recommend the Rise programme.

ACCESS ACCOUNTANCY

Since 2014, [Access Accountancy](#) has delivered more than 5,000 work experience placements to young people from low socio-economic backgrounds in the UK. Research has shown that vital business and transferable skills increased by taking part in these opportunities.

An annual student outreach campaign aims to build awareness of the initiative and the opportunities available. The 2023 campaign reached over 347,000 students via a range of digital marketing channels, leading to an increase in mailing list sign-ups.

ICAEW is continuing to serve as Chair of Access Accountancy, from October 2023.

SUPPORTING FINANCIAL EDUCATION

Our [ICAEW Maths](#) resources, produced in partnership with Nebula Learning, support the teaching of financial literacy and numeracy within the UK GCSE maths curriculum.

In October, we released 15 new worksheets into the collection, which now totals 35 resources, centred around topical issues in personal finance and economics - including themes of inflation, cost-of-living trends and interest rates.

The resources are now being used in more than 1,500 schools, reaching an estimated 55,000 students.

We have received exceptional feedback from teachers, with 98% saying the resources added value to their students' learning experience and 92% describing being "highly engaged" with the resources and willing to support their ongoing development.

STUDENT MENTORING

The [ICAEW Student Mentoring Programme](#) gives ACA students the opportunity to be mentored by an ICAEW Chartered Accountant. Students receive personalised advice to support their growth.

Since launching in 2022, the programme has supported 52 active mentoring relationships.

Mentees who have been in mentoring relationships for five months or more, gave scores of more than 8 out of 10 for how pleased they were with their mentoring

relationship and how likely they were to recommend the programme to other students.

ICAEW 100 COMPETITION

Our national business and accounting competition for university students, the [ICAEW 100](#), continued to run in the UK and Cyprus, with more than 6,000 participants taking part in 2023.

Open to all students at all stages of study, the competition provides participants with an authentic insight into the career of an ICAEW Chartered Accountant. Participants are assessed on the key skillsets required of a chartered accountant, including communication, adaptability, integrity, critical analysis, resilience and planning.

The competition also helps us reach a more diverse range of students; in the 2022/23 competition, 54% of participants were female and 19% from Black or mixed heritage backgrounds.

ICAEW BUSINESS CHALLENGE

For the first time since 2019, the ICAEW Business Challenge took place, in Greece, attracting top students from five leading universities in Athens with the support of leading professional services firms and SOEL.



Dave manages and develops the Rise programme.

Dave Payne
Head of Access and Volunteer Programmes, ICAEW

Orkhan featured in our 2023 Student Attraction campaign.
Orkhan Freeman ACA
Freelance ICAEW Chartered Accountant

Asim is the Chair of the Young Member Volunteer Group in the Middle East.

Asim Raza ACA
Associate Director, KPMG Lower Gulf

Titilope featured in our 2023 Student Attraction campaign.

Titilope Babafunso ACA
Tax Disputes Solicitor, KPMG Law



Students were able to take on the role of an ICAEW Chartered Accountant, demonstrate their business skills, explore their career options and connect with our stakeholders in future professional environments. There was also the opportunity to network with HR representatives to discuss future opportunities.

BUILDING SKILLS AND OPPORTUNITIES

Our [Training Vacancies platform](#) offers all students the opportunity to explore their potential career options and find the right training contract for them. It is also available for students who are changing their training contract, and for employers seeking students for a training contract. During 2023, the platform received more than 500,000 page views.

Our Virtual Work Experience initiative helped to address the skills gap among potential students, by providing 16-17-year-olds with a week's worth of activities and events, in an inclusive and representative work environment and without the need for a physical office.

80% of those who completed the programme in 2023 said they want to become an ICAEW Chartered Accountant or are considering becoming one. 100% would recommend the programme to a friend.

BLACK HISTORY MONTH

This year we celebrated the achievements and contributions of Black females in the finance and accounting profession.

We organised a webinar featuring four Black female professionals who have also shattered glass ceilings and paved the way for future generations. They shared their insights, experiences, and the challenges they've overcome, highlighting their unwavering commitment to excellence. [Empowering Success: Inspirational Black Women Breaking Barriers](#).

We also produced a compelling video featuring ICAEW member Nichole Ama reflecting on her career journey so far and the significance of being the first in her family to become an ICAEW Chartered Accountant. The video resonated with thousands, garnering 44,200 likes on TikTok and 51,500 likes on Instagram, further amplifying the message of inclusivity and achievement.

10,000 BLACK INTERNS

In 2023, we again offered paid work experience via the [10,000 Black Interns](#) initiative.

In July and August, interns with an interest in accountancy joined us for six weeks, rotating across finance-related business units and teams.

One intern commented how the internship had given them a lot of confidence and experience, and empowered them to become the professional they wanted to be. We also advocated for the initiative across the profession and renewed our commitment to it for 2024.

ONE YOUNG WORLD

We once again partnered with Chartered Accountants Worldwide to attend the [One Young World Summit](#) in Belfast in October.

One Young World is an annual global conference that promotes and connects the world's most impactful young leaders to create a better world, with more responsible, more effective leadership.

This year we sponsored attendance for the winner of our [Chartered Star competition 2023](#), Abigail Foster. Abigail attended the summit together with a delegation of accountants from professional membership bodies from across the world, and enjoyed six days of inspiring speeches, impactful workshops and global networking on topics related to the UN Sustainability Development Goals.

LIFE STAGE COMMUNITIES

Many of our [ICAEW communities](#) support members at specific stages of their careers and lives, and with particular personal and professional needs, through resources, webinars and opportunities for networking.

We have communities dedicated to [Diversity & Inclusion](#), [Black Members](#), [Women in Finance](#), [Career Breakers](#), [New Members](#), and [Retirement](#).

Highlights in 2023 included a two-part hybrid series of events on social mobility across the profession, a webinar in conversation with ICAEW Outstanding Achievement Award Winner Richard Ratcliffe, a webinar in conversation with trailblazing former CEO of Lloyds of London, Dame Inga Beale, and a panel event featuring four female CEOs for International Women's Week.

Justyna leads ICAEW's finance function and co-supervised our Black interns.
Justyna Kaleta FCCA
Head of Finance,
ICAEW



Obed was one of the ICAEW interns on the 10,000 Black Interns scheme.
Obed Nketia
Intern, ICAEW



Abi represented ICAEW and CAW at One Young World.
Abigail Foster ACA
CEO, Elent Financial
Education



TRANSFORMING OUR WAYS OF WORKING AND SUPPORTING OUR PEOPLE

Mei Yau is the
Chair of our
Together group.
Mei Yau Kan
Content Curation
Manager, ICAEW



Our people continue to be our greatest asset. To gain the best understanding of their needs and evolve our approach to supporting their success and wellbeing, in 2023 we undertook a comprehensive staff survey and continued our programme of social events, including sessions tailored toward areas of diversity and inclusion.

We reinforced our commitment to reaching net zero and enhanced our operational capabilities with continued investment into our IT systems and new senior strategic hires.

ENHANCING OUR AGILITY

During 2023 we continued to enhance our operational capabilities. The multi-year programme of investment into our IT systems continued, supported by the creation of a new Chief Technology Officer position. Other senior strategic hires, including an interim MD, Operations, were also made to support the evolution of our core processes and to enhance our change capabilities. This included the establishment of a Programme Management Office which was set up to ensure that key projects and initiatives have best practice oversight and delivery.

JOURNEY TO NET ZERO

Our ongoing commitment to reducing our carbon footprint and reaching net zero is highlighted in our latest [Carbon Neutral Progress Report](#).

In 2020, we were the first professional body in the world to become carbon neutral, and we continue to take a proactive approach in aligning ourselves with evolving climate standards.

To deepen our impact, we are broadening the scope of our sustainability metrics to encompass emissions within our wider value chains. This action is being driven by a cross-section of departments across ICAEW, to ensure that all parts of our organisation contribute to our net-zero objective.

This collaborative approach is further enhanced through consultations with our Sustainability Committee, to ensure our strategy also supports our broader sustainability goals.

Carbon offsetting: challenges and resilience

Reflecting best practice, we now measure our carbon footprint annually. We have faced some unexpected challenges in working towards carbon neutrality, most notably regarding infrastructure required to decarbonise our heating systems.

We maintain our organisation's carbon neutrality by purchasing offsets that cover our entire footprint. We have continued to support carbon offset projects that not only reduce carbon emissions but also enhance the wellbeing of communities.

Our selected projects are:

- providing 1.7m people in Cambodia with clean water;
- biogas projects across Vietnam; and
- forest and wildlife corridor protection in Kenya.

We will revisit our chosen projects to ensure they continue to deliver benefits which align with our strategy to support the UN SDGs.

Ambitions for the future: expanding Scope 3 emissions measurement

Recognising the growing significance of Scope 3 emissions measurement, we are expanding coverage to include purchased goods and services, capital goods, events, and upstream transportation and distribution. This expansion highlights our commitment to decarbonisation and showing leadership on sustainability.

OUR PEOPLE

We want everyone to have an equitable and fair opportunity to succeed, and recognise that greater diversity within workforces drives innovation and improves problem-solving.

We are committed to attracting, recruiting and retaining the very best talented employees and fostering a working environment where people of all backgrounds and experience can reach their full potential. Our policy is to treat all employees and job applicants equitably. We continue our work to identify and make improvements where necessary and will build on the results of our staff survey.

Employee Engagement Survey

2023 saw our first comprehensive staff survey since the pandemic and we took time and care to refresh our approach to gain a greater understanding of our workplace in a post-pandemic hybrid world. We surveyed areas relevant to life at ICAEW, receiving some excellent feedback with employees saying they felt proud to work at ICAEW. Highlights of this survey included; our positive and supportive approach to hybrid working, employees feeling empowered to do their jobs and ICAEW caring about their well-being. Diversity and inclusion is a high performing area for employees at ICAEW, with a strong and positive engagement scoring.



Workplace culture and wellbeing

2023 saw a continued focus on our people, with social events, diversity and inclusion events and workplace lunches bringing together staff with senior leadership.

We continued offering training sessions for all colleagues on unconscious bias and diversity awareness, to support a healthy organisational culture and build understanding of the serious impact biases in the workplace can have.

We marked the UK's Mental Health Awareness Week in May with several initiatives, including masterclasses covering the topics of men's mental health, coping with change, avoiding burnout, understanding ADHD, and the benefits of good nutrition.

World Mental Health Day in October saw coffee and catch-up sessions for colleagues in the UK, and across the year we offered Paws in Work puppy therapy, desk massages, reflexology sessions, sound bath meditation and pilates for all, including homeworkers.

As part of efforts to better support colleagues struggling with menopause, we drafted a menopause-specific policy, and continued to deliver bespoke menopause awareness training and guidance for managers. We recognised World Menopause Day in October and held a virtual event, Menopause in the Workplace, featuring the UK Government's Menopause Employment Champion, Helen Tomlinson. We also arranged three virtual workshops: Menopause Awareness, Managing Menopause and Nutrition During Menopause.

In November, we held a webinar focused on men's health. Topics covered included the male menopause, stress-impact on testosterone, prostate health and the men's health checklist.

Employee Engagement Forum

Our Employee Engagement Forum (EEF) is an active, staff-focused and managed forum seeking to improve ways of working at ICAEW. The EEF's priority is to communicate and engage with colleagues across the organisation to ensure they feel connected.

The forum promotes resources available to colleagues, including well-being activities, career and personal development courses and initiatives such as colleague lunches. Supporting ICAEW's inclusive work environment, the forum is also a channel for colleagues to give feedback.

Throughout 2023, EEF members posted articles on Yammer to support colleagues with their health and well-being and encourage further communication. Articles were also produced for our internal communication channels, helping staff familiarise themselves with new and existing EEF representatives.

Our employee resource groups

In 2023, we undertook work to formalise policy and procedure relating to our employee resource groups (ERGs). The new framework will allow employees who are active within the ERGs to highlight the additional work they do, and acknowledges them as a vital network that contributes towards inclusive life and culture at

ICAEW. The framework also provides an official workplace objective for consideration in performance reviews.

Embrace

Embrace is our ED&I ERG, focused on creating an inclusive, supportive working environment where all employees can share experiences and learn. It was founded on the belief that sharing and listening with open hearts and minds is the best way to help each other feel comfortable, seen and valued, particularly in the workplace. The group showcases employee-curated content on internal channels and holds regular meetings, workshops and presentations from staff and external speakers. Embrace also partners with other ERGs to amplify key messaging around intersectional inclusivity. Highlights from 2023 include an employee-led conversation on fertility challenges and miscarriage, a lunch-and-learn workshop on hidden disabilities facilitated by colourblind and autistic artist

Dan is project managing the decommissioning of Pro.

Dan Wilson
Senior IT Project Manager, ICAEW



Richard works with teams across ICAEW to collate the information needed to monitor all changes, projects and programmes in the organisation.

Richard Nichols
Manager, Programme Office, ICAEW



Kat runs our new programme office which manages a high-level overview of changes, projects and programmes across ICAEW.

Kat Jefferiss
Director, Programme Office, ICAEW



Jonathan Ash, and an employee focused social visit to an art exhibition at the Barbican displaying pieces created by people living with brain injuries.

MenoPAUSE

menoPAUSE is an active employee network and resource group, with staff continuing to share their experiences of peri- and post-menopause as well as associated and other women's health issues.

The network aims to break down barriers and raise awareness of what menopause is and the impact it can have on professional life. It has helped create an organisational approach where members have felt more empowered and comfortable to speak to managers about symptoms they need support with.

REACH (Race, Ethnicity and Cultural Heritage)

Our REACH network is an inclusive group of colleagues passionate about raising the profile of issues within ICAEW of race, ethnicity and cultural heritage within the workplace.

REACH regularly holds virtual meetings on topics such as representation, respectability, microaggressions and bystander intervention, and recognises important days of reflection such as Holocaust Memorial Day and Windrush Day.

In 2023, highlights included educational sessions and staff lunches to mark Windrush Day, lunches with Caribbean themed food for Black History Month, henna painting and Rangoli to celebrate Diwali. There were also sessions with themed food for members and employees to celebrate Diwali in our members centre, and a session on Black History Month led by our interns who joined us as part of the 10,000 Black Interns initiative.

Together

Our LGBTQ+ network, Together, meets regularly to discuss ways in which we can promote LGBTQ+ inclusion and support LGBTQ+ colleagues. In 2023, highlights included being led by the COO and the People Director at our first ever participation

in the Pride in London parade. This activity saw ICAEW marching alongside other regulators and legal service providers with over 40 of our ICAEW LGBTQ+ colleagues and allies as we joined more than 35,000 participants from more than 300 organisations. Pride attracted over 1.5m people and provided an opportunity to showcase ICAEW as a diverse and inclusive employer to the passive recruitment market, and additionally take the opportunity to raise our profile and support Theme 5, to not only attract new students but also show solidarity with our membership, wherever in the world they may be.

Every Mind Matters

Every Mind Matters is a group of colleagues brought together to promote mental health awareness across ICAEW and provide important initial support where required.

Activities organised by the group in 2023 include "grab a coffee with a colleague", to encourage socialising and conversation, and lunchtime walks with colleagues, to

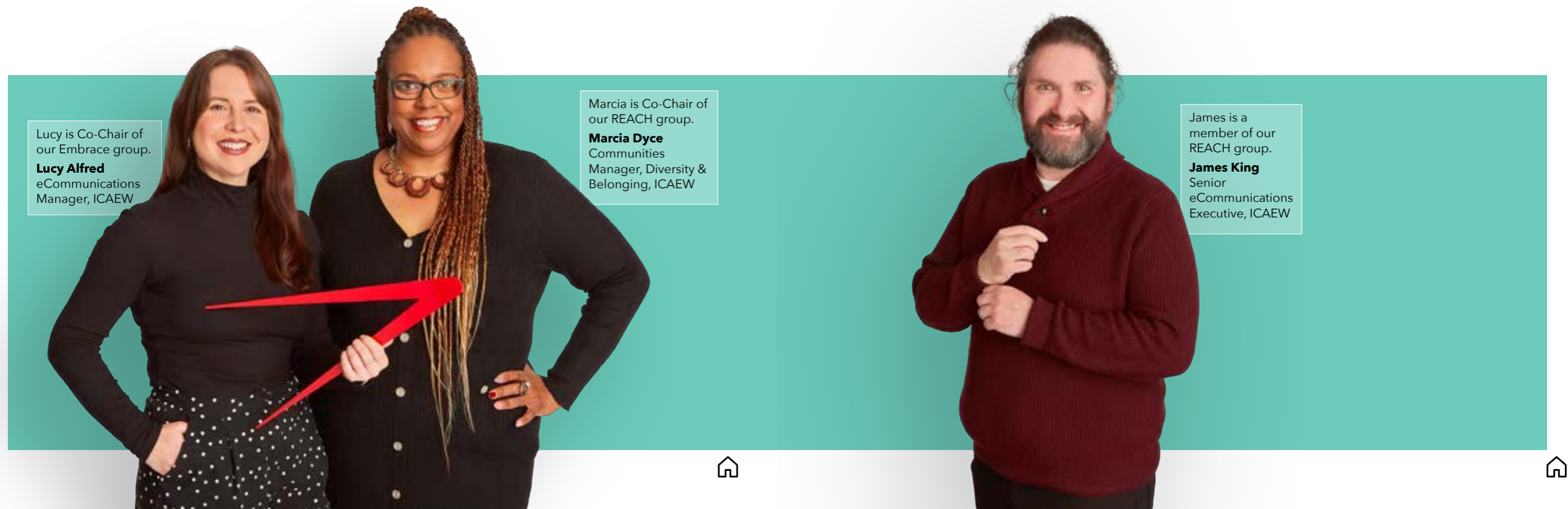
encourage gentle exercise, time away from desks and relaxation. In 2023 we also recruited a further nine colleagues into the network. The group now consists of trained colleagues from across ICAEW globally - trained and qualified as our Mental Health First Aiders. Our employees continue to have lifelong access to [caba](#) mental health resources.

Strategic Equality Forum

The Strategic Equality Forum was established as a two-way route of communication between our ERG chairs and senior leadership. All ERG chairs meet up with our COO quarterly to report on activity and progress, provide feedback and suggestions, and discuss upcoming initiatives obtaining vital steer to maximise impact.

ICAEW senior leadership training

To strengthen our training offering for leaders, we designed a bespoke leadership programme, "Elevate". This programme started in late 2023 and will conclude in April 2024 and has 47 attendees. As part of our closer



Lucy is Co-Chair of our Embrace group.
Lucy Alfred
eCommunications Manager, ICAEW

Marcia is Co-Chair of our REACH group.
Marcia Dyce
Communities Manager, Diversity & Belonging, ICAEW

James is a member of our REACH group.
James King
Senior eCommunications Executive, ICAEW



working with CIPFA, six CIPFA colleagues also attended this training. The programme is aimed at our most senior leaders across the organisation and sponsored by our CEO and COO, Michael Izza and Sharron Gunn. The programme covers a range of areas, including inclusive leadership techniques, individual coaching, peer learning groups, chairing meetings, stakeholder engagement, credibility and impact, and strategic planning. The bespoke content has been designed drawing from a variety of sources, including an in-house organisational psychologist, as well as feedback taken from exit interviews. The programme sessions conclude with 360 feedback.

Charters and monitoring

We strive in all our activities to take account of our people and members. High levels of declaration within our differing monitoring categories are an important barometer to understand more about ICAEW's culture on diversity and inclusion. ICAEW has impressively high employee engagement with our diversity monitoring activity.

To ensure that our decisions, policies and practices are truly inclusive, we monitor the people who populate our governance structure. We strongly believe that understanding the diversity within our committee structure, and tracking it over time, will allow us to build diversity further and ultimately increase the effectiveness of our committees and decision-making processes that affect ICAEW people. We also monitor our membership and student populations.

We are signed up to several Charters that help us monitor our progress, and benchmark our results within professional services and other sectors.

TIDE benchmarking

We participate in [TIDE](#), the self-assessment evaluation and benchmarking tool of the Employer's Network for Equality & Inclusion (enei). TIDE measures our approach and progress on diversity, equality and inclusion, and provides a benchmark on where we rank compared to other organisations in the sector.

Our score in 2023 was 12 points above our score in 2021, reflecting steady progress in our efforts.

Social mobility monitoring

In 2023 we introduced the option for our employees to provide information against social mobility monitoring. We now encourage all potential and current employees to share information on their socio-economic background. Understanding our employees' background is essential for analysing patterns of inequality and identifying barriers to a mobile society. In doing so, we can track progress and take steps to foster socio-economic diversity.

Disability Confident

We continue to support the UK Government scheme, [Disability Confident](#), and are a Disability Confident Employer. The Disability Confident scheme provides a framework to support ICAEW in recruiting and retaining talented people, and to:

- challenge attitudes and increase understanding of disability;
- draw from the widest possible pool of talent;
- secure high-quality staff who are skilled, loyal, and hard working;
- improve employee morale and commitment by demonstrating fair treatment; and
- recruit to reflect the diversity of our membership and drive strategy.

We are currently a Level 1 employer and we are undertaking work in this area to increase our level of commitment.

The ICAEW Annual Impact Report on Diversity and Inclusion

The success of ICAEW depends on its people and the actions it takes to continually improve experience, engagement and the culture it fosters to enable them to perform at their best. Our people are one of our most valued assets. It is critical to ensure there is capability to design and deliver a range of solutions that tackle a multitude of business challenges. Every year we report to the ICAEW Board on the previous year's progress and impact in this area.

Black Talent Charter

As the first professional membership body to sign the [Black Talent Charter](#) in 2020, we created a five-year bespoke plan and established targets to improve equality of opportunity for Black professionals in finance and the professions. Our approach to this Charter is comprehensive, and spans not only access to the profession, but also members, ICAEW principal committees and advisory boards and employees. Highlights in this report include increasing the number of ICAEW members who have declared their monitoring information, establishing and achieving growth and engagement targets for our Black Members Community, hosting three Black internships from our ongoing commitment to the 10,000 Black Interns programme as well as influencing our partners and networks to join the scheme to achieve an industry wide target of 500 placements. We continue our data work to understand Black student exam performance and its impact on conversion to membership.

Gender Pay Gap and HM Treasury Women in Finance Charter

In 2024 we issued our 2023 Gender Pay Gap Report.

Gender pay gap: Defined as the difference between the average earnings of men and women in the organisation on the annual snapshot date of 5 April, expressed relative to men's earnings.

Mean and median: The mean figure is the difference between the average of men's and women's pay or bonuses. The median figure is the difference between the midpoints in the ranges of men's and women's pay or bonuses.

The 2023 ICAEW mean gender pay gap is 18.6%. This figure includes all staff and contractors. When tracked over time and compared to 2021 figures, this is a substantial narrowing of the gap by 10.7%.

The 2023 median gender pay gap is 28.1%. This figure includes all staff and contractors. When compared to 2021 figures, this is a narrowing of the gap by 2.9%.

The 2023 ICAEW mean bonus pay gap is 42.7%. This figure includes all staff and contractors. When compared over time to 2021, the mean bonus pay gap differs by 18.9%. This difference is due to only contractual bonuses being paid in 2021.

The 2023 ICAEW median bonus pay gap was 25%. This figure includes all staff and contractors. When compared over time to 2021 the median bonus pay gap differs by 5.6%.

For a more detailed breakdown of our gender pay gap – including reporting on the quartiles and the bonus pay gap – you can read our full report [here](#).

Closing the gap

While it will take time to achieve parity, we continue to act where needed to ensure that our policies and practices remain fair, and we explore ideas that will help us address specific challenges.

We have aligned our work in this area to our submission against HM Treasury's Women in Finance Charter. The Charter sets an annual plan to address and monitor areas relevant to our gender pay analysis, in particular the long-term approach required to help women in middle grades progress to more senior positions.

In 2017, we committed to having 40% of our senior management team made up of women by March 2020. We exceeded this target in June 2019. As of September 2023, women comprise 55% of our senior leaders. However, we understand there is always more work to do in this area.

Ensuring equal pay

We regularly and proactively review and benchmark salaries to ensure that men and women are rewarded equally for the same or similar work. We are confident that ICAEW does not have an equal pay issue.



KEY PERFORMANCE INDICATORS

MEMBERS

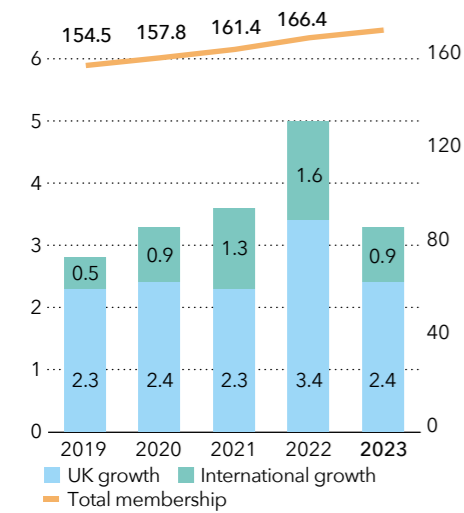
At the end of 2023, our global membership stood at 169,722 (2022: 166,397), a year-on-year growth of 2.0% (2022: 3.1%). Overall growth in membership is slightly weaker compared to the previous year. 2023 was another strong year for students making their transition to membership, although this was offset slightly by increased membership cessations compared to the prior year.

International members accounted for 16.9% (2022: 16.7%) of the global membership base.

UK membership growth is broadly on a par with recent years, at 1.8% (2022: 2.5%) year-on-year, while internationally, ICAEW has further established its presence in overseas markets with growth at 3.1% (2022: 6.2%). This international growth was supported by the success of the Pathways scheme and reciprocal agreements with overseas professional institutes.

During the year, we welcomed 6,620 (2022: 7,080) new members into ICAEW, with admissions of 5,052 newly qualified students to membership (2022: 5,062).

Membership growth
Year-on-year growth mix 000s



STUDENTS

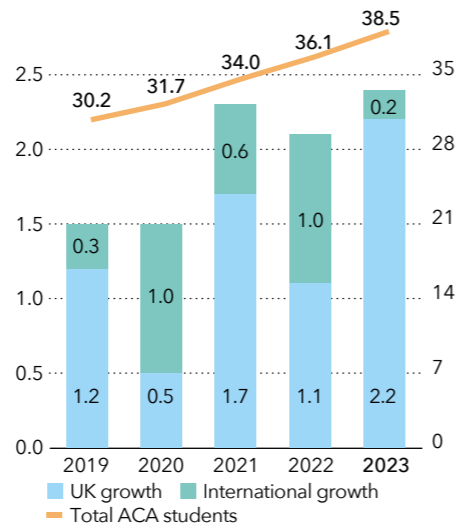
At the end of 2023, total ACA student numbers had grown to 38,490 (2022: 36,084).

Our student base is global, with around a quarter of our students based outside the UK.

The net growth in the number of students of 2,406 (2022: 2,126) was supported by a record year for student intake, with 12,225 new ACA students (2022: 11,962).

In addition, 2,500 (2022: 3,151) students signed up for our foundation level Certificate in Finance, Accounting and Business (CFAB).

ACA student growth
Year-on-year growth mix 000s



GOVERNANCE

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MESSAGE FROM THE CHAIR OF COUNCIL

“2023 has been a seminal year for ICAEW as Council has finalised its work on modernising the institute’s governance and implemented key outcomes of this long-running review.”

Dr Matthew Stroh FCA
Chair of Council



Being elected Chair of Council, taking up office in June 2023, is an enormous privilege and I’m very grateful to my fellow Council members for placing their trust and confidence in me.

2023 has been a seminal year for ICAEW as Council has finalised its work on modernising the institute’s governance and implemented key outcomes of this long-running review. We are already seeing tangible outcomes of this work, with the appointment of an independent Chair of the Board, Peter Wyman, and the introduction of the Governance and Appointments Committee. The year also saw Michael Izza, ICAEW’s long-standing CEO, announce his retirement, and the appointment of his successor, Alan Vallance, who joined us in early 2024. We are very grateful to Michael for his leadership over the last 18 years and wish him well for the future. We look forward to working with Alan to take ICAEW forward in this turbulent but exciting period for the profession.

Council has a key stewardship role in the governance of ICAEW, and it is thanks to the hard work of my predecessor, Derek Blair (now elected Vice-President of ICAEW), that the work of the governance working groups that he established has been so effective.

Council continues to fulfil its roles of holding the Board to account; ratifying and challenging strategic decisions; and representing the views of the membership, while also reflecting the wider public interest as enshrined in ICAEW’s Royal Charter. Council comprises a combination of elected representatives – of which I am one, elected to represent the West Yorkshire district – and appointments to reflect certain roles, such as the heads of some of ICAEW’s faculties and boards. We also have co-opted members, which helps ensure we reflect the diverse and increasingly international composition of ICAEW. We now have elected members from several international constituencies, and there is ongoing debate on the future composition of Council so that we reflect even better the diversity

of our membership, the profession more broadly and the public interest. This will likely mean slightly fewer members of Council elected on the basis of geography, to allow for more appointments from key communities and interest groups.

It has been a great honour to sit in the chair for meetings since I was elected, and I am particularly grateful to ICAEW’s governance team for their support as I have settled into the role.

I look forward to continuing to ensure that Council operates effectively and efficiently. We are at our best when debate is open, welcoming and encouraging of diversity of thought. I will continue to find new ways to encourage participation, and to generate respectful but challenging and candid contributions to lead ICAEW through this decade of transition.

Dr Matthew Stroh FCA
Chair of Council

GOVERNANCE REPORT

The Institute of Chartered Accountants in England and Wales (ICAEW) is incorporated by Royal Charter RC000246. Its registered office is at Chartered Accountants’ Hall, Moorgate Place, London EC2R 6EA.

ICAEW operates within regulatory oversight of the FRC, as a recognised supervisory body (RSB), a recognised qualifying body (RQB), a designated professional body (DPB), and as a licenser of insolvency practitioners. We are also regulated for reserved legal activities by the Legal Services Board.

Our vision is that ICAEW Chartered Accountants enable a world of sustainable economies and ever since 1880, when we were founded by Royal Charter “for the public benefit”, our contributions to both the economy and the public interest have widened, and the reach and influence of our work has expanded. Our members are key agents of trust, making possible the conduct of business on a fair, transparent and accountable basis. We have a 10-year strategy (2020-2030) that enables us to carry out our principal and ancillary objects as outlined in our [Royal Charter](#) and [1948 Supplemental Charter](#).

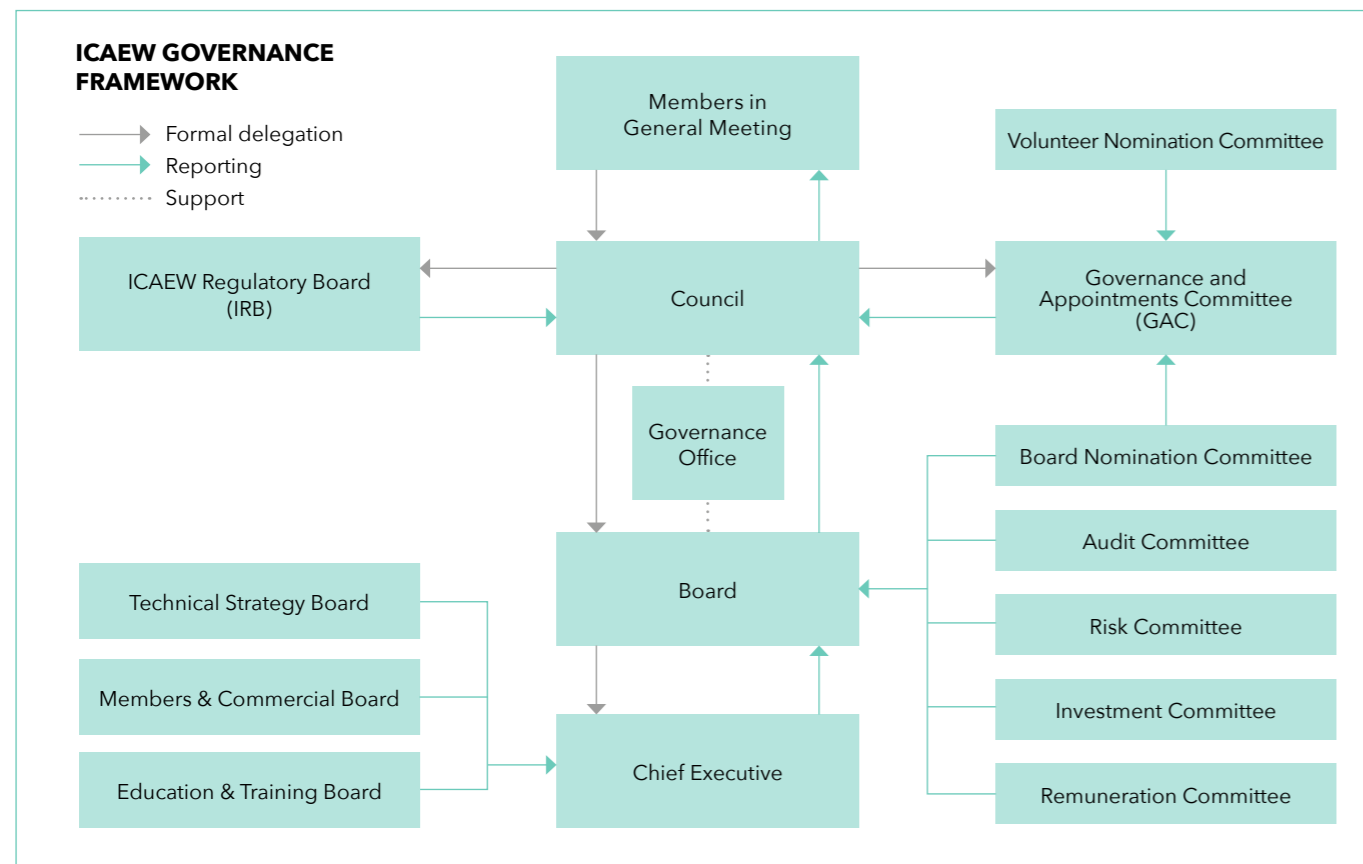
These principal objects are:

- to advance the theory and practice of accountancy, finance, business and commerce in all their aspects, including in particular auditing, financial management and taxation;
- to recruit, educate and train a body of members skilled in these arts;
- to promote and safeguard the rights and interests of its members in all matters affecting the profession;
- to preserve at all times the professional independence of accountants in whatever capacities they may be serving;
- to maintain high standards of practice and professional conduct by all its members; and
- to do all such things as may advance the profession of accountancy in relation to all or any professional services which may be provided by its members or by persons or bodies comprised wholly or partly of members, whether in public practice, industry, commerce and the public service.

OUR GOVERNANCE FRAMEWORK

Our governance structure aims to safeguard our future, enhance ICAEW's growth and ensure its integrity. Council is ICAEW's ultimate governing body under the Royal Charter and delegates to the Board and committees through a series of delegated authorities and assurance

mechanisms, while ensuring that the views of the profession are heard. Many committees have specialist knowledge and skills to support operational activity and to ensure policy development is managed effectively, in a timely fashion with appropriate depth of scrutiny of key decisions.



Early in 2022 Council approved a new governance framework, designed to ensure high standards of business conduct, while upholding the culture, values, standards, ethics and reputation of ICAEW to ensure that the objects under its Royal Charter are met. A Council working group, the Governance Implementation Group (GIG), worked to finalise resolutions to supplement the framework, based on further consultation and the sub-proposals of the earlier Governance Working Group (GWG) report. The GWG had been commissioned by Council to conduct a review of ICAEW's governance in 2020 and ensure it was fit for the future, considering ICAEW's new 10-year strategy.

The framework above summarises the new structure, incorporating existing and new committees and reporting lines. It was also proposed that the IRB would report into the Board in the future. This is being considered as part of a wider review into the IRB.

Throughout 2022 and into 2023, Council agreed more detailed governance arrangements based on GIG recommendations and ICAEW started to transition to the new structure. During 2023:

- Council confirmed it is the ultimate governing body of ICAEW under the Royal Charter;
- Board was confirmed as the principal decision-making body of ICAEW, responsible for the leadership, management and operations of ICAEW, subject to any reserved powers of the Council;
- Peter Wyman was appointed Chair of the Board in October 2023, recruited for a three-year term on the basis of his skills and experience. Previously the ICAEW President acted in this role for their year of office;

- the Governance and Appointments Committee (GAC) Chair and two members from Council were elected by Council. Recruitment of two external committee members with relevant expertise started at the end of the year. GAC is up and running as of Q1 2024;
 - the Risk Committee met for the first time in January 2023 and has successfully completed its first year of business;
 - the Committee of Council continued to meet to consider contracts and strategic expenditure of more than £1.5m in line with ICAEW's delegated authority limits and contractual approval policy. It is due to be disbanded in 2024 once Council is satisfied that the composition of the Board is appropriate; and
 - Council members completed a skills and experience survey to establish a skills database, this will inform the development of a Continuing Professional Development (CPD) programme for Council members in 2024.
- Governance transition plans for 2024 include:**
- Establishment of the newly-composed Board, including the recruitment of six ICAEW Chartered Accountant members and three independent members (other members are Chair of the Board, ICAEW President, Chief Executive, Chief Operating Officer and Chief Financial Officer). These new members will be recruited on a skills and experience basis. All Board posts will be remunerated.
 - Formation of a Governance Office, reporting to the Chair of the Board, to support the Council and the Board and led by a Head of Governance.
 - Development of Council Election Regulations for 2025 elections, reflecting a new composition of Council with a reduction in overall size, including fewer geographical constituency members and some Council seats for ICAEW faculty and community members.

The FRC's UK Corporate Governance Code (The Code) does not apply to ICAEW, as a professional body established by Royal Charter. However, ICAEW is committed to good practice in corporate governance and voluntarily seeks to apply the principles and provisions of the Code where they are relevant and appropriate for a professional body to do so. In this regard the following principles are not followed or not fully followed:

J – some non-executive members of the Board are currently appointed via election by Council. This means that appointment and succession plans are not wholly based on merit against objective criteria and can be limited in their ability to promote diversity. Under the new Board composition, from June 2024 only one Board member will be elected (President, ex officio Board member elected by Council).

L – the Board usually undertakes an annual evaluation. The last external independent evaluation reported to the Board in December 2022 (recommendations and actions reported in our 2022 Annual Report). All the accepted recommendations were dealt with during 2023 or are in progress as part of Board transition plans. No evaluation was undertaken in 2023, instead the focus was on actions to establish the future governance framework.

M – as part of new governance arrangements, the Audit Committee reporting line moved from Council to ICAEW Board in 2023. This will help ensure the Board can meet principle M, with formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions.

ANNUAL AND SPECIAL MEETINGS

The Charter and bye-laws reserve certain matters for members. This includes consideration of the Annual Report and Financial Statements with the report of the auditor. The 2024 Annual Meeting will be held on Tuesday 4 June 2024 at 11:00 BST.

INDUCTION

All new members of Council, our boards and committees receive an induction programme which informs them about the structure and strategy of ICAEW, their role, and the key issues affecting the profession.

MEMBER INTERESTS

Currently the majority of ICAEW members of our boards and committees including office-holders do not receive remuneration. They are reimbursed for travel and subsistence costs incurred in undertaking ICAEW business.

The ICAEW Board Chair and two independent members are remunerated. Future Board and Board committee members, as well as independent GAC members, will be paid as part of the new Council-approved governance arrangements, in line with Remuneration Committee recommendations. Members of our boards and committees are required to declare any potential conflicts of interest that may arise.

MODERN SLAVERY STATEMENT

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. This reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls which address the risks of modern slavery and human trafficking.

The Board reviewed ICAEW's Anti-Bribery and Corruption control framework and approved an updated Modern Slavery S.54 Statement at its meeting in October 2023. Further information on how this is addressed can be found in our Modern Slavery Statement available at [icaew.com/modernslavery](https://www.icaew.com/modernslavery)



DIVERSITY AND INCLUSION

ICAEW is a global professional body with multiple routes to entry. Diversity is seen as essential and our aim is that we represent the profession as a whole and that our governance bodies are as diverse as our membership.

We have a wide range of diversity initiatives - including RISE and Access Accountancy and are signatories to the Women in Finance Charter, Equal Representation for Expert Witnesses, Disability Confident and Charter for Black Talent in Finance and the Professions. We analyse our workforce, committee and advisory board compositions annually to ensure we understand our organisation and can take action where needed with the aim that we are representative of the communities we serve.

- Members with no recent ICAEW disciplinary action against them are eligible to stand for election to Council or get involved with an advisory committee, faculty or community.
- During 2023 the Nominating Committee and the Board Nomination Committee worked to ensure that Council, Board and committee membership reflected the diversity of our membership and that each committee has the necessary knowledge and skills to fulfil its role.

- At its November 2023 meeting, the Board confirmed its commitment to equality, diversity and inclusion and reviewed actions taken during 2022 to advance equality, diversity and inclusion within ICAEW.
- We aim to create a working environment that is based on key principles including fairness, equality of opportunity, respect and dignity, flexibility, transparency and work-life balance. We believe that these key principles enable staff and volunteers to enjoy work, develop as individuals and provide the best possible service to others including the public, which contributes to the continued success of the organisation.
- We treat all staff and volunteers fairly and equitably regardless of age, race, sex, sexual orientation, gender (including gender reassignment), disability, marital status (including civil partnership), pregnancy and maternity and paternity, social or educational backgrounds or family or caring responsibility. Should existing staff or volunteers become disabled, we will do all we can to accommodate them and to help the member of staff to continue their career in their existing role where possible, or in an alternative position in the organisation.

STAKEHOLDER RESPONSIBILITIES AND S.172 STATEMENT

To support good governance and recognising that ICAEW is a professional body and not a company, ICAEW voluntarily applies the requirements to produce a S.172 Statement, recognising that it does not have shareholders but exists for the public benefit.

The Board confirms that while ICAEW's duty is to its objectives conferred to it in the Charter rather than to promote the success of the organisation, it has given due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

This statement includes the information demonstrating how the Board has had regard to these matters in its actions as detailed below and in the earlier section of this report.

The table below is a snapshot of some of the matters which ICAEW has addressed through the many discussions held with the membership, wider public, regulatory bodies, employees, suppliers and other relevant stakeholder groups. In each area the Council and the Board have identified the stakeholders and the engagement methods deployed and how they were effective and meet the aims of our 10-year strategy.

Stakeholder	Why are they key to ICAEW and our strategy?	How did we engage with them and what steps were taken to make this engagement effective?
Members	Supporting our members is critical to our long-term success and the integrity of our brand.	<ul style="list-style-type: none"> • We supported members by holding over 1,500 events during the year, engaging over 117,000 attendees. • Revised requirements for the Continuing Professional Development (CPD) of our members was introduced, now based on the complexity of work undertaken and the potential impact of that work on the public. This provides members with greater clarity on the amount of CPD they should be undertaking. • We rolled out the ICAEW Essentials CPD programme across our UK regions, to provide tailored technical updates on core topics. • We refreshed our Trustee Training Modules, helping members and non-members explore the knowledge and skills required to be an effective charity trustee. • A new member network, ICAEW Northern Ireland, was launched for members living and working in the province, to enhance member support and enhance visibility. • During 2023 some service levels were below the expected standards and were regularly reviewed by the Board to monitor performance improvement
The public and the public interest	Making a meaningful and measurable contribution to wider society builds our reputation and influence and delivers a positive impact.	<ul style="list-style-type: none"> • Following our extensive guidance in 2022 relating to sanctions following Russia's invasion of Ukraine, we continued to evolve our guidance as the situation unfolded. We continued to work closely with the Department for Business and Trade to relay members' concerns, including around the implications for group audits. • We continued to lead the debate on making UK tax administration simpler and more efficient, engaging with policymakers, HMRC and the UK Parliament's Public Accounts Committee. • Supporting the UN Sustainable Development Goals continued to lie at the heart of our strategy, and we sought to help others begin or advance their sustainability journeys, including through launching a new Fundamentals of Sustainability Programme for students. • To help strengthen the UK's defences against economic crime and dirty money, we engaged heavily with policymakers on the Economic Crime and Corporate Transparency Bill during its passage through parliament.
Regulatory bodies	Active and regular engagement with our regulators helps ensure we understand changing regulatory requirements and ensure fair and effective regulatory and disciplinary processes.	<ul style="list-style-type: none"> • We obtained final governance approvals, and approvals from all our regulators, for the launch of our new disciplinary framework. • We received positive inspection reports from the Financial Reporting Council, the Legal Services Board and the Office for Professional Body Anti-Money Laundering Supervision, recognising the improvements we have made. • We launched a new anti-money laundering training film with HMRC as part of our ongoing work to tackle economic crime, offered free in the UK to organisations supervised by ICAEW and HMRC. • The ICAEW Regulatory Board's response to the Insolvency Service's proposed changes to insolvency regulation have helped to influence the ongoing debate around the future regulatory framework.



Stakeholder	Why are they key to ICAEW and our strategy?	How did we engage with them and what steps were taken to make this engagement effective?
Our people	Our staff well-being and commitment is essential for our long-term success.	<ul style="list-style-type: none"> • We held regular all-staff meetings, featuring presentations from senior leadership, in a virtual format to ensure that all colleagues were able to attend live or access on-demand. • To better support colleagues struggling with menopause, we implemented a menopause-specific policy, continued to deliver bespoke awareness training for managers and held virtual workshops. • Seeking to always improve our awareness of and support for colleagues' mental health, we trained new Mental Health First Aiders, provided additional training to those already in post, and marked both world Mental Health Day and the UK's Mental Health Awareness Week with a variety of initiatives. • Around 29,000 ICAEW members globally undertook approximately 34,000 regular volunteering roles in their communities and the not-for-profit sector, helping to build our presence and raise awareness of our expertise in ways which are not for economic benefit.
Suppliers	We operate in conjunction with a wide range of suppliers to deliver services to our members.	<ul style="list-style-type: none"> • We support a wide range of suppliers to deliver services to our members and build strong working relationships. • All supplier-related activity is managed in line with ICAEW's contract management and financial authorisation policy. • The Board reviews the actions taken to prevent modern slavery and associated practices in any part of our supply chain and approves our Modern Slavery Statement each year. • We manage our cash and investment balances so that we have sufficient current account balances to meet supplier and payroll needs while maintaining long-term investments held for income and capital growth. • Our executive team maintain oversight of the management of our key strategic suppliers and review and report on their performance.

Carol is an ICAEW Council member. She also chairs the Audit Committee and is a member of the Audit Faculty Board.
Carol Warburton
 BFP, FCA, CMIIA
 Deputy Group Risk and Compliance Director, Azets



Kate is an ICAEW Council member and is former Chair of ICAEW's Education & Training Board
Kate Mathers FCA
 Executive Director, UK National Audit Office



COUNCIL

The powers of Council are set by the Charter and bye-laws and through delegations contained in the Governance Handbook. Council, as the ultimate governing body of ICAEW under the Royal Charter, is responsible for ensuring that ICAEW meets the objects set out in the Charter.

Further information on ICAEW's strategy can be found at [icaew.com/strategy](https://www.icaew.com/strategy)

KEY COUNCIL BUSINESS 2023

- Approved resolutions to transition to a new governance structure including the establishment of a Board Nomination Committee, a Governance and Appointments Committee and new compositions for Board and Council.
- Approved regulations covering the election of the Chair of the Governance and Appointments Committee.
- Approved the delegation of certain work to the Governance and Appointments Committee including a framework for considering leaves of absence and further work to develop the Council Election Regulations.
- Approved amendments to the Principle Bye-laws and the Statement of Engaging in Public Practice.
- Approved the ICAEW Annual Report and Financial Statements, including receipt of the Audit Committee Annual Report.
- Approved the agenda and resolutions of the Annual and Special Meetings, including 2024 membership fees and subscriptions.
- Held an election for the Chair of Council, positions on the Governance and Appointments Committee and the Vice-President of ICAEW.
- Ratified the appointments of the Chair of ICAEW Board and the Chief Executive Officer.
- Received regular reports from the Nominating Committee and approved appointments to boards and committees.
- Considered and approved co-options to Council.
- Monitored the work of ICAEW Board via regular updates from the Chair of ICAEW Board.
- Approved a public consultation on the topic of professional behaviour in the ICAEW Code of Ethics.
- Approved changes to the ICAEW Code of Ethics in line with changes to ICAEW's Disciplinary Framework and a new process for updating the ICAEW Code of Ethics in line with IESBA standards.
- Fed into discussions about the future strategic direction of ICAEW, including the future development of the ACA.

FINANCIAL RESPONSIBILITIES OF COUNCIL

Council delegates to Board, who in turn delegate to the Audit Committee, preparation of these financial statements. Audit Committee, then ICAEW Board, review the draft Annual Report and Financial Statements and the required amendments are incorporated in the draft presented to Council for approval.

Council received assurances from the Board and Audit Committee that:

- the Group and ICAEW financial statements give a true and fair view of the state of affairs and result for the year;
- the financial statements have been prepared in accordance with applicable law and UK-adopted international accounting standards;
- suitable accounting policies have been applied;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards have been followed;
- the financial statements have been prepared on a going concern basis;
- the effectiveness of the systems of internal control and risk management have been reviewed; and
- adequate accounting records have been kept.



COUNCIL ATTENDANCE DURING 2023

Most Council members are elected by ICAEW members, with the remainder co-opted or ex-officio. Council elects its chair annually from among its members. As of 31 December 2023, Council comprised 97 members. In 2023, Council met six times, with meetings at Chartered Accountants' Hall and a two-day residential Council Conference in Cheshire. Online Council briefing sessions are held before most Council meetings.

Council member name	Appointment type and dates	Attendance in 2023
Ravi Abeywardana	Co-opted (Member working in sustainability)	4/6
George Acquah	Co-opted (Member working in business)	4/6
Victoria Andrew	Elected (UK - London)	6/6
Richard Andrews	Ex-officio (Chair of Financial Services Faculty)	6/6
Fiyza Awan	Co-opted (Recently qualified)	4/6
Malcolm Bacchus	Deputy-President (from 7 June 2023) Vice-President (to 7 June 2023)	6/6
Chrissie Bacon	Elected (UK - South Eastern)	4/6
Andy Batty	Elected (UK - London)	6/6
Carl Bayley	Elected (UK - Scotland)	1/2
Michael Asare Bediako	Elected (UK - London) (from 6 June 2023)	3/4
Thomas Bell	Elected (UK - West Yorkshire)	5/6
Rebecca Benneyworth	Elected (UK - West of England) (to 6 June 2023)	1/2
Clare Bewsher	Elected (Australasia (NSW & ACT))	6/6
David Blair	Elected (UK - East Anglia) (to 6 June 2023)	1/2
Derek Blair	Vice-President (from 7 June 2023) Chair of Council (to 6 June 2023)	6/6
Helen Brennan	Elected (UK - London)	6/6
Alistair Brew	Ex-officio (Chair of Corporate Finance Faculty) (from 10 October 2023)	2/2
Steven Brice	Ex-officio (Chair of Financial Reporting Faculty)	6/6
David Brigham	Elected (UK - Humberside & District)	6/6
Kathryn Britten	Elected (UK - London)	6/6
William Brooks	Past President (from 7 June 2023) Immediate Past President (to 7 June 2023)	6/6
Dominic Buttery	Ex-officio (Chair of Student Council) (from 6 June 2023)	3/4
Angela Caldara	Elected (UK - London)	6/6
Neil Campbell	Elected (UK - South Essex) (from 6 June 2023)	4/4
David Carr	Co-opted (Member working in business and sustainability)	5/6
Martin Cavey	Elected (UK - Southern) (from 6 June 2023)	4/4
Vishesh Chandiok	Co-opted (South Asia) (from 6 June 2023)	3/4
Heather Cheesman	Elected (UK - South Eastern)	2/4
Neil Christie	Ex-officio (Chair of Tech Faculty)	2/6
Dipak Chummun	Co-opted (Africa) (from 6 June 2023)	2/4
Martin Clapson	Co-opted (APA) (from 6 June 2023)	3/4
Alan Clarke	Elected (UK - Manchester) (from 6 June 2023)	3/4
Mark Coles	Elected (USA (East Coast) & the Caribbean)	6/6
Andrew Coulson	Elected (UK - Birmingham & West Midlands)	6/6
Christabel Cowling	Co-opted (Large firm partner - EY) Chair of Technical Strategy Board (from 7 June 2023)	4/6
David Crackett	Elected (Europe & Eurasia)	6/6
Neil Cutting	Elected (UK - West of England) (from 6 June 2023)	4/4
Ede Dafinone	Co-opted (Member working in Africa) (to 6 June 2023)	1/2
Julian Daly	Elected (UK - Beds, Bucks & Herts) (from 6 June 2023)	4/4
Jonathan Downer	Co-opted (Large firm partner - KPMG)	6/6
Andrew Dowsett	Elected (UK - London) (from 6 June 2023)	4/4
Joanna Drinkwater	Elected (UK - Birmingham & West Midlands)	5/6
Jonathan Dudley	Elected (UK - Birmingham & West Midlands) (from 6 June 2023)	4/4

Council member name	Appointment type and dates	Attendance in 2023
Peter Duffield	Elected (UK - Humberside & District) (to 6 June 2023)	2/2
Graham Durgan	Elected (UK - Thames Valley)	5/6
Mark Ellison	Elected (Australasia (Excluding NSW & ACT))	6/6
Dato' Faiz	Co-opted (Member working in Malaysia)	5/6
Howard Freeman	Elected (UK - Sheffield) (from 6 June 2023)	4/4
Daniel Gaukrodger	Co-opted (Recently qualified)	5/6
Amrita Ghosh	Elected (UK - South Essex)	2/6
David Grunberg	Elected (UK - London) (to 6 June 2023)	2/2
San Gunapala	Co-opted (Large firm partner - EY) (to 6 June 2023)	1/2
Deborah Harris-Ugbomah	Elected (UK - London)	6/6
Philip Harrold	Elected (UK - Nottingham, Derby & Lincoln)	6/6
Peter Hollis	Elected (UK - Sheffield) (to 6 June 2023)	2/2
Della Hudson	Elected (UK - West of England)	5/6
Sam Hutson	Co-opted (Chair of ICAEW Student Council) (to 6 June 2023)	5/6
Alan Hyams	Elected (UK - Manchester)	5/6
Constantine Ioannou	Elected (UK - London) (to 6 June 2023)	0/2
David Isherwood	Ex-officio (Chair of Audit and Assurance Faculty) (from 10 October 2023)	1/2
Gareth John	Elected (UK - East Anglia)	6/6
Gemma Jones	Elected (UK - Birmingham & West Midlands) (to 6 June 2023)	0/2
Dr Ernest Kan	Co-opted (Member working in South East Asia)	6/6
Sotiris Kroustis	Co-opted (Large firm partner - PwC) Chair of Education & Training Board (from 6 June 2023)	2/4
Esther Leung	Co-opted (Recently qualified member in business) (to 6 June 2023)	2/2
Stuart Lisle	Ex-officio (Chair of Tax Faculty) (from 6 June 2023)	2/4
Gilly Lord	Ex-officio (Chair of Audit & Assurance Faculty) (to 19 September 2023)	2/4
Mohammad Maqbool	Co-opted (South Asia) (from 6 June 2023)	4/4
Onneile Maripe	Co-opted (Recently qualified member in business)	3/6
Samantha Mason	Elected (UK - South Eastern) (to 6 June 2023)	0/2
Kate Mathers	Co-opted (Member working in the public sector)	4/6
David Matthews	Ex-officio (Chair of GAC) (from 10 October 2023)	3/3
David McBride	Elected (UK - London)	6/6
Andrew McKenzie-Smart	Elected (UK - Croydon)	6/6
Carol McLachlan	Elected (UK - Liverpool)	6/6
Neil McMillan	Elected (UK - North West)	6/6
Andrew Mead	Elected (UK - Beds, Bucks & Herts)	6/6
Mohammad Memon	Elected (UK - London) (from 6 June 2023)	4/4
Mo Merali	Ex-officio (Chair of Corporate Finance Faculty) (to 27 July)	2/4
Roger Merchant	Elected (UK - Leicester & Northants)	5/6
Martin Muirhead	Co-opted (Group A firm senior partner - Moore Kingston Smith) (to 6 June 2023)	3/3
Stephen Muncaster	Elected (UK - Scotland) (from 6 June 2023)	4/4
Richard Nunn	Elected (Canada)	6/6
Jeannie Okikiolu	Elected (UK - London) (to 6 June 2023)	2/2
Nick Page	Elected (UK - London) (from 6 June 2023)	4/4
Bindi Palmer	Elected (UK - Thames Valley)	6/6
Sophie Parkhouse	Ex-officio (Chair of Practice Committee) (from 6 June 2023)	3/4
Viresh Paul	Elected (UK - London)	6/6
Julia Penny	Immediate Past President (from 7 June 2023) President (to 7 June 2023)	5/6
Keith Pickard	Elected (UK - London) (from 6 June 2023)	4/4
Ali Qasim	Co-opted (Recently qualified member in business)	5/6
Rohit Rajvanshi	Co-opted (Member working in the Middle East) (to 6 June 2023)	2/2
Matthew Rees	Co-opted (Member working in the public sector)	6/6



Council member name	Appointment type and dates	Attendance in 2023
Mark Rhys	President (from 7 June 2023) Deputy-President (to 7 June 2023)	6/6
Brian Ricketts	Elected (UK - Liverpool)	5/6
Shauna Robinson	Co-opted (Large firm partner - Deloitte)	5/6
Julia Seppä	Elected (Europe & Eurasia)	6/6
Raj Shah	Ex-officio (Tax Faculty Board Representative) (to 6 June 2023)	2/2
John Sheehan	Elected (UK - Beds, Bucks & Herts)	5/6
Caroline Smale	(UK - South West) Chair of Members & Commercial Board	6/6
Anne-Marie Smith	Elected (UK - Staffs, Salop & Wolverhampton) (to 6 June 2023)	0/2
Susan Smith	Elected (UK - South Eastern)	6/6
Nathan Steinberg	Elected (UK - London)	6/6
Clive Stevens	(UK - South Eastern) (to 6 June 2023)	2/2
John Stout	Elected (UK - Thames Valley)	5/6
Matthew Stroh	Chair of Council (from 6 June 2023) Elected (UK - West Yorkshire)	5/6
Odysseus Tavros	Elected (Cyprus)	6/6
Ricky Thomas	Elected (UK - London) (from 6 June 2023)	4/4
Rob Tindle	Elected (UK - Northern)	6/6
Philip Tsai	Co-opted (Member working in Greater China)	6/6
Philip Varley	Elected (USA (Central, South & West Coast & Central & South America))	6/6
Carol Warburton	Elected (UK - South Wales) Chair of Audit Committee	6/6
Catherine Watson	Elected (UK - Crown Dependencies)	4/4
Andrew Weir	Elected (Greater China) (from 6 June 2023)	4/4
Gemma Wilks	Elected (UK - Southern)	6/6
Andrew Williamson	Elected (UK - Beds, Bucks & Herts) (to 10 October 2023)	1/4
Jeremy Willmont	Elected (UK - London) (to 6 June 2023)	2/2
Anthony Woodings	Elected (UK - Manchester) (to 6 June 2023)	2/2
Qun Yang	Elected (UK - East Anglia) (from 6 June 2023)	4/4
Sayed Zaman	Elected (Middle East) (from 6 June 2023)	4/4

Caroline is an ICAEW Council member. She also chairs ICAEW's Members and Commercial Board.

Caroline Smale, FCA
Regulation and Compliance Partner, Bishop Fleming

Christabel is an ICAEW Council member. She also chairs ICAEW's Technical Strategy Board, as well as the independent Policy and Reputation Group (PRG) which comprises seven of the largest firms.

Christabel Cowling, FCA
UK Head of Regulatory and Public Policy, EY

BOARD

The Board is the principle decision-making body of ICAEW, responsible for the leadership, management and operations of ICAEW, subject to the reserved powers of the Council.

It is accountable to Council. Board leads on the development and implementation of ICAEW strategy (including review of risk), policy, operational plans and all matters relating to ICAEW resources.

THE BOARD:

- Develops, supervises and implements strategy - it is accountable to Council for the delivery of ICAEW strategy and all matters relating to its implementation.
- Holds Leadership Team to account - making sure the Chief Executive and their team achieve operational plan targets, in line with KPIs and budget.
- Monitors risk at a strategic level - overseeing a risk framework designed to provide adequate assurance as to the protection of ICAEW's assets, including the maintenance of the reputation of ICAEW.
- Approves the operational plan and takes responsibility for all matters (other than those reserved for the ICAEW Regulatory Board) relating to policy in support of ICAEW's strategy.
- Reports to each Council meeting - updating Council members on key decisions and consulting on emerging strategic development.

THE OFFICE-HOLDERS

The powers of the office-holders are primarily in relation to procedural matters specified in the Principal Bye-laws. The office-holders are the leading ambassadors for ICAEW, focusing on relationships with members and promoting the work of ICAEW to members, students and other professional bodies. They work in partnership with the Chief Executive and Chair of the Board, to play a key part in developing and maintaining relationships with other key stakeholders of ICAEW.

The office-holders also lead on relationships with the network communities, international member communities and district societies. The President chairs the Annual and Special Meetings of members. All office-holders (and Council members) act in a non-executive capacity.

The President of ICAEW is the senior member of ICAEW, elected by their Council member peers into this role. Until the independently appointed Chair of the Board was appointed in October 2023, the President was also Chair of the Board.

Position	To 7 June 2023	From 7 June 2023
President and Chair of the Board	Julia Penny	Mark Rhys
Deputy-President	Mark Rhys	Malcolm Bacchus
Vice-President	Malcolm Bacchus	Derek Blair

THE CHIEF EXECUTIVE AND LEADERSHIP TEAM

The Chief Executive, Michael Izza, operates within the framework of delegations approved by Council. Reporting to the Chair of the Board, he is responsible for the overall management of ICAEW, for the development and implementation of strategy, and for ensuring that ICAEW operates economically, efficiently and effectively. He also has a representational role, building effective relationships with members and with governments, regulators, other public bodies and the media.

The Chief Executive and leadership team report monthly to the Board on the implementation of the operational plan and service levels.

BOARD MEMBERS CONFIRMATION

As far as each of the members of the Board is aware:

- there is no relevant audit information of which ICAEW's auditors are unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that ICAEW's auditors are aware of that information.



Key Board Matters 2023

The Board's agenda continued to focus on the implementation of ICAEW's 10-year strategy. From October, board reports and papers started to follow a revised methodology to improve their quality and focus and enhance critical thinking.

Board work and decisions included:

- Development of Board KPIs to enable appropriate focus on key operational issues.
- Scrutinising the Chief Executive's report at every meeting, including reviewing service levels.
- Post implementation review of the ICAEW Business Systems Transformation Programme, including a joint meeting with the Committee of Council.
- Approval of the Pro Decommission Project, recommending it to Committee of Council budget approval, and monitoring the project's progress against schedule and budget, in line with BST review recommendations.
- Considering annual reports:
 - Employee Engagement Forum (EEF)
 - Health and Safety Annual Report
 - Annual Review of ICAEW's Anti-Bribery and Corruption Framework
 - Equality, Diversity & Inclusion Impact Report.
- Reviewing delegation of authority policy.
- Approving Risk Committee terms of reference for approval.
- Reviewing Risk Committee updates including approval of the Enterprise Risk Management Framework Policy and the Risk Programme of Work Framework and reviewing the Principal Risks Register.
- Strategic horizon-scanning to identify unidentified risks and opportunities as part of a Board away day.
- Making recommendations to Committee of Council to approve contracts for:
 - Pro Decommissioning - considering plans for the programme to decommission Pro
 - Development of RISE programme, to raise the aspirations of young people from low socio-economic backgrounds
 - MS licensing renewal and Cloud hosting agreements
 - Chartered Accountants' Hall and Metropolitan House support services including cleaning and catering
 - Exam contract renewal
 - Payroll and HR system contract renewal.
- Developing plans for the creation of a Centre for Public Interest Audit (CPIA).
- Agreeing 2024 member fees and subscriptions for approval by Council and AGM.
- Agreeing Annual and Special Meetings 2023 notice and paperwork for Council approval, including amendments to Principal Bye-laws and IRB Terms of Reference.
- Approving plans for implementation of Board-related Council governance resolutions, including establishment of Board Nomination Committee and a Board skills matrix to support future development and recruitment, approving new draft Board terms of reference, agreeing a timeline for transitioning to new Board composition and requirements.
- Agreeing that ICAEW and CIPFA establish a strategic partnership, underpinned by a set of bilateral agreements covering collaboration on qualifications, marketing, professional standards and international markets.
- Reviewing Pension Strategy and Life Assurance for ICAEW employees and agreeing Guaranteed Minimum Pension (GMP) equalisation method.
- Reviewing Annual Report and Financial Statements 2022 for approval by Council and agreeing approach and timeline for 2023 report and statements.
- Deep diving into strategic themes 4 "Master Technology and Data" and 2 "Help to achieve the SDGs" to assess progress against 2030 goals, key activities and any achievement gap.
- Planning for Chief Executive succession.
- Considering ICAEW carbon neutral report.
- Reflecting and learning from the outcomes of Council Conference.
- Reviewing ICAEW Reserves Policy.
- Developing proposals for investment in 2024 to progress ICAEW strategy, informed by access to reserves and planning for 2024 operational plan.
- Approving operational plan 2024-2026 and reporting this to Council.
- Reviewing key points from Employee Engagement Survey and holding leadership team to account for development and implementation of an action plan.

BOARD ATTENDANCE DURING 2023

The Board is comprised of up to 14 members: ex-officio Council members, two independent non-executive members (non-chartered accountants), the Chief Executive, Chief Financial Officer and the Chief Operating Officer. Council also elects three of its members directly to the Board for a two-year term.

As part of transition arrangements to the new governance framework, Peter Wyman was appointed Chair of the Board in October. Council agreed further changes to the composition of the Board and these are due to be in place for the AGM in June 2024.

The members of the Board during 2023 are outlined below. The Board met 10 times in 2023 and there are currently 14 members. The Board gender split at 31 December 2023 is 9 male (64%) and 5 female (36%).

Name	Position	Appointed	Retired	Attendance
Malcolm Bacchus*	Vice-President (to 7 June 2023) Deputy-President (from 7 June 2023)			10/10
Derek Blair*	Vice-President	7 June 2023		3/4
Helen Brennan*	Council member elected to the Board			10/10
Mark Coles*	Council member elected to the Board			10/10
Christabel Cowling*	Ex-officio member			8/10
David Franklin	Chief Financial Officer	26 May 2023		4/4
Sharron Gunn	Chief Operating Officer			9/10
Mary Hockaday	Independent non-executive member of the Board			8/10
Michael Izza	Chief Executive			10/10
Kate Mathers*	Ex-officio member		7 June 2023	4/6
Julia Penny*	President (to 7 June 2023)		7 June 2023	6/6
Mark Rhys*	Deputy-President (to 7 June 2023) President (from 7 June 2022)			10/10
Caroline Smale*	Ex-officio member			10/10
Rob Tindle*	Council member elected to the Board			10/10
Malcolm Wood	Independent non-executive member of the Board			9/10
Peter Wyman	Chair of Board	1 October 2023		2/2

* Council member



RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board has responsibility for ICAEW's systems of internal control and risk management, delegating activities to the Audit Committee and Risk Committee respectively.

The Risk Committee was established in December 2022 as a committee of the Board to assist the Board in discharging its responsibility for the management of risks that could prevent or slow down ICAEW delivering its strategy. Previously the Audit Committee led on risk on behalf of the Board.

The operational environment in 2023 continued to prove a challenging one for ICAEW as indeed it has been for many other organisations. Against this backdrop, the Internal Auditors Annual Report on the Effectiveness of Internal Control opined that the risk of a material financial exposure or loss was adequately managed by the financial controls in place during the year.

Compared to previous years, there has been a marked improvement in the effectiveness of the operational control framework of ICAEW based on the results of our work during this period. Nonetheless, our work has also highlighted the need for certain improvements in internal controls and management is clearly focused on implementing these improvements, with some requiring organisational-wide approaches.

THE BOARD:

- approves the Risk Committee terms of reference;
- reviews the Risk Committee Chair's report commenting on current risks and their mitigations and strategic horizon-scanning to identify unidentified risks and opportunities;
- approves any changes in approach to the management and reporting of risks;
- approves actions taken to manage or mitigate risks where appropriate;
- approves the Audit Committee terms of reference;
- reviews the Audit Committee's annual report, including its assessment of whether ICAEW's activities are subject to sufficient internal control, independent review and audit; and
- considers any Audit Committee recommendations the committee deems appropriate on any area within its remit where action or improvement is needed.

RISK COMMITTEE

The Risk Committee assists the Board in discharging its responsibility for the management of the risk relating to the strategy and operations of ICAEW.

The committee has overseen the introduction of a new Enterprise Risk Management Framework which was approved by the Board and is monitoring its roll out through the organisation. The committee monitors Principal, Corporate and Departmental risks, considers emerging risks and reviews and escalates any risks that may need the attention of the Board for informed decision making.

The committee is also responsible for the following areas:

- Setting and articulating risk appetites
- Considering the resources devoted to risk management
- Considering the appropriateness of risk management reporting.

The committee met four times in 2023.

RISK COMMITTEE ATTENDANCE DURING 2023

Name	Position	Appointed	Attendance
Malcolm Bacchus*	Chair and Deputy-President		4/4
Helen Brennan*		7 June 2023	4/4
Caroline Smale*			3/4
David Franklin	Interim CFO to 26 May 2023, ICAEW CFO from 26 May 2023		4/4

*Council member

All Risk Committee members are members of ICAEW Board

Key Committee Matters 2023

- Considered GAP analysis and the related Programme of Work.
- Reviewed and approved the Enterprise Risk Management Framework Policy.
- Reviewed the Half Year Risk Review (HYRR) in April and October.
- Conducted and reviewed horizon scanning feedback on emerging risks.

The HYRR provides the Board, Risk Committee and Audit Committee with an update on the Principal, Corporate and Departmental risks, identifying risk

events to be brought to the attention of the Board and proposed mitigations.

The Board's focus is on any Principal risks and emerging concerns and the actions being undertaken to manage or mitigate the risks and remediate any issues or concerns. The HYRR also identifies any new risks, or changes in the assessment of known risks.

The following were identified by the Board on Council's behalf as Principal Risks as at the year end and, together with high-impact current acute issues and emerging risks, were the key focus areas for risk management.

Risk	Description	Risk events	Risk Rating	Risk management activity
Our relevance and attractiveness of the profession	ICAEW needs to remain relevant to its firms and members	The risk identified by ICAEW, firms and the Policy & Reputation Group (PRG) relates more specifically to the retention of qualified/part qualified auditors, particularly to cover PIE audits	High	ICAEW is engaging with the FRC, the new Department of Business & Trade, members and firms and has joined project teams run by the PRG and CAW who are addressing this global issue.
		ICAEW's potentially greater contribution to firms' diversity and inclusion	Medium	A wide range of initiatives have been undertaken alongside the profession. These include RISE, Access Accountancy and the Black Heritage School Leaver event. We have also shared key findings from the ICAEW student ED&I research with employers and we are working very closely with the profession on ED&I initiatives.
		Well-being of students and members	Medium	Some employers have now flexed internal policies to support students; for example, introducing longer timeframes to sit exams. We continue to work with firms and businesses to consider how best to support students and members.



Risk	Description	Risk events	Risk Rating	Risk management activity
Competitive environment	ICAEW needs to understand what its competitors are doing in order to remain competitive	Use of generative AI technology	Medium	ICAEW is evaluating the implications, from both an opportunity and a risk perspective, to ensure informed decisions are taken on the development and implementation of policy and guidance on how generative AI is used by ICAEW and by its students and members.
		There may be limits on how we can develop the ACA qualification due to the introduction of new or modified regulatory/legislative requirements	Medium	A consultation has recently been completed to understand requirements from firms and key stakeholders for the future content of the ACA syllabus and the approach to the assessment of students. We continue to collate feedback from surveys which will facilitate the development of prototypes to address the evolution of the ACA qualification, subject to regulatory guidance.
		Potential emergence of new institutes that target specialisms within our profession	Medium	Changes to the ACA syllabus incorporating new specialisms are being considered as part of the evolution of the qualification.
The loss of public trust	Firms' inadequate climate and ESG reporting		High	ICAEW is developing a business case to create a Centre for Sustainability Management Reporting Assurance. In the interim, ICAEW has released a sustainability certification to strengthen member and student understanding of how ESG impacts business performance and financial statements, as well as showing how to collect, analyse and disclose ESG data. ICAEW also continues to sponsor the Capitals Coalition which is leading practice and thinking in this area.
		ICAEW's role as an AML supervisor is diluted or removed	Medium	ICAEW submitted a detailed response to the government's consultation on change to the existing regulatory regime and we continue to demonstrate our expertise in this area pending the government's decision on any change expected in March 2024.
		Poor auditing is blamed for high profile business failures	Medium	A project is underway to develop the quality of auditor education and training as a result of the government's feedback statement on audit reform, and the expectation that professional bodies will make substantial improvements to auditor qualifications.
		Members' or firms' behaviours adversely impact the reputation of the profession and/or ICAEW	Medium	ICAEW continues to monitor firm and member behaviours through its Professional Standards Department. A new CPD Policy was introduced in November 2023 which requires mandatory annual learning hours for members.
		Lack of reform in audit and corporate governance	Medium	ICAEW responded to a consultation on the UK corporate governance code in September 2023 in which we set out our vision on proportionate but incremental accountability for the effectiveness of internal control by company directors. We continue to urge government to consider implementation of the changes recommended by ourselves and others.
Cyber and data security threats	Heightened risk of cyber threats		High	Cyber security controls are actively monitored on a regular basis. Phishing tests are carried out with follow-up training provided where necessary. A Business Continuity exercise focused on cyber threats was held to test the plans in place.
		Loss of data	Medium	A data retention project is underway to identify data that we need to retain for legal/regulatory compliance and operational reasons. The project will highlight data that can be legitimately archived or deleted and will establish the approach for compliance with the Data Retention Policy and cyber insurance requirements, to further mitigate loss of data in the event of a cyber-attack.

Risk	Description	Risk events	Risk Rating	Risk management activity
Post delivery of Business Transformation project impacts	Following the implementation of Dynamics 365, a number of system and process issues were identified, leading to increased risks operationally and reputationally with key stakeholders	The decommissioning of some end of life systems	Medium	The decommissioning of some end of life (EOL) systems has been completed and others were in the process of being deactivated in Q4 2023. Remaining systems are planned to be decommissioned during 2024, with work-arounds in place to mitigate risks in the intervening period.
		Tactical improvements	Medium	Tactical improvements continue in respect of D365 to implement required fixes to limit manual work-arounds and enhance functionality. It is an accepted risk that the implementation of patches or fixes in one area may cause bugs to develop in other areas of the business as part of the improvement process and will be managed to ensure that operations are not unnecessarily impacted.
ICAEW reputation	Although there are reputational risks in other principal risks, there are specific risks to our reputation that arise from how ICAEW conducts its business	The use of reserves	Medium	The number of high-profile legacy regulatory cases conducted by the FRC tribunal under the Accountancy Scheme has reduced significantly. The ICAEW Board has issued direction on the principles to be adopted and applied in respect of how ICAEW's reserves are used in the public interest and to support the strategy. In September 2023, the Board considered a set of possible strategic-level investments (including a major review to future-proof the ACA, the Centre for Public Interest Audit, the Centre for Sustainability Management, a review of the role of the profession in AI governance and a modernisation of the Royal Charter) and approved these proposals for further development and discussion at Board.
		The impact of the challenging economy on members	Medium	We continued to monitor member numbers during 2023 and pressed ministers and officials for the implementation of policies which are conducive to sound public finances and friendly to both business and sustainability.
		ICAEW governance changes implementation - Council appointed the Governance Implementation Group (GIG) to take forward the changes approved at its meeting in February 2022 and to develop further proposals for Council to consider	Medium	The GIG met regularly during 2023 and provided updates and proposals to Council. A Chair of the Governance & Appointments Committee (GAC) was appointed at the end of 2023. Progress on governance reform has been communicated to members, staff and key external stakeholders and audiences, with significant milestones - such as the appointment of the Chair of the Board - accompanied by a major communications and engagement effort achieved by year end.
		Defining the future relationship with district societies - The risk of ICAEW being perceived to be responsible for the inappropriate behaviour or actions of DS members	Medium	The majority of District Societies have now transitioned to becoming ICAEW local networks. The remaining independent District Societies have either adopted, or are considering adopting, a framework for their future relationship with ICAEW.
		Compliance with international legislation/regulation	Medium	A review of local legislative and regulatory requirements is underway to ensure ongoing compliance.



AUDIT COMMITTEE

The recent change in governance saw the reporting line for Audit Committee move from Council to the Board.

The terms of reference are under review, to ensure terms and membership are consistent and aligned with the Royal Charter and bye-laws. The Audit Committee acts under delegated authority from the Board, and is responsible for ensuring effective oversight, assessment and review of external audit, financial reporting, internal controls and internal audit.

KEY AREAS OF FOCUS WITHIN THE COMMITTEE'S REMIT

- To provide assurance to the Board as to the adequacy of ICAEW's internal financial and operational controls, by receiving appropriate evidence from internal audit, external audit, management and relevant external sources of assurance.
- Consideration of significant areas of judgement pertaining to the financial statements and how these were addressed - the FRC provision, revenue recognition, judgements and estimates, property, plant and equipment and intangible assets, impairments, recognition of pension assets and relevant disclosures.

- An assessment of the effectiveness of the external audit process and making its recommendation on the appointment or reappointment of the external auditor.

The Audit Committee met five times in 2023. Both the internal and external auditors attend all the meetings of the Audit Committee and have direct access to its chair. During part of each meeting, the external auditors, internal audit and the committee meet without ICAEW management present.

A joint meeting of the Audit and Risk Committees was held in December 2023, to provide assurance to the Board on matters of internal controls of risk management. It was agreed the chairs of the two committees would continue discussions and information sharing and, as part of its annual reporting, the Risk Committee would share the half and full year risk review with the Audit Committee.

The Board receives the minutes of the Audit Committee monthly and Council receives an annual report on its activities.

KEY COMMITTEE MATTERS 2023

External audit

- Agreed the fees and terms of appointment of the external auditors; and reviewed their quality and effectiveness.
- Reviewed the financial statements, having received a report from the external auditors on their review and audit.
- Considered the external auditor's audit findings report including their observations in respect of any deficiencies or potential improvements in the operation of ICAEW's systems and internal controls arising during their audit work.
- Reviewed the significant estimates and judgements used in the preparation of the accounts.
- Reviewed the processes undertaken in determining the position adopted in key judgement areas including FRC costs, impairments and recognition of pension surplus.

Internal controls

- Carried out deep dives into principal risks and mission-critical projects such as Business Systems Transformation (Pro Decommissioning/ Dynamics), service levels and culture audit.
- Reviewed management's assessment and received assurance on the effectiveness of the control environment.

Internal audit

- Agreed the work plan of internal audit and reviewed the resulting output from that plan.
- Reviewed the internal audit function report to ensure adequacy of the systems of internal control and risk management.
- Received reports on the work carried out by internal audit and the results of their investigations including management responses and undertook a rigorous review of its effectiveness.
- Reviewed reports in relation to internal controls, management judgements and estimates.

AUDITORS

Haysmacintyre LLP was re-appointed as ICAEW's external auditor for the year ended 31 December 2023. Current policy is to tender the external audit at least every 10 years.

The Audit Committee annually reviews and considers the quality, effectiveness and independence of the external auditors. This includes a review of safeguards in place in relation to non-audit services, and a review of the partners and directors of the audit firm who sit on ICAEW committees. To ensure appropriate levels of independence, a firm cannot be ICAEW's auditor if any partner or employee of the firm is a member of Council during the period of tenure. We also have a policy regarding non-audit work by the audit firm. The general principle is that the audit firm should not be asked to carry out non-audit services in respect of which it may, in the future, be required to give an audit opinion. Audit Committee approval is required for such services.

To assess the effectiveness of the auditor the committee reviewed the external auditor's:

- fulfilment of the agreed audit plan and variations from it;
- report of major issues arising during the course of the audit; and
- monitoring of financial controls.

Through these processes and its monitoring of the effectiveness of controls, internal audit and risk management, the Audit Committee is able to maintain a good understanding of business performance, key areas of judgement and decision-making processes within the organisation, and the consequences for financial reporting.

REVIEW OF FINANCIAL STATEMENTS 2023

Through discussion with management and the external auditor, the Audit Committee determined that the following were key judgement areas in 2023:

- recognition of membership admission fee income;
- FRC Conduct Committee provision;
- defined benefit pension scheme;
- fair value of property, plant and equipment; and
- intangible assets.

These issues were discussed with management during the year and with the auditor when reviewing and agreeing the audit plan, and also at the conclusion of the audit of the financial statements.

The committee has reviewed the basis for monitoring and forecasting FRC case costs, assessed the sources of information available to management (including historical data and forecasts from the FRC) and considered the review processes performed by management and the external auditor. While recognising the confidential nature of such information, the committee was able to obtain the necessary understanding and assurance.

The committee also reviewed key judgements made in the previous financial year relating to pension scheme assumptions and confirmed that those judgements remain valid for the 2023 financial year.

After reviewing the presentations and reports from management and consulting with the auditors, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both for the amounts reported and the disclosures. The committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

As a result of its work during the year, the committee has concluded that it has acted in accordance with its terms of reference and has ensured (as far as it can) the independence of the external auditors.

AUDIT COMMITTEE ATTENDANCE DURING 2023

Name	Position	Appointed	Retired	Attendance
Annemarie Bardwell	Lay member	27 July 2023		2/2
Derek Blair*	Vice-President and member of ICAEW Board	6 June 2023		3/3
Mursleen Iqbal	Member	27 July 2023		2/2
Nigel Philip Jones	Member			5/5
Mark Rhys*	President and member of ICAEW Board		5 June 2023	2/2
Alison Smith	Lay member		5 June 2023	2/2
Piers Clinton-Tarestad	Member		5 June 2023	2/2
Dr Sarah Walsh	Lay member			5/5
Carol Warburton*	Chair			4/5

* Council member



INVESTMENT COMMITTEE

The Investment Committee, under delegated authority from ICAEW Board, deals with all matters relating to ICAEW's strategic investments. The committee meets quarterly with the managers of ICAEW's investment portfolio and ensures appropriate investment of ICAEW's assets.

The committee is also responsible for:

- monitoring the investment control environment;
- monitoring target returns and asset liquidity; and
- ensuring fund managers are adhering to their mandate to meet budgets and capital requirements.

INVESTMENT COMMITTEE ATTENDANCE DURING 2023

Name	Position	Appointed	Retired	Attendance
Elizabeth Airey			6 June 2023	2/2
David Franklin*	Interim CFO to 26 May 2023 and CFO from 26 May 2023			4/4
Ian Newton		16 November 2023		1/1
Simon Peacock	Chair			4/4
Adrian Quinton				3/4
Victoria Stewart				4/4

*ICAEW Board member from 23 May 2023

NOMINATING COMMITTEE

The Nominating Committee operated throughout 2023, under delegated authority from ICAEW Council, dealing with all matters relating to committee and other appointments to ensure the composition of ICAEW governance bodies reflects the diversity of our membership and that each committee has the necessary knowledge and skills to fulfil its role.

The committee also had responsibility for the following areas:

- discussing and making recommendations about co-options to Council to address gaps in representation of significant and strategically important groups or regions;
- considering nominations for honorary membership of ICAEW and recommending to Council accordingly;
- reviewing the Election Regulations and results of elections to and from Council;
- reviewing the results of elections to committees of Council;

Key Committee Matters 2023

- Reviewed and discussed quarterly investment manager performance reports.
- Received and discussed annual investment strategy monitoring report.
- Received and discussed ESG monitoring report.
- Received updates on ICAEW finance and strategy.
- Undertook committee recruitment.
- Reviewed risk thresholds within the portfolio.
- Completed annual reporting exercise to ICAEW Board.

- appointing recruitment panels responsible for making recommendations regarding senior staff and other key appointments; and
- nominating and/or appointing members to joint institute bodies (excluding any joint bodies with a professional standards role), and to external bodies and positions where the individual is appointed to represent ICAEW.

The annual review of committee memberships was also undertaken by the Committee Review Working Group (CRWG), a sub-committee of the Nominating Committee with delegated authority to review committee memberships each year. This Working Group was chaired by the Deputy-President.

The Nominating Committee reported to Council at each meeting on its work and that of the CRWG.

Key Committee Matters 2023

- Reviewed appointments to and succession plans of ICAEW committees, faculties and boards.
- Agreed the role specification of the independent chair of the ICAEW Board and the constitution of the recruitment panel.
- Provided input into the role specification of the new Chief Executive and the constitution of the recruitment panel.
- Reviewed and made recommendations regarding co-options to ICAEW Council.
- Reviewed the committee review process.
- Reviewed and approved candidates for Chair of Council 2023-2024 and Vice-President 2024-2025 for a ballot of Council members.
- Provided input into the draft role profile and election regulations for the election of the chair of the Governance and Appointments Committee (GAC).
- Provided input into and approved the role profile and election regulations for the election of two Council members to the GAC.
- Provided input into and approved the revised role profile for the office-holders, which needed to be updated to reflect changes to their role arising following the creation of the post of independent Chair of the ICAEW Board.
- Discussed the terms of reference and composition of the Volunteer Nomination Committee.

Membership of the Nominating Committee was by election or ex-officio and comprised the following members:

- Immediate Past President (chair)
- Past President (vice chair)
- President
- Deputy-President
- Vice-President
- Three members of Council elected by Council
- Chief Executive.

The Nominating Committee met 11 times in 2023.

Plans for new arrangements under the new GAC were developed in 2023, ahead of transitioning to new arrangements in 2024.

The new Board Nomination Committee (BNC) met for the first time in December 2023. Membership consists of Peter Wyman (Chair), Christabel Cowling, Caroline Smale and Mark Rhys.

Under the new governance framework the BNC leads on Board, senior management and board committee recruitment. December's meeting considered Remuneration Committee appointments and Board succession and transition planning, agreeing a search agency, costs and a recruitment timetable for the six ICAEW members joining the Board in June 2024.

NOMINATING COMMITTEE ATTENDANCE DURING 2023

Name	Position	Appointed	Retired	Attendance
Will Brooks (Chair from 7 June 2022 and Vice Chair from 6 June 2023)	Past President			9/11
David Matthews (Chair to 7 June 2022 and Vice Chair from 7 June 2022)	Past President		6 June 2023	4/5
Julia Penny (Chair from 6 June 2023)	Immediate Past President			11/11
Mark Rhys	President			11/11
Malcolm Bacchus	Deputy-President			11/11
Derek Blair	Vice-President	6 June 2023		6/6
Andy Batty	Council member elected to the committee	6 June 2023		5/6
David Crackett	Council member elected to the committee			9/11
Andrew Mead	Council member elected to the committee			10/11
Jeremy Willmont	Council member elected to the committee		6 June 2023	4/5
Michael Izza	ICAEW Chief Executive			10/11



REMUNERATION COMMITTEE

The Remuneration Committee keeps under review, on behalf of the Board, the elements of the remuneration package provided for ICAEW staff, including the Chief Executive and COO, CFO and Chief Officer, Professional Standards. Staff are remunerated with reference to their annual performance rating and benchmark market salaries. The committee also monitors office-holder expenses.

Name	Position	Appointed	Retired	Attendance
Sophie Symons	Chair		14 June 2023	3/3
Malcolm Bacchus*	Vice-President (to 7 June 2023) Deputy-President (from 7 June 2023)			4/5
Marcus Peaker	Lay member		23 March 2023	0/3
Mark Freebairn	Lay member	(Acting Chair 11 December 2023)		5/5
Clive Stevens**	Member			4/5
Matt Sinnott		1 September 2023		2/2
Beatrice Chivers		1 September 2023		2/2

* Council member

** Council member until 6 June 2023

CHIEF EXECUTIVE AND LEADERSHIP TEAM

The Chief Executive (CEO), CFO, COO and Chief Officer, Professional Standards are appointed by a senior staff appointments panel comprising senior Council members and advisers. The appointment of CEO is further ratified by Council. As part of the new governance arrangements, all ICAEW Board appointments, including executive members, will need approval of the Governance and Appointments Committee and ratification by Council. Their performance and remuneration is reviewed annually by the Remuneration Committee, which reports to the Board accordingly.

COMMITTEE MEMBERSHIP AND ATTENDANCE 2023

The committee met five times in 2023. The chair consults with the non-executive members of the Board, being our members, during the pay review process to support the judgements made and ensure the objectives set are consistent with the operational plan, as agreed with Council.

PAY REVIEW AND STAKEHOLDER CONSULTATION

The outcome of the staff pay review and how salaries and recognition awards are spread across the organisation are published to all staff. This supports transparency and aligns with our values and culture. The staff pay policy is also published on the staff intranet. Listening to and consulting with our employees is very important and includes the staff feedback survey, connect live events, and the Employee Engagement Forum. These initiatives support our culture and talent management initiatives.

We do not consult directly with employees on the executive remuneration policy.

Policy	Application										
<p>Pay policy</p> <p>The key element of ICAEW's pay policy is to reward those staff who have achieved their core objectives and who are living our values, determined with reference to market value. All our positions are benchmarked against market salaries.</p> <p>Under its terms of reference the Remuneration Committee is responsible for agreeing, on the recommendation of the office-holders and Chair of the Board, any changes to the remuneration package of the Chief Executive including any deferred element.</p> <p>It is also responsible for agreeing, on the recommendation of the Chief Executive, the remuneration packages of the COO, CFO and Chief Officer, Professional Standards.</p>	<p>We believe that staff should be appropriately rewarded in relation to:</p> <ul style="list-style-type: none"> the wider economic and commercial environment; the value placed on comparable jobs in other organisations; the value placed on comparable jobs within ICAEW; the contribution they make towards achieving ICAEW's objectives and to the long-term success of the organisation; and the results they achieve and the degree to which they meet our behaviours. <p>A key element of the pay policy is to recognise those staff who make a significant and/or consistent contribution to the achievements of ICAEW's operational plan while at the same time living the ICAEW values and working in a collaborative, agile and innovative manner. This can be recognised by a non-consolidated lump sum discretionary bonus award.</p> <p>Independent non-executive members of the Board (those who are not ICAEW members) receive a fee of £16,000 per annum (2022: £16,000). From 1 October the new independent Chair of the Board receives a fee of £90,000 per annum. No other non-executive member of Council, Board or other member committees are remunerated. In relation to professional standards, the Chair of the ICAEW Regulatory Board is paid £30,000 per annum and the lay members of the IRB are paid a day rate of £350.</p> <p>The Chief Executive's notice period is 12 months, and the leadership team notice period is six months. They receive a basic package, and in addition to the basic package there is a deferred pay element opportunity of up to 35% of base salary for the CEO and the COO and 30% for the CFO and Chief Officer, Professional Standards (this is a non-consolidated payment). Their performance is judged on the basis of the deferred pay scorecard based on business objectives and objectives set out in the operational plan.</p>										
<p>Remuneration framework</p> <p>Employee remuneration is composed principally of fixed and variable elements of reward.</p>	<p>a) Fixed reward:</p> <ul style="list-style-type: none"> fixed remuneration: base salary benefits (including pension) <p>b) Variable reward:</p> <ul style="list-style-type: none"> discretionary or contractual bonus for eligible employees. 										
<p>Base salary</p> <p>To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the operational plan.</p>	<p>Base salaries are set taking into account a range of factors including:</p> <ul style="list-style-type: none"> the individual's skills, performance and experience; wider workforce salary levels; external benchmark data; the size and responsibility of the role; the complexity of the business and geographical scope; and economic indicators. <p>An increase of 3.5% to the base pay for the CEO, CFO, COO and Chief Officer, Professional Standards in 2023 was consistent with the budget applied for average increases in the annual pay review for other ICAEW employees in the UK.</p>										
<p>Deferred pay</p> <p>Deferred pay is pay that is a portion of the CEO, CFO, COO and Chief Officer, Professional Standards salary that is set aside to be paid at a later date based on performance targets set by the Remuneration Committee.</p>	<table border="1"> <thead> <tr> <th>Business area</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td>ICAEW operational plan</td> <td>50%</td> </tr> <tr> <td>Business area objectives</td> <td>50%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> <tr> <td>% salary</td> <td>Total of 30% (CFO, CO PSD) Total of 35% (CEO, COO)</td> </tr> </tbody> </table> <p>A key principle underlying our approach to the executive remuneration policies is that reward should be aligned to the performance outcomes of ICAEW, and the competencies, behaviours and values exhibited. The weightings are reviewed annually, and the deferred pay calculation brings together the performance from the following elements.</p>	Business area	Weighting	ICAEW operational plan	50%	Business area objectives	50%	Total	100%	% salary	Total of 30% (CFO, CO PSD) Total of 35% (CEO, COO)
Business area	Weighting										
ICAEW operational plan	50%										
Business area objectives	50%										
Total	100%										
% salary	Total of 30% (CFO, CO PSD) Total of 35% (CEO, COO)										
<p>Benefits (including retirement benefit as appropriate)</p>	<p>We offer a comprehensive range of competitive benefits to our employees under a 'myBenefits' system.</p>										
<p>Discretionary or contractual bonus</p> <p>To reward the achievement of performance targets in a range of key performance areas.</p>	<p>The Remuneration Committee also has discretion to award one-off payments to staff, where it is recognised that they have gone over and above their objectives.</p>										



EXECUTIVE PAY GAP REPORTING

As part of our commitment to pay transparency we are voluntarily publishing details of our CEO pay ratio, although as a professional body we are not covered by the pay ratio regulations. The ratio compares the total remuneration of the CEO to the total remuneration of the median ICAEW employee, and those who sit at the 25th and 75th percentiles by total earnings.

Staff pay is determined using the same principles as the pay for the Chief Executive. Prior year pay figures have been recalculated to include amounts paid in bonuses, commissions and pension contributions.

In the case of the Chief Executive, the total remuneration comprises a significant proportion in variable pay. The single total figure may therefore vary considerably year on year depending on the level of performance. The salary and total remuneration for each quartile employee has also increased. This reflects the salary increases and salary progression in place for our staff and our commitment to a consistent and active approach to pay review and ongoing principles of equal pay.

Year	All Employees							
	CEO Salary and Deferred Pay*	25 th Percentile	Median	75 th Percentile	25 th Percentile pay ratio	Median pay ratio	75 th Percentile pay ratio	Average ratio to CEO
2023	£646,825	£36,511	£52,635	£82,521	18:1	12:1	8:1	11:1
2022	£629,009	£32,869	£47,435	£75,861	19:1	13:1	8:1	12:1
2021	£631,602	£34,596	£49,377	£82,114	18:1	13:1	8:1	11:1
2020**	£466,645	£32,825	£45,621	£71,707	14:1	10:1	7:1	9:1
2019	£603,626	£32,010	£45,780	£70,116	19:1	13:1	9:1	12:1

* CEO standard remuneration and deferred pay as set out in the financial statements key management personnel table, under disclosure note 10

** The 2020 pay gap decreased because the CEO elected to waive his deferred pay due to the pandemic

The CEO is remunerated on a total package basis which includes salary and individual health insurance. This means that remuneration can be taken solely in the form of salary, or alternatively, a portion of salary can be used for additional benefits such as pension or enhanced health insurance.

ICAEW REGULATORY BOARD (IRB)

The IRB is responsible for overseeing much of the professional standards activities and statutory regulatory role of ICAEW. The role of the IRB is to initiate and develop strategic priorities pertaining to professional standards regulation such as keeping changes to regulations and bye-laws under review and setting

regulatory fees. It does not become directly involved with individual disciplinary or regulatory matters. Further detail on the work of the IRB can be viewed in its annual report at [icaew.com/irb](https://www.icaew.com/irb)

DEPARTMENTAL BOARDS

Three departmental boards advise on the development of policy for ICAEW's key activities, in the areas of Education and Training, Reputation and Influence, and Belonging and Supporting. Departmental chairs are currently ex-officio members of ICAEW Board, although this will cease in June 2024 as part of the new governance framework when the new Board is established.

FINANCIAL REVIEW & STATEMENTS

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FINANCIAL REVIEW

The Institute of Chartered Accountants in England and Wales, incorporated by Royal Charter RC000246 with registered office at Chartered Accountants' Hall, Moorgate Place, London EC2R 6EA (ICAEW) is a chartered body and operates in the public interest under the terms of our Royal Charter, awarded to us in 1880, and the 1948 Supplemental Charter.

ICAEW is headed by a Chief Executive Officer and has five operating departments:

- **Education & training** are committed to educating the ICAEW Chartered Accountants of tomorrow, with a focus on building future business and professional leaders. We work with universities, schools and other educational establishments to support recruitment activity for employers and our commitment to social mobility.
- **Professional Standards** protects the public interest by making sure ICAEW's member firms, members, students and affiliates maintain the highest standards of professional competency and conduct. ICAEW's regulatory and disciplinary roles are separated from ICAEW's other activities so they can monitor, support or take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department and overseen by the independent ICAEW Regulatory Board (IRB).
- **Reputation & influence** apply our expertise across a wide variety of topics relating to business, the profession and national policymaking. Our work in upholding standards is also crucial to protecting the public and holding our members accountable.
- **Belonging & supporting** support our more than 169,500 members across the world, personally and professionally. We do this through our faculties, communities and district societies, as well as the Chartered Accountants Worldwide (CAW) network.
- **Support departments** deliver operational and strategic support. The core functions include finance with financial planning and reporting, risk management, internal legal services, IT, digital and facilities management, as well as human resources, COO office, global marketing and programme office.

ICAEW Group's financial statements represent the results of ICAEW and its subsidiary undertakings.

GROUP RESULTS

Total income for the year was £142.2m (2022: £141.7m). The net result after tax for the year was £10.0m (2022: £13.6m).

Operational income was £130.2m (2022: £124.8m) and our operating result was £1.1m (2022: £1.6m).

The result before tax of £12.9m (2022: £11.2m) includes FRC Conduct Committee fine income of £nil (2022: £14.9m) and net gains on investments of £12.0m (2022: losses of £5.2m).

Operational expenditure has grown 4.8% (2022: 14.7%) from the prior year to £129.1m (2022: £123.2m) as explained within the Expenditure section below.

Group net assets at 31 December 2023 were £183.1m (2022: £178.0m), with the result after tax being offset by other comprehensive expense of £4.9m (2022: expense of £6.6m) arising from the remeasurement of the defined benefit pension scheme, revaluation of property and the associated tax impacts. Further information on the defined benefit pension scheme is included below.

INCOME

Subscriptions and fees have grown slightly compared to the prior year at £58.0m (2022: £55.3m), reflecting steady year-on-year growth in membership numbers together with inflationary increases in pricing.

Income from Education & training has continued to grow, at £20.1m for the year (2022: £18.5m) primarily driven by increased student numbers. 2023 has been another record year for student intake with 12,225 (2022: 11,962) new ACA students joining ICAEW. Student growth is considered crucial to the future success of ICAEW, which relies upon the progression of students into a membership base of business and professional leaders.

Professional Standards income for the year was £23.3m (2022: £22.1m), with the increase coming primarily from regulatory fees and levies. Income includes Professional Standards regulatory fine income. Commercially generated income has remained stable year-on-year which has contributed a small surplus.

Income from Belonging & supporting improved on the prior year at £15.6m (2022: £14.3m). Income generated from hospitality and events business at One Moorgate Place has shown another year of healthy growth, together with the sale of learning materials, reflecting a healthy development in our student population. The decision in 2022 to remove paywalls for all ICAEW communities and a number of faculties has meant a fall in those income streams of £0.5m year-on-year while also enabling a 64% increase in communities membership and a doubling of faculties membership. This investment has proved a great success in promoting engagement and enabling support for our members.

Income generated by Reputation & influence of £1.3m (2022: £3.7m) has fallen due to the removal of paywalls that were previously applicable to a number of faculties.

A further breakdown of operating income is presented within note 6 of these financial statements.

EXPENDITURE

Overall operational expenditure has increased to £129.1m (2022: £123.2m) and operating expenditure across our core departments increased to £123.0m (2022: £118.2m), the increase being heavily impacted by inflationary pressures on salaries and other supplies as well as headcount development required to progress our strategy.

Irrecoverable VAT of £5.6m (2022: £5.1m) was charged to the income statement, with changes driven by the volume and mix of purchases.

FRC CONDUCT COMMITTEE

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 Accountancy Scheme or, from June 2016, under the Audit Enforcement Procedure.

As a recognised supervisory body (RSB), ICAEW is liable for costs of investigation, but any fines levied are remitted by the FRC to ICAEW under the Accountancy Scheme and to HM Treasury under the Audit Enforcement Procedure. ICAEW is entitled to receive any costs recovered under both schemes.

The majority of cases within the portfolio are being investigated under the Audit Enforcement Procedure and, accordingly, income received from FRC Conduct Committee fines has diminished in 2023 compared to previous years. However, some cases are still being brought under the Accountancy Scheme giving rise to the possibility of further fine income being received by ICAEW in the future. A detailed explanation regarding the FRC Conduct Committee and how it impacts the financial statements is provided in note 22 of these financial statements.

FRC Conduct Committee fine income for the year was £nil (2022: £14.9m). Cumulative fines received by ICAEW from FRC Conduct Committee Accountancy Scheme cases since inception of the scheme in 2004 are £108.1m (2022: £108.1m).

The impact to the income statement from FRC Conduct Committee case costs and cost recoveries is a net credit of £1.4m (2022: net credit of £1.2m), comprising a positive impact from case cost recoveries of £9.8m (2022: £8.2m) offset by case costs charged to the income statement of £8.4m (2022: £7.0m) in the year.

Amounts invoiced by FRC to ICAEW amounted to £7.2m (2022: £7.9m) for case work carried out during the year. These charges related to cases open at the end of the preceding year and new cases opened in the year.

Cumulative amounts invoiced to ICAEW in respect of FRC Conduct Committee case costs, since inception in 2004, amount to £86.4m (2022: £79.2m). Cost recoveries received from the FRC during the same period totalled £45.1m (2022: £36.5m).

A total of 12 cases concluded in 2023, all under the Audit Enforcement Procedure. The rate of recovery of costs for those cases has been high at 98.7% compared to a historic average of 61% overall, reflecting a trend of improving success rates of these cases. This trend has had a favourable impact on accruals made for expected future cost recoveries relating to ongoing cases. Cost recoveries received in 2023 totalled £7.4m (2022: £6.4m).

ICAEW levies charges on its member firms in order to finance a proportion of the costs of FRC Conduct Committee cases to ensure that these can be paid as they fall due. During the year, ICAEW has collected such levies

amounting to £7.2m (2022: £6.9m). Cumulative amounts levied by ICAEW on member firms since inception in 2004 are £68.7m (2022: £61.5m).

PENSIONS

ICAEW operates a defined contribution pension scheme and a defined benefit pension scheme.

The defined benefit pension scheme was closed to future accrual on 30 June 2010 and as such, current service costs are no longer being incurred. The scheme is revalued annually under IAS 19.

The IAS 19 valuation of the defined benefit scheme at 31 December 2023 showed a surplus of £15.5m (2022: £15.5m). Management considers that ICAEW has sufficient control over the recoverability of any surplus arising on the defined benefit pension scheme, and therefore ICAEW continues to recognise this asset as calculated in accordance with IAS 19. Actuarial losses of £0.7m (2022: gains of £7.9m) are recognised in other comprehensive income. Net interest receivable of £0.7m (2022: £0.4m) is recognised in the income statement.

No contribution payments have been required during the year or in the prior year and ICAEW continues to pay scheme expenses under the Schedule of Contributions agreed with the trustee of the scheme.

Since the scheme was closed in 2010, the trustee, with the support of ICAEW, has undertaken a series of exercises to reduce risk in the scheme including buy-ins and reducing the scheme's holdings in pooled equity funds.

The latest triennial actuarial valuation showed a surplus of £12.4m as at 31 March 2022, with a market value of scheme assets of £213.9m and scheme liabilities measured at £201.5m equating to a funding level of 106%. There is no indication that funding levels have shifted significantly since that date.

The actuarial valuation differs from the valuation under IAS 19 mainly due to differences in the way discount rates are determined under the two valuation methods.

The defined contribution scheme of ICAEW provides benefits based upon contributions paid and investment returns received. The assets of the scheme are held in a separate trustee fund. ICAEW contributes 9% of pensionable earnings for participating employees. The amount charged to the income statement in relation to the defined contribution scheme was £3.7m (2022: £3.4m).

Further details are given in note 24 to the financial statements. Additionally, judgements and estimates are detailed in note 4.

TAX

The tax charge to the income statement for the year was £2.9m (2022: credit of £2.4m). As a mutual membership organisation, the significant majority of income is exempt from corporation tax. The charge for the year is driven primarily by profits generated through commercial



business as well as gains made from the strategic investment portfolio.

FINANCIAL POSITION

The Group's level of reserves supports a strong position as a financially secure RSB and a recognised qualifying body (RQB) for statutory audit in the UK.

Group net assets at 31 December 2023 were £183.1m (2022: £178.0m), an increase of £5.1m year-on-year following a relatively strong performance of the strategic investment portfolio. Net investment gains in the year were £12.0m (2022: loss of £5.2m) aided by signs of recovery in the economy particularly in the latter part of the year. Investment gains were offset by losses of £4.4m (2022: gains of £1.0m) on revaluation of property and losses of £0.7m (2022: losses of £7.9m) on revaluation of the defined benefit pension scheme.

Total cash and financial asset investments stood at £212.3m (2022: £177.2m) at the end of the year, with the increase being largely due to earlier receipt of annual regulatory levy income payments from firms compared to the prior year, relating to 2024 along with gains made on the strategic investment portfolio.

An independent professional valuation of the ICAEW registered office, Chartered Accountants' Hall, included within property, plant and equipment, was completed as at 31 December 2023. The resulting fair value recognised in the statement of financial position was £21.0m (2022: £27.0m). The fall in value reflects market changes such as increases in the cost of borrowing and inflationary increases to re-fitting costs assumed within the valuation.

Intangible assets stood at £20.4m (2022: £19.1m) with additions of £4.7m (2022: £3.4m) in the year primarily relating to investment in digital systems and infrastructure to support customer service levels and the delivery of our strategy, including our membership, finance and customer relationship management applications.

Trade and other receivables were £34.9m (2022: £21.9m).

Trade and other payables due within one year were £82.4m (2022: £50.3m) and other payables due after more than one year were £42.2m (2022: £38.6m). These balances together include deferred income of £84.7m (2022: £66.1m) relating to annual membership fees received in advance, deferred admission fees and life membership fees and levies relating to the following financial year.

The provision for FRC Conduct Committee case costs was £2.6m at year end (2022: £2.7m), net of the estimated proportion of costs that are expected to be recovered in future from the ICAEW members or member firms on conclusion of cases.

CASH FLOWS

Cash and cash equivalents as at 31 December 2023 were £64.6m (2022: £56.3m) reflecting a net inflow of £8.3m (2022: £6.7m inflow). The lowest balance of cash and cash equivalents during the year was £32.6m (2022: £21.4m).

Net cash generated from operating activities amounted to £30.5m (2022: £17.5m). Due to the annual business cycle, cash levels peak in January and reduce throughout the year.

FRC Conduct Committee fines receipts totalled £nil (2022: £14.9m). Cash outflows include £7.2m (2022: £7.9m) in relation to FRC Conduct Committee case costs offset by inflows of £7.4m (2022: 6.4m) of case cost recoveries.

The net amount invested in financial asset investments was £34.6m (2022: net amount withdrawn £7.4m) and an aggregate of £6.5m (2022: £4.3m) was invested into property, plant and equipment and intangible assets relating primarily to the development of our digital and technological infrastructure.

RESERVES POLICIES

Our reserves policies ensure that ICAEW reserves are set at a level sufficient to cover both short-term requirements and longer-term investment needs:

- reserves should be set at a level equivalent to at least six months of expenditure through the income statement; and
- cash and investment balances should be sufficient to cover at least six months of annual budgeted/forecast gross cash expenditure.

Reserves are in excess of the minimum required level under the policy at the end of the year.

We are managing our capital investment programme, our pension commitments and our financial position in order to maintain these reserve needs. A substantial proportion of liabilities relate to deferred non-refundable admission fees where the income is recognised over a significant period of time in accordance with IFRS 15.

CHARITABLE TRUSTS

The difference between the result and financial position of ICAEW and that of the Group is mainly a result of donations received by ICAEW Foundation in the year, investment income received by the trusts during the year and international operations.

During the year, ICAEW made donations under Gift Aid to our charitable trusts amounting to £0.7m (2022: £0.7m). ICAEW's charitable trusts continued to run the Library and Information Service. Grants and expenditure on charitable activities in the year totalled £0.5m (2022: £0.3m).

Group financial asset investments held by the charitable trusts of the ICAEW Foundation amounted to £17.0m (2022: £15.4m).

POLITICAL ENGAGEMENT

During the year our staff within Reputation & influence, alongside colleagues across the organisation, engaged extensively in public policy with politicians and policymakers. ICAEW participated in numerous conferences and events with political and politically affiliated organisations, including the major party

conference events, in order to promote the key priorities of the accountancy profession.

ICAEW has made no donations to political parties in the year or in the prior year.

GOING CONCERN AND LONG-TERM VIABILITY

The financial statements have been prepared on a going concern basis, which the Council believes to be appropriate based on information and representations received from the Board.

In addition to the shorter-term going concern review, the Board has assessed the viability of ICAEW over a three-year period. The Board approves a three-year operational plan each year, which comprises forecast income statements, cash flow, statements of financial position and key non-financial indicators. The operational plan is prepared with close consideration of our latest risk assessment, key sensitivities and strategic priorities. This plan forms the basis of the monthly management accounts and the forecasts.

ICAEW also has a long-term strategy in place running until 2030. The strategy sets out the ICAEW strategic foundations, being Belonging & supporting, Education & training, and Reputation & influence, which make up the core pillars of activity in line with our obligations under our Royal Charter. These strategic foundations are supported by our five strategic themes which underpin the achievement of ICAEW's vision in the coming years.

A high proportion of income is derived from subscriptions and fees, which provide a relatively stable income stream due to the long-term nature of membership and the time taken for students to train and enter membership. ICAEW retains a strong pipeline of students which gives a high level of comfort over the future robustness of critical income streams.

Cash and investment reserves are maintained so as to provide protection against unexpected changes in the operating environment.

ICAEW has policies and processes for managing both financial and operational risks. The financial position of ICAEW, together with the results of the latest operational planning and risk assessments, give assurance over the long-term viability of the organisation.

The Board has considered forward looking information including the latest forecasts and associated sensitivities. On review of this information, the Board believes that ICAEW and the Group have adequate financial resources and are well placed to manage business risks successfully given the current economic outlook, market conditions and possible short-term and mid-term funding needs. As an extreme stress test, the Board has also considered the effect of a severe but plausible downside scenario on the latest forecasts and three-year projections. On the basis of this analysis, the Board believes that ICAEW and the Group have adequate financial resources to allow management to develop

and implement mitigating actions to maintain viability in this circumstance. As a result, the going concern basis is considered appropriate.

The Board also has a reasonable expectation that ICAEW and the Group have adequate resources to be able to continue in operation and meet liabilities as they fall due for the three years to 31 December 2026.

FRC

The FRC is the oversight regulator with respect to ICAEW's role as a RSB and a RQB for statutory audit in the UK. The timeline for FRC's transition to Audit Reporting and Governance Authority (ARGA) remains unconfirmed, including placing the funding of ARGA on a statutory basis. Currently, a significant portion of the FRC's funding comes through ICAEW and we await confirmation of the future funding intentions for FRC, following which we will assess the impact on ICAEW cash flows associated with FRC Conduct Committee activities.

ECONOMIC ENVIRONMENT

The UK economy during 2023 has proven to be more resilient in responding to the shocks of the pandemic and the energy crisis than anticipated in the previous forecasts. Where inflation has fallen below 5% in the final quarter of 2023 it is now expected to remain at an elevated level for longer than previously projected. Markets now expect interest rates will need to remain higher for longer to bring inflation under control. Owing to multiple geo-political changes and their impact on supply chains in a highly inter-connected global market, future forecasts remain uncertain.

Domestically, employment market pressures eased to a degree throughout 2023, however skills shortages persist and were found to be deeper in certain areas. We have recognised these external pressures with additional targeted pay rises driven by market benchmarks awarded in addition to the annual pay review. Downstream inflationary impacts have also been experienced on renewal of some strategic contracts. Where, over the past 18 months, ICAEW has been to a degree shielded by long-term contracts from the immediate impacts of wage inflation and cost-of-living increases, these pressures are still working through supply chains, as many businesses look to build their way back to profitability.

Combined membership fees and student income (including sales of learning materials) account for over £84.1m (2022: £79.2m) of the revenue in the year. Rates for these income lines are set 10-12 months in advance, limiting management's flexibility in managing these income streams in a high inflation environment. In addition, a material proportion of the regulatory income is set in advance by the IRB.



GROUP FIVE-YEAR SUMMARY

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Income statement					
Operating income	130.2	124.8	120.3	119.2	111.5
Operating expenditure ¹	(129.1)	(123.2)	(107.4)	(107.4)	(114.1)
Operating result	1.1	1.6	12.9	11.8	(2.6)
FRC fines	-	14.9	13.5	15.7	18.3
Net gains / (losses) from financial asset investments	12.0	(5.2)	9.5	2.8	7.9
Share of losses of associates	(0.2)	(0.1)	(0.1)	-	-
Result before tax	12.9	11.2	35.8	30.3	23.6
Statement of financial position					
Non-current assets excluding Staff Pensions Fund ²	178.3	164.0	109.1	143.6	128.2
Non-current assets – Staff Pensions Fund asset	15.5	15.5	23.0	22.5	24.0
Current assets ²	122.4	93.6	154.5	93.2	67.2
Current liabilities	(85.0)	(53.0)	(73.7)	(79.7)	(66.6)
Non-current liabilities	(48.1)	(42.1)	(41.9)	(43.6)	(43.1)
Total net assets	183.1	178.0	171.0	136.0	109.7
Member and student numbers					
Members	169,722	166,397	161,415	157,801	154,531
ACA students	38,490	36,084	33,958	31,656	30,241
	208,212	202,481	195,373	189,457	184,772

¹ ICAEW services is the total overhead cost for supporting ICAEW's operations and strategic projects.

² The allocation between current assets and non-current assets in 2021 was affected by £68.5m of financial asset investments reported under current assets due to the planned divestment that took place in 2022 as part of a strategic restructure of the investment portfolio.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES (ICAEW) for the year ended 31 December 2023

OUR OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of ICAEW's affairs as at 31 December 2023 and of the Group's and ICAEW's result for the year then ended; and
- the Group and ICAEW financial statements have been properly prepared in accordance with UK adopted international accounting standards.

What we have audited

We have audited the financial statements of ICAEW for the year ended 31 December 2023, which comprise:

- the Group and ICAEW income statements;
- the Group and ICAEW statements of comprehensive income;
- the Group and ICAEW statements of changes to reserves;
- the Group and ICAEW statements of financial position;
- the Group and ICAEW statements of cash flows;
- the basis of preparation and accounting policies; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under ISAs (UK) are further described in section 10 of our report.

We are independent of ICAEW and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to enable us to express an audit opinion on the financial statements of ICAEW and the Group for the year ended 31 December 2023.

3. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Council's assessment of ICAEW's ability to continue to adopt the going concern basis of accounting included review of management's forecasts of future performance and ability to meet its liabilities as they fall due.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on ICAEW's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of Council with respect to going concern are described in the relevant sections of this report.

4. OUR APPROACH TO PLANNING OUR AUDIT Understanding ICAEW

We continued to develop our understanding of ICAEW as an organisation and of its wider group, including the key elements of its strategy and operating model as well as the environment in which it operates. This understanding was obtained through our discussions with senior management and those charged with governance and review, enquiry, analytical procedures, observation and inspection.

Identifying and assessing the risk of material misstatement

We perform risk assessment procedures to provide a basis for the identification and assessment of risks of material misstatement, including those identified as significant risks.

Determining materiality and performance materiality

When establishing our overall audit strategy, we determine materiality for the financial statements as a whole. We have detailed in section 6 of this report the basis of the judgements we have made about the size of misstatements that will be considered material.

Determine the scope of our audit

Our scope is tailored to the particular circumstances of our audit of ICAEW and the Group and is influenced by our assessed risks of material misstatement and determination of materiality.



5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

FRC conduct committee provision

Key audit matter description: ICAEW is obliged to fund the costs incurred by the Financial Reporting Council (FRC) Conduct Committee in undertaking investigations for disciplinary cases. The provision recognised in the financial statements is based on an estimate of costs initially supplied by the FRC and then subject to scrutiny and challenge by ICAEW. Due to the magnitude and degree of estimation and judgement required there is a significant risk of material misstatement in the financial statements.

How the scope of our audit responded to the key

audit matter: We followed the progress of each case and FRC's and ICAEW's estimate of the costs to complete each stage, and obtained a breakdown of the provision by case.

We reviewed the key elements of the methodology employed by management and challenged the reasonableness of the cost estimates recognised. We agreed the reasonableness of these estimates by comparing the accuracy of previous cost estimates recognised to the final costs incurred on similar investigation cases. We also considered the key facts relating to cases on a line by line basis. We considered the impact on future case costs from changes arising in the disciplinary environment. We challenged a number of the provision estimates based on a comparison of historic costs, the estimates of the FRC and ICAEW and the case notes provided by the FRC and validated the FRC case notes as being an accurate account of the progress made on each individual case. Management also considered there to be sufficient reliable historical information on which to provide for cost recoveries which is netted off the provision. We validated the historical data and the judgements made by management in arriving at the estimate of costs recoveries on open cases at the year end date.

We reviewed the methodology employed in calculating the appropriate provision and verified these to supporting evidence and details of current ongoing cases on a case-by-case basis. We reviewed management's calculation of historic cost recoveries and the judgements made in discounting the historical average for uncertainties in future potential cost recoveries. We also considered management's approach to cases held under the older Accountancy Scheme and those held under the Audit Enforcement Procedure.

We have reviewed the disclosures included in the financial statements in respect of the uncertainties faced by management in estimating an appropriate provision net of cost recoveries and the contingent liabilities arising from ongoing cases. We considered the latest discussions with the FRC up to the date that this report was approved.

Key observations: We are satisfied that the judgements made by management, and the resulting estimate of the provision and the associated disclosures made around the level of uncertainty existing are appropriate.

Revenue recognition

Key audit matter description: While the majority of ICAEW's income relates to fees directly collected from members for services which are centrally managed and verifiable, ICAEW also collects material amounts from member firms which are not recognised in the ICAEW or Group income statement where it considers such amounts to be collected on behalf of other organisations such as the FRC. Such arrangements have developed over a period of time as custom or practice rather than by way of legal agreement or obligation and therefore we continued to identify revenue recognition as a significant risk.

How the scope of our audit responded to the key

audit matter: We undertook a number of audit procedures to verify the appropriateness of revenue recognition in the financial statements. This included, among others:

- detailed review and documentation of the processes and controls in place for each of ICAEW's key income streams;
- sampling substantive procedures in order to ensure income has been appropriately recorded;
- non-sampling substantive procedures in relation to membership fee income including comparisons to budget and trends analysis;
- we reviewed and tested the key estimates regarding historic admission fees and membership applied by management to appropriate data sources for reasonableness to deferred admission fees;
- reviewed the accounting treatment applied by ICAEW in respect of new and existing income streams, to ensure that management's conclusions as to whether ICAEW acts as an agent or principal were appropriate and in accordance with applicable IFRSs.

Key observations: We are satisfied that the judgements applied by management, the approach to revenue recognition and disclosures within the financial statements are appropriate.

Defined benefit pension scheme

Key audit matter description: The amounts reported and the impact on the financial statements for defined benefit pension schemes are significant and highly sensitive to the assumptions applied by the actuaries. We identified that this presented a significant risk of material misstatement due to the use of inappropriate actuarial assumptions or inappropriate accounting treatment in recognising any pension surplus as an asset in the financial statements.

How the scope of our audit responded to the key

audit matter: We undertook audit procedures on the valuation of the pension scheme prepared by the scheme's actuaries in accordance with IAS 19 which form the basis of the accounting and disclosures included in the financial statements. These procedures included assessment of the actuary's competence, qualifications, expertise, experience, resources and objectivity and critical review of the key assumptions applied in preparing the valuation. We also considered whether there had been any changes to the legal basis underpinning the recognition of the pension surplus as an asset in the financial statements.

We considered legal advice received by ICAEW confirming that, in their opinion, there had been no material change to the governing documents of the ICAEW Staff Pension Fund that would (or could) affect the advice in relation to the scheme's rules which led to the full pension surplus being recognised as an asset to the accounts in accordance with IAS 19 and IFRIC 14. There have been no changes to legislation or the Trust Deed that have come into force in the period since the previous year that would affect the advice.

We reviewed the key assumptions applied by the actuary in preparing the valuation and advice provided to management on the accounting under IAS 19 which concurred with the current presentation in the financial statements.

We verified the valuation of the pension scheme fund assets at the balance sheet date to ensure that these were free from material misstatement.

Key observations: We are satisfied that the recognition of the pension surplus remains appropriate and that the impact on the financial statements and disclosures are in accordance with IFRS and consistent with our expectations, having considered all relevant factors as at 31 December 2023.

6. OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality both in planning our audit and in evaluating the results of our work. It is not possible for auditors to examine every transaction of the audited entity nor every balance in the financial statements. Therefore, in planning our audit work, we will give particular attention to those areas of the financial statements that we consider to be the most important in terms of materiality as defined above.

We determined materiality for ICAEW and Group financial statements to be approximately 2% of operating revenue, equivalent to £2.6m. We considered this appropriate as it represents a broad measure of activity at ICAEW. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. Our evaluation of materiality required professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition.

Our judgement was that performance materiality (ie, our tolerance for misstatement in an individual account or balance) should be 75% of planning materiality, namely £1.9m. Our objective in setting this was to ensure that total uncorrected or undetected audit differences did not exceed our materiality level of £2.6m.

We agreed with the Audit Committee that we would report all audit differences in excess of £130,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report through the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.



7. AN OVERVIEW OF THE SCOPE OF THE AUDIT AND APPLICATION OF MATERIALITY

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the Group financial statements as a whole, taking into account the legal and geographic structure of the Group, the accounting processes and controls in operation and the mix of size and risk profile of its components.

Group entities and associates whose operations are based largely in the UK were audited directly by Haysmacintyre LLP alongside the audit of ICAEW. We determined materiality for each Group entity based on the key drivers most appropriate and subject to a cap of the materiality levels determined for ICAEW as a whole.

ICAEW's international operations are carried out through branches held within UK incorporated entities. We determined that these are not individually material to the Group financial statements. In order to form our opinion on the Group financial statements, we have undertaken analytical review procedures in addition to the carrying out of audit testing on key balances and transactions on those subsidiary undertakings for the purpose of forming our opinion on those individual financial statements.

8. REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to communicate whether we have identified any inconsistencies between our knowledge acquired during the audit and the Council's statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee that we consider should have been disclosed.

In relation to those disclosures made by ICAEW in respect of its voluntary compliance with the Corporate Governance code we confirm that we do not have anything material to add or to draw attention to in relation to:

- the Council's confirmation in the annual report that they have carried out an assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Council's statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- the Council's explanation in the annual report on how it has assessed the prospects of the Group, over what period it has done so and why it considers that period to be appropriate, and its statement as to whether it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

9. RESPONSIBILITIES OF COUNCIL FOR THE FINANCIAL STATEMENTS

As explained more fully in the financial responsibilities of the Council statement set out on page 80 the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory environment that ICAEW and its Group operates in, focusing on those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations considered in this context included pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to ICAEW's ability to operate or to avoid a material penalty. These included the supervisory responsibilities delegated to ICAEW from regulatory bodies including the FRC and data protection, employment, environmental and health and safety regulations.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and in making critical accounting judgements. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;

- identifying and testing journals, in particular journal entries in areas where management is required to exercise significant judgement, that we assessed be unusual in nature or which significantly impacted the result for the year; and
- challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditor's report.

11. USE OF OUR REPORT

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

Haysmacintyre LLP

Haysmacintyre LLP

Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

28 March 2024



GROUP INCOME STATEMENT

for the year ended 31 December 2023

	Note	31 December 2023			31 December 2022		
		Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees		58.0	-	58.0	55.3	-	55.3
Education & training		20.1	(26.0)	(5.9)	18.5	(24.5)	(6.0)
Professional Standards		23.3	(22.1)	1.2	22.1	(21.6)	0.5
Belonging & supporting		15.6	(33.8)	(18.2)	14.3	(32.0)	(17.7)
Reputation & influence		1.3	(8.5)	(7.2)	3.7	(8.6)	(4.9)
Central support functions		-	(31.4)	(31.4)	-	(30.2)	(30.2)
Charitable trusts		-	(1.2)	(1.2)	-	(1.3)	(1.3)
		118.3	(123.0)	(4.7)	113.9	(118.2)	(4.3)
FRC Conduct Committee	22	7.2	1.4	8.6	6.9	1.2	8.1
Other professional association activities		4.7	(7.5)	(2.8)	4.0	(6.2)	(2.2)
		11.9	(6.1)	5.8	10.9	(5.0)	5.9
Operating result	6,7	130.2	(129.1)	1.1	124.8	(123.2)	1.6
FRC fines		-	-	-	14.9	-	14.9
Investment returns	8	12.0	-	12.0	2.0	(7.2)	(5.2)
Share of loss of associates	16	-	(0.2)	(0.2)	-	(0.1)	(0.1)
Result before tax		142.2	(129.3)	12.9	141.7	(130.5)	11.2
Tax (expense) / credit	11	-	(2.9)	(2.9)	-	2.4	2.4
Net result after tax		142.2	(132.2)	10.0	141.7	(128.1)	13.6

ICAEW INCOME STATEMENT

for the year ended 31 December 2023

	Note	31 December 2023			31 December 2022		
		Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees		58.0	-	58.0	55.3	-	55.3
Education & training		20.1	(26.0)	(5.9)	18.5	(24.5)	(6.0)
Professional Standards		23.4	(22.4)	1.0	22.1	(21.8)	0.3
Belonging & supporting		15.6	(34.7)	(19.1)	14.3	(32.8)	(18.5)
Reputation & influence		1.3	(8.5)	(7.2)	3.7	(8.6)	(4.9)
Central support functions		-	(31.4)	(31.4)	-	(30.2)	(30.2)
		118.4	(123.0)	(4.6)	113.9	(117.9)	(4.0)
FRC Conduct Committee	22	7.2	1.4	8.6	6.9	1.2	8.1
Other professional association activities		4.7	(7.5)	(2.8)	4.0	(6.2)	(2.2)
		11.9	(6.1)	5.8	10.9	(5.0)	5.9
Gift Aid and library funding		-	(0.7)	(0.7)	-	(0.7)	(0.7)
Operating result	6,7	130.3	(129.8)	0.5	124.8	(123.6)	1.2
FRC fines		-	-	-	14.9	-	14.9
Investment returns	8	10.4	-	10.4	2.4	(6.3)	(3.9)
Result before tax		140.7	(129.8)	10.9	142.1	(129.9)	12.2
Tax (expense) / credit	11	-	(2.9)	(2.9)	-	2.4	2.4
Net result after tax		140.7	(132.7)	8.0	142.1	(127.5)	14.6



GROUP AND ICAEW STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Group		ICAEW	
		2023 £m	2022 £m	2023 £m	2022 £m
Net result after tax		10.0	13.6	8.0	14.6
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
(Losses) / gains on revaluation of property, plant and equipment	13	(4.4)	1.0	(4.4)	1.0
Actuarial losses recognised in the year	24	(0.7)	(7.9)	(0.7)	(7.9)
Deferred tax arising on above items	12	0.2	0.3	0.2	0.3
Other comprehensive income		(4.9)	(6.6)	(4.9)	(6.6)
Total comprehensive income		5.1	7.0	3.1	8.0

GROUP STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2023

	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Charitable trusts £m	Total £m
Reserves at 1 January 2022	16.4	132.4	5.3	16.9	171.0
Net result after tax	-	15.1	-	(1.5)	13.6
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	1.0	-	-	-	1.0
Actuarial losses recognised in year on defined benefit pension scheme	-	(7.9)	-	-	(7.9)
Transfers between reserves	-	2.2	(2.2)	-	-
Deferred tax arising on above items	-	0.3	-	-	0.3
Total other comprehensive income	1.0	(5.4)	(2.2)	-	(6.6)
Total comprehensive income	1.0	9.7	(2.2)	(1.5)	7.0
Reserves at 31 December 2022	17.4	142.1	3.1	15.4	178.0
Reserves at 1 January 2023	17.4	142.1	3.1	15.4	178.0
Net result after tax	-	8.6	-	1.4	10.0
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	(4.4)	-	-	-	(4.4)
Actuarial losses recognised in year on defined benefit pension scheme	-	(0.7)	-	-	(0.7)
Transfers between reserves	-	(2.1)	2.1	-	-
Deferred tax arising on above items	0.2	-	-	-	0.2
Total other comprehensive income	(4.2)	(2.8)	2.1	-	(4.9)
Total comprehensive income	(4.2)	5.8	2.1	1.4	5.1
Reserves at 31 December 2023	13.2	147.9	5.2	16.8	183.1



ICAEW STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2023

	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Total £m
Reserves at 1 January 2022	16.4	129.9	5.6	151.9
Net result after tax	-	14.6	-	14.6
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Increase in valuation of property, plant and equipment	1.0	-	-	1.0
Actuarial losses recognised in year on defined benefit pension scheme	-	(7.9)	-	(7.9)
Transfers between reserves	-	2.2	(2.2)	-
Deferred tax arising on above items	-	0.3	-	0.3
Total other comprehensive income	1.0	(5.4)	(2.2)	(6.6)
Total comprehensive income	1.0	9.2	(2.2)	8.0
Reserves at 31 December 2022	17.4	139.1	3.4	159.9
Reserves at 1 January 2023	17.4	139.1	3.4	159.9
Net result after tax	-	8.0	-	8.0
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Increase in valuation of property, plant and equipment	(4.4)	-	-	(4.4)
Actuarial losses recognised in year on defined benefit pension scheme	-	(0.7)	-	(0.7)
Transfers between reserves	-	0.2	(0.2)	-
Deferred tax arising on above items	0.2	-	-	0.2
Total other comprehensive income	(4.2)	(0.5)	(0.2)	(4.9)
Total comprehensive income	(4.2)	7.5	(0.2)	3.1
Reserves at 31 December 2023	13.2	146.6	3.2	163.0

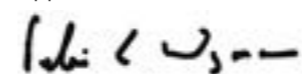
GROUP AND ICAEW STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group		ICAEW	
		2023 £m	Restated ¹ 2022 £m	2023 £m	Restated ¹ 2022 £m
Assets					
Non-current assets					
Property, plant and equipment	13	31.1	36.7	31.1	36.7
Right-of-use assets	14	1.5	1.9	1.5	1.8
Intangible assets	15	20.0	19.1	20.0	19.1
Investments in subsidiaries and associates	16	0.5	0.4	0.8	0.5
Financial asset investments	17	125.2	105.9	108.2	90.5
Net pension asset	24	15.5	15.5	15.5	15.5
		193.8	179.5	177.1	164.1
Current assets					
Inventories	18	-	0.4	-	0.4
Intangible assets	15	0.4	-	0.4	-
Trade and other receivables	19	34.9	21.9	39.9	23.0
Financial asset investments ¹	17	22.5	15.0	22.5	15.0
Cash and cash equivalents ¹	20	64.6	56.3	57.8	53.3
		122.4	93.6	120.6	91.7
Total assets		316.2	273.1	297.7	255.8
Liabilities					
Current liabilities					
Trade and other payables	21	(82.4)	(50.3)	(84.0)	(51.2)
Current tax liabilities		-	-	-	-
FRC Conduct Committee provision	22	(2.6)	(2.7)	(2.6)	(2.7)
		(85.0)	(53.0)	(86.6)	(53.9)
Non-current liabilities					
Grants payable due after more than one year		-	(0.1)	-	-
Other payables due after more than one year	21	(42.2)	(38.6)	(42.2)	(38.6)
Provisions	23	(0.9)	(1.1)	(0.9)	(1.1)
Deferred tax liability	12	(5.0)	(2.3)	(5.0)	(2.3)
		(48.1)	(42.1)	(48.1)	(42.0)
Total liabilities		(133.1)	(95.1)	(134.7)	(95.9)
Total net assets		183.1	178.0	163.0	159.9
Reserves					
Revaluation reserve	26	13.2	17.4	13.2	17.4
Accumulated fund	26	147.9	142.1	146.6	139.1
Other reserves	26	5.2	3.1	3.2	3.4
Charitable trust funds	26	16.8	15.4	-	-
		183.1	178.0	163.0	159.9

1 Refer to note 2 of these financial statements.

Approved on behalf of Council and authorised for issue


Peter Wyman, Chair of the Board
27 March 2024

Michael Izza, Chief Executive
27 March 2024

GROUP AND ICAEW STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

Note	Group		ICAEW	
	2023 £m	Restated ¹ 2022 £m	2023 £m	Restated ¹ 2022 £m
Cash flows from operating activities				
Result after tax	10.0	13.6	8.0	14.6
Adjustments for:				
Depreciation and amortisation	13,14,15	6.8	6.7	6.7
Loss on disposal of property, plant and equipment and intangible assets	13,14,15	0.1	1.9	0.1
FRC Conduct Committee cost recoveries credited to income statement	22	(1.4)	(1.2)	(1.2)
Share of loss of associates		0.2	0.1	-
Investment income and fair value gains and losses	8	(12.0)	5.2	(10.4)
Interest on lease liabilities	14	0.1	0.1	0.1
Tax expense / (credit)		2.9	(2.4)	2.9
Non-cash movement in provisions		(0.9)	(0.8)	(0.8)
Cash flows from operating activities before movements in working capital	5.8	23.2	5.1	22.8
Movements in working capital				
Decrease in inventories		0.4	0.3	0.4
(Increase) / decrease in trade and other receivables excluding FRC Conduct Committee cost recoveries		(11.9)	12.7	(15.8)
Increase / (decrease) in trade and other payables		32.0	(18.7)	32.6
Increase in non-current payables		4.0	1.6	4.0
Cash generated from operating activities after movements in working capital	30.3	19.1	26.3	18.1
Cash flows on provisions				
Tax paid		-	(0.1)	-
FRC Conduct Committee cost recoveries received	22	7.4	6.4	7.4
FRC Conduct Committee case costs paid	22	(7.2)	(7.9)	(7.9)
Net cash generated from operating activities	30.5	17.5	26.5	16.6
Cash flows from investing activities				
Purchase of property, plant and equipment	13	(1.9)	(0.9)	(1.9)
Purchase of intangible assets	15	(4.7)	(3.4)	(4.7)
Purchase of investments in associates	16	(0.3)	-	(0.3)
Purchase of financial asset investments ¹	17	(57.5)	(124.7)	(54.8)
Proceeds from sale of financial asset investments	17	37.9	117.1	35.3
Investment income received		4.8	2.0	4.7
Net cash outflow from investing activities¹	(21.7)	(9.9)	(21.7)	(10.0)
Repayment of lease liabilities	14	(0.5)	(0.9)	(0.3)
Net cash outflow from financing activities	(0.5)	(0.9)	(0.3)	(0.8)
Net increase in cash and cash equivalents¹	8.3	6.7	4.5	5.8
Cash and cash equivalents at 1 January		56.3	49.6	53.3
Cash and cash equivalents at 31 December¹	20	64.6	56.3	57.8

1 Refer to note 2 of these financial statements.

GROUP AND ICAEW NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. BASIS OF PREPARATION

ICAEW is a body incorporated by Royal Charter and its registered office is Chartered Accountants' Hall, 1 Moorgate Place, London EC2R 6EA. The Group and ICAEW financial statements have been prepared in accordance with UK-adopted international accounting standards and under the historical cost convention, as modified by the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies.

Transactions included in the results of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling, which is the functional currency of the parent entity, ICAEW, and the presentation currency of the Group.

a) Going concern

These financial statements are prepared on the going concern basis, which the Council believes to be appropriate based on information and representations received from the Board.

The Board has specifically considered forward looking information for a period of at least 12 months following the date of approval of these financial statements. The Board believe that the Group and ICAEW have adequate financial resources and are well placed to manage business risks successfully given the current economic outlook, market conditions and possible short-term funding needs such as FRC Conduct Committee case cost liabilities.

A substantial proportion of income is derived from subscriptions and fees, which provide a relatively stable income stream due to the long-term nature of membership and the time taken for students to train and enter membership. ICAEW retains a strong pipeline of students which gives a high level of comfort over future income streams.

Cash and investment reserves are maintained to provide protection against unexpected changes in the operating environment.

ICAEW has policies and processes for managing both financial and operational risks. The financial position of the Group and ICAEW, together with the results of the latest operational planning and risk assessments, give assurance over the ability of the Group and ICAEW to continue as a going concern for the foreseeable future.

Taking into account these factors, the Council, based on representations provided by the Board, considers that it is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

b) Basis of consolidation

Consolidated financial statements have been prepared which comprise ICAEW and all its subsidiary undertakings. The assets, liabilities and results of ICAEW and its subsidiary undertakings are included in the consolidated financial statements on the basis of accounts made up to the reporting date. The Group consolidates an entity from the date on which the Group attains control of the entity.

Subsidiaries are all entities over which ICAEW has control. The Group is considered to control an entity where it is exposed to, or has rights to, variable returns from its involvement, and has the ability to affect those returns through its power over the subsidiary in accordance with IFRS 10 - Consolidated Financial Statements. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group entities are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control, or joint control. In the consolidated financial statements, investments in associates are accounted for using the equity method as described in the accounting policy below for investments in associates.

c) Adoption of new and revised accounting standards

The International Accounting Standards Board has issued a number of minor amendments to IFRSs that become effective from 1 January 2023 or subsequent years, some of which have not yet been endorsed for use in the UK. These amendments are not expected to have a significant impact for ICAEW or the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

In 2023 the Group has adopted IFRS 17 - Insurance Contracts with an effective transition date of 1 January 2022 as required under the standard. This new accounting standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The adoption of IFRS 17 has had no impact on the prior year Statements of Financial Position, however Professional Standards income amounting to £0.2m has been presented as insurance revenue under IFRS 17, previously disclosed as levies in the prior year (note 5). The Group has adopted the simplified Premium Allocation Approach to measurement as permitted under IFRS 17. The insurance contracts identified relate to two compensation schemes of last resort in which ICAEW participates. No insurance liability has been recognised for the current or prior year due to the fact that, based on experience of previous years, claims in relation to the respective contract periods are estimated to be £nil. The accounting policy concerning insurance contracts is set out in note 3n.



2. PRIOR PERIOD RECLASSIFICATION

In the prior year, ICAEW has introduced the use of fixed-term banking deposits to maximise returns on working capital derived from annual cash cycles where surpluses are typically available between December and August.

At 31 December 2022, these deposits were classified as cash and cash equivalents. Management have, on review, determined that these deposits do not meet the definition of cash equivalents under IAS 7 due to the fact they have a maturity of more than three months and so are not considered highly liquid. Therefore, deposits totalling £15.0m as at 31 December 2022 have been reclassified from cash and cash equivalents to financial asset investments in the Group and ICAEW financial statements.

There has been no impact of this reclassification on the Income Statement or on Other Comprehensive Income.

	Previously reported 2022 £m	Effect of reclassification 2022 £m	Restated amounts 2022 £m
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The impact on the Statements of Financial Position as at 31 December 2022 is as follows:

Group

Current assets			
Financial asset investments	-	15.0	15.0
Cash and cash equivalents	71.3	(15.0)	56.3

ICAEW

Current assets			
Financial asset investments	-	15.0	15.0
Cash and cash equivalents	68.3	(15.0)	53.3

The impact on the Statement of Cash Flows is as follows:

Group

Purchase of financial asset investments	109.7	15.0	124.7
Net cash inflow / (outflow) from investing activities	5.1	(15.0)	(9.9)
Net increase in cash and cash equivalents	21.7	(15.0)	6.7

ICAEW

Purchase of financial asset investments	106.1	15.0	121.1
Net cash inflow / (outflow) from investing activities	5.0	(15.0)	(10.0)
Net increase in cash and cash equivalents	20.8	(15.0)	5.8

3. ACCOUNTING POLICIES

a) Income and revenue recognition

Income is recognised net of sales tax. The majority of revenue is earned in the UK.

Income as presented in the income statements comprises revenue as defined under IFRS 15 - Revenue from Contracts with Customers, together with fine income, income from certain funding arrangements and grant income. The following accounting policies relate to our key income streams to which IFRS 15 applies:

- Income from subscriptions and fees, including subscriptions from membership, student fees, communities and faculties, fees from practice regulation and assurance and authorisation of investment business, is recognised in the accounting period in which the services covered by those subscriptions are provided.
- Non-refundable admission fees charged to new members grant the members the option to obtain and renew professional membership services over the period during which they will remain a member. These are recognised as a material right arising on commencement of membership, and income is recognised over the expected membership period. While other services are provided to new members, including limited faculty membership, the renewal option has been assessed as being the main performance obligation for the purposes of allocating the admission fee.
- Affiliate admission fees are non-refundable upfront fees that provide a right to register as an affiliate on an annual basis. An affiliate is a non-ICAEW member firm which is licensed or regulated by ICAEW. Affiliate admission fees are recognised over the estimated affiliate registration period.
- Income from affiliates' annual registration fees is recognised over the period the registration covers.
- Examination fees are recognised in the period in which the examination sitting took place.
- Income generated from the sale of learning materials is recognised at the point the learning materials are delivered or made available to the customer.
- Income generated from the granting of film licences and accreditation of software through trademark licences is recognised over the term of the contract.
- Other income, including commercial income and income from consulting services, is recognised in the period in which the services are provided. For long-term capacity building contracts, income is recognised by reference to stage of completion of the individual contract.
- ICAEW invoices charges to its members on behalf of the Financial Reporting Council (FRC) in relation to audit quality reviews. ICAEW recognises no income where ICAEW is considered to be acting as agent in these instances.

IFRS 15 does not apply to the income streams described below:

- ICAEW pays fees to various regulatory bodies and ICAEW charges these on to its member firms as levies. Income from levies on member firms is recognised in the same period as the regulatory fee expense to which it relates.
- Income from professional conduct (disciplinary) fines is recognised when the decision has been made and is final after any appeal, to the extent that it is considered recoverable.
- In accordance with IAS 20 - Government Grants, the Group recognises government grant income only when there is reasonable assurance that any conditions attached to the grant have been satisfied and the grant will be received. Grant income is recognised over the period necessary to match income with the related costs for which they are intended to fund.
- Insurance revenue is accounted for under the accounting policy for insurance contracts as set out in note 3n.

b) Foreign currencies

Financial assets and liabilities denominated in currencies different from the presentational currency are translated at the rate of exchange at the reporting date.

The results and financial position of foreign operations that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rate; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

c) Tax

As a mutual membership organisation, the significant majority of our income is exempt from corporation tax.

Income tax expense represents the sum of current tax and deferred tax. Income tax is recognised as an expense in the income statement, except to the extent that it relates to items recognised in other comprehensive income, in which case the related tax expense or credit is recognised in other comprehensive income.

Current tax is based on the taxable profit for the reporting period. Taxable profit differs from net result as reported in the income statement because it is determined in accordance with the rules established by the applicable tax authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are not subject to tax.

The Group's liability for current tax is calculated using the applicable tax rate for the period.

d) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and losses, to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date and are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax balances relate to income taxes levied by the same tax authority.



3. ACCOUNTING POLICIES continued**e) Inventories**

Inventories are stated at the lower of cost and net realisable value and consist of learning materials.

f) Property, plant and equipment**i) Freehold properties**

Freehold properties comprise our registered office at Chartered Accountants' Hall in Moorgate which is considered to be a level 2 asset as defined by IFRS 13 – Fair Value Measurement. Freehold properties are recognised initially at cost and revalued periodically. Values are reviewed annually and should circumstances dictate, an open market valuation by independent professionally qualified valuers is conducted. Freehold properties are included in the statements of financial position at their revalued amounts derived from observable market data of comparable buildings in a similar location. Surpluses on revaluations are transferred to the revaluation reserve. Deficits on revaluations are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to the income statement.

Depreciation is provided on the plant and equipment elements within the freehold property. Certain major items of fixed plant and equipment that are considered to be significant by management are identified separately and are depreciated over their individual estimated useful economic lives. Depreciation is not charged on freehold land. Depreciation is charged on the revalued amount of freehold buildings at 2% per year. Significant component parts and major refurbishments are predominantly depreciated on a straight-line basis over a useful life of 5 to 10 years.

ii) Silver and antiques collections

Silver collection and antiques are recognised at cost and subsequently revalued to fair value. The historical cost of ICAEW's silver collection and antiques represents only the cost of items bought by ICAEW. The valuations of these collections also include substantial donations and bequests. The collections have been reviewed by management and are still considered to be level 2 assets as defined by IFRS 13 – Fair Value Measurement and are revalued annually by independent, professionally-qualified valuers. They are stated at estimated open market values that are derived from observed prices for recent market transactions on similar items.

Surpluses on revaluation, including surpluses arising from donations of items to the collections, are transferred to the revaluation reserve. Deficits on revaluation are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to the income statement.

In view of the nature of these assets, the estimated residual value is equal to the carrying amount and no depreciation is provided.

iii) Leasehold improvements

Improvements to leasehold properties are capitalised at cost and are depreciated on a straight-line basis over the shorter of their estimated useful economic lives and the remaining lease term.

iv) Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and impairments. Depreciation is charged on a straight-line basis over the estimated useful economic lives of the assets as follows:

IT equipment:	3 to 8 years
Fittings:	10 to 15 years
Furniture and other equipment:	5 to 8 years

g) Leases

The Group has only entered into lease arrangements as a lessee. No lease arrangements have been entered into in which the Group acts as a lessor. The Group leases various offices, warehouse space and vehicles which are accounted for as described below.

Payments associated with short-term leases and leases of low value assets are recognised as an expense in the income statement on a straight-line basis over the term of the lease. Short-term leases are leases with a term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability in the statement of financial position on a present value basis. Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate. Where lease extension options are reasonably certain to be exercised, payments due under those extension options are also included in the measurement of the lease liability.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset or to restore the asset to previous condition at the end of the lease, and any lease payments made in advance of the lease commencement date.

Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability as a result of reassessment or lease modifications. Depreciation is charged over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalues its freehold property that is presented within property, plant and equipment, it has chosen not to do so for right-of-use assets.

h) Intangible assets

Intangible assets comprise software, stated at cost less accumulated amortisation as well as intellectual property pertaining to electronic learning materials.

An internally generated intangible asset arising from development is recognised as an intangible asset if, and only if, all the following conditions have been satisfied:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset is expected to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs on research activities, and costs arising prior to the above criteria being met are recognised as an expense in the period in which they are incurred.

Amortisation is charged on a straight-line basis over the estimated useful economic life of the asset (from 2 to 10 years). The impairment of intangible assets is considered whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and provisions are made where necessary and recognised within operating expenditure in the income statement.

3. ACCOUNTING POLICIES continued**h) Intangible assets** continued

An intangible asset is derecognised on disposal, or when no future economic benefits are expected to flow from use or disposal of the asset. Gains or losses arising on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

Intangible assets are presented within current assets when the associated economic benefits are expected to be received within one year. Otherwise, intangible assets are presented as non-current assets.

i) Impairment of assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is taken as the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that have previously been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Investments in associates

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

In the separate financial statements of ICAEW, investments in associates are accounted for at cost, less any provision for impairment.

k) Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently at either amortised cost or fair value, depending on the classification of the financial instruments as described below.

i) Classification of financial assets

Debt instruments that meet both the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet both the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Additionally, on initial recognition, an irrevocable election may be made to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. Dividends on these investments in equity instruments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line within the income statement.

ii) Impairment of financial assets

IFRS 9 established an approach for the impairment of loans and trade receivables, an expected loss model, which focuses on the risk that a debt will default rather than when a loss has been incurred. Under the "expected credit loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring.

ICAEW has opted to use the simplified approach measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. For trade and other receivables, ICAEW is not exposed to any significant credit risk to any single counterparty or group of counterparties. ICAEW continuously monitors defaults of counterparties and incorporates this information into its credit risk controls relating to non-member customers.



3. ACCOUNTING POLICIES continued**k) Financial assets** continued

iii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the accumulated fund.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and investments in money market instruments representing short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value. Investments are considered highly liquid only when the maturity date is three months or less from the date of acquisition. Also included in cash and cash equivalents are cash in transit balances relating to credit card payments, due from merchant acquirers. These are settled on very short terms and are not subject to significant risk of change in value.

Only funds held for the purpose of meeting short-term cash commitments are classified as cash and cash equivalents. Funds held for longer-term investment gain are classified as financial asset investments.

m) Financial liabilities

i) Classification of financial liabilities

All financial liabilities are classified as measured at amortised cost using the effective interest method, or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains and losses on derecognition are recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the amortised cost of a financial liability.

ii) Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligations under that liability are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

n) Insurance contracts

Insurance contracts are defined as contracts under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

ICAEW participates in two compensation schemes of last resort, the Probate Compensation Scheme and the Chartered Accountants Compensation Scheme. Under these schemes, firms authorised by ICAEW to carry out certain regulated business activities are charged a levy by ICAEW to meet the running costs of these schemes and to build reserves from which any future claims against those firms resulting from malpractice or fraud can be met.

Management have assessed the arrangements surrounding these compensation schemes and determined that they fall within the scope of IFRS 17 - Insurance Contracts.

The Group has adopted the simplified Premium Allocation Approach as permitted under IFRS 17 where the coverage period is one year or less and there is a reasonable expectation that this simplification will produce a measurement of the liability for the remaining coverage not materially different from that which would be produced otherwise under IFRS 17.

The carrying amount of a group of insurance contracts at the end of each reporting period comprises the liability for remaining coverage of existing contracts and the liability for incurred claims.

The liability for remaining coverage is measured on initial recognition as premiums received, minus insurance acquisition cash flows, plus or minus amounts arising on derecognition of insurance assets or liabilities. At the end of each reporting period, the carrying amount of the liability is the carrying amount at the start of the reporting period plus premiums received, minus the amount recognised as insurance revenue for services provided in the period.

The liability for incurred claims comprises the fulfilment cash flows relating to past insurance services provided.

Insurance revenue represents insurance premiums earned by the entity for insurance services provided and is recognised in the income statement as those services are provided.

o) Provisions for liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate, at the end of the reporting period, of the expenditure required to settle the obligation.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

3. ACCOUNTING POLICIES continued**p) FRC Conduct Committee**

ICAEW has a statutory obligation to reimburse the FRC for costs resulting from investigations and disciplinary actions brought by the FRC Conduct Committee against ICAEW members or member firms that are registered by ICAEW to carry out regulated work.

FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in a tribunal if the case is not concluded at an earlier stage.

Where FRC Conduct Committee cases are concluded in favour of the FRC, the FRC seeks to recover the associated case costs from the member or member firm subject to the investigation. Recovered case costs are reimbursed by the FRC to ICAEW.

A provision is recognised for the estimated costs of completing the current stage of each open investigation or disciplinary case as at the reporting date, net of the estimated proportion of costs relating to the current stage that are expected to be recovered in the future from the ICAEW members or member firms subject to the investigation on conclusion of cases.

Provisions in respect of FRC Conduct Committee case costs are derecognised at the point the costs are invoiced or, where costs are notified but not yet invoiced, recognised in accruals. Expected cost recoveries relating to case costs already paid by ICAEW are presented in other receivables.

A contingent liability is disclosed in relation to the possible obligation that may arise if cases proceed further than the current stage.

q) Pension benefits

i) Defined benefit pension scheme

Retirement benefits are accounted for under IAS 19 - Employee Benefits. The net asset on the defined benefit scheme is the fair value of the scheme assets less the present value of the defined benefit liabilities at the end of the reporting period, after applying the asset ceiling test, where a net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the scheme.

Refunds of a surplus are not considered to be available if the right to a surplus depends on the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. The rights of third parties such as trustees are considered in assessing the extent to which a surplus can be recognised.

Scheme liabilities are measured by qualified independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash flows derived from yields of high-quality corporate bonds that have terms to maturity which approximate to the terms of the related pension liability.

Scheme assets which are held in a separate trustee-administered fund are measured at fair value. Scheme assets may include equities, bonds and cash together with qualifying insurance policies.

Net interest is charged or credited to the income statement and is measured by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains and losses are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

ii) Defined contribution pension scheme

A defined contribution arrangement is one into which the Group and the employee pay contributions, without any further obligation to pay additional contributions in the future. Payments to defined contribution schemes are charged to the income statement as they fall due.



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In order to prepare the Group's financial statements in accordance with IFRS, management must make judgements and estimates when applying accounting policies that affect the reported amounts of assets, liabilities, income and expense. The estimates are based on historical experience and assumptions that management believes are reasonable taking into account relevant available information. Actual results may differ from those on which management's estimates are based.

Critical accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods.

The following are critical judgements that management have made in the process of applying the Group's accounting policies and key sources of estimation uncertainty.

Accounting area	Critical judgement	Key sources of estimation uncertainty
Recognition of membership admission fee income	<p>Admission fees are collected from members on admission to membership, and from members who take up life membership later in life in return for reduced annual membership charges thereafter.</p> <p>Under IFRS 15, multiple contracts need to be combined and accounted for as a single if the economics of the individual contracts cannot be understood without reference to the arrangement as a whole.</p> <p>Management have assessed the goods and services promised under the admission fee, life membership fee and the annual membership fee and made the judgement that the option to obtain and renew professional membership services during membership is the material right arising on payment of an admission fee. Therefore, admission fees are recognised in the income statement over the period that those rights are expected to be exercised by the member; this period being equivalent to the expected total period of membership.</p> <p>ICAEW has also made the judgement that there is a separate contractual relationship with members as a student, full member or life member, although members will typically move through all these stages of membership during their association with ICAEW. As a result, admission fees and life membership fees are accounted for as separate fees and recognised over the respective expected period of membership or life membership.</p>	<p>The period of time over which a member will continue to renew their membership is inherently uncertain and depends upon the individual circumstances of the member. Historical data has been used to estimate the average period of full membership and life membership. ICAEW has estimated that the average total period of membership is 35 years for full members and 15 years from the start of life membership for life members.</p> <p>An increase or decrease in the period of membership for full members by one year would result in an increase or decrease in deferred income in the statement of financial position of £1.1m (2022: £1.0m) if applied from the year the income was received.</p> <p>An increase or decrease in the period of membership for life members by one year would result in an increase or decrease in deferred income in the statement of financial position of £0.2m (2022: £0.2m) if applied from the year the income was received.</p>
FRC Conduct Committee	<p>FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in a tribunal if the case is not concluded at an earlier stage. Due to the individual circumstances surrounding each case, it is generally difficult to predict the likelihood of a case proceeding past the current stage.</p> <p>Management have made the judgement that there is no present obligation in relation to potential future stages of cases and therefore it is appropriate to provide for costs as far as the current stage only. There is a possible obligation in relation to future stages, contingent on factors outside the control of ICAEW. Therefore, a provision is recognised for the estimated costs, net of estimated cost recoveries, of completing the current stage of each open investigation or disciplinary case as at the reporting date and a contingent liability is disclosed in relation to the possible obligation that may arise if cases proceed further than the current stage.</p> <p>Further information is disclosed in note 22.</p>	<p>The outcome of FRC Conduct Committee cases is highly uncertain. In accounting for the financial impact of FRC Conduct Committee cases, estimations must be made concerning the costs to complete the current stage of cases and also case costs likely to be recovered from the member or member firm and reimbursed by the FRC to ICAEW.</p> <p>In order to estimate costs to complete the current stage, open cases are reviewed to understand the status of the cases as at the reporting date and the work and procedures outstanding, including the use of experts and legal expertise, that are required to complete the current stage. Previous experience and understanding of relevant costings are factored into this estimation.</p> <p>Cost recoveries are recognised both in relation to costs already paid and costs recognised as a provision for open cases.</p> <p>Case cost recoveries are highly uncertain and depend on several factors such as the outcome of the case and the solvency of the member or member firm. An estimation is made concerning the percentage of case costs that are expected to be recovered. This estimation is made using historical data with consideration also given to the likelihood of future recovery rates changing due to changes in the portfolio of open cases.</p> <p>Further information including a range of plausible outcomes is disclosed in note 22.</p>

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Accounting area	Critical judgement	Key sources of estimation uncertainty
Defined benefit pension scheme	<p>Management have carefully considered the extent to which a pension asset should be recognised under IAS 19 and IFRIC 14, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling, defined to be the present value of economic benefits available in the form of refunds from the scheme or reductions to future contributions. Under IFRIC 14, a refund is available to an entity if the entity has an unconditional right to a refund.</p> <p>Management have taken legal advice to understand the circumstances under which any surplus assets might not be refunded to ICAEW and have made the judgement that the possible circumstances under which any scheme surplus might not be refunded to ICAEW, such as wind-up of the scheme, augmentation of benefits, amendment to scheme rules, are within the control of ICAEW. Therefore, it is considered that ICAEW has an unconditional right to a refund assuming the gradual settlement of scheme liabilities over time until all members have left the scheme and as such, it is appropriate to recognise the full surplus as measured under IAS 19 as a pension asset in the statement of financial position.</p>	<p>The measurement of the defined benefit pension obligation and net interest income of ICAEW's defined benefit pension schemes depends on certain assumptions which include the discount rate, rate of pension increases, inflation rate and mortality.</p> <p>Further information regarding the assumptions made and sensitivities to these assumptions is disclosed in note 24.</p>
Fair value of property, plant and equipment	None	<p>ICAEW measures freehold property at fair value. The nature of the property concerned means that there can be significant uncertainty in estimating their fair value due to a lack of an active market for identical assets. Fair value must therefore be estimated based on level 2 inputs as defined by IFRS 13.</p> <p>Freehold property comprises Chartered Accountants' Hall, a Grade II listed building. A valuation of the property was carried out by an independent professional valuer as at 31 December 2023.</p> <p>The valuation methodology follows a comparative method with regard to recent vacant possession sales and the capital rate achieved, adjusted to reflect specific characteristics of the property. An assumption has been made concerning the capital value per unit area of the building, which is derived using an income weighted average equivalent yield.</p> <p>The valuation of £21.0m (2022: £27.0m) has been calculated using an equivalent yield of 5.98% (2022: 5.32%). If an equivalent yield of 5.5% (2022: 5.0%) was assumed, the estimated fair value of the building would have been £23.5m (2022: £29.1m), whereas an equivalent yield of 6.25% (2022: 5.5%) would result in a fair value measurement of £19.8m (2022: £25.9m).</p>



5. FINANCIAL RISK MANAGEMENT

Senior management directly controls day-to-day policies and operations. Financial risk management issues are covered by ICAEW's risk management process as set out in the Governance section. Board members are informed of any significant issues relating to financial and non-financial risk management. Financial risks to which the Group is exposed are summarised below.

a) Market risk

The Group holds a significant level of reserves within a strategic investment portfolio and as a result is exposed to price risks arising from these investments.

The Group's investment portfolio is held for strategic purposes, to provide additional returns over the long term rather than to support short-term financial objectives. The investments portfolio is managed in line with defined risk appetite, however market valuations can be subject to volatility as a result of changes in the economic environment.

b) Currency risk

The majority of ICAEW's transactions are carried out in sterling. To the extent possible, ICAEW uses the income received from services provided in other currencies to hedge any exposures on payments made. ICAEW operates international regional offices and is exposed to foreign currency exchange risk on the transfer of foreign currency to its international offices. Where appropriate, forward purchases are used to mitigate foreign exchange risk. In addition, ICAEW holds accounts in US Dollars, Hong Kong Dollars, Singapore Dollars and Euros. Overseas Group entities hold bank accounts in the local operating currencies and Pound Sterling.

c) Credit risk

Working capital and longer-term funds are held in interest-bearing investments and in listed equity securities for investment purposes through independent custodians.

The credit risk for investments and cash and cash equivalents is monitored regularly. In the current economic climate, extra attention has been given to the agreed limited list of counterparties, which are all reputable banks with a high-quality external credit rating of at least AA- or which have been judged to have systemic importance.

The maximum exposure to credit risk at the year-end date is represented by the carrying value of financial instruments and management considers that all the financial assets not impaired or have exceeded given credit terms are still considered to be of good credit quality and recoverable.

d) Liquidity and interest rate risk

ICAEW policy is to maintain a relatively high level of cash and investment balances and therefore it does not have significant exposure to liquidity risk. ICAEW manages its liquidity risk by monitoring its net cash and cash equivalent flows. Liquidity needs are monitored on a day-to-day and monthly basis for short-term needs. Excess funds are invested as appropriate, depending on the forecast working capital cash flow needs, on short-term interest-bearing deposits. As a result of its holding of short-term interest-bearing deposits with financial institutions, ICAEW does have exposure to interest rate fluctuations. These investments are invested by our agents in high-quality, liquid deposits, with a range of counterparties in such a way as to avoid an excessive concentration of our investment with any specific counterparty and are monitored on a regular basis.

6. OPERATING INCOME

Operating income comprises the following:

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Subscriptions and fees				
Admission fee income	1.9	1.9	1.9	1.9
Annual membership	52.0	49.5	52.0	49.5
Practising certificate fees	3.7	3.6	3.7	3.6
Life membership fee income	0.4	0.3	0.4	0.3
	58.0	55.3	58.0	55.3
Education & training				
Exam fees	14.2	12.8	14.2	12.8
Student fees and charges	5.9	5.7	5.9	5.7
	20.1	18.5	20.1	18.5
Professional Standards				
Regulatory registration fees and levies	19.1	17.9	19.2	17.9
Regulatory fines and penalties	2.7	2.8	2.7	2.8
Quality assurance, firm licensing and commercial income	1.3	1.2	1.3	1.2
Insurance revenue ¹	0.2	0.2	0.2	0.2
	23.3	22.1	23.4	22.1
Belonging & supporting				
Commercial, events and sponsorship income	9.5	8.1	9.5	8.1
Sale of learning materials,	6.0	5.4	6.0	5.4
Community subscription fees	0.1	0.6	0.1	0.6
Other income	-	0.2	-	0.2
	15.6	14.3	15.6	14.3
Reputation & influence				
Faculty subscription fees	1.1	3.3	1.1	3.3
Grant income	0.1	0.1	0.1	0.1
Other income	0.1	0.3	0.1	0.3
	1.3	3.7	1.3	3.7
FRC Conduct Committee				
Levy income	7.2	6.9	7.2	6.9
Other professional association activities				
Levy income	4.7	4.0	4.7	4.0
Operating income	130.2	124.8	130.3	124.8

¹ On adoption of IFRS 17 - Insurance Contracts, income of £0.2m in the prior year Group and ICAEW financial statements has been reclassified as insurance revenue, where it was previously shown as regulatory registration fees and levies.



7. OPERATING RESULT

The Group and ICAEW operating result is stated after charging / (crediting):

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Staff costs (see note 9)	56.7	54.5	54.1	51.1
Other operating costs	39.8	34.1	36.1	32.2
Professional fees and consultancy	11.7	11.9	11.7	11.9
Irrecoverable VAT	5.6	5.1	5.6	5.1
Bad and doubtful debt	-	0.3	-	0.3
Finance charges	0.6	0.6	0.6	0.5
Government grants	(0.1)	(0.1)	(0.1)	(0.1)
Gift Aid	-	-	0.7	0.7
Depreciation on owned property, plant and equipment (note 13)	3.0	3.2	3.0	3.2
Depreciation on right-of-use assets (note 14)	0.4	0.4	0.3	0.4
Amortisation of intangible assets (note 15)	3.4	3.1	3.4	3.1
Loss on disposal of property plant and equipment and intangible assets	0.1	1.6	0.1	1.6
Cost of inventories recognised as an expense	0.4	0.7	0.4	0.7
Amounts payable under short-term leases	0.3	0.2	0.1	0.1
Interest on lease liabilities	0.1	0.1	0.1	0.1
Fees payable to ICAEW's auditor for the audit of the financial statements	0.1	0.1	0.1	0.1

8. INVESTMENT INCOME AND EXPENDITURE

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Income				
Interest receivable on cash at bank	0.7	0.2	0.6	0.3
Returns on financial investments classified as FVTPL	11.3	1.8	9.5	1.8
	12.0	2.0	10.1	2.1
Dividends receivable from subsidiary undertakings	-	-	0.3	0.3
Total investment income	12.0	2.0	10.4	2.4
Expenditure				
Losses on financial investments classified as FVTPL	-	(7.2)	-	(6.3)

9. STAFF COSTS

Average number of staff employed during the year	Group		ICAEW	
	2023	2022	2023	2022
Total employees	852	802	798	725
Full-time equivalents	812	780	762	703

Employment costs	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Wages and salaries	48.4	46.2	45.9	43.0
Employer's social security costs	4.7	4.9	4.7	4.9
Employer's pension costs	3.6	3.4	3.5	3.2
	56.7	54.5	54.1	51.1

10. KEY MANAGEMENT REMUNERATION - BOARD MEMBERS

	Salary	Deferred	Total	Salary	Deferred	Total
	2023 £'000	variable pay 2023 £'000	2023 £'000	2022 £'000	variable pay 2022 £'000	2022 £'000
Peter Wyman	23	-	23	-	-	-
Michael Izza	512	135	647	491	138	629
Sharron Gunn	322	88	410	310	92	402
David Franklin	160	41	201	-	-	-
Dabinder Hutchinson	-	-	-	163	-	163
	1,017	264	1,281	964	230	1,194

The remuneration disclosed above represents amounts earned during the period in which the respective individuals served as key management personnel (defined as the Chair and Executive members of the ICAEW Board).

Peter Wyman was appointed as Chair of the Board on 2 October 2023.

David Franklin was appointed to the Board on 26 May 2023. The full amount of deferred variable pay awarded to David Franklin for 2023 was £70,000 of which £41,000 relates to his service as a member of the Board.

Dabinder Hutchinson left the Board on 12 August 2022.

In addition to the amounts disclosed above, ICAEW incurred employment discontinuation expenses of £216,000 (2022: £260,000) in the year relating to key management personnel. The amount incurred in 2023 is payable to Michael Izza.

Board members are remunerated on a total package basis. This means that they may elect to take all of their remuneration in the form of salary, or they may opt to commute a portion of their salary towards ICAEW benefits such as pension scheme membership, or health insurance. Deferred variable pay is payable to Board members on the basis of performance and is agreed by the Remuneration Committee.

Independent non-executive Board members (those who are not ICAEW members) receive a fee of £16,000 (2022: £16,000) per annum.

The ICAEW Regulatory Board reports directly to the Council. The Chair of the ICAEW Regulatory Board (IRB) left his post on 31 August. During his tenure, he was paid a remuneration of £20,000 (2022: £30,000) and a day rate for IRB meeting attendance of £1,200 (2022: £1,200). Lay members of the IRB are paid a day rate for IRB meeting attendance of £385 (2022: £350).

No other non-executive member of the Council, Board or other member committees are remunerated.



11. TAX

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Current tax on profits for the year	-	-	-	-
Deferred tax expense:				
Effect of corporation tax rate change	0.2	-	0.2	-
Origination and reversal of timing differences	2.7	(2.4)	2.7	(2.4)
Total deferred tax expense / (credit):	2.9	(2.4)	2.9	(2.4)
Tax expense / (credit) for the year	2.9	(2.4)	2.9	(2.4)

ICAEW is chargeable to corporation tax on investment income and gains and on net surpluses arising from certain services to the extent that they relate to transactions with non-members. The liability has been reduced by payments made under Gift Aid to the Chartered Accountants' Trust for Education and Research (CATER). The charitable trusts fall outside the scope of corporation tax and accordingly there is no tax liability in relation to their activities. The subsidiary companies pay local tax based on their country of operation and this has been included in the current tax calculations.

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Factors affecting the tax charge for the year				
Result before tax	12.9	11.2	10.9	12.2
Add back: result on transactions with members	(4.5)	(19.1)	(2.5)	(20.1)
Net result before tax on transactions with non-members	8.4	(7.9)	8.4	(7.9)
Corporation tax expense / (credit) at standard rate of 23.5% (2022: 19%)	2.0	(1.5)	2.0	(1.5)
Effects of:				
Items not deductible / (chargeable) for tax purposes	0.7	(0.2)	0.7	(0.2)
Recognition of deferred tax on brought forward trading losses	-	(1.1)	-	(1.1)
Corporation tax rate change	0.2	0.4	0.2	0.4
Tax expense / (credit) for the year	2.9	(2.4)	2.9	(2.4)

12. DEFERRED TAX

	Group and ICAEW				
	Trading losses £m	Gains and losses on financial asset investments £m	Revaluation of properties and historical collections £m	Defined benefit pension asset £m	Net £m
Liability at 1 January 2022	-	3.6	0.9	0.5	5.0
Amounts charged to the income statement	(1.1)	(1.3)	-	-	(2.4)
Amounts charged to other comprehensive income	-	-	-	(0.3)	(0.3)
(Asset) / liability at 1 January 2023	(1.1)	2.3	0.9	0.2	2.3
Amounts credited to the income statement	1.1	1.7	-	0.1	2.9
Amounts credited to other comprehensive income	-	-	(0.2)	-	(0.2)
Liability at 31 December 2023	-	4.0	0.7	0.3	5.0

The Finance Act 2021 increases the relevant UK corporation tax rate from 19% to 25%, effective from 1 April 2023. Deferred tax balances are calculated at a rate of 25% (2022: 25%), with the exception of the deferred tax related to the defined benefit pension scheme which is calculated at 35% (2022: 35%) in line with the relevant legislation concerning the taxation of authorised surplus payments.

In November 2023 the UK Government published its autumn budget with a proposed change in the tax rate applicable to authorised pension scheme surplus payments from 35% to 25%, however this change was not substantively enacted at the reporting date and so has not been factored into deferred tax calculations.

13. PROPERTY, PLANT AND EQUIPMENT

Group and ICAEW	Freehold Property £m	Leasehold Improvements £m	Silver Collection and Antiques £m	Furniture, Fittings and IT Equipment £m	Total £m
	Cost or valuation				
At 1 January 2022	39.2	3.0	5.2	15.1	62.5
Additions	0.2	-	-	0.7	0.9
Disposals at cost or valuation	-	(0.1)	-	(1.0)	(1.1)
Revaluation	0.6	-	0.4	-	1.0
At 1 January 2023	40.0	2.9	5.6	14.8	63.3
Additions	0.4	0.1	-	1.4	1.9
Disposals at cost or valuation	(0.3)	-	-	(0.5)	(0.8)
Revaluation	(4.6)	-	0.2	-	(4.4)
At 31 December 2023	35.5	3.0	5.8	15.7	60.0
Accumulated depreciation					
At 1 January 2022	11.2	2.8	-	10.2	24.2
Depreciation for the year	1.8	0.1	-	1.3	3.2
Depreciation eliminated on disposals	-	-	-	(0.8)	(0.8)
At 1 January 2023	13.0	2.9	-	10.7	26.6
Depreciation for the year	1.7	-	-	1.3	3.0
Depreciation eliminated on disposals	(0.2)	-	-	(0.5)	(0.7)
At 31 December 2023	14.5	2.9	-	11.5	28.9
Carrying amount					
At 31 December 2023	21.0	0.1	5.8	4.2	31.1
At 31 December 2022	27.0	-	5.6	4.1	36.7
On an historical cost basis the comparable amounts for property, plant and equipment are:					
Cost	32.4	2.9	0.2	15.7	51.2
Accumulated depreciation	(19.5)	(2.9)	-	(11.5)	(33.9)
Net historical cost at 31 December 2023	12.9	-	0.2	4.2	17.3
Net historical cost at 31 December 2022	13.9	-	0.2	4.1	18.2

Freehold property comprises Chartered Accountants' Hall. There is a charge over Chartered Accountants' Hall in favour of the trustee of ICAEW's defined benefit pension scheme (note 24). A professional valuation of Chartered Accountants' Hall was carried out by CBRE (Commercial Real Estate Services Group), in line with the accounting policy, at 31 December 2023, resulting in a valuation of £21.0m.

As at 31 December 2023, valuations of the rare books and silverware were carried out by independent professional valuers, resulting in a total increase in value of £0.2m, arising from an increase in the rare books collection. The fair value of antiques was reviewed as at 31 December 2022 by independent professional valuers.

At 31 December 2023 there were no contracts for capital expenditure not provided for in these financial statements (2022: £nil).



14. LEASES

The Group's leased assets comprise property used as business premises.

	Group £m	ICAEW £m
Right-of-use assets		
Cost		
At 1 January 2022	6.6	6.5
Additions	1.8	1.8
At 1 January 2023	8.4	8.3
Additions	-	-
At 31 December 2023	8.4	8.3
Accumulated depreciation		
At 1 January 2022	6.1	6.1
Depreciation for the year	0.4	0.4
At 1 January 2023	6.5	6.5
Depreciation for the year	0.4	0.3
At 31 December 2023	6.9	6.8
Carrying amount		
At 31 December 2023	1.5	1.5
At 31 December 2022	1.9	1.8

Lease liabilities

The table below shows the movement in lease liability during the year.

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
At 1 January	1.9	0.9	1.8	0.7
New leases	0.1	1.8	-	1.8
Interest charged	0.1	0.1	0.1	0.1
Lease payments	(0.5)	(0.9)	(0.3)	(0.8)
At 31 December	1.6	1.9	1.6	1.8

Lease additions have been calculated using an estimated borrowing rate of 5.00% (2022: 5.00%). This has been determined using an equivalent market borrowing rate.

The table below shows the split of lease liabilities recognised between current and non-current.

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Current	0.2	0.1	0.2	-
Non-current	1.4	1.8	1.4	1.8
	1.6	1.9	1.6	1.8

Non-current liabilities all have a maturity of between one and five years.

Short lease commitments

At 31 December the Group and ICAEW had the following total future minimum lease payments under non-cancellable leases which meet the criteria of being short-term leases or leases for which the underlying asset is of low value:

Land and buildings

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Minimum lease payments due:				
Within one year	0.3	0.3	0.1	0.1
	0.3	0.3	0.1	0.1

15. INTANGIBLE ASSETS

	Group and ICAEW	
	2023 £m	2022 £m
Cost		
At 1 January	35.9	34.9
Additions	4.7	3.4
Disposals	-	(2.4)
At 31 December	40.6	35.9
Accumulated amortisation		
At 1 January	16.8	14.5
Amortisation for the year	3.4	3.1
Disposals	-	(0.8)
At 31 December	20.2	16.8
Carrying amount at 31 December	20.4	19.1
Presented within current assets	0.4	-
Presented within non-current assets	20.0	19.1
	20.4	19.1

Current intangible assets comprise intellectual property pertaining to electronic learning materials to which ICAEW sells access to individual consumers.

Non-current intangible assets comprise, principally, software for ICAEW's internal systems, with amortisation charges allocated across ICAEW functions on the basis of system usage.

Internally developed software with a cost of £13.6m (2022: £13.6m) and a carrying value of £10.6m (2022: £11.9m) was brought into use in the prior year to replace and upgrade core IT systems which support the delivery of our strategy, including our membership, finance and customer relationship management applications. The remaining useful life of this asset at the reporting date is nine years.

No indications of impairment of intangible assets have arisen during the year.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**a) Subsidiary undertakings**

The following entities, all registered in England and Wales, are subsidiary undertakings, included within the consolidated Group financial statements on the basis that ICAEW has control as it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns:

Trust	Activity
ICAEW Foundation	Makes charitable donations of particular interest to ICAEW. Administers a number of charitable trusts under the authority of a uniting direction from the Charity Commission.
ICAEW Limited	Provides marketing support services for ICAEW through its subsidiary undertakings in Malaysia, Indonesia, Vietnam, China, the Middle East, South East Asia and Europe. Additionally, ICAEW Limited is the parent of ICAEW Legal Services Compensation Scheme Limited.

The charitable trusts administered by ICAEW Foundation are detailed as follows:

PD Leake Trust	Provides grants for accountancy research, conferences and publications.
Chartered Accountants' Permanent Education Trust	Provides exam prizes.
Chartered Accountants' Trust for Education and Research	Owens and operates the ICAEW library. Provides grants for accounting research, conferences and publications.
Chartered Accountants' Library Limited	Dormant subsidiary of Chartered Accountants' Trust for Education and Research.
Chartered Accountants' Charitable Investment Pool	Common investment fund managing the investments of the other charitable trusts.

ICAEW Limited owns 100% interest in the share capital of the following subsidiary companies:

ICAEW Europe Limited	International subsidiaries provide marketing support services for ICAEW in overseas territories.
ICAEW Malaysia Limited	
ICAEW Middle East Limited	
ICAEW China Limited	
ICAEW South East Asia Limited	
ICAEW Legal Services Compensation Scheme Limited	Maintains a fund in respect of ICAEW's obligation to underwrite claims for compensation arising in relation to firms authorised or licensed under ICAEW's Legal Services Regulations.



16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES continued**b) Investments in associates**

The following related entities, all with their principal place of business in the UK, have been treated as associates in these financial statements. In each case, and notwithstanding the majority ownership of CCAB Limited and the Chartered Accountants' Compensation Scheme Limited, ICAEW exercises significant influence through its representation on the board of directors, participation in the management process and through the existence of material transactions between the company and ICAEW, but ICAEW does not control the companies.

Entity	Activity
The Joint Insolvency Examination Board (JIEB) - a company limited by guarantee	Conducts exams in insolvency practice to meet the education requirements of the Insolvency Act 1986. ICAEW is one of seven subscribers, each of whom has guaranteed £1 in the event of the company being wound up. ICAEW provides exam services. JIEB has a year-end date of 30 June.
Fraud Advisory Panel (FAP) - a company limited by guarantee	Registered charity which carries out research into, and education in, all aspects of fraud prevention, detection, prosecution and deterrence. ICAEW has the right to appoint up to one third of the directors of the company. ICAEW provides grant funding together with administration services.
CCAB Limited (CCAB)	Undertakes activities of mutual interest to five major accountancy bodies in the British Isles. ICAEW is the majority shareholder but does not have the majority of voting shares on the board. ICAEW provides administration and secretarial services. ICAEW shareholding is 60.5%.
Chartered Accountants' Compensation Scheme Limited (CACS)	Evaluates and administers claims for compensation arising from the obligations of ICAEW, the Institute of Chartered Accountants of Scotland and Chartered Accountants Ireland as recognised professional bodies under the Financial Services Act 1986 and as designated professional bodies under the Financial Services and Markets Act 2000. ICAEW is the majority shareholder but does not have the majority of voting shares on the board. ICAEW provides administration and secretarial services. ICAEW shareholding is 80.0%.
Chartered Accountants Worldwide Limited (CAW) - a company limited by guarantee	Supports, develops and promotes the vital role that chartered accountants play throughout the global economy. ICAEW is one of five founder members each of whom has guaranteed £1 in the event of the company being wound up. ICAEW provides administration and secretarial services.
Engine B Limited (Engine B)	Provides data solutions for professional services in the audit, legal and tax sectors. ICAEW's shareholding is 15.2%. ICAEW's fully diluted shareholding after warrants and options is 13.2%.

With the exception of Engine B Limited, the above entities operate on a not-for-profit basis.

Financial information relating to the associates is summarised below:

	JIEB 2023 £m	FAP 2023 £m	CCAB 2023 £m	CACS 2023 £m	CAW 2023 £m	Engine B 2023 £m	Total 2023 £m	Total 2022 £m
Assets	0.4	0.5	3.2	0.2	0.7	1.8	6.8	6.3
Liabilities	-	-	(3.2)	(0.2)	(0.5)	(1.4)	(5.3)	(5.3)
Net assets	0.4	0.5	-	-	0.2	0.4	1.5	1.0
Group share of net assets	-	0.1	-	-	-	0.1	0.2	0.2
Goodwill	-	-	-	-	-	0.3	0.3	0.2
Carrying value in consolidated financial statements	-	0.1	-	-	-	0.4	0.5	0.4
Revenue	0.2	0.5	12.8	0.1	0.5	1.0	15.1	10.8
Profit / (loss) from continuing operations and total comprehensive income	-	-	-	-	-	(1.2)	(1.2)	(0.8)

None of the above companies had any discontinued operations in the year or previous year.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES continued**b) Investments in associates** continued

Movements in investments in subsidiaries and associates:	Group £m	ICAEW £m
At 1 January 2022	0.5	0.5
Share of loss of equity accounted associates recognised in Group income statement	(0.1)	-
At 1 January 2023	0.4	0.5
Additions	0.3	0.3
Share of loss of equity accounted associates recognised in Group income statement	(0.2)	-
At 31 December 2023	0.5	0.8

Additions of £0.3m in the year relate to the investment in Engine B Limited.

17. FINANCIAL ASSET INVESTMENTS

The Group invests its reserves through fund managers in short and medium-term investments to derive income that supports the Group's activities. All financial asset investments are classified as at fair value through profit or loss.

Group	Interest-bearing investments 2023 £m	Equities and unit trusts 2023 £m	Total 2023 £m	Restated ¹		Total 2022 £m
				Interest-bearing investments 2022 £m	Equities and unit trusts 2022 £m	
Fair value						
At 1 January	15.9	105.0	120.9	36.1	84.4	120.5
Additions	24.8	32.7	57.5	15.0	109.7	124.7
Disposals	(15.8)	(22.1)	(37.9)	(34.5)	(82.6)	(117.1)
Fair value gains / (losses) recognised in income statement	0.1	7.1	7.2	(0.7)	(6.5)	(7.2)
At 31 December	25.0	122.7	147.7	15.9	105.0	120.9
Presented within current assets	22.5	-	22.5	15.0	-	15.0
Presented within non-current assets	2.5	122.7	125.2	0.9	105.0	105.9
Total financial asset investments	25.0	122.7	147.7	15.9	105.0	120.9

ICAEW	Interest-bearing investments 2023 £m	Equities and unit trusts 2023 £m	Total 2023 £m	Restated ¹		Total 2022 £m
				Interest-bearing investments 2022 £m	Equities and unit trusts 2022 £m	
Fair value						
At 1 January	15.0	90.5	105.5	35.2	68.5	103.7
Additions	22.5	32.3	54.8	15.0	106.1	121.1
Disposals	(15.0)	(20.3)	(35.3)	(34.5)	(78.5)	(113.0)
Fair value gains / (losses) recognised in income statement	-	5.7	5.7	(0.7)	(5.6)	(6.3)
At 31 December	22.5	108.2	130.7	15.0	90.5	105.5
Presented within current assets	22.5	-	22.5	15.0	-	15.0
Presented within non-current assets	-	108.2	108.2	-	90.5	90.5
Total financial asset investments	22.5	108.2	130.7	15.0	90.5	105.5

Within Group investments are charitable trust funds of £17.0m (2022: £15.4m) for which the trustee sets investment policies and monitors performance.

¹ In the prior year, fixed term deposits held at bank totalling £15.0m have been reclassified as additions to financial asset investments from cash and cash equivalents in the Group and ICAEW financial statements, to better reflect the nature and terms of those deposits. Refer to note 2 for further information.



18. INVENTORIES

Group and ICAEW inventories comprise costs of £nil (2022: £0.4m) associated with development of learning materials.

19. TRADE AND OTHER RECEIVABLES

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Trade receivables and other receivables	18.8	9.3	18.4	9.1
Amounts owed by subsidiary companies	-	-	5.4	1.3
Amounts owed by associates	0.4	0.5	0.4	0.5
Prepayments	5.6	3.8	5.6	3.8
FRC Conduct Committee case cost recoveries receivable	8.0	6.9	8.0	6.9
Other accrued income	2.7	2.2	2.7	2.2
	35.5	22.7	40.5	23.8
Less: provision for impairment of trade and other receivables	(0.6)	(0.8)	(0.6)	(0.8)
	34.9	21.9	39.9	23.0

Provisions for expected credit losses on trade and other receivables at year-end were £0.6m (2022: £0.8m). The movement in the provision for expected credit losses on trade and other receivables are as follows:

	ICAEW and Group	
	2023 £m	2022 £m
At 1 January	0.8	0.7
Provision utilised in year	(0.5)	(0.3)
Impairment losses recognised during the year	0.3	0.4
At 31 December	0.6	0.8

Some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	ICAEW and Group	
	2023 £m	2022 £m
More than one month but not more than three months	1.7	0.9

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		ICAEW	
	2023 £m	Restated ¹ 2022 £m	2023 £m	Restated ¹ 2022 £m
Cash at bank	59.1	51.1	52.3	48.1
Amounts held on short-term money market deposits	5.5	5.2	5.5	5.2
	64.6	56.3	57.8	53.3

¹ Refer to note 2.

Cash at bank and in hand includes £3.0m (2022: £4.1m) due on credit card transactions from merchant acquirers.

21. TRADE AND OTHER PAYABLES

	Group		ICAEW	
	2023 £m	2022 £m	2023 £m	2022 £m
Amounts due within one year:				
Deferred income	43.9	29.3	43.9	29.3
Amounts owed to subsidiaries	-	-	2.4	2.2
Trade payables	4.3	3.0	4.3	2.9
Other payables	18.8	6.6	18.6	6.3
Lease liabilities	0.2	0.1	0.2	-
Other tax and social security	2.5	2.0	2.5	2.0
Accruals	12.7	9.3	12.1	8.5
	82.4	50.3	84.0	51.2
Amounts due in more than one year:				
Deferred income	40.8	36.8	40.8	36.8
Lease liabilities	1.4	1.8	1.4	1.8
	42.2	38.6	42.2	38.6

Deferred income due within one year comprises annual membership fees received in advance, deferred admission fees and life membership fees which are recognised over the expected period of membership, as well as deferred income relating to levies for the following year and other services.

Income recognised in the Group and ICAEW income statements in the year include £29.3m (2022: £32.0m) included within the deferred income balance at the beginning of the reporting period.

Non-current deferred income relates to admission fees and life-membership which are deferred over the expected period of membership.



22. FRC CONDUCT COMMITTEE

The FRC Conduct Committee is part of the Financial Reporting Council and is responsible for operating and administering two independent disciplinary schemes: the Audit Enforcement Procedure (AEP, from June 2016) and the Accountancy Scheme. These disciplinary schemes cover members of ICAEW as well as a number of other accountancy bodies in the UK and Ireland.

ICAEW has a statutory obligation to reimburse the FRC for costs resulting from investigations and disciplinary actions brought by the FRC Conduct Committee against ICAEW members or member firms that are registered by ICAEW to carry out regulated work. FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in formal findings and, if relevant, sanctions being issued. A further tribunal stage can be required if the respondent lodges an appeal.

Where FRC Conduct Committee cases are concluded in favour of the FRC, the FRC seeks to recover the associated case costs from the respondent. Recovered case costs are reimbursed by the FRC to ICAEW.

ICAEW levies charges on its member firms in order to partially finance the costs of FRC Conduct Committee cases as they fall due.

Under the Accountancy Scheme, any fines levied are remitted by the FRC to ICAEW. Under the AEP, fines are remitted by the FRC to HM Treasury.

A provision is recognised for the estimated costs of completing the current stage of each open investigation or disciplinary case as at the reporting date, net of the estimated proportion of those costs that are expected to be recovered from the case respondents on conclusion of those cases.

Due to the individual circumstances surrounding each case, the likelihood of a case proceeding past the current stage is highly uncertain and outside the control of ICAEW. Therefore, a provision is recognised in respect of the current stage of open cases, and a contingent liability is disclosed in respect of the possible obligation that may arise as a result of cases proceeding into subsequent stages before they are concluded (note 27).

Provisions in respect of FRC Conduct Committee case costs are derecognised at the point the costs are confirmed and recognised within trade and other payables. Expected cost recoveries relating to case costs already paid by ICAEW are presented in other receivables.

At the year end, the provision covers a total of 32 (2022: 36) open cases involving ICAEW members and member firms. As the provision covers the current stage of all cases, it is likely that the majority of the provision will be utilised within one year. The provision value is affected both by the number of cases open at the reporting date and the progression of those cases through the various stages, with earlier stages tending to bear lower costs than latter stages.

The value of estimated cost recoveries presented in other receivables is similarly dependent on the number of open cases and the progression of open cases through the stages.

As described in more detail below, there is a significant level of estimation uncertainty concerning the value of the FRC Conduct Committee provision together with the value of estimated cost recoveries presented within other receivables.

a) Estimation uncertainty and sensitivities

As explained in note 4 of these financial statements, the accounting for the FRC Conduct Committee case costs and case cost recoveries is subject to significant estimation uncertainty.

The FRC case cost provision has been derived based on a case-by-case assessment of costs to complete the current stage, taking account of discussions with the FRC on case progress.

Estimated cost recoveries relating to costs already paid to FRC are shown within other receivables.

The estimated case costs and recoveries have been derived taking account of the size, complexity and type of scheme under which each investigation is conducted.

The FRC case cost provision reflects expected costs and cost recoveries based on historical averages, calculated for cases under each type of scheme. In estimating expected cost recoveries, historical average recovery rates have been adjusted with consideration as to the risks associated with specific large, complex open cases over which there remains significant uncertainty around the level of costs that may be awarded and ultimately recovered.

Taking the FRC case cost provision together with cost recoveries accrued within other receivables, the aggregated balance in the statement of financial position has a range of between £2.5m to £9.0m net asset position (2022: £3.0m to £9.9m net asset position).

The range has been derived with consideration given to the possible variability in costs and achievable cost recoveries, based on past experience of closed cases from each type of scheme.

22. FRC CONDUCT COMMITTEE continued

b) Statement of financial position

Movements in the FRC Conduct Committee provision are presented below along with movements in the balance of estimated future cost recoveries reported within other receivables:

	Group and ICAEW			
	Estimated case costs £m	Estimated cost recoveries £m	Total provision £m	Other receivables - accrued cost recoveries (note 19) £m
Liability / (asset) at 1 January 2022	5.8	(1.9)	3.9	(5.4)
Amounts utilised in year	(7.9)	-	(7.9)	-
Case cost recoveries transferred to other receivables	-	1.0	1.0	(1.0)
Previously accrued case cost recoveries realised in year	-	-	-	6.4
Amounts charged / (credited) to income statement in year	7.0	(1.3)	5.7	(6.9)
Liability / (asset) at 1 January 2023	4.9	(2.2)	2.7	(6.9)
Amounts utilised in year	(7.2)	-	(7.2)	-
Case cost recoveries transferred to other receivables	-	2.2	2.2	(2.2)
Previously accrued case cost recoveries realised in year	-	-	-	7.4
Amounts charged / (credited) to income statement in year	8.4	(3.5)	4.9	(6.3)
Liability / (asset) at 31 December 2023	6.1	(3.5)	2.6	(8.0)

Included in accruals (see note 21) are liabilities of £2.0m (2022: £1.0m) in relation to costs finalised with the FRC but not yet invoiced, offset by cost recoveries of £nil (2022: £1.0m) for cases that have been concluded but cost recoveries are still receivable as at year-end.

c) Income statement

Amounts charged / (credited) to income statement in relation to FRC Conduct Committee related income and expenditure were as follows:

	2023 £m	2022 £m
Income:		
Levies collected from member firms	7.2	6.9
Fine income	-	14.9
Expenditure:		
Amounts provided in the year for FRC Conduct Committee case costs	8.4	7.0
Estimated future recoveries of case costs recognised in the provision in year	(3.5)	(1.3)
Estimated future recoveries of case costs already realised, recognised in other receivables in year	(6.3)	(6.9)
Net case costs credit	(1.4)	(1.2)



23. PROVISIONS FOR LIABILITIES

	Group and ICAEW		
	Dilapidations £m	Other £m	Total £m
At 1 January 2022	0.8	0.7	1.5
Amounts utilised	-	(0.7)	(0.7)
Amounts charged to income statement in year	0.3	-	0.3
At 1 January 2023	1.1	-	1.1
Amounts utilised	(0.3)	-	(0.3)
Amounts charged to income statement in year	0.1	-	0.1
At 31 December 2023	0.9	-	0.9

The provision for dilapidations is expected to be utilised on exit from the relevant leased property. The lease runs until 2028. The actual outflows will vary dependent upon any subsequent agreements with the landlord.

24. PENSION BENEFITS

a) Defined benefit scheme

ICAEW operates a defined benefit pension scheme (the scheme) which provides participating members of staff with retirement benefits based on their pensionable service and final pensionable salary. The assets of the scheme are held under separate trust and as such, the trustee is responsible for operating the scheme and has a statutory responsibility to act in accordance with the scheme's Trust Deed and Rules, in the best interest of the beneficiaries of the scheme, and in accordance with UK law. The scheme was closed to future accrual on 30 June 2010 and as such, current service costs no longer arise in the income statement.

The most recent actuarial valuation, prepared on a technical provisions basis, showed a surplus of £12.4m as at 31 March 2022, with a market value of scheme assets of £213.9m and scheme liabilities of £201.5m equating to a funding level of 106%.

A Schedule of Contributions has been agreed which requires ICAEW to continue paying scheme expenses, except for those in relation to investment management, and any other contributions as required from time to time on the advice of the Scheme Actuary under the scheme's Deed and Rules. As the scheme is in surplus a Recovery Plan is not required following the latest actuarial valuation.

ICAEW has not been required to pay any contributions during the year or in the prior year in line with the Schedule of Contributions.

In conjunction with the latest triennial valuation of the scheme, ICAEW agreed to the continuation of a charge over its freehold property, Chartered Accountants' Hall. The fair value of this property is £21.0m (2022: £27.0m) as at 31 December 2023 (note 13).

In preparing these financial statements, the scheme has been valued under IAS 19 by a qualified actuary based on assumptions which management feel are most appropriate. Because of changing market and economic conditions, the expenses and liabilities arising under the scheme in the future may differ materially from the estimates made on the basis of the actuarial assumptions. The effects of any change to these assumptions are accounted for in the next financial year within other comprehensive income.

ICAEW considers that it has an unconditional right to a refund of surplus contributions in accordance with IFRIC 14, assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme. Management have made the judgement that these amounts meet the requirements of recoverability and a surplus of £15.5m (2022: £15.5m) has been recognised as a pension asset in the statement of financial position.

The defined benefit pension scheme typically exposes ICAEW to a level of financial risk including investment risk, inflation risk, interest risk and mortality risk. A description of these risks is provided below.

Investment risk	The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on scheme assets is below this rate, a deficit is created. Currently the scheme has a relatively high proportion of scheme assets invested in insurance contracts which exactly hedge risk on insured liabilities.
Inflation risk	The majority of the benefits under the fund are subject to inflationary increases year on year and therefore changes in the inflation rate will affect the value of the scheme liabilities.
Interest risk	A decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return on the scheme's debt investments.
Mortality risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the liability.

24. PENSION BENEFITS continued

a) Defined benefit scheme continued

The assumptions made in valuing the scheme under IAS 19 were as follows:

	2023	2022
Discount rate	4.50%	4.75%
Pension increase rate per annum	2.95%	3.05%
Rate of inflation (RPI)	3.00%	3.10%

The mortality assumptions used to calculate the pension liabilities reflect expected future life expectancies as follows:

	2023 Years	2022 Years
Pensioners male - age 65	22.6	22.9
Pensioners female - age 65	24.8	25.0
Non-pensioners male	23.9	24.2
Non-pensioners female	26.3	26.5

The approximate average duration of scheme liabilities is 12.3 years, and a single flat rate discount rate has been calculated with reference to a suitable corporate AA bond yield curve, based on cashflows for a scheme with liabilities of broadly that duration.

The table below summarises the split of defined benefit obligation between deferred members and pensioners. There are no active members.

2023	Number of members	Liability split	Duration years
Deferred members	214	38.6%	16.0
Pensioners	440	61.4%	10.2
Total/weighted average	654	100%	12.3

2022	Number of members	Liability split	Duration years
Deferred members	231	38.4%	20.4
Pensioners	441	61.6%	12.8
Total/weighted average	672	100%	15.7

The following table highlights the sensitivities of the IAS 19 valuation, as calculated by the actuary, to changes in each of the assumptions individually. The effect of changing more than one assumption would not necessarily be equal to the sum of the two individual changes. As a result of the buy-in annuities held, the change in assumptions affects both the liabilities and assets of the scheme.

2023	Change in assumption	Change in scheme liabilities	Change in surplus
Discount rate	Increase/(decrease) by 0.5% pa	(Decrease)/increase by 6%	Increase / (decrease) by £8.1m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 4%	(Decrease) / increase by £5.9m
Mortality	Increase by 1 year	Increase by 4%	Decrease by £5.3m
2022	Change in assumption	Change in scheme liabilities	Change in surplus
Discount rate	Increase/(decrease) by 0.5% pa	(Decrease)/increase by 6%	Increase / (decrease) by £8.3m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 4%	(Decrease) / increase by £5.6m
Mortality	Increase by 1 year	Increase by 4%	Decrease by £5.3m



24. PENSION BENEFITS continued**a) Defined benefit scheme** continued

The amounts recognised in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit plans are as follows:

	2023 £m	2022 £m
Present value of defined benefit obligations	(132.4)	(133.6)
Fair value of plan assets	147.9	149.1
Net pension asset	15.5	15.5
Defined benefit obligations		
Opening defined benefit obligation	133.6	197.2
Interest on defined benefit obligation	6.2	3.6
Actuarial gains and losses arising from changes in assumptions:		
Changes in demographic assumptions	(2.2)	(1.7)
Changes in financial assumptions	2.4	(68.4)
Experience (gains) / losses	(0.6)	10.3
Benefits paid	(7.0)	(7.4)
Closing defined benefit obligation	132.4	133.6
	2023 £m	2022 £m
Fair value of plan assets		
Opening fair value of plan assets	149.1	220.2
Interest income on scheme assets	6.9	4.0
Return on scheme assets excluding amounts included in net interest	(1.1)	(67.7)
Benefits paid	(7.0)	(7.4)
Closing fair value of plan assets	147.9	149.1

The experience gains and losses shown above arise from the difference between actual and expected inflation, as well as the impact of new membership data.

Scheme administration costs of £1.2m (2022: £0.7m) were borne directly by ICAEW, the year-on-year increase being primarily due to consultation concerning GMP equalisation.

Plan assets are categorised as follows:

	2023		2022	
	£m	%	£m	%
Quoted investments				
Debt securities - government bonds	28.8	19	31.1	21
Absolute return bond	18.9	13	1.0	1
Asset backed securities	17.7	12	37.4	25
Cash and cash equivalents	13.5	9	10.5	7
Unquoted investments				
Cash and cash equivalents	0.8	1		
Insurance contracts	68.2	46	69.1	46
	147.9	100	149.1	100

As part of the continued process to manage scheme volatility, the trustee has purchased three buy-in annuity insurance contracts to provide funding for certain scheme liabilities. These insurance contracts are in the name of the trustee and, as such, are assets of the scheme. The corresponding insured pension liabilities remain as liabilities of the scheme. These insurance contracts are recognised at a value equal to the value of the insured liabilities as measured in accordance with IAS 19.

24. PENSION BENEFITS continued**a) Defined benefit scheme** continued

Amounts recognised in the income statement within staff costs are as follows:

	2023 £m	2022 £m
Interest income on plan assets	6.9	4.0
Interest on defined benefit obligation	(6.2)	(3.6)
Total net interest	0.7	0.4

Amounts recognised as other comprehensive income:

	2023 £m	2022 £m
Return on scheme assets (excluding amounts included in net interest)	(1.1)	(67.7)
Actuarial losses on changes in demographic assumptions	2.2	1.7
Actuarial (gains) / losses on changes in financial assumptions	(2.4)	68.4
Experience gains / (losses)	0.6	(10.3)
Actuarial loss recognised in other comprehensive income	(0.7)	(7.9)

b) Defined contribution scheme

The defined contribution scheme provides benefits based upon contributions paid and investment returns achieved. The assets of the scheme are held in a separate trustee fund. ICAEW contributes 9% of pensionable earnings for participating employees. Employees contribute a minimum of 4%. The amount charged to the income statement during the year for these schemes was £3.7m (2022: £3.4m). Employer and employee contributions payable to the scheme at 31 December 2023 were £0.6m and £0.3m respectively (2022: £nil).

25. RELATED PARTY TRANSACTIONS**a) Transactions with subsidiary undertakings**

There is an agreement between the ICAEW Foundation and ICAEW to provide administrative services to the trusts. The total value received by ICAEW in relation to administrative services provided to ICAEW Foundation was £0.3m (2022: £0.2m). At the year end, the ICAEW Foundation owed ICAEW £nil (2022: £nil).

ICAEW made payments of £0.7m (2022: £0.7m) in the year under Gift Aid to the Chartered Accountants' Trust for Education and Research (CATER), a charitable trust aggregated within ICAEW's subsidiary ICAEW Foundation, which funds the ICAEW library and education in the field of accountancy and related subjects.

The value of international marketing support services received by ICAEW from other Group companies during 2023 was £7.0m (2022: £6.3m).

At the year-end £2.4m (2022: £2.2m) was owed by ICAEW to other Group companies and £5.4m (2022: £1.3m) was owed to ICAEW.

Dividends of £0.3m (2022: £0.3m) were declared in the year by subsidiary undertaking ICAEW Limited payable to ICAEW.

b) Transactions with associates

	JIEB 2023 £m	FAP 2023 £m	CCAB 2023 £m	CACS 2023 £m	CAW 2023 £m	Engine B 2023 £m	Total 2023 £m	Total 2022 £m
Services provided by ICAEW during the year, including grant funding	0.1	0.2	0.1	-	0.1	-	0.5	0.5
Services provided to ICAEW during the year	-	-	-	-	0.1	-	0.1	0.4
Balances receivable from associates at 31 December	-	0.3	0.2	0.1	-	-	0.6	0.5

In addition to the above, amounts totalling £5.9m (2022: £5.0m) were payable by ICAEW to CCAB for the year relating to operational costs of the FRC which are apportioned between the members of CCAB.

c) Transactions with other related parties

Transactions with key management personnel are set out in note 10.

Administration costs of £1.2m (2022: £0.7m) relating to the defined benefit pensions scheme were borne directly by ICAEW in the year.

The Group and ICAEW operating results include reimbursement of members' expenses on ICAEW activities and payments for services provided on a normal commercial basis to members and member firms for services. In 2023 these payments in aggregate amounted to £3.2m (2022: £2.9m). Of this, £0.9m (2022: £1.0m) was paid for services to member firms which have a partner or employee who is a member of Council. Expenses reimbursed to individual Council members, incurred in performance of their duties, amounted to £259,000 (2022: £211,000) in total.



26. RESERVES

ICAEW reserves policies ensure that reserves are set at a level equivalent to six months of expenditure through the income statement and for cash and investment balances to be at least sufficient to cover six months of annual expected gross cash expenditure. The balance at the end of 2023 was in accordance with this reserves policy.

Reserves comprise the following:

a) Revaluation reserve

Represents the excess of the open market valuation over the depreciated historical cost of ICAEW's historic collections and properties, net of deferred tax.

b) Accumulated fund and other reserves

Represents the retained result of the Group and ICAEW activities and comprises the accumulated fund, Chartered Accountants' Compensation Scheme and charitable trust reserve funds. In calculating the result to be taken to these reserves, account has been taken of a share of central activities costs and other indirect costs and an allocation of investment income where appropriate.

Included within ICAEW and Group reserves is £3.2m (2022: £3.2m) relating to the Chartered Accountants' Compensation Scheme. In accordance with investment business regulations ICAEW is required to maintain a compensation scheme, funded by levies on member firms authorised for investment business. This compensation scheme exists to deal with claims received about work carried out by authorised member firms under both the recognised professional body (RPB pre-2001) and designated professional body (DPB post-2001) regimes. ICAEW maintains a reserve to meet anticipated future claims. A levy was made in 2017 on licensed member firms under the DPB regime. ICAEW has reserved the right to make further levies on member firms authorised under the RPB regime before 1 December 2001 should additional funds be required.

Included within Group reserves is £2.0m (2022: £1.9m) of funds held by Legal Services Compensation Scheme Limited. These funds are held in order to be able to compensate end customers of firms authorised by ICAEW to carry out probate business in cases of malpractice or fraud.

27. CONTINGENT LIABILITIES

a) FRC Conduct Committee case costs

As a recognised supervisory body, ICAEW has a statutory obligation to reimburse the FRC for the costs incurred in relation to investigations and disciplinary action against an ICAEW member, or member firms registered by ICAEW to conduct audit work under the Audit Enforcement Procedure and the Accountancy Scheme. This obligation continues to the end of a case but the decision to progress a case to the next stage is made by the FRC on completion of the current stage of an investigation.

The estimated cost of completing the current stage of each case has been recognised in the FRC case cost provision (note 22). However, it is possible that a number of the current cases could progress to subsequent stages, and this will be determined by the FRC at the end of each stage.

The contingent liability that could arise should all cases open at 31 December 2023 proceed through all stages of the disciplinary procedure, over and above amounts already provided for, has been estimated to be in the range of £14.0m to £27.0m (2022: £16.0m to £26.0m). This is before any recovery of case costs relating to future stages from members or member firms subject to the cases. Based on past experience, the net contingent liability after allowing for an estimation of cost recoveries would be between £12.0m and £17.0m (2022: £8.0m to £14.0m).

ICAEW levies charges on its member firms in order to partially finance the costs of FRC Conduct Committee cases as they fall due.



Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 208,000 members and students around the world. 99 of the top 100 global brands employ ICAEW Chartered Accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor around 11,500 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in more than 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

[charteredaccountantsworldwide.com](https://www.charteredaccountantsworldwide.com)
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ICAEW is
carbon neutral

* includes parent companies. Source: ICAEW member data
February 2024, Interbrand, Best Global Brands 2023