

**"TOGETHER WE'RE
ENABLING A WORLD OF
SUSTAINABLE ECONOMIES"**



WHERE OUR PROFESSION MAKES A DIFFERENCE



**ICAEW
ANNUAL REPORT AND
FINANCIAL STATEMENTS 2021**

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 examinations that attract students to a globally-recognised premium qualification.

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.

"As an ACA and an ICAEW employee, I am proud of the work ICAEW is doing to encourage more diversity and inclusion within the profession."

Andrea Cook

Director, CPD & Events
Programming, ICAEW

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.

Andrea has recently been appointed Director, CPD and Events Programming



OUR HIGHLIGHTS

£141.4M

TOTAL INCOME

£33.7M

NET SURPLUS AFTER TAX

£120.2M

OPERATIONAL INCOME

£53.6M

SUBSCRIPTIONS AND FEES INCOME

£17.4M

EDUCATION AND TRAINING INCOME

£151.9M

NET ASSETS

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OUR STRATEGY AT A GLANCE



Read more: 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 161,415 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 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 will undertake this decade to achieve our key strategic outcomes:



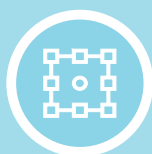
STRATEGIC THEME ONE STRENGTHEN TRUST IN ICAEW CHARTERED ACCOUNTANTS AND THE WIDER PROFESSION

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.

CHIEF EXECUTIVE'S FOREWORD



"At our core we are a people business, driven by our intellectual and relationship capital."

Michael Izza FCA
Chief Executive

The extraordinary environment of 2020 continued into 2021, and although some of our members and their organisations managed to operate effectively – and in some cases more efficiently, with the expedient digital transition of last year becoming 'business as usual' – others experienced very challenging years.

For most businesses, dramatic unpredictability, hardship and anxiety remained for most of 2021. Once again, ICAEW members were at the heart of ensuring that companies survived and recovered.

As you will read in this report, our institute has a great deal to reflect on with pride from across the year – the first full year of our 'Strategy 2030'.

One outstanding achievement was a record ACA student intake of 11,049. This marks a huge 18% increase on 2020, and 15% more than our previous global high in 2019.

This successful growth helped to boost our year-on-year operational income, to £120.2m. Our net result after tax was £33.7m, a healthy increase on 2020.

In recent years, we have also seen significant growth in our net assets, now standing at £151.9m. These strong financial foundations underpin our wider commitment to serve the public interest, equipping us to respond to fast-changing stakeholder expectations in a volatile external environment.

Money from Financial Reporting Council fines has helped strengthen our financial position over the last five years. Under the funding arrangements which apply in some cases, professional bodies are required to pay for the regulator's investigations in advance, and in return they get the money from any fines, if and when they are imposed. In one such case, relating to the Silentnight insolvency, ICAEW faced calls for the fines to be passed over to the associated pension fund. The ICAEW Board considered this matter in depth and concluded that such a donation would not be consistent with our role as set out in our [Royal Charter](#).

Like most organisations, there are times when operational conditions test us, and oblige us to re-think our approach.

In July 2021 we had significant technology issues with our ACA exam platform. This was unacceptable, and we apologise to all of those who were so seriously affected. Our students deserve better, and we will continue to do all we can to improve the exam experience.

Our [Business Systems Transformation \(BST\)](#) project to replace our back-office systems has been another major challenge, both in terms of duration and cost. The final phase has required additional investment, but when the new platform goes live in Spring 2022, it will strengthen our IT infrastructure, simplify our processes and allow us to realise our strategy.

For our staff and volunteers, operating remotely and via a hybrid working model has not always been easy, and we are looking forward to rebuilding some of our human and social capital from 2022 onwards. At our core we are a people business, driven by our intellectual and relationship capital. Our report reflects this by featuring some of the individuals that have helped our profession make a difference in 2021.

Looking ahead, we announced during 2021 that talks are underway with the [Chartered Institute of Public Finance and Accountancy \(CIPFA\)](#), to explore the potential for working more closely together in the future. The vision driving the discussions is the creation of a single strong federated professional accountancy body, with truly global reputation and reach, and equipped to serve the public interest across all areas of economic activity, including the enterprise, public and third sectors.

As we emerge from the pandemic, I want to thank our members, students and employees for their continued commitment and versatility through difficult and uncertain times. Russia's invasion of Ukraine has delivered yet another profound global shock, the consequences of which – in terms of human suffering and political and economic turmoil – can hardly be foreseen. Vigilance, resilience and flexibility will continue to be our watchwords in 2022.

Michael Izza FCA, Chief Executive

MESSAGE FROM THE PRESIDENT

My presidency began shortly after the most sustained lockdown of the pandemic in the UK. It will conclude as many countries and societies cautiously resume normal life. I have therefore witnessed a whole spectrum of working approaches, as well as the admirable adaptability displayed by so many of us.

More recently, I have been delighted to begin meeting our members and students in person once again – hearing their stories, acknowledging their achievements and learning what they value in their institute and where we could be doing more. The benefits of this face-to-face contact simply cannot be replicated over a computer screen.

One of my biggest priorities has been to promote our strategy, and the strategic foundations and themes which lie at the heart of it. This report illustrates how we are working to deliver these objectives and sets out many of the activities and developments that have happened during 2021 in our journey towards them.

Despite adverse conditions, ICAEW has made significant progress on many fronts and this progress is continuing. During 2021 our CEO Michael Izza has restructured the organisation to better address our strategy; and our membership continues to grow. There is always room for improvement and we are well aware of what still needs to be done; but in terms of its infrastructure, member services, organisational, technical and other resources ICAEW is arguably a better and more effective institution than ever it has been. [Our business systems transformation project](#) should further improve our competitiveness.

Our record intake of new members means that we are building a pipeline of finance leaders for the future, while our increased global reach through virtual events means that we are connecting with larger audiences and spreading our influence further than ever before. Through new technology, our interaction with members – and especially members internationally – is much enhanced. In terms of member cohesion, this period may prove to be the making of us.

This annual report also shows that our financial position is strengthening. This has not changed, nor will it change, our culture or priorities. Please be assured that every part of our resources, no matter where they come from, will continue to be applied in accordance with [our charter obligations](#) and in the public interest.

I would like to sincerely thank everybody who is supporting me in my role. Throughout my time here, I have sought to represent the incredible work of our members, our organisation and our profession across the world. It is an honour to be doing so.



William Brooks FCA, President

"Despite adverse conditions, ICAEW has made significant progress on many fronts and this progress is continuing."

William Brooks FCA
President



STRATEGIC FOUNDATION

BELONGING & SUPPORTING

We support our members in all facets of their professional lives, to enable them to act in the public interest and to add value to economies around the world.



"ICAEW is a globally recognised qualification, but it is so much more than that ... it unlocks continuous value, professional growth, and success."

Brian Li FCA
Co-Chief Executive,
The Bank of East Asia, Limited

161,415

MEMBERS

2%

INCREASE
YEAR ON
YEAR

Brian is an 'ICAEW
ambassador' in
Hong Kong

As in 2020, our member support functions proved critical to our members and students, as the extraordinary circumstances created by the COVID-19 pandemic continued. We continued to guide members through technological and regulatory changes, and expanded our support in areas such as sustainability and equality, diversity and inclusion. We want to help others contribute to a global recovery that is fair, sustainable and inclusive.

ICAEW COMMUNITIES

ICAEW Communities bring people together, providing information, insights, guidance and networking opportunities tailored to a wide range of industry sectors and professional specialisms. They serve as a key resource of support for thousands of members and non-members alike.

Growth

We welcomed 60,243 new subscribers into our communities during 2021 – a 52% increase from 2020. At the end of 2021, the total membership of our communities stood at 176,505.

We continued to deliver highly successful virtual events throughout 2021, which attracted larger audiences than ever from around the world.

New communities

We launched the *Black Members Community* with the aim of promoting Black talent in the profession and to support and develop our existing Black members and students throughout their careers.

We know that small businesses play an essential role in the global economy and will continue to be at the heart of the global recovery. So, the *Small and Micro Business Community* was launched in November, supporting chartered accountants who are working in, and with, start-ups and scale-ups. In less than two months, this new community had already attracted more than 1,000 members.

VOLUNTEERING

We champion *volunteering* and encourage our members and students to offer their world-leading knowledge, skills and ethics to give back and help strengthen the not-for-profit sector.

Many ICAEW members and students generously volunteer their time to help other individuals and organisations.

Our volunteers serve as chairs, treasurers, governors, trustees, and in a wide range of other positions. Sitting on boards and committees, they bring their expertise to areas where it might otherwise be lacking or difficult to resource. Some volunteer independently in their own right, but many do so directly through ICAEW.

In 2021, around 30,000 ICAEW members undertook around 35,000 voluntary roles.

Our website, *ICAEWVolunteers.com*, has been connecting charities with finance professionals looking for volunteer roles for eight years.

Our *Volunteering Community*, which is open to all to join, provides tools and information to help our members, students and others with their volunteering activities.

Trustee training

Our *trustee training modules* support those who undertake roles as charity trustees, providing guidance and advice on the legal and financial responsibilities of trustee roles, together with strategic and operational considerations.

In 2021, we made these modules free to access for all and expanded the depth of content – including introductory video presentations to each module with printable slides that viewers can take away and share with others.

We have also updated existing content, including additional information on diversity and inclusion requirements.

ICAEW Volunteers

Our members and students also play a vital role supporting ICAEW's own activities and bringing their expertise to all areas of our institute around the world.

We estimate that during 2021, our members and students volunteered around 18,000 hours of their time in local groups, such as our student and district societies, helping connect chartered accountants to the businesses and communities they serve.

Others take a more active role in shaping the future of ICAEW through involvement in [Council](#) and on our [boards and committees](#). Their technical insight and guidance enhances our influence in public policy and our reputation across the profession and beyond. Some also help strengthen the profession by sharing their experiences to attract the next generation of talent.

Our [ICAEW student societies](#) are groups of trainee chartered accountants, operating across the UK and internationally. Each student society is run by a committee made up of ACA students, volunteering their time to provide local support, events and networking opportunities.

In 2021, we inaugurated our Singapore Advisory Board (SAB), a volunteer advisory group which will advise and support the local office to implement our strategy in Singapore. The board is chaired by [Dr. Ernest Kan, ICAEW Council Member](#) for South East Asia.

ICAEW Support Members Scheme

Our members often face enormous pressures in their roles. These could be short-term pressures pertaining to specific problems, or longer-term difficulties in adapting to new ways of working or changes in their personal or professional lives.

To help them deal with these challenges, we operate a [Support Members Scheme](#).

In place for 27 years and staffed by volunteer members, the scheme provides free, confidential and non-judgemental support

to hundreds of ICAEW Chartered Accountants in difficulty every year. It is based on the premise that talking through your problems with a fellow chartered accountant can often make your problems more manageable.

Our volunteer support members offer advice and signpost resources on a wide range of topics, or just provide a listening ear to those in need. Case studies and helpsheets are also available to assist members in difficult situations.

UK REGIONS AND DISTRICT SOCIETIES

Our [UK Regions team](#), working closely with the district society volunteer networks, serves as the local face of our organisation and one through which our members access much of our support.

Regions and district society volunteers offer a wide range of events, initiatives and support to members locally, and ensure the delivery of ICAEW's strategy regionally.

Events and activities

In 2021, we worked in collaboration with the district societies to run 1,062 regional and local events across the UK. We engaged with almost 29,000 delegates, an increase of 35% on 2020 attendance figures.

We held some physical events over the summer, but the majority of activity continued to be delivered in a virtual format, both live and on-demand. This meant that we were again able to widen our geographical reach, with some members engaging with ICAEW activities for the first time, removing the logistical barriers to engagement and bringing activities to new audiences.

Working with [ICAEW Communities](#), and in line with regional and local strategy, events and initiatives were held for members advising and operating across a wide range of sectors, including aerospace and defence, charity, environmental, exports, farming, financial services, legal, retail and tourism.

ICAEW Essentials CPD Programme

Our *2021 Essentials CPD Virtual Programme* focused on core technical topics and was made available via live and on-demand sessions.

Compared to 2020, the programme saw a:

- 50% increase in the number of courses delivered
- 12% increase in delegate numbers.

The programme is now a chosen CPD provider for 17 of the 23 UK district societies.

Featuring fully revised content and brand-new courses, our *2022 programme* has now been launched and is open for bookings.

Pandemic Perspectives

Our UK-wide *Pandemic Perspectives* virtual programme, launched in 2020 in response to the COVID-19 pandemic, continued in 2021 with a further series of insightful interviews with finance leaders from organisations including BAE Systems, Marston's Brewery and Deloitte.

These informal and frank discussions, held live and subsequently made available via on-demand, focused on how senior finance leaders, their teams and the wider organisations have been impacted by the pandemic, and how they have reacted to it. In 2022, the series will reflect on post-COVID recovery.

Career stage support

UK Regions, working with the district societies, continued to focus on supporting the needs of our members throughout their careers.

The pandemic has seen a sharp increase in the need for support across all member groups. Throughout 2021, programmes of events were arranged across the UK for early career stage members, supporting them in their professional development and providing social engagement. These included *Being More Effective in Change*, *Learning to Lead*, *Owning my Career Path* and *Managing my Wellbeing*.

Retired member events have also moved to a virtual environment and have been well received, and more accessible for those in remote geographical locations. The fully virtual Life Member afternoon tea programme for 2021 saw members, hosted by then-ICAEW President David Matthews, touring Rome, Venice and the Guggenheim, New York, with official tour guides.

Regional roundtables and policy

In response to key government consultations and policy reviews, and working closely with ICAEW's Reputation & Influence team, UK Regions held a series of roundtables with local members, their practices and businesses. The objective was to provide them with a forum to voice their opinions, an opportunity to contribute to ICAEW's responses and, ultimately, to feed into central government strategy from a regional perspective.

More widely, UK Regions has also been instrumental in gathering members' insights and feedback to inform ongoing conversations with policymakers and regulators at the highest levels of local, regional and UK government.

Regional economic insight

ICAEW's *Business Confidence Monitor™ (BCM) regional reports*, which analysed the ongoing impact of COVID-19 on regional economic outlooks, were well received during the year.

The reports secured wider coverage with regional and local business media than in previous years, raising awareness of our insights among regional business networks and other stakeholders.

They also provided the content for a series of UK-wide summits, events and roundtables, arranged in partnership with the UK district societies. These sessions examined the effects of the pandemic on local economies and key sectors and were well attended by members from across industry and practice.

Kickstart Scheme online portal

In March, UK Regions launched a pilot, in partnership with The Growth Company, of an online portal to support the rollout of the UK Government's Kickstart Scheme.

The pilot was aimed at identifying opportunities for eligible 16-24-year-olds in the North and North West regions, securing them valuable work experience and essential employability skills against a backdrop of a challenging local job market.

The Kickstart Scheme grant, announced in 2020, creates six-month paid work placements for young people at risk of long-term unemployment as a result of the COVID-19 pandemic. The launch event, held virtually, attracted delegates from accountancy practices and businesses employing staff in finance roles located across both regions.

ICAEW LIBRARY 150TH ANNIVERSARY

The *ICAEW Library & Information Service* celebrated its 150th anniversary in 2021.

The library predates ICAEW by almost a decade and was originally set up by the Institute of Accountants in 1871.

We marked the occasion in various ways, including a *video feature* with our head of curation and a *feature article* on ICAEW Insights. The Members' Room in Chartered Accountants' Hall, which originally housed the library, was also refurbished.

After 18 months of closure due to the pandemic, we were pleased to resume an in-person library service from September.

During the site's physical closure, the *library enquiry service* continued to provide its services remotely, primarily responding to

member requests via email and webchat and offering a limited postal loan service. In August, we were able to reintroduce the telephone helpline, implementing a new remote access telephone system. 6,735 enquiries were handled during this period of remote working.

Across the year, the team handled 9,912 enquiries, a year-on-year increase of 2.5%.

Demand for the library's client screening service continued to increase. The service enables members to have individuals and entities checked against global risk and compliance data, to help inform risk assessments. The service received 5,455 requests in 2021 – 12% growth over 2020.

The library continues to offer a range of digital services and is currently developing a digital archive of ICAEW publications, which grew by 10,000 items in 2021.

BRINGING MEMBERS TOGETHER

Our programme of events and webinars continued at pace during 2021, with 169 community webinars and conferences, attracting over 46,000 attendees.

Our wider UK-based conference programme, including our Valuations Conference, Financial Controllers' Conference and Solicitors' Conference, attracted 763 delegates overall.

Members in **Australia** connected virtually with the UK's new Consul General and Deputy Trade Commissioner (Australia and New Zealand). She shared her goals for the next four years, the opportunities for trade and investment under the UK-Australian Free Trade Agreement and digital initiatives between the UK and Australian tech sectors.

We also held a series of online mentoring sessions with ICAEW Captains of Industry. Younger members from our **Middle East, Africa and South Asia (MEASA)**, **Greater China and Southeast Asia (GCSEA)** and **Australasia** regions joined to hear leadership insights from world-renowned members in hospitality, shipping, aviation, retail, real estate and practice.

Our **MEASA** and **GCSEA** regions jointly hosted our second International Economic Forum. The event covered the economic outlook for the Middle East, Southeast Asia and Greater China regions with a focus on sustainable economies, presented by the Chief Economist at Oxford Economics Middle East.

Our first **pan-African** event took place for ICAEW members and students, and other national accounting bodies across Africa. This event focused on how technology is transforming the profession on the continent and featured a discussion with a panel of local finance leaders. Members of other bodies in attendance included those from ICAG (Ghana), ICPAK (Kenya), ICAN (Nigeria) and ICAZ (Zimbabwe).

We established the **Cyprus** Younger Members Committee, with members spanning practice and business. The committee's inaugural event, held in October, focused on the topic of authentic leadership and was attended by ICAEW members HE Natasa Pilides, Minister of Energy, Commerce & Industry, and Evgenios Evgeniou, CEO of PwC Cyprus.

COMMUNITIES EVENTS

Personal Financial Planning Community: delivered 27 webinars and other virtual events, generating over 17,000 sign ups.

Practitioner Business Advisers Community: delivered nine virtual events and training workshops, generating more than 6,000 sign-ups.

Small Practitioners Community: delivered 18 events, leading to more than 5,000 new members joining the community during the year.

ICAEW VIRTUALLY LIVE

In 2021, for the second year running, our annual flagship conference, *Virtually Live*, took place, receiving 2,256 registrations.

Held as an entirely virtual event, it brought together our members, students and communities with experts from a wide range of

technical, business and pastoral backgrounds.

The theme for this year was 'Future focus', helping delegates consider how the pandemic will shape businesses, practices and career paths in the years ahead.

The programme covered a huge

range of topics across two days, including audit, financial reporting, career and personal development, technology, sustainability, tax, and talent and diversity.

Keynote speakers included Julie Brown (CFO of Burberry), Sir Jon Thompson (CEO

of the FRC) and Lord Karan Bilimoria.

The event is free for all ICAEW Chartered Accountants, students and members of our communities. All sessions are still available on-demand, and the full programme can be accessed [here](#).

STRATEGIC FOUNDATION

EDUCATION & TRAINING

We are committed to educating the chartered accountants of tomorrow, with a focus on future business and developing sustainable cohorts of professional leaders.

"The great thing about chartered accountancy is that you can go into almost any field - you'll never run out of opportunities."

Ashwini Poopalasingham
Junior Auditor and
ACA student

33,958

STUDENTS

7%

INCREASE
YEAR ON
YEAR

Ashwini features
in 'My ACA journey'
Student Insight series



Despite challenges posed by the pandemic, we grew our sustainable pipeline of ACA students by more than 11,000, a year-on-year increase of 15%. We continued to ensure that all students were fully supported in taking up, studying and completing our qualifications.

We continued to develop our qualifications, implementing fundamental enhancements to the ACA.

We also expanded our work to ensure that all routes to ICAEW membership remain open, attractive and accessible to all.

DEVELOPING OUR QUALIFICATIONS AND SUPPORTING OUR STUDENTS

ACA

Our [ACA qualification](#) is one of the most advanced learning and professional development programmes in the world. It is valued globally across business, practice and the public sector.

Early in the year, the first stage of our 'Future ACA' project was launched. This centred around integrating technology into the ACA and included the development of a new exam platform to improve functionality and delivery, introducing data analytics software into exams, designing learning materials for digital delivery, and further embedding ethics and technology content into the syllabus and exams.

We communicated with our students throughout the process, including via three well-attended webinars, supporting them through the changes.

In September 2021, we launched the second phase of the project, adding spreadsheet functionality to the 2022 exams, and building on the data analytics aspect already introduced. As part of the launch, we created 18 introductory videos on basic spreadsheet functions, as well as dedicated resources and updated learning materials.

Key changes to the ACA syllabus in 2021 included:

- an enhanced focus on anti-money laundering;
- further content on sustainability and climate change;
- re-introduction of statistical underpinnings to support students in the questioning of data analytics output; and
- continued development of professional scepticism by students via content and style of exam questions.

Our virtual [ICAEW Bookshelf](#) feature provides instant access to study manuals, study guides, syllabus details and skills and knowledge grids – on any device, whenever and wherever. The digital format allows students to adjust the screen colour, zoom to their preference and use the 'text to speech' or speed reader options to study in a way that best suits them.

The move from printed ACA learning materials to digital delivery is saving 262 tonnes of paper per year.

Exam support

Throughout 2021, we continued to support students in the lead up to exams via email and social media. The launch of the [Exams Systems Status](#) page in 2020 proved popular and became the go-to place for updates in 2021, receiving more than 47,000 page views across the year.

New exam resources across all ICAEW CFAB exams as well as the ACA Certificate, Professional and Advanced Level exams were produced, in collaboration with our Partners in Learning. The resources introduce each exam to students, provide tips for success and guidance should they need to retake an exam, and offer a dedicated webinar on each exam.

New exam platform challenges

From 2015, the Professional and Advanced Level exams were phased onto an online platform, to help replicate the workplace. The Case Study was the final exam to be migrated in July 2019. The technology (Adobe Flash) for these exams ceased to be supported at the end of 2020 and a new platform was sourced for all exams from March 2021 onwards.

We had planned to introduce the ability for students to sit their exams via remote invigilation in 2023/2024, but as a result of the pandemic, to enable students to remain on their exam pathway, remote invigilation was introduced in 2020.

In 2021 we developed and tested the new exam platform, redeveloped remote invigilation for use on the new platform, developed and delivered digital learning materials and enabled access to the data analytics software in the Audit and Assurance and Corporate Reporting exams.

As a result of lockdown, all UK exams were delivered remotely in March 2021.

The new platform was introduced against the backdrop of the pandemic and associated restrictions, with no option to delay due to the expiry of the technology underlying the old platform.

The new platform was tested as robustly as possible, given the restrictions, before launch. Some issues were initially experienced with the new data analytics software, but these were resolved within the first three months.

Regrettably in July, we experienced some fundamental issues, primarily affecting the Case Study exam. The size and sophistication of the July Advanced Level exams overwhelmed the platform, with servers unable to process simultaneously all the required data through the cloud. Unfortunately, this resulted in the

Case Study exam being paused 30 minutes before the end for more than 960 students, as well as causing issues in other exams.

We are extremely sorry to all of those affected: this is far from the experience we want to deliver or that our students deserve.

We worked with our examiners, markers and the regulator to compile an assessment strategy, to ensure those students that had been affected were not penalised.

We commissioned an external review immediately – of both the technical issues and our end-to-end business processes – and have since worked collaboratively with our exam delivery partners to deliver and test fixes for the system problems identified. This resulted in successful exam sessions in September, November and December.

We have also implemented new processes for both internal and external communications. This includes a new internal process to ensure that key information can quickly reach teams who directly support our students, employers and tuition providers. It also includes regular updates throughout live exams and more opportunities for students, employers and tuition providers to interact with us directly through webinars and live briefings. We have also widened our internal support team in order to resolve live issues for students more rapidly.

We are still working to resolve an issue for remote invigilated exams, which we highlighted to students before the November exam session. We secured additional capacity at our assessment centres and encouraged those students booked via remote invigilation to transfer to an assessment centre, to ensure the best possible experience. We continue to investigate, review and test the software to ensure that students and all stakeholders have the high-quality exam experience expected from ICAEW.

The issues experienced in July will have added significant pressure for students, at a vital time in their career journey and the experience simply wasn't good enough. We continue to do everything we can to improve the experience.

Student dashboard

At the end of June 2021, we launched a new student dashboard, providing students with direct access to their training file, and the ability to book an exam, go to their ICAEW Bookshelf, access support and receive notifications.

Student Insights

[Student Insights](#) remains popular with ICAEW CFAB and ACA students, receiving more than 50,000 page views in 2021. It includes interviews with students and articles on a diverse range of topics such as motivation, time management, retaking exams and how the ACA can benefit your career.

Celebrating success

Top-performing ICAEW students from around the world celebrated their exam success at a remote prizegiving ceremony in May. The live virtual ceremony recognised the achievements of students who studied for the ICAEW CFAB and ACA qualifications and the Level 4 Accounting Technician Apprenticeship in 2019 and 2020. In total, 278 awards were achieved by 215 prize winners from nine countries.

ATTRACTING AND BUILDING FUTURE TALENT

Global Employer Conference

In May, we held our inaugural [Global Employer Conference](#) to discuss the key challenges and opportunities facing employers. Joined by 50 panellists from across the globe, topics included recruitment trends, mental health and wellbeing, technology, sustainability and inclusive recruitment.

Across three days there were 14 sessions and seven hours of panel discussions, with more than 650 people from 28 countries joining live. All sessions are still available to view on-demand and blog content was created to share insights from the event.

Virtual Global Skills Conference

Our second [Virtual Global Skills Conference](#) was held in September, featuring speakers from across the world offering their insight on skills and career development. The event received over 4,900 registrations from 11 countries – a 30% increase from 2020.

Work experience

During the UK Easter and summer holidays, we ran two virtual work experience weeks for Year 12 students (S5 in Scotland), providing them with a chance to explore the career options available within accountancy. In addition, we also facilitated virtual internships with Moore Kingston Smith.

ICAEW student recruitment marketing

Our 2021 student recruitment marketing campaign generated 3.5m impressions and a 45% increase in traffic to our [Find your Route](#) webpage compared to 2020. The audio ads, designed to increase brand awareness, aired on Spotify and YouTube and generated almost 1m impressions.

We also established new channels, launching our first ever TikTok campaign in partnership with three carefully chosen influencers. This resulted in over 2m views and an organic engagement rate of 16%, which is 10% higher than the average rate for the platform.

Our graduate brochure won the Times' 'Best Graduate Recruitment Brochure' award and 'Best Print Collateral' at the Recruitment Marketing Awards, beating McLaren Racing and BP.

ICAEW PATHWAYS

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

Although the UK continues to be the largest single Pathways market, global Pathways submissions have increased by 77% since 2018, with a third of these coming from the South Asian region. We have now welcomed candidates from over 30 countries who work across a range of accounting and finance areas.

In 2021, we welcomed 541 new members into ICAEW via our Pathways route, which is a 60% increase from last year. This significant growth has mainly been driven by an increase in submissions from Pakistan, India and the Middle East.

AGREEMENTS AND COLLABORATIONS

In 2021, 856 new members joined ICAEW via our [reciprocal membership agreement with the Hong Kong Institute of Certified Public Accountants \(HKICPA\)](#).

We signed a Memorandum of Understanding with the Institute of Chartered Accountants of **Nepal** (ICAN), extending our recognition agreement to allow their members to join ICAEW via the top-up exam route.

We established strategic partnerships with Singapore Management University (SMU) and City Academy (PIL) in **Singapore**, and University Malaya (UM), University Sains Malaysia (USM) and Multimedia University (MMU) in **Malaysia**. These partnerships offer students with, or studying towards, an academic qualification unique options and pathways towards ICAEW qualifications.

In **Mauritius**, we launched the [PwC Flying Start](#) programme, beginning February 2022, in collaboration with PwC Mauritius and Curtin University. Recruited students will complete a four-year degree in BCom Accounting and Finance while gaining paid work placements at PwC. The programme will run annually, attracting talented students and providing us with a strong pipeline of future members.

ICAEW was awarded the contract to review a new education scheme for the Institute of Chartered Accountants in **Pakistan** (ICAP).

In **Sri Lanka**, we continued to grow the Joint Student and Membership Scheme together with the Institute of Chartered Accountants of Sri Lanka (CASL). The largest firms have endorsed the scheme and invited us to promote this route to their CASL trainees via a series of webinars. Since launching the scheme in 2020, we have increased student numbers five-fold. Many students are now eligible to sit exams and are expected to be eligible for joint membership by 2023.

We continue to work with the Institute of Certified Public Accountants of **Greece** (SOEL) on qualifications to enable ACA training to continue in Greece post-Brexit.

We took steps to secure ACA admission to the Institute of Certified Public Accountants of **Cyprus** (ICPAC) and access to audit rights in Cyprus as part of a transitional arrangement post-Brexit, pending a permanent solution.

In **Bulgaria**, we introduced an ACA Student Scholarship Programme for the top-scoring accountancy students at two universities - University of National and World Economy (UNWE) and Sofia University. This will help develop a strong pipeline of ACA students for Bulgarian firms.

We also signed a memorandum of recognition with the Institute of Certified Public Accountants in Bulgaria (IDES), allowing ACA students exemptions towards the local qualification.

We remain very keen to secure a mutual recognition agreement with US IQAB, representing US CPAs. Work continues on this, including understanding how the US qualification is evolving under its new syllabus for 2024.

EVENTS

In **Indonesia**, we hosted lectures for hundreds of accounting students at both the University of Indonesia and Parahyangan Catholic University, on the topics of safeguarding against cyber threats and how future professionals can mitigate climate change respectively. Also in Indonesia, we held a joint career webinar in collaboration with Universitas Brawijaya, which was attended by close to 1,000 accounting students from Indonesian universities.

We continued to host our annual work placement event in **Malaysia**, which saw 100 students meeting up with our top 15 employers to secure training agreements and internships.

Our annual **China** and **Southeast Asia** Business Challenge continued virtually and was attended by students, Partners in Learning and staff from leading universities across the region.

In **Singapore**, we hosted seven local Business Case Challenges at top universities and polytechnics with the support of members and Authorised Training Employers, attended by more than 1,300 accounting and business students.

Excel training sessions were held which attracted hundreds of students and younger members based in the US, UK and MEASA and GCSEA regions.

ICAEW FOUNDATION

Our members' charity, [ICAEW Foundation](#), continued to change lives in 2021.

The Foundation supports the next generation of professional chartered accountants by providing bursaries to talented young people from low socio-economic backgrounds.

Bursary programmes

Since inception, [ICAEW Foundation's Changing Futures](#) bursary programme has funded 61 undergraduate students of accountancy and finance in universities across the UK, and in Hong Kong and Cyprus.

Our [Building Futures](#) bursary programme, for students of new professional accountancy qualifications in Malawi, Ghana, Cambodia and Lesotho, has allocated funds for 120 bursaries.

New bursaries

We announced new bursaries for talented students from financially challenged backgrounds to undertake accountancy and finance degrees with 10 universities:

- Alliance Manchester Business School
- Birmingham City University
- City University
- London South Bank University
- PA College in Cyprus
- Queen Mary University
- Royal Holloway University of London
- The Chinese University of Hong Kong
- The University of Lincoln
- University of Bristol.

Mentoring programme

This year we extended our UK-based study, career and wellbeing mentoring programme, [Mentoring Matters](#), to students who applied for but were unsuccessful in obtaining one of our bursaries. The programme aims to support each individual student's wellbeing and help them on their study journey, as well as offering them future career advice and guidance. It is run in conjunction with Deloitte and has received extremely positive feedback since its launch in 2019.

Other developments

In 2021, [ICAEW Foundation](#) became a member of the [Association of Charitable Foundations](#) and a signatory to the [Funder Commitment on Climate Change](#).

We also funded the purchase of laptops for students of the ICA Malawi qualification, to avoid digital exclusion and give them the best opportunity to access study materials and undertake exams online.

Read more: Hear about the difference the Foundation has made to students around the world and how you can donate at icaew.com/foundation

STRATEGIC FOUNDATION

REPUTATION & INFLUENCE

We seek to influence globally across business and professional activity in areas where our voice can make a substantive contribution.

"A greater public interest orientation in corporate reporting and auditing recognises that limited liability is a privilege - granted by society."

Dr Yasmine Chahed

Visiting Research Fellow, Alliance
Manchester Business School

65+

PROJECTS IN
30+ COUNTRIES
SINCE 2007

Yasmine has worked with us on our response to the UK Government White Paper on audit reform. She was also a member of the Brydon review team



The knowledge, skills and ethics of ICAEW Chartered Accountants continue to underpin economies around the world. Our members moved from protecting and sustaining businesses in 2020, to playing a key role in their recovery as societies began to re-open during 2021.

We continued to exert our influence in the public interest, informing and guiding public policy and helping others to identify and understand emerging challenges and opportunities.

PUBLIC POLICY

Ministerial and parliamentary engagement

Throughout 2021, we continued to represent the views of our members at the highest level.

As the economic recovery began, we discussed business support with UK Government ministers, sharing our members' experiences. This included meetings with the Prime Minister, the Business Secretary and the Minister for Investment. We also held virtual parliamentary events involving ICAEW member MPs.

We continued to provide evidence to parliamentary select committees. Members of our Tax Faculty gave oral evidence to the Treasury Select Committee regarding the economic impact of COVID-19 and the future of the tax system post-pandemic, as well as to the Lords Economic Affairs Finance Bill Sub-Committee on basis period reform and notification of uncertain tax treatments.

Brexit

As the UK formally left the European Union at the end of 2020, new rules came into effect at the beginning of 2021.

We continued to update our [Brexit hub](#) to help members navigate the changes in trade, regulation and other areas, receiving high levels of engagement on important topics which required clear messaging and guidance.

Articles and guides on tax, customs processes, supply chains, cashflows and financial reporting were uploaded to the hub throughout the year as the situation developed and new challenges emerged.

UK Government Trade Advisory Group

Our Chief Executive, Michael Izza, was invited by the UK Department for International Trade to join the Trade Advisory Group (TAG) for professional advisory services.

Each TAG covers a specific sector of the economy, with a purpose to provide ministers and officials with ready access to strategic and technical expertise to support the UK Government's global trade negotiations.

On the professional advisory services TAG, Michael sits alongside senior leaders from large legal and accountancy firms, the UK Law Societies, the Bar Council, the Royal Institute of Chartered Surveyors, the City of London Corporation and the ACCA. Topics covered by this TAG during 2021 included the free trade agreement with the EEA EFTA states and the UK-Singapore Digital Economic Agreement. Within the forthcoming free trade agreements with Australia and New Zealand there are significant provisions for professional services, and the TAG has been tasked with considering routes to the mutual recognition of professional qualifications.

Professional Qualifications Bill

Following publication of a new proposed framework for UK recognition of global professional qualifications, which has the potential to impact how our members are regulated, we supported members of the House of Lords in scrutinising the draft Bill.

We also engaged with the Department for Business, Energy and Industrial Strategy (BEIS) specifically on strengthening regulatory autonomy and consultation within the legislation, with government amendments introduced at the Bill's Report Stage in the House of Lords.

This legislation affects us in our role as a regulator, for Public Interest Entity and local audit, insolvency, probate and administration of oaths.

We have also discussed with government, opportunities to leverage the Bill to improve the process for agreeing Mutual Recognition Agreements with peer institutes around the world.

National Security and Investment Act

In December, we hosted the launch of the UK Government's National Security and Investment Act at Chartered Accountants' Hall.

The Act marks a step-change in the regulation and conduct of many merger and acquisition, private equity, infrastructure investment, venture capital and capital markets transactions involving UK businesses, across 17 specified industrial sectors.

With government estimates that up to one-third of deals could be affected, it is hugely relevant to our members, in particular our 30,000 members involved in corporate finance transactions.

The launch event featured a keynote speech by Lord Callanan and was the culmination of our Corporate Finance Faculty's work on this important piece of legislation.

Throughout the year, we have continued to engage with BEIS on the passage of the Bill through Parliament, meeting with ministers, sharing our members' views and joining the department's National Security and Investment Expert Panel.

Making Tax Digital (MTD)

The policy framework for [MTD](#) relating to income tax self-assessment (ITSA) is now law. However, we are pleased to report that following our considerable consultation and discussion with HMRC and others, the start date has been put back to April 2024 to allow time for a more considered implementation.

We continue to call for changes to the requirements of [MTD](#). While we support digital record-keeping, we remain opposed to mandatory quarterly reporting, on the basis that for many businesses it will add to their costs and administrative burden, with little or no benefit.

Our [Tax Faculty](#) meets regularly with HMRC to discuss developments and met with the Financial Secretary to the Treasury to explain our concerns.

Tax administration framework review

We [responded](#) to the initial call for evidence to HMRC's 10-year review of tax administration.

As part of this, we identified three fundamental building blocks that must be put in place to underpin tax administration and facilitate wider future changes:

- A single identifier for individuals – the Office of Tax Simplification has suggested extending National Insurance numbers to all that require them to interact with the tax system.
- Registration, authentication and authorisation of agents – HMRC needs funding to develop a single system for registering, authenticating and authorising agents to provide a firm base for developing digital services for agents and to facilitate its work on agent standards.
- Establish Income Tax, National Insurance contributions and Capital Gains Tax liabilities in a single system to support a single view of liabilities.

The UK Government subsequently published a summary of responses in November, promising a roadmap for future consultation to support incremental reform. We expect further discussion on these issues as the timetable emerges.

Tax Faculty lectures

Two set-piece lectures – held by our Tax Faculty – during 2021 debated forward-looking changes to the tax system:

[The Wyman Symposium 2021](#) – examined perspectives on changes to the end of the tax year, attracting 264 registrations.

[The Hardman Lecture 2021](#) – focused on *Tax and Technology: Opportunity, Threat or Big Brother?* The lecture attracted 382 registrations.

UK Government Budget Statements

Ahead of both the Spring and Autumn Budget Statements, our Chief Executive, Michael Izza, wrote to the Chancellor of the Exchequer.

In his [autumn letter](#), Michael highlighted the role of ICAEW and our members as trusted partners in creating local prosperity, driving social mobility and delivering the government's levelling up and net zero ambitions.

This was accompanied by submissions from our Public Sector team to the Chief Secretary to the Treasury, and from our Tax Faculty to the Financial Secretary to the Treasury.

All our reactions to and analysis of the Autumn Budget can be found in the dedicated [Autumn Budget 2021 ICAEW Insights hub](#).

Party conferences

In 2021, we had physical representation at both the Conservative and Labour conferences, which provided some of the first opportunities since 2020 for face-to-face meetings with key stakeholders.

We also attended the Liberal Democrat conference, which took place virtually.

THOUGHT LEADERSHIP

Our [thought leadership](#) tackles existing issues in new ways and addresses emerging ones imaginatively, to inform and engage our members and the wider business community.

We seek to raise challenging questions, drive discussion and express informed opinion on the big issues that matter to everyone, but which also hold specific relevance to the accountancy profession and align with our strategy.

The content is delivered in a variety of ways, including videos, blogs, webinars, podcasts, reports, and representations at conferences and workshops.

During the year we developed a new [thought leadership hub](#), bringing together our work in one place.

Some of the 2021 highlights include a roundtable debate exploring [Maintaining an Ethical and Supportive Culture During Remote Working](#); an examination of *The Impact of Hybrid Working on Control Environments and Firm Culture*, our report, [Developing a Meaningful Audit and Assurance Policy](#), and our [Information for Better Markets Conference](#), which this year explored areas of financial reporting that have been put in the 'too difficult' box and asked what the next big accounting issues could be.

We also launched our [Environmental, Social and Governance \(ESG\) risk webinar series](#).

This series examines the risks and opportunities of environmental, social and governance issues in financial services. Topics include understanding planetary health through to risk modelling and management, data complexity and relevance, and the assurance of reported ESG information.

CAPACITY BUILDING

Our [international capacity building](#) work grows out of our commitment to the sustainable development of robust and independent national accountancy professions.

Through funding from donor organisations, we work with professional accounting bodies, regulators and government departments to provide practical assistance and mentoring to build the capacity of national professions.

While progress has been impacted by pandemic-related travel restrictions, our capacity building activity is now achieving considerably more online.

During 2021, we worked on projects across 12 countries:

- Botswana
- Cambodia
- Georgia
- Iraq
- Kyrgyzstan
- Lesotho
- Malawi
- Malaysia
- Nepal
- Samoa
- Saudi Arabia
- United Arab Emirates

Since 2007, we have worked on more than 65 projects in over 30 countries across Asia, Africa, Europe and the Middle East.

In 2021, we signed an agreement with the Iraq Union of Accountants and Auditors (IUAA), to prepare a three-year strategic plan and develop their current professional qualification. The signing event was attended by representatives of the Iraq and UK Governments, donor agencies and the accountancy profession.

We were also awarded a contract by the Asian Development Bank (ADB) to develop quality assurance capacity in Armenia and the Philippines. This is an area of capacity building expertise for us and builds on ongoing similar projects with ADB in Cambodia, Georgia, Nepal and Samoa that began in 2015.

Read more: icaew.com/icb

AGREEMENTS AND COLLABORATIONS

In 2021, we led an initiative within CFE Tax Advisers Europe to produce a major discussion paper, *Professional Judgment in Tax Planning: An Ethics Quality Bar for All Tax Advisers*.

This has attracted wide stakeholder interest, including from the European institutions, as well as engagement with IESBA.

We are proud to be the only international professional body invited to join two National Advisory Committees set up by the Ministry of Education and Training in **Vietnam**. The committees will develop higher education programme standards for finance and accounting and develop the ASEAN Qualification Reference Framework's referencing report of Vietnam. Other representatives on the committees include the Ministry of Education and Training, the Ministry of Finance, local professional bodies and senior leaders from top universities in Vietnam.

Also in **Vietnam**, we signed an MoU with the Ministry of Finance to support capacity building and talent development of the accountancy profession in the country. A key objective of the MoU is for both parties to jointly map Vietnam's training programme for the IFRS certification.

We renewed our agreement to collaborate with the **Indonesian** Institute of Certified Public Accountants (IICPA), which was followed by a joint panel discussion on the topic: *Improving Audit Quality and Culture During COVID-19 and Beyond*.

In August, a new think tank, the Association of **Hong Kong** Accounting Advisors (AHKAA), was created to build solidarity in the industry. Senior ICAEW members have been invited to join this new group, which will serve as a bridge for the industry between Hong Kong and China.

In **Iraq**, we signed an agreement with the Iraq Union of Accountants and Auditors, committing our organisations to work together to help rebuild the accountancy profession in Iraq and build foundations to support the country's economic growth. The ceremony was attended by the Iraqi Ambassador to the UK, and the Executive Chairman of the Iraq Britain Business Council and Prime Minister's Trade Envoy for Iraq.

In **Saudi Arabia**, we signed a Memorandum of Understanding with the Saudi Organization for Chartered and Professional Accountants (SOCPA), committing both organisations to develop the accountancy profession in the Kingdom. The agreement was signed in the presence of the Saudi Minister of Commerce and Acting Minister of Media, then ICAEW President David Matthews and SOCPA's Secretary General.

GLOBAL EVENTS

During April, we held a joint webinar with ShineWing International, a global network of independent accounting and consulting firms, to mark its **Indonesian** firm's approval as an ICAEW Authorised Training Employer. The webinar was attended by around 500 delegates from across the region.

We held a joint webinar with the **ASEAN** Federation of Accountants (AFA) and Ikatan Akuntan Indonesia (IAI), on the topic *Green and Sustainable Finance: Now and Beyond*, which was attended by close to 300 participants from the region.

We hosted ICAEW **China Women in Finance Network** events for members and key stakeholders at the residence of the British Ambassador to China in Beijing and former British Consulate in Shanghai respectively.

We collaborated with the British High Commission and the British-**Malaysia** Chamber of Commerce (BMCC) on a series of events. This included a panel session during Malaysia Climate Action Week, moderated by our Director of Sustainability, in which leaders of energy organisations discussed how their businesses are accelerating the transition to sustainable energy.

In November, we participated in the **ASEAN** Federation of Accountants (AFA) 22nd Annual Conference. The event attracted some adverse attention after the Myanmar Auditor General (AG) was invited to speak at the virtual event. Activist group Justice for Myanmar launched a social media campaign criticising the involvement of global accountancy bodies and a number decided to withdraw their support. ICAEW expressed our disappointment and concern to AFA and MICPA that the AG's involvement risked undermining the non-political and non-partisan basis of the Federation's work. After careful consideration, we - alongside IFAC - decided to continue our participation in the event as we believed it to be an important part of AFA's work to develop and promote the accountancy profession in the region.

Our inaugural **Greater China & Southeast Asia** regional women's forum, marking International Women's Day (IWD) with the theme of #ChooseToChallenge, gathered leaders and entrepreneurs from across different professions to discuss diversity and inclusion, leadership in today's digital age and the evolving role of women in business.

We held three ICAEW Economic Forums, our flagship events to keep members and stakeholders updated with the latest economic outlooks in their regions. These events highlight regional trade developments and key trends influencing economies, presented by lead economists at Oxford Economics. We also held economic update events in North America and Australia, working with local economists.

In the UAE, we co-hosted a panel session with the UAE Ministry of Economy and the Accountants & Auditors Association (AAA) to discuss the role of chartered accountants in managing and mitigating the risk of money laundering. As the UAE seeks to strengthen the integrity of its financial system, we collaborated to help organisations comply with their anti money laundering (AML) obligations and adhere to financial crime legislation.

For members in **Australasia, the US, Canada, Caribbean** and **Latin America** we arranged virtual sessions on *Keeping up-to-date on UK tax for ICAEW members in ...* These were well received and will be repeated in 2022.

In **Hong Kong**, we ran a CPD soft skills series to support our growing younger membership. Topics included building resilience, being assertive and developing persuasion and influencing skills.



ICAEW AS A REGULATOR

Our mission as an improvement regulator is to strengthen trust in ICAEW Chartered Accountants and firms. We do this by enabling, evaluating and enforcing the highest standards in the profession.

"The IRB's objective is to ensure that ICAEW's regulatory and disciplinary work is carried out in the public interest."

Philip Nicol-Gent
Chair, ICAEW
Regulatory Board

STATUTORY APPOINTMENTS AND RESPONSIBILITIES

ICAEW is:

- the largest recognised supervisory body (RSB) for statutory audit in the UK, registering 2,458 firms and 6,811 responsible individuals under the Companies Act 2006;
- the only recognised supervisory body (RSB) for local audit in England, registering nine firms and 98 key audit partners under the Local Audit and Accountability Act 2014;
- the largest recognised professional body for insolvency regulation in the UK, licensing 840 (of the total 1,570) insolvency practitioners under the Insolvency Act 1986;
- a designated professional body (DPB) under the Financial Services and Markets Act 2000, licensing 1,860 firms to undertake exempt regulated activities;
- the largest accountancy professional body supervisor in the UK recognised by HM Treasury for the purposes of the Money Laundering Regulations 2017, supervising around 11,000 firms; and

- an approved regulator and licensing authority for probate under the Legal Services Act 2007, accrediting over 340 firms to carry out this reserved legal activity.

Data is correct as at 31 December 2021.

NON-STATUTORY ASSURANCE SCHEMES

In addition, ICAEW supervises the work of ICAEW firms and members through the following non-statutory assurance schemes:

- **Licensed Practitioner Scheme:** Over 310 firms are now accredited to perform ATOL returns work for ATOL Reporting Accountant work, in a scheme set up by ICAEW for the Civil Aviation Authority (CAA) for the licensing and monitoring of ATOL returns work;
- **Practice Assurance Scheme:** Around 12,000 firms are subject to periodic inspections to monitor compliance with Practice Assurance Standards including complaints-handling, AML compliance and the handling of client money.

PROFESSIONAL STANDARDS DEPARTMENT (PSD)

ICAEW's regulatory work is carried out by our Professional Standards Department (PSD). This work is separated through internal governance arrangements from ICAEW's other activities so that we can monitor, support or take steps to ensure change if standards are not met.

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.

PSD's strategy

PSD's mission is to act as, and be regarded as, an effective improvement regulator, working to strengthen and maintain public trust in ICAEW firms and ICAEW Chartered Accountants by:

Enabling

We enable firms through education

As an improvement regulator we enable our firms and insolvency practitioners (IPs) to raise standards through education. Our approach is to provide guidance to help firms and IPs maintain the highest professional standards that we and the public expect of them.

In 2021, we continued to develop and provide this guidance in many forms including monitoring reports, AML thematic reviews, webinars, videos, help sheets, checklists and the creation of our third educational drama film, *All Too Familiar*, which launched in March 2022 and is being made available free of charge to all firms we supervise for AML together with training materials. All these resources are available for our firms and IPs at [icaew.com/regulation](https://www.icaew.com/regulation).

Evaluating

We evaluate the quality of work or compliance with rules through monitoring

All ICAEW-supervised/regulated firms and IPs are monitored to ensure they meet the expected requirements and standards and abide by the regulations and ICAEW Code of Ethics.

In 2021, the Quality Assurance Department (QAD) achieved 100% of the review targets set by our oversight bodies. The overall total of 2,500 monitoring reviews included many reviews carried out as part of our expanding number of assurance outsourcing contracts with bodies such as AAT, CAI, ICAS and the IFoA, and

Enforcing

We enforce through regulatory action and disciplinary proceedings

Where necessary, we take regulatory or disciplinary action against firms, members, affiliates and students where they fall below the standards

expected of them in their conduct or competence.

During 2021, we received 948 new complaints, which was a small decrease compared to 2020 (976). During the year, a new Special Investigations team was created within Professional Conduct, where case managers deal exclusively with more complex and sensitive matters.

2021 also saw continued use of the new processes introduced by the ICAEW Regulatory Board (IRB) to make our disciplinary work more efficient. This included the issuing of fixed penalty notices (29 in 2021 v 45 in 2020), fast-track referrals to the Disciplinary Committee for serious conviction complaints and the settlement of matters between an Investigation Committee referral and Disciplinary Tribunal hearing.

In fulfilling the 3Es, we ensure ICAEW firms, IPs, Chartered Accountants and students uphold the highest standards and act in the public interest.

View the strategy in more detail at [icaew.com/improvementregulator](https://www.icaew.com/improvementregulator)

ICAEW REGULATORY BOARD (IRB)

The work of PSD is overseen by the IRB, which was formed in 2016 and which comprises 12 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 copies of all inspection reports produced by ICAEW's oversight regulators on PSD's performances and monitor to ensure implementation of any recommendations.

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

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 (biennially)
- Legal Services Board (annually).

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

PSD's work is also the subject of onsite delegated powers' reviews by representatives of all of our regulatory and disciplinary committees, checking matters which were not reported to them to ensure that they were dealt with appropriately and within agreed criteria.

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.

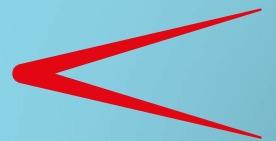
For further information on all of our regulatory functions and developments during 2021, visit [icaew.com/regulation](https://www.icaew.com/regulation) and link through to it.

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

WHERE INTEGRITY FOSTERS TRUST

"Objectivity and integrity
are core ethical values of
chartered accountants.
This includes the way in
which we, as a profession,
manage our AML
responsibilities."

Angela Foyle FCA
Head of Risk Management and
Economic Crime, BDO Global Office



Read more at: [icaew.com/technical/trust-and-ethics/
anti-money-laundering](https://icaew.com/technical/trust-and-ethics/anti-money-laundering)



Angela is Chair of
*Accountancy Europe's
Anti-Money Laundering
Working Party*

STRATEGIC THEME ONE

Strengthen trust in ICAEW Chartered Accountants and the wider profession

In 2021, we continued to contribute to fundamental reform of audit and corporate governance in the UK, sustain confidence in the continuing excellence of our members, and establish ICAEW Chartered Accountants as key partners in combatting economic crime.

AUDIT AND CORPORATE GOVERNANCE REFORM

The UK Government's White Paper, *Restoring Trust in Audit and Corporate Governance* (published in March), proposed the most fundamental change to UK corporate governance in a generation, with major implications for our members, students, member firms and the wider economy.

Crafting our response

We undertook the biggest consultation exercise in our recent history to ensure our [response](#) to the UK Government's White Paper was robust and grounded in evidence. The ICAEW Regulatory Board also submitted a [separate response](#).

This brought together the views of our Board, Council and committees, along with members across our district societies and those in business and in audit and corporate reporting.

Roundtables were held with our business and practice members in the West Midlands and Manchester, and were joined by Lord Callanan, Minister for Business, Energy and Corporate Responsibility, to discuss the impact of the proposed measures for regional economies.

We also met with ICAEW member MPs and peers to discuss the proposals.

Overall, we produced 28 articles, webinars and podcasts – gathered together on our [audit reform hub](#). Content was delivered through our daily member emails to inform members and elicit feedback for our response. We also highlighted to media the major points from our submission, resulting in articles across UK national press.

Our position

We strongly support efforts to reinforce UK audit and corporate governance. Reform should reinforce the UK's comparative position in the global economy and ensure that all stakeholders can continue to rely on high quality, focused, transparent and reliable information.

'Reinforcing' rightly suggests strengthening rather than completely rebuilding. We want to work proactively with government, business and the regulator to address weaknesses, while enhancing the UK's global reputation as a place to raise capital and investment, and use the soft power of our professional services.

"ICAEW is a force-multiplier for my firm and for other mid-tier firms; enabling us to reach opinion-formers and legislators which would be next-to-impossible for us, trying to do it ourselves."

Dr Tom McMorrow MBE

Director of Policy,
Regulation and Ethics, RSM

Tom is Secretary to the Group A firms and helps to facilitate the 'voice of the challenger firms' into the Audit reform debate



We stated in our response that a systems-wide approach to reform was needed. Specifically:

- Government should establish the Audit Reporting and Governance Authority (ARGA) as soon as possible and focus its remit on encouraging improvements in corporate reporting and audit. The regulator should not be given wider powers which undermine and threaten its ability and capacity to improve those core areas.
- Directors of public interest companies should be accountable for high standards; this would drive up standards and would make real improvements against the risk of fraud and unexpected corporate failure, as well as reduce the risk of capital.
- The core audit could be reinforced through the Audit & Assurance Policy, designed to address investors' wishes to seek greater assurance over areas such as adaptation to climate change.
- Extending the Public Interest Entity regime too far would not capture the right companies and would risk overwhelming the system, putting strain on the capacity of the new regulator and setting it up to fail before it had even begun, as well as undermining competition and resilience in the audit market.
- Establishing a separate professional body for corporate audit would be duplicative, costly, distracting and compromise UK competitiveness and soft power.

You can read our full response [here](#).

Further engagement

We have continued to engage with government and the regulator, including convening and leading meetings to discuss the costs and benefits of such reform, and highlighting our position to the media.

Following submission of our response, we chaired a further roundtable with ICAEW member firms and government stakeholders to explore the impact of the proposals on UK businesses.

Sir Jon Thompson, Chief Executive of the Financial Reporting Council, and Lord Callanan also gave keynote speeches at ICAEW's Financial Reporting Faculty/Audit and Assurance Faculty virtual conference on audit reform and sustainability reporting.

BEIS will provide a response to the consultation in 2022 and propose legislation to enact its preferred options. ICAEW will remain at the heart of the debate to ensure our members' views are heard.

Additional reading

Our [audit and corporate governance reform hub](#) brings together our technical analyses, reports and articles.

Our ICAEW Insights specials hub – [Restoring Trust in Audit and Corporate Governance](#) – brings to life discussion around the consultation and an exploration of what the restoration of trust means, through podcasts, videos and articles.

ECONOMIC CRIME

Economic crime is causing increasing disruption to all of our personal and professional lives, growing both in frequency and sophistication. Chartered accountants are on the front line of detecting and reporting suspicious activity – and thus helping to prevent such crime.

In 2021, we increased our focus on this critical area.

Accountancy Sector Fraud Charter

We signed up to the new [Accountancy Sector Fraud Charter](#), developed in conjunction with the Home Office.

The charter contains four main actions to be delivered in collaboration between the accountancy profession, government and law enforcement agencies. These are:

- to improve information and intelligence flows, specifically a fraud threat assessment for the accountancy sector;
- to improve education around fraud via a fraud awareness toolkit, of which ICAEW is leading the development;
- to enhance Companies House data and associated vulnerabilities; and
- to increase fraud awareness among businesses and the public.

With similar charters published for other sectors, our Managing Director, Reputation and Influence, Iain Wright, represents the accountancy sector on the UK Government's Joint Fraud Taskforce Board.

AML: The Basics

We worked with IFAC to produce an educational series about anti-money laundering. [AML: The Basics](#) has six instalments covering what money laundering is and how criminals might seek to use chartered accountants to clean their dirty money.

This series was very well received and is being promoted by our professional standards monitoring teams as a resource for firms to train their staff on money laundering. The series has also received international attention and requests to be translated into other languages.

Economic Crime Manifesto (as part of CCAB)

In collaboration with the CCAB bodies, we developed an [Economic Crime Manifesto](#), detailing areas that government should prioritise to ensure that the UK maintains and builds its resilience against economic crime.

Priority areas include reform of Suspicious Activity Reports (SARs) and intelligence sharing, funding of the government's Economic Crime Plan, further reform of modern slavery legislation and comprehensive action to tackle financial illiteracy.

All Too Familiar film with HMRC

In 2021, we produced our third corporate training film, [All Too Familiar](#). Created in collaboration with HMRC and launched in March 2022, the film explores the degree of trust still placed in personal and professional relationships and whether enough scepticism is being used in the fight against economic crime.

In producing this film, we want to make firms more aware of how they might inadvertently assist economic crime by providing services to businesses which are laundering money or engaged in other illegal activity.

This follows the success of our two previous training films, [False Assurance](#) and [Without Question](#), both of which have been used to support training and business development programmes around the world and which have been viewed by hundreds of thousands of people.

Fraud Advisory Panel

We continue to be the major supporter of the [Fraud Advisory Panel](#), an independent charity which is the voice of the counter-fraud profession, and which works to protect the public from fraud.

In October, the Panel ran the international [Charity Fraud Awareness Week](#) in conjunction with the Charity Commission. The week comprises an award-winning campaign to raise awareness of fraud and cybercrime affecting the charity sector, and creates a safe space for charities and their supporters to talk about fraud and share good practice.

Further reading

Our [ICAEW Insights specials economic crime hub](#) collates the latest trends and perspectives on economic crime from around the world, and examines how chartered accountants can help to combat it.

Our [Anti-Money Laundering pages](#) contain a wealth of resources on how to detect and report money laundering, including guidance on how members can meet their obligations under the money laundering regulations.

Our [Fraud hub](#) contains video case studies of how members may encounter fraud, plus sources of help and advice including helpsheets and details of the ICAEW Fraud Advisory Helpline that was launched this year.

MEASURING TRUST IN THE PROFESSION

Since 2018, we've worked with [Chartered Accountants Worldwide \(CAW\)](#) and Edelman Intelligence to measure trust in the global accountancy profession.

In 2021, we undertook the next stage of this 'Trust research', which tracked the attitudes of more than 1,450 senior financial decision-makers and business leaders across the UK, the Republic of Ireland, South Africa, Australia and New Zealand.

The results were launched at a global webinar, [Rebuilding Trust](#), attended by delegates from 55 countries. Business leaders debated the role of finance and business in shaping a sustainable future and how the chartered accountancy profession must use its position of trust to lead the global recovery.

They reveal that trust in the profession remains strong. Business decision-makers consider chartered accountants the most trusted finance professionals, and among the most trusted professionals more widely – catching up with doctors, engineers, nurses and teachers, and ranking ahead of the legal profession and politicians.

- 84% of respondents believe chartered accountants have the skills and expertise to help businesses thrive today.
- 81% are confident in chartered accountants' ability to navigate a new operating environment in the future.

There is also growing expectation for chartered accountants to use their position of trust to lead on societal issues such as ensuring data integrity, driving sustainable and resilient businesses, and doing more to foster diversity, equity and inclusion practices.

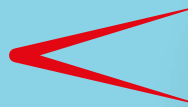
Trust in organisations


We ran an ICAEW Insights special focusing on [Trust in organisations](#). The online hub contains articles about how organisations can build, maintain or rebuild trust and the role that chartered accountants and effective corporate governance have to play. Topics span business, charities, public sector, professional standards and data.

"As gatekeepers to the financial system, our profession is committed to playing its part in helping to prevent and detect economic crime."

Michelle Giddings FCA
Head of AML & Operations, ICAEW

Michelle is Chair of the
*AML Professional Body
Supervisors Forum*

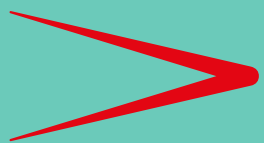




Sundip supported and took part in our 1,000 Chartered Accountants campaign during 2021

STRATEGIC THEME TWO
Help to achieve the UN's Sustainable
Development Goals

WHERE PRINCIPLES BECOME PRACTICE



"We can no longer
avoid quantifying
and reporting on
climate-related
matters."

Sundip Jadeja ACA
Technical Manager,
IFRS Foundation



Read more at: icaew.com/climate

STRATEGIC THEME TWO

Help to achieve the UN Sustainable Development Goals (SDGs)

In 2021, we continued to position our members as being at the forefront of understanding and implementing the SDGs, supporting them to do so, and demonstrated leadership in our own conduct as a business and an employer. We also supported the development of metrics to help achieve a more sustainable future.

CAMPAIGNS

Chartered accountants and climate change

While all professions have a role to play in tackling climate change, chartered accountants work at the heart of the business strategies that will make some of the biggest differences in reaching net zero.

As a profession of problem-solvers, we help organisations to understand the economic as well as moral imperative to address this, and to adapt successfully.

[Michael Izza on members' role in tackling the climate crisis | ICAEW](#)

When Chartered Accountants Save the World

In the run up to COP26, we launched a major new content series exploring the ways in which chartered accountants are helping to tackle some of the most urgent social challenges within the UN SDGs, and considering how the profession could do even more in the future.

[When Chartered Accountants Save the World](#) contains a series of articles and videos centred around climate risk, diversity and trust.

1,000 Chartered Accountants

Our [1,000 Chartered Accountants](#) campaign, in collaboration with Chartered Accountants Ireland and ICAS, celebrates our members who have shown leadership by acting on climate change. They may have guided their organisation or clients into the [UN Race to Zero](#) or other national or regional initiatives. Equally they may have been climate thought leaders, advocates or influencers in their own right.

More widely, the campaign also makes and promotes the case that chartered accountants are well-placed to drive climate action within their, and their clients' organisations.

We hope that by sharing and celebrating their stories, we will inspire others to start on their own carbon zero journey and join the campaign.



"Accounting for Sustainability (A4S) continues to work with the profession to help chartered accountants play a role in changing the way businesses function to make them more sustainable, fairer and ultimately more successful."

Jessica Fries FCA, FRSA
Executive Chair, Accounting for Sustainability (A4S)

Jessica is helping to drive a shift in sustainable finance. A4S are co-sponsors of the Finance for the Future Awards

EVENTS AND INITIATIVES

ICAEW Climate Summit

Our inaugural virtual [ICAEW Climate Summit](#) took place in October, engaging with key sustainability topics and attracting more than 1,000 sign-ups.

The five-day event featured an array of speakers and content on the themes of climate disclosure, governance, finance, SME action and personal leadership. The panel comprised members and stakeholders working across a wide variety of industries and sectors.

The summit featured a [welcome message](#) from the UK's Net Zero Business Champion and ICAEW member, Andrew Griffith MP, who highlighted the important role of the accountancy profession in acting on climate change.

Feedback was overwhelmingly positive, with 85% of delegates supporting the purely virtual format.

One delegate described the programme as the best yet, citing the reason being our concise, well-organised virtual sessions with excellent speakers exploring themes both familiar and new.

Ahead of the summit, we surveyed members across Europe to enhance our understanding of how their organisations are addressing climate change. This provided valuable input as we continue developing our resources to ensure all members are professionally ready to address the climate challenge.

Finance for the Future Awards

2021 saw the 9th [Finance for the Future](#) Awards, which ICAEW hosts in partnership with Deloitte and HRH The Prince of Wales' Accounting for Sustainability (A4S) project. The awards continue to increase in popularity and this year saw a record number of entrants, with a shortlist of 36 finalists.

The awards were held in November in a hybrid format in both London and Glasgow and online to coincide with the UN Climate Change Conference (COP26).

You can view a recording of the event, together with the welcome from HRH The Prince of Wales, the winners' videos, and details of all winners and finalists, [here](#).

Climate Change: Global leadership, local action

We co-hosted a FinBiz2030 event in conjunction with Chartered Accountants Worldwide and One Young World, [Climate Change: Global Leadership, Local Action](#).

The event featured Rt Hon Anne-Marie Trevelyan MP, the Government's Champion for Adaptation and Resilience and ICAEW member. The focus of the event was what young leaders in business and finance could do to help connect the global and the local when it comes to climate change.

WWF's Too Big to Fail

Across the world our members have joined virtual screenings of the WWF film, [Too Big to Fail](#).

Each event featured an expert panel to explore the risks of inaction, the impact of investing as usual and the role that the finance sector can play in powering a sustainable future.

The final screening of the year took place at the Indonesia International Conference for Sustainable Finance and Economy, a two-day online conference that we co-organised with the Indonesian Ministry of Finance and Parahyangan Catholic University. Global business leaders and experts from WWF, BCA, MRT Jakarta, the United Nations and others provided their insight. Our Chief Executive, Michael Izza, spoke at the event, alongside Indonesia's Minister of Finance and the UK's Economic Secretary to the Treasury.

WWF's Our Planet: Our Business

In **Nigeria**, we hosted a special screening of WWF's climate action film, *Our Planet: Our Business*. The event explored what the world's business community can do to help tackle climate change, and was widely covered across Nigeria, Kenya and Zimbabwe, including CNBC Africa.

Bringing Nature into Corporate Decision-Making

We brought together EU decision-makers, members, and business and civil society representatives in two panel debates highlighting the importance of addressing biodiversity. The events, *Bringing Nature into Corporate Decision-Making*, were held jointly with PwC and the European Parliament Intergroup on Climate Change, Biodiversity and Sustainable Development.

COMMITTING TO ACTION**Accounting Bodies Net Zero Commitment**

Since becoming carbon neutral in 2020 [ICAEW's journey to carbon neutrality | ICAEW](#), we are delighted to have now joined 13 other professional accountancy bodies – all members of Accounting for Sustainability's Accounting Bodies Network (ABN) – in the [Net Zero Commitment](#). As well as committing to achieve

net zero greenhouse gas (GHG) emissions, we have undertaken to encourage and enable our membership to do the same. Together we represent 2.5m chartered accountants globally.

Professional Bodies Climate Action Charter

We are proud to have been one of the professional bodies who, together with the consultancy E3G, have led the development of a net-zero pan professional network – known as the [Professional Bodies Climate Action Charter](#) – launched at London Climate Action Week 2021.

Many professional bodies are already working hard on climate action. We recognise this and appreciate that it is by no means something we can solve alone, and we believe there is power in acting with common purpose, in a collaborative and multidisciplinary way. The PBCAC offers a space to share knowledge and experience and coordinate our efforts. This will heighten our collective impact and drive forward the transition to a decarbonised economy.

We are delighted that our colleagues at Chartered Accountants Australia & New Zealand (CAANZ) have also signed up to the charter and urge other accountancy bodies to do the same.

"Since joining ICAEW, I have been lucky to engage with so many interesting members from across the globe and to hear their stories on how they are driving climate action."

Sarah Reay

Climate Change Executive, ICAEW

Sarah joined ICAEW as an intern in 2021. She is now a permanent employee and has a Masters in Sustainable Development



DEVELOPING METRICS

In 2021, ICAEW and others were pleased to welcome the announcement of the new [International Sustainability Standards Board \(ISSB\)](#).

The ISSB will play a pivotal role in enabling a world of sustainable economies and represents a key step towards the development of a truly international corporate reporting system.

In August, our CEO, Michael Izza, [wrote to the IFRS Foundation](#) on behalf of an extensive group of bodies and organisations representing the private sector and civil society, to advocate the merits of locating the new board in London.

We also worked closely with the Department for Business, Energy and Industrial Strategy (BEIS) and HM Treasury, to coordinate our letter with another from the Chancellor of the Exchequer, pledging his support for the ISSB to be based in London, on behalf of the UK Government.

Our bid was unsuccessful, and the ISSB's headquarters will instead be based in Germany, with other offices around the world. Nevertheless, we strongly support the formation of the new board and look forward to continuing to work closely with the IFRS Foundation and others on this very important project.

INSIGHTS SPECIALS AND THOUGHT LEADERSHIP

We ran two sustainability-related ICAEW Insights Specials this year:

[COP26: Acting Together on Climate Change](#) was developed in the lead-up to the conference in Glasgow. The hub provides inspiration, information and practical resources to support the goals of COP26 and explore why it represents a critical time for our profession.

[Non-Financial Reporting: Where are we Headed?](#) examines the challenges companies face in this area, what improvements can be made and what the future holds, through an extensive series of articles.

Some of our thought leadership also focused specifically on sustainability:

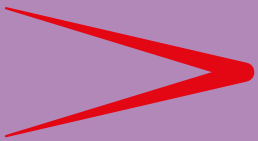
[The Economics of Biodiversity](#) reflects on what the 2019 Dasgupta Review means for business and the profession, featuring articles and an exclusive interview with Professor Dasgupta.

Our joint research project with the British Chamber of Commerce Singapore led to our report, [Green Finance: ASEAN & UK perspectives](#). The report explores the views of finance professionals in relation to climate finance, including wider sustainability goals, and with particular reference to the Association of Southeast Asian Nations (ASEAN) region.

Annemiek is an
'ICAEW ambassador'
in Hong Kong

STRATEGIC THEME THREE
Support the transformation
of trade and the economy

WHERE LEADERSHIP REACHES GLOBALLY



"Through ICAEW I've been able to network and connect with senior members and keep up to date with relevant technical, economic and legal information for Asia Pacific."

Annemiek Ballesty ACA

Senior Vice President, Head of APAC
Commercial, Fossil Group



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

STRATEGIC THEME THREE

Support the transformation of trade and the economy

ICAEW Chartered Accountants are supporting a sustainable and inclusive global economic recovery and providing leading insight on the transformation in ways of working brought on by the pandemic. We continue to work with tax authorities to reform systems of taxation and with governments to help achieve sustainable public finances.

SUPPORTING BUSINESSES THROUGH COVID-19 AND BEYOND

Coronavirus hub

At the start of the pandemic, we launched our [Coronavirus hub](#), designed to help companies manage through the crisis. It initially offered emergency support predominantly for the UK, providing practical business advice, analysis of government schemes, and guidance for employers, directors and businesses of all sizes and sectors.

During 2020, in the UK it was one of the most widely accessed online sources of information on these subjects as people looked for timely, authoritative and simple guidance on sometimes complicated topics. We have continued to keep the hub updated during 2021, including articles and webinars on grant entitlements, tax calculations, support for the self-employed and guidance for preparers of financial statements.

Global recovery hub

Our [Global recovery hub](#) focuses on helping businesses around the world to build back better in the longer term. We know that while national schemes will provide immediate support, international action will help to shape the recovery more widely. This hub offers news and insights from a variety of markets, examines in depth the profession's role in recovery, and contains international case studies.

The future of work

The ICAEW Insights special, [Hybrid Working and the Future of Work](#), serves as a comprehensive hub of information, guidance and opinion on the current transformation in our ways of working. Articles look at both the human and technological shifts at play, including managing the return to offices, the skills needed for the future, and data security and risk.

Small businesses


In another ICAEW Insights special, we examined the finance options and support available to small and growing UK companies. [Access to Finance: Supporting Small Businesses](#) contains a raft of content to inform and support SMEs, covering starting out, funding growth, finance options, diversity and more.

Our report, [Small Company Reporting: a Focus on China with UK Comparisons](#), undertaken with the Ministry of Finance in China, provides new insights into how a small company is defined, who the users of small company financial reports are, and the differences in China and the UK between big-GAAP and little-GAAP.

PUBLIC SECTOR AND PUBLIC FINANCES

Many ICAEW members work in or with the public sector to deliver public priorities and strong public finances.

Through our public sector work, we act in the public interest to support strong financial leadership and better financial management across the public sector – including transparency, accountability, governance and ethics – to ensure that public money is spent wisely and that public finances are sustainable.



"The pandemic has tested the resilience of many businesses. Being an ICAEW member has helped me build a network of experts from whom I can ask for help when needed."

Tanuvi Ethunandan ACA
CEO & Co-Founder,
Data Duopoly

Tanuvi was a panellist at *Virtually Live* and spoke on entrepreneurship

Public Sector conference

We held our first-ever [Public Sector conference in December](#) – a virtual event which focused on sustainability and the importance of the public sector in achieving net zero. The event attracted nearly 250 delegates and provided them with practical tips. Keynote speakers included the Head of the Government Finance Function, the Auditor General for Wales and the Chair of Natural England.

Redmond Review

We've played a leading role in discussion and implementation of Sir Tony Redmond's independent review into financial reporting in local authorities. We sit on working groups set up by the Department for Levelling Up, Housing and Communities (DLUHC) to implement the review's recommendations and facilitated a DLUHC roundtable for local audit stakeholders to discuss potential solutions to current challenges in this area.

Prizing the Public Pound

The political think tank, The Fabian Society, asked us to explore the ideas put forward in their publication, [Prizing the Public Pound](#) – emphasising the value of public sector audit. We published our [response](#) in August 2021 and followed up with a [podcast](#) for discussion with the authors. The key message about the value of audit was part of the Shadow Chancellor's speech at the Labour Party Conference, and we held a roundtable with members of the shadow cabinet and other think tanks to discuss the merits of the ideas.

This was supported by a policy roundtable with Bridget Phillipson MP, Shadow Chief Secretary to the Treasury on departmental coordination, audit and procurement.

IPSASB

Throughout 2021, we continued to engage with the International Public Sector Accounting Standards Board (IPSASB), providing technical support to the UK representative and hosting a [podcast](#) featuring the Comptroller and Auditor general for Jersey – the UK Board member of IPSASB.

ICAEW Insights special

In October, we focused on [Repairing Public Sector Finances](#) post-COVID. We published more than 40 articles touching on best practice,

"During the pandemic, chartered accountants in practice became trusted advisers, counsellors and confidantes. The ICAEW community gives them access to deep and broad support to help the community they serve."

Paul Layte FCA
CEO, Next Level Business



During the pandemic, Paul created a Coronavirus Business Continuity Resource Centre, to support his clients and other businesses



local government and audit, and sustainability from a wide range of public sector perspectives, including from the CFO of HMRC and the Head of Accounting at Network Rail.

Reforming tax systems

Our ICAEW Insights special, [The Future of Tax](#), was published alongside the launch of the UK Government's review of the tax system. Dozens of articles offer insight and opinion on business taxes, the taxation of work, [Making Tax Digital](#), and simplification and digitalisation.

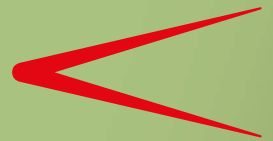
Later in the year, we published [Building a Better Tax System for the UK](#), which examined the opportunities and challenges of reforming the UK's tax system to be fit for a digital future. This included a range of technical articles from our experts, and focused on areas such as registration, reporting and calculation, payment and repayment, and powers and safeguards.

STRATEGIC THEME FOUR
Master technology and data

WHERE TECHNOLOGY MEETS TRAINING

"Cyber risk is a key business risk we all face. As chartered accountants, we need to prepare and train for this risk."

Karen Morrall ACA
CEO, Lockdown Cyber Security,
Trainer, Cyber Security for Accountants



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



Karen spoke at
Cybercrime Week and
ICAEW Academy Live
and hosts the new
Academy course on
Cyber Security

STRATEGIC THEME FOUR

Master technology and data

In 2021, as digital transformation continued to shape new ways of working and doing business, we focused heavily on raising awareness and helping organisations to adapt. We are redefining the data skills expected of, and possessed by, our members. Equipping them to be leaders in the exploitation of new technology and data, and ensuring they are trained and equipped to deter and detect fraud and other cybercrime.

CYBER

Much of our cyber activity in 2021 has been focused around helping businesses mitigate the growing threat of cyber-attacks posed by an increase in hybrid and home working.

Cybercrime Week

In October, we launched our first [Cybercrime Week](#), which brought together resources from across ICAEW and third parties. The content included webinars, videos, articles and podcasts on cyber threat, cyber hygiene, fraud, response and recovery, and people and culture.

Highlights included a suite of resources from the National Cyber Security Centre (NCSC) tailored for SMEs, guidance from Marsh Commercial on the cyber risk of remote or hybrid working, a session by Barclays on fraud and a Met Police webinar briefing on cyber threats.

To further support members in this area we have promoted NCSC campaigns, including the [Cyber Aware](#) campaign and the relaunch of the [Small Business Guide: Cyber Security](#).

Cyber training

Our [ICAEW Academy](#) launched a pilot of a new cyber training course for members, [Cyber Security for Accountants and Business Leaders](#).

ICAEW members often oversee risk registers and are responsible for mitigating risks, and this course provides them with the strategies to enhance cyber resilience in their organisations. It focuses on mitigating down the cost and risk of a cyber incident, ensuring data integrity within accounting systems and reducing cyber expenditure while enhancing the resilience of their business.

Following excellent feedback, the course will be rolling out fully across 2022.

Hybrid working

As part of our September ICAEW Insights Special, [Hybrid Working and the Future of Work](#), we looked at the growing threat of ransomware and what the acceleration of digital working means for the finance sector.

ENGINE B

[Engine B](#) is an initiative launched in 2019, to create a set of common open-source data models, providing a standard-access methodology to client data for audit firms and other businesses. It is comprised of professional services firms, academic institutions and a technology house.

"Together with ICAEW, Engine B is building a more transparent, technology-enabled sector, and our partnership ensures the tools we are creating represent and work for all professional services."

Shamus Rae
CEO, Engine B

Engine B is a key partner for ICAEW and is transforming how data is accessed



In 2021, the project made some major technological advancements and increased its reach.

Building on its Common Data Model, Engine B has created data maps and connectors to some of the most used firm-to-client systems with a development roadmap for others during 2022.

The project is now being privately previewed by several firms and the first formal product launched in February 2022. As well as unlocking client data for firms, Engine B will now work with low code platforms and other current data and analytics providers, making it easier for firms to implement technology into their services.

In November 2021, Engine B completed a further round of funding totalling £1.5m, with ICAEW investing £500,000 to increase our equity stake to 14%.

SHARING OUR KNOWLEDGE GLOBALLY

We took part in a session of Chartered Accountants Worldwide Network USA's, *Climate, Accountants & Technology* webinar, designed to inform finance professionals about why they must advocate and use technology to report on climate impact. Our session focused on challenges for the tech sector and the importance of data and AI.

We participated in the African Congress of Accountants in November, creating a short video on AI and hosting a panel discussion on the topic.


In August, we held a cybercrime roadshow for members across the GCSEA and MEASA regions, *Are Businesses Today Ready to Tackle Cybercrime?*, featuring panellists from the large firms and officiated by the ICAEW President.



"Big data can help the profession develop new areas of knowledge. Armed with an extensive digital tool kit, chartered accountants can embed themselves as crucial to the success of all businesses."

Becky Shields FCA
Head of Digital Transformation,
Moore Kingston Smith

Becky is the lead representative for the SME market at Engine B and is Chair of ICAEW's *Mid Market Tech Forum*



"Data analytics plays a pivotal role in supporting audit, assurance and business decision-making. Our community has helped finance professionals develop the advanced data analytics and visualisation skills needed to succeed."

Sona Davda ACA
Director, Operations, ICAEW

Sona managed and oversaw much of the activity in the *Data Analytics Community* during 2021

STRATEGIC THEME FIVE
Strengthen the profession
by attracting talent and
building diversity

WHERE TALENT FINDS OPPORTUNITY



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



"We have come a long way regarding the lack of ethnic minorities within accountancy, but the job is far from done."

Vincent Egunlae ACA
Assistant Manager,
Strategic Leadership Team,
Grant Thornton

Vincent co-founded the ethnicity network within Grant Thornton, he is a former One Young World Ambassador and was a participant in our "Welcome Inclusion" campaign

STRATEGIC THEME FIVE

Strengthen the profession by attracting talent and building diversity

We are working hard to ensure that the profile of our members and students not only fairly reflects the societies it serves but enables us to innovate and meet future challenges by drawing on a diversity of thought and background. During 2021, we ramped up efforts to support the personal and professional development of our members and employees throughout their careers and evolve the representative components of our governance to ensure that it better reflects the profile of the membership.

WIDENING ACCESS TO THE PROFESSION

Access Accountancy

In our first year as chair of [Access Accountancy](#), we worked in consultation with signatories to evolve the charity's strategy.

This builds on the success of the programme since it was launched in 2014. Alongside the existing focus on work experience, Access Accountancy now has an expanded role to challenge and support firms on making their hiring practices more inclusive and supporting individuals from low socio-economic backgrounds when they enter the profession.

Rise

We have worked collaboratively with five of the larger firms to develop [Rise](#), following a pilot in 2020. This project aims to support the aspirations of young people from disadvantaged backgrounds, by helping them develop the skills employers are looking for. It will do this through:

- delivering workshops that link curriculum subjects with skills development for schools in areas of low social mobility, supported by volunteers from the companies involved; and
- offering free downloadable resources for all schools that link the Key Stage 4 curriculum with skills, set within the context of business.

In December 2021, we launched Rise to employers, aiming to bring more of them on board as partners and increasing the reach and impact of the programme. Following the launch, two other large firms have become partners of the programme for the academic year 2021-22 and several other firms have also expressed interest in supporting the programme.

Improving access for students of Black Heritage

We continue to drive efforts to attract Black talent into the profession. This has included [Aspire](#) in partnership with Target Jobs, [The Black Tech Broadcasts](#) series in partnership with Hype Collective, and a [careers workshop](#) for school-leavers of Black Heritage, led by ICAEW working with 10 member firms.

We are also supporting the [10,000 Black Interns](#) initiative by offering internships in summer 2022 and helping coordinate efforts across the accountancy sector.

We were also the first professional body to support and sign the [Charter for Black Talent in Finance and the Professions](#), in December 2020. One of our obligations under the charter is to publish an action plan for improving the representation of Black talent within ICAEW, which we did in December 2021. This includes objectives across four areas:

- Representation among employees
- Representation within the membership
- Representation on ICAEW's committees and advisory groups
- Access to the profession.

DELIVERING CHANGE THROUGH DIVERSITY AND INCLUSION

Dedicated expertise

In 2021, we recruited a new Diversity and Inclusion Manager to oversee the development of our diversity and inclusion strategy and lead a sustained programme of activities, both internally and externally among our existing, prospective and aspirational membership.



"I believe that the more we engage on the topic of Diversity and Inclusion, the greater everyone's understanding will be."

Alan Chan ACA
Founder, Cornerstone Accounts

Alan participated in our "Welcome Inclusion" campaign

Through qualitative and quantitative analysis, this strategy – which launches in 2022 – will identify and target historical and contemporaneous challenges, driving change and setting parameters and targets to monitor progress.

Diversity and Inclusion hub

Our [Diversity and Inclusion hub](#) is the central access point for all our diversity and inclusion activity housing and featuring key content and signposting to related material.

This year we redesigned and upgraded the hub to better showcase our increased activity in this space and the widening range of stakeholders producing content.

This resulted in more than tripling unique page views and doubling the time users spend on each page.

The new hub is regularly updated and enables a larger amount of content to be featured on the main page, which is now filtered by diversity characteristic following feedback from users.

Feedback on the upgrade has been positive with praise for the range and scope of content featured, as well as for our prioritisation of the wider equality, diversity and inclusion agenda.

'Welcome Inclusion' campaign

Influencing and encouraging diversity and inclusivity is central to our efforts to strengthen the profession by attracting talent and building diversity. We recognise that every chartered accountant can help to encourage an inclusive profession, supporting our strategic aims.

In 2021, we planned detailed content and collaborated with our members to deliver innovative training that tackles common workplace issues that are counterproductive to inclusion, highlighting the business case for inclusivity within chartered accountancy and beyond.

[Welcome Inclusion](#) is our first major diversity and inclusion content campaign and will continue throughout 2022. We will continue to work closely with members to identify and raise the profile of issues that impact the industry, offering practical solutions.

ICAEW Insights specials

To support our members in embracing the opportunities diversity and inclusion bring, we ran an ICAEW Insights special, [Equity, Diversity and Inclusion: Why Accountants Should Care](#). The content hub contains videos, articles and podcasts providing thought-provoking and

"Access Accountancy is an important initiative as it showcases the diverse range of roles we have in NHS finance, whilst helping us to build a more diverse pipeline of future chartered accountants."

Dr Lore Lippmann ACA

Deputy Director of Finance,
The Queen Elizabeth Hospital
King's Lynn NHS Foundation Trust



Lore was a driving force behind NHS finance signing up to Access Accountancy in 2021

practical advice for chartered accountants, relating to a range of characteristics as well as social mobility and intergenerational fairness.

In another Insights special, [Mental Health and Wellbeing](#), we showcased a selection of our work with wellbeing charity, [CABA](#), to support the mental health of our members and students, promote understanding of the issues and break the stigmas that still exist. Articles, guides, videos and webinars were included.

Probate diversity monitoring

During the year, our Professional Standards Department collected diversity monitoring data from the 350 firms they license for probate, an exercise performed every two years.

While this is a regulatory requirement, we use the data to better understand diversity within accountancy and the legal services, informing our own equality, diversity and inclusion strategy and allowing for centrally driven targeted interventions where required.

It also helps practices identify new areas of growth and delivery of services, and further enables industry-specific benchmarking, serving as a catalyst for change across the profession.

For the first time, the survey included questions on maternity/paternity and marital status.

All firms accredited for probate services are required to collect, report and publish diversity data about their employees.

The data is summarised in the report, available at icaew.com/probatediversity

Queer Student Awards

This year we sponsored the 'Role Model of the Year' category at the Queer Student Awards, in recognition of the importance that role models play in young people's careers. One of our employees served on the judging panel and announced the category winners on the evening.

The awards are a new annual celebration recognising talented LGBTQ+ students and allies. They provide a space to show commitment towards positively addressing the adversity that queer youths experience every day, and act as a platform to showcase the work being done to create safe and inclusive spaces for young LGBTQ+ people.



"Rise promises to make a real difference by investing in young people, and will help to build their confidence, skills and aid their development."

Sarah Atkinson
CEO, Social Mobility Foundation

Sarah spoke at the launch of *Rise*

UK Workplace Equality Index

In October 2021, we participated in the Stonewall Top 100 Employers Workplace Equality Index. This allows us to benchmark annually our performance and commitment to our LGBT+ staff, by measuring against eight key areas including internal policy and practice.

It also allows us to showcase our organisation as an employer of choice, attracting the very best and most diverse applicants to help deliver our mission against our 10-year strategy.

The results will be announced in February 2022, and we will participate again in 2022 with a view to surpassing 2021 scores.

Tech She Can

We're a supporter of the [Tech She Can](#) charity, which works with industry, government and schools to improve the ratio of women in technology roles. We're also a signatory to their charter, which commits us to improving our own ratio in this respect.

In the UK, women in tech are outnumbered by men by 4:1, which risks creating biased technical solutions and products that don't reflect the diversity of society.

At ICAEW we have over 100 people working in tech, and we're proud to say nearly 40% are women – far exceeding the national balance. We continue looking for ways to motivate, educate and inspire more women to consider a role in technology.

'Design for a social cause' in Singapore

Our drive for equality, diversity and inclusion extends across the world. In 2021, we collaborated with Singapore Fashion Runway (SFR) to organise the [Design for a Social Cause](#) virtual design workshop.

SFR is a social enterprise that trains and nurtures young people with special needs and from disadvantaged groups, through their Fashion for a Social Cause movement.

This event served as a platform for young people at SFR to showcase their talent and meet ICAEW members and staff in a relaxed environment. ICAEW members were paired with the young people in attendance and together, they designed pieces of merchandise.


The most creative designs were selected for mass production for sale, with all proceeds going towards supporting young people at SFR.

Women in EU Finance

Our [Women in EU Finance Network](#) brings together finance professionals from across Europe interested in gender equality. It holds regular events to help members share success stories, discuss persistent challenges and drive change.

In February 2021, the network hosted an online conversation with the Chair of the European Parliament's Committee on Women's Rights and Gender Equality, discussing financial leadership, how to mainstream gender into policymaking and the impact of COVID-19 on gender equality.

An online panel was held in June – including representatives from the OECD and the European Court of Auditors – and debated how incorporating a gender perspective into fiscal planning can help to assess and target the impact of policy on different genders.



"ICAEW is proud to be leading in the Diversity and Inclusion space by enabling courageous conversations and collaborating with our employers to create lasting change."

Dr Antonia Sudkaemper
Diversity and Inclusion Manager, ICAEW

Antonia joined ICAEW in 2021 and was involved in developing the 'Welcome Inclusion' campaign

TRANSFORMING OUR WAYS OF WORKING AND SUPPORTING OUR PEOPLE

"The Facilities team worked tirelessly to ensure that our offices remained COVID-secure in line with government guidance."

John Bowers
Health & Safety
Manager, ICAEW

John sits on the Health and Safety Committee and helps ensure that ICAEW's health and safety policies, guidance and procedures are implemented across our UK properties



On top of the challenges created by the pandemic, 2021 has also been a time of organisational and cultural transformation for our people, bedding in new structures and ways of working closely aligned with our strategy. We have become a more sustainable and inclusive organisation, while acknowledging that there is still much to be done on both accounts. Continuing our journey to become more efficient, we have doubled down on our efforts to transform key business systems, so we are better able to support the increasing size and complexity of our processes and deliver our strategy. And we have realigned our internal relationships and resources, to better focus on achieving our objectives while connecting the work of our people to our strategic goals. Our people are central to our strength and are our most valued asset.

BECOMING CARBON NEUTRAL

ICAEW became carbon neutral in autumn 2020, making us the first major professional body in the world to do so and reflecting our commitment to achieving the [UN Sustainable Development Goals \(SDGs\)](#).

We had been working towards carbon neutrality for five years, investing in enhanced remote meeting technology, building a comprehensive recycling scheme system including non-landfill waste disposal, and planning for the removal of gas as an energy source in our offices. And we had already achieved a 20% drop in our emissions before embarking on our drive towards carbon neutrality.

Our investment continues in further internal carbon-reducing activities across our operations, which will reduce our emissions by a further 20% by 2025, and 40% by 2030. We will monitor our reduction progress by measuring our footprint annually.

We also expanded the scope of our carbon reduction beyond that of many other organisations, by including employee commuting in our carbon footprint.

Carbon offsetting

Alongside our internal actions, we achieved carbon neutrality through the purchase of offsets against our entire footprint.

We undertook a lengthy selection process to find carbon offset projects that deliver socio-economic benefits, including improving health and living conditions. 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.

Carbon offsetting also plays an important role in our commitment to achieving the UN SDGs. The three offset projects we purchased each contribute to several SDGs beyond that of taking climate action.

Find out more about our offsetting strategy [here](#).

Sharing our experiences

We share learnings and insights from our journey to carbon neutrality via our dedicated [ICAEW carbon neutral web portal](#) – which we hope will encourage and help other organisations to achieve the same. This thought-provoking content has been promoted to members through ICAEW Insights during the year.

Our approach to carbon neutrality is also summarised in this [short video](#), which was launched at our Climate Change Summit and received positive feedback from members and firms.

OUR INVESTMENT PORTFOLIO

During 2021, we completed a thorough review of our investment strategy, to ensure we are targeting an appropriate level of risk and return and aligning investments with our sustainability, diversity and inclusion objectives.

In selecting managers to implement this strategy, we appointed four firms: Kempen, Rathbones, Legal & General Investment Management (LGIM) and Partners Group, taking the following factors into account:

- their commitment to Environmental, Social and Governance (ESG) research;
- the integration of ESG factors in the selection of investments;
- a commitment to stewardship and promoting strong corporate governance; and
- diversity and inclusion policies consistent with our own.

The managers will report to the ICAEW Investment Committee on their approach to managing ESG risks and opportunities, and we expect to continue developing these aspects of our investment strategy as new opportunities become available.

BUSINESS SYSTEMS TRANSFORMATION

During the last decade, our strategy, structure, activities and global footprint have evolved significantly. The core IT systems we require today to support our strategic objectives are very different from the systems we required, or were available, when our current systems were implemented.

Our core systems have been in place since the early 2000's and have served us well; while there was no short-term risk to our services, it had become increasingly complex, time-consuming and costly to maintain and enhance our systems to support business growth and new products and services.

A new platform

In 2015, a programme of work was initiated to replace these aging business applications. The aim of the programme was to move our key business processes to a modern, state-of-the-art platform that will better serve and support the delivery of our strategy. The implementation will initiate and support on-going simplification of our processes and ways of working to enable us to achieve our strategic goals in a scalable and sustainable way.

The programme would involve replacing our membership, Finance and Customer Relationship Management (CRM) applications. It is a significant change in terms of technology and change management that has required the full commitment of the business in defining requirements, amending business processes and undertaking significant testing.

Progress to date

The initial stage of the project involved selecting the new application platform and implementation partners. The evaluation selected Microsoft products as the platform and CloudThing as implementation partner.

The second stage of the programme was completed in 2017 with the introduction of a new Finance application and financial reporting tool. This is supporting 'back office' capabilities such as general ledger, supplier management, expenses management and purchase management system.

In 2018, Microsoft Dynamics CRM was implemented for the Commercial department to manage their sales pipeline and invoicing. Work also commenced on the final and most complex stage of the project; replacing the membership and CRM applications that support the main back-office operational activities. This includes membership and student management, subscription processing, organisation structures, regulatory register and enquiry management. This has involved every business area.

Final implementation

The final phase of the project has proved to be significantly more complex and challenging than anticipated as it requires enterprise-wide technological and business change.

In 2021 the focus has been on developing and testing the core Dynamics CRM application and the various interwoven data interfaces that connect to it. The programme is now in the final stages of testing and is scheduled to go live in Spring 2022.

ORGANISATIONAL RESTRUCTURE

In 2021, the scale and reach of our ambitions set out in our 10-year strategy led us to review how we operate as an organisation. A new structure came into effect in April 2021, realigning internal relationships and resources to concentrate effort on what we have to do to achieve our strategy.

The main change has included the creation of two new, Board-level appointments: the Chief Operating Officer (COO) and the Chief Financial Officer (CFO) filled by Sharron Gunn and Dabinder Hutchinson respectively.

The bulk of the organisation now reports into our new COO with functions grouped around our three Strategic Foundations, each led by a Managing Director. We also formed a separate International team, led by a Managing Director, to oversee and coordinate our activities across our international regions.

This restructure has helped to connect the individual activities of ICAEW employees with our strategic goals, promote collaboration between departments and teams and improved our ability to respond to opportunities and risks.

SUPPORTING OUR PEOPLE THROUGH THE PANDEMIC

The health and wellbeing of our employees is always our top priority. Having started 2021 in the midst of another lockdown in the UK, we continued to ensure our people felt supported and connected throughout another challenging year.

Throughout 2021, we aligned our protocols to local government guidelines to ensure our offices, activities and ways of working operated in a COVID-secure way.

Our Health and Safety Committee met regularly to assess any new government guidance and advice, and continually updated the COVID risk assessments of our premises and operations as required.



“The restructure has led to closer collaboration with the Global Engagement team as well as our policy specialists and continues to deliver positive results as we grow our international footprint.”

Kate Holroyd-Smith
Director, International Development, ICAEW



Kate was recently appointed Director, International Development

“The Front of House team have enjoyed welcoming colleagues and members back to our UK offices following the easing of COVID restrictions.”

Zuzanna Lencka
Front of House




Zuzanna, along with other Front of House colleagues, helped make our offices COVID-secure

Keeping our offices COVID-secure

Due to the nature of some critical member and student services, some offices were required to remain open during national lockdowns.

Significant work was undertaken in both our London and Milton Keynes offices to ensure they could continue to operate as safe and effective working spaces.

This included the introduction of social distancing, revised desk arrangements, implementing one-way systems, enhanced cleaning regimes and increased air ventilation.

Transition to hybrid working

The health and wellbeing of our people is at the heart of everything we do. We undertook an employee survey to gather views and understand concerns about returning to the office. As a result, in the summer, a decision was made to introduce a hybrid and flexible model for working and attendance for UK-based employees from September onwards.

Our office environments have been reconfigured to support this approach, and new flexibility provided to staff around travel arrangements and working days and hours.

In October, we also implemented a new telephone system to better support remote working and the availability of services.

Mental health and wellbeing

As well as taking steps to ensure our employees could physically work safely from home and the office, we also reinforced the need for people to consider their emotional wellbeing and mental health during 2021, with regular communications, tailored events and specialist support programmes.

This included encouraging colleagues to talk to each other, their manager or HR and/or reaching out to CABA or one of our Mental Health First Aiders.

In July, listening to employee feedback, we also reopened our buildings so that those with a personal, as well as business need, could work from the office if they considered it beneficial to their wellbeing.



"My Mental Health First Aid training has educated me on the importance of my own wellbeing and helped me understand the pressures experienced by colleagues."

Graham Dale

Head of Public Affairs & SRP, ICAEW

Graham is a Mental Health First Aider

In September 2021, we also launched Thrive – our wellness programme. Thrive gives us the opportunity to bring together all our wellbeing activities and resources under one banner and ensure that every colleague is aware of them and can access them easily.

Brand new to Thrive is menoPAUSE, a new network and resource group where women can talk about their menopause experience, and where partners or children can seek to understand more about the subject.

ADVOCATING INCLUSIVITY

We are committed to championing diversity in chartered accountancy and within ICAEW, ensuring that our institute and profession adopts best practice that brings about inclusivity. We believe that businesses and workplaces do best when they reflect the societies they serve.

OUR EMPLOYEE NETWORKS

REACH

(Recognising Ethnic and Cultural Heritage)

Our new REACH network is an inclusive group of colleagues passionate about raising the profile of issues within ICAEW of race, ethnicity and cultural heritage, and developing stronger awareness of best practice on these issues. The group, which launched in May 2021, is united by a shared sense of the values of positive representation, informed engagement, and the treatment of all individuals and groups with dignity and respect.

REACH regularly produces virtual, topical content to help educate and raise awareness among our employees on topics such as manager training, career progression, inclusive recruitment, microaggressions, bystander intervention and the impact of heritage names within the workplace.

"ICAEW recognising and being prepared to talk about the perimenopause and menopause has made me feel so relieved. I now feel I have the backing from HR to deal with this."

Wendy Drewett
Regulatory Case Manager



Wendy is Chair of ICAEW's Employee Engagement Forum



"As a mother of mixed heritage children, I am deeply committed to challenging inequalities where I see them and being part of the solution going forward."

Ally Daley
Head of Commercial Partnerships



Ally is Chair of REACH, ICAEW



The group also hosted a special talk for Black History Month in October, featuring the first Black partner at law firm Macfarlanes, who shared their personal and academic journeys into law and emphasised the importance of bringing your whole self to work, before taking questions from our staff.

Embrace

Embrace is our original Employee Resource Group, focused on creating an inclusive, supportive working environment for all our employees. It is grounded in the belief that sharing our stories and listening with open hearts and minds is the best way to help each other feel comfortable, seen and valued.

The group raises awareness of all matters relating to equality, diversity and inclusion via employee-curated content on Yammer, bi-monthly focused discussions and work with our Human Resources (HR) department and Employee Engagement Forum.

The group's Core Subject Matter Team also meets monthly to delve into an annual topic of focus, which during 2021 has been neurodiversity.

Together

Our LGBTQ+ network, *Together*, meets once a month to discuss ways in which we can promote LGBTQ+ inclusion and support LGBTQ+ colleagues. The network works closely with similarly focused groups in the accountancy sector, including the largest firms.

In 2021, *Together* played a key role in driving forward the ICAEW pronouns project, which launched on International Pronouns Day. We now offer employees the option to select their preferred pronouns for inclusion on email signatures, and to declare their sexual orientation on our internal HR systems. This is an important step towards affirmation, particularly for our non-binary and gender-fluid colleagues.

Throughout 2021 we also celebrated key dates, including LGBT History Month in February, and Pride in June.



"I'm proud that ICAEW recognises the importance of attracting and retaining diverse talent, not just within the profession; but also within the business."

Yolanda Beaumont
Senior Brand Executive, ICAEW

Yolanda is an active member and Network Officer of our *REACH* network at ICAEW

GENDER PAY GAP

In 2022 we issued our 2021 Gender Pay Gap Report.

The report showed:

- The ICAEW mean gender pay gap is 29.3% (2020: 26.6%)
- The ICAEW median gender pay gap is 31% (2020: 30.7%)

The 5 April 2021 snapshot date showed a small increase in both our mean and median gender pay gaps compared to 5 April 2020. This is because of an increase in contractors and consultants at the top end of the upper quartile, the majority of whom are men.

Our mean gender pay gap of 29.3% reduces to 23.1% when these contractors and consultants are excluded.

When comparing the 2021 mean gender pay gap excluding contractors and consultants (23.1%) to 2020 data (26.1%) – there is a 3% reduction in the mean gender pay gap.

Ensuring equal pay

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

Our workforce is made up of 67% women. However, men are over-represented in our most senior positions. The distribution of men and women between levels of seniority in an organisation has the greatest impact on gender pay gap reporting.

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

Closing the gap

We recognise the significance of our gender pay gap and are committed to narrowing it. As part of our annual pay review process, we review all salaries under the lens of equal pay and adjust appropriately. While it will take time to achieve parity, we continue to take action where needed to ensure that our policies and practices remain fair and explore ideas that will help address specific challenges.

We are a signatory to HM Treasury's [Women in Finance Charter](#), pledging to support the progression of women into senior roles in the financial services sector. 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 (44%) and as of September 2021, women comprise 57% of our senior management team.

KEY PERFORMANCE INDICATORS

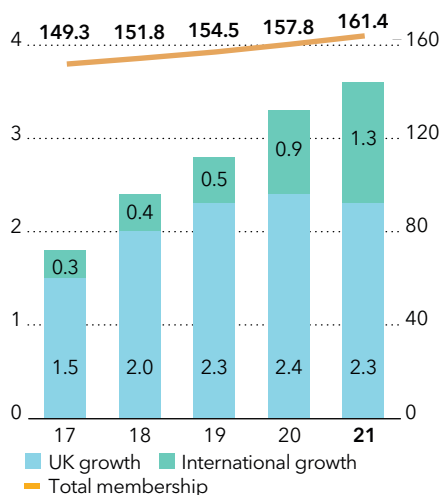
MEMBERS

At the end of 2021, our global membership had grown to 161,415 (2020: 157,801). UK membership has continued to grow in line with previous years. International growth has strengthened in 2021 and 2020, supported by the success of the Pathways scheme and introduction of a new reciprocal agreement in Hong Kong.

During the year, we welcomed 5,831 (2020: 3,926) new members into ICAEW, with admissions of newly qualified students to membership, together with reciprocal and similar arrangements with members of other institutes.

Membership growth %

Year-on-year growth 000's



STUDENTS

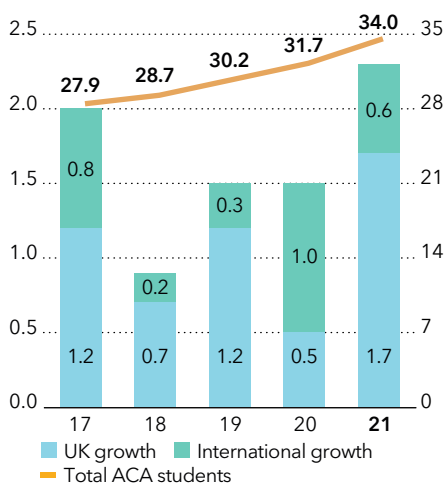
At the end of 2021, total ACA student numbers had grown to 33,958 (2020: 31,656).

In 2021 we achieved an ACA student intake of 11,049 (2020: 9,349) new students; of this intake 27% (2020: 31%) was from outside the UK.

In addition, 8,706 (2020: 8,676) students signed up for our foundation level Certificate in Finance, Accounting and Business (CFAB) and University Students Schemes.

ACA Student growth %

Year-on-year growth 000's



FINANCIAL REVIEW & GOVERNANCE

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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 (hereinafter referred to as '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 and has five operating departments:

- **Education & training** drives growth in membership, ensuring it reflects the society in which we live; educates the chartered accountants of tomorrow, supporting them through the ACA qualification and targeted, relevant continuous professional development throughout their careers, ensuring all regulatory requirements are met; and promotes and protects the ICAEW global brand.
- **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** researches and influences policy and develops best practice guidance in the activities which our members typically undertake.
- **Belonging & supporting** supports our members at all stages of their careers, develops our commercial operations and supports regional engagement.
- **Finance & operations** delivers the core functions of central finance including financial planning and reporting, risk management, internal legal services, IT and facilities management, as well as human resources.

Except where stated, the commentary below relates to ICAEW as a single entity which represents the material portion of the Group's financial position and results.

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

RESULTS

Total income for the year was £141.4m (2020: £137.5m). The net result after tax for the year was £33.7m (2020: £28.3m).

Operational income was £120.2m (2020: £118.7m) and our result before tax for the year was £35.4m (2020: £28.7m).

The net result after tax for the year has been impacted by fine income of £13.5m (2020: £15.7m) received on FRC Conduct Committee cases, income from investments

of £7.7m (2020: £3.0m), and a net credit to the income statement of £4.4m (2020: £2.5m) resulting from FRC Conduct Committee case costs and cost recoveries as explained below.

Operational costs were maintained at a level reduced from pre-pandemic levels at £105.1m (2020: £107.2m) as COVID-19 has continued to impact on activities in 2021.

ICAEW total net assets at 31 December 2021 were £151.9m (2020: £116.9m), the increase of £35.0m comprising the result after tax of £33.7m and other comprehensive income of £1.3m.

The consolidated Group retained result after tax for the year was £34.0m (2020: £29.8m) and consolidated Group total net assets were £171.0m (2020: £136.0m).

INCOME

Subscriptions and fees have remained stable compared to the prior year at £53.6m (2020: £53.3m) with membership subscription rates remaining unchanged and the number of members increasing 2% year on year.

Income from Education & training has recovered in 2021, exceeding pre-COVID-19 pandemic levels at £17.4m (2020: £14.2m). In the prior year, this income stream was suppressed with the cancellation of June 2020 examinations and subsequent interrupted study patterns due to COVID-19.

Professional standards income for the year was £22.0m (2020: £23.0m), a similarly strong financial performance year on year. New applications remained buoyant and commercial contracts again contributed a surplus along with a number of significant fines. Quality assurance related activity has been partly restricted due to COVID-19.

Income from Belonging & supporting improved on the prior year at £11.5m (2020: £8.9m) with the prior year being adversely affected due to restrictions on our London building as a result of COVID-19 and associated cancellation of events.

EXPENDITURE

Operational costs were maintained at a level reduced from pre-pandemic levels at £105.1m (2020: £107.2m) as COVID-19 has continued to have an impact on activities in 2021.

Operating expenditure across our core departments reduced slightly to £103.6m (2020: £105.1m), partly benefitting from cost saving measures introduced during the course of the prior year which have continued throughout 2021.

Irrecoverable VAT of £4.3m (2020: £5.4m) was charged to the income statement, with changes driven by the volume and mix of purchases.

FRC CONDUCT COMMITTEE CASE COSTS

The FRC Conduct Committee carries out independent investigations of the work and conduct of member firms and chartered accountants, both in public practice and elsewhere, where this has given rise to public concern or where required under the Accountancy Scheme or, from June 2016, under the Audit Enforcement Procedure.

As a recognised supervisory body 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 are entitled to receive any costs recovered under both schemes. Approximately three quarters of open cases as at 31 December 2021 are being investigated under the Audit Enforcement Procedure. The level of fines received by ICAEW is expected to reduce going forward due to the increase in the proportion of cases being brought under the Audit Enforcement Procedure. A detailed explanation regarding the FRC Conduct Committee and how it impacts the financial statements is provided in note 22 of these financial statements.

The impact to the income statement from FRC Conduct Committee case costs and cost recoveries is a net credit of £4.4m (2020: net credit of £2.5m), comprising a positive impact from case cost recoveries of £8.9m (2020: £12.8m) offset by costs charged to the income statement of £4.5m (2020: £10.3m) in the year. Changes in the mix of open cases mean that the provisioning for case costs is on a comparatively reduced level. Realised recoveries of case costs were relatively strong, at £7.6m (2020: £6.8m), exceeding the £6.0m (2020: £nil) previously accrued on the associated costs. Projections of case cost recoveries in the future have also improved, resulting in an improved statement of financial position. The prior year was the first year in which expected future recoveries of case costs were estimated and accounted for due to the availability of sufficiently reliable information, and this generated a one-off positive impact of £6.0m in the prior year result.

Fine income received during the year on conclusion of FRC Conduct Committee cases came to £13.5m (2020: £15.7m).

ICAEW levies charges on its member firms in order to finance 90% of the costs of FRC Conduct Committee cases to ensure that these can be met as they fall due. During the year, ICAEW has collected such levies amounting to £7.6m (2020: £11.6m).

Amounts charged by FRC to ICAEW amounted to £9.0m (2020: £11.8m) for 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 £71.3m (2020: £62.3m). These were

funded in part by levies on member firms. Fines and cost recoveries received during the same period totalled £123.4m (2020: £102.6m).

PENSIONS

The IAS 19 valuation at 31 December 2021 showed a surplus of £23.0m (2020: £22.5m). As noted in key judgements and estimates the pension asset continues to be recognised as ICAEW considers that any surplus arising would be recoverable, assuming the gradual settlement of scheme liabilities over time.

ICAEW's defined benefits pension scheme was closed to further member benefit accrual in 2010. Since then the Trustee, with the support of ICAEW has undertaken a series of exercises to reduce risk including buy-ins and reducing the scheme's holdings in pooled equity funds. The Fund implemented a third pensioner buy-in in December 2021. The premium paid was £53.0m compared to liabilities on the IAS 19 basis of £46.0m. The return on assets recognised in other comprehensive income therefore includes the loss in respect of the buy-in of £7.0m, which was largely offset by actuarial gains from changes in assumptions.

The latest triennial actuarial valuation showed a deficit of £0.2m at 31 March 2019, with a market value of scheme assets of £210.1m and scheme liabilities measured at £210.4m equating to a funding level of 99.9%. From 1 March 2021, contributions to the scheme have ceased under the existing recovery plan. The next triennial valuation will take place as at 31 March 2022.

The scheme actuary has provided a desktop updated actuarial valuation of the scheme's funding position as at 31 December 2021, showing a surplus of £12.8m representing a funding level of 106%. This included the impact of GMP equalisation of 0.3% of the liabilities. The actuarial valuation differs from the valuation under IAS 19 mainly due to differences in the way discounts rates are determined under the two valuation methods.

A charge is held over Chartered Accountants' Hall in favour of the scheme.

Further details are given in note 24 to the financial statements, including details of the different bases for the actuarial valuation and IAS 19 valuation. Additionally, judgements and estimates are detailed in Note 3.

TAX

The tax charge for ICAEW for the year was £1.7m (2020: £0.4m), relating entirely to increases in the deferred tax liability in the year. As a mutual membership organisation, the significant majority of our income is exempt from corporation tax.

FINANCIAL POSITION

ICAEW total net assets at 31 December 2021 were £151.9m (2020: £116.9m), an increase of £35.0m year on year.

Total cash and investments stood at £151.2m (2020: £124.7m) at the end of the year, an increase of £26.5m year on year.

Cash outflows include £9.0m (2020: £8.8m) in relation to FRC Conduct Committee case costs.

Fair value gains on investments were £4.4m (2020: £1.1m) and net cash generated from operating activities was £29.6m (2020: £45.2m).

An independent professional valuation of the ICAEW registered office, Chartered Accountants' Hall, included within property, plant and equipment was completed as at 31 December 2021. The resulting fair value recognised in the statement of financial position was £28.0m (2020: £28.0m).

Intangible non-current assets stood at £20.4m (2020: £16.8m) with additions of £7.8m (2020: £7.7m) in the year which primarily related to software developed internally as part of the ICAEW Business Systems Transformation programme to replace and upgrade the core IT systems which support the delivery of our strategy, including our membership, finance and customer relationship management applications.

Trade and other receivables were £32.4m (2020: £35.1m).

Trade and other payables were £69.4m (2020: £74.5m). This includes subscription fees paid in advance of £28.0m (2020: £29.4m) and other income in advance £1.7m (2020: 10.8m). The reduction in other income received in advance is due to the timing of invoicing to member firms.

The provision for FRC Conduct Committee case costs has fallen to £3.9m (2020: £7.8m) 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 2021 were £47.5m (2020: £53.0m) reflecting a net outflow of £5.5m (2020: £23.8m inflow).

Due to the annual business cycle, cash levels peak in January and reduce throughout the year. Net cash generated from operating activities was £29.6m (2020: £45.2m).

FRC Conduct Committee fines receipts and case cost recoveries totalled £19.5m (2020: £22.5m). Funding of FRC Conduct Committee case costs resulted in a cash outflow of £9.0m (2020: £8.8m).

The net amount transferred to financial asset investments was £26.1m (2020: £10.8m) and an aggregate of £9.6m (2020: £11.6m) was invested into property, plant and equipment and intangible assets during the year, the majority of which relates to the ICAEW Business Systems Transformation Programme.

ICAEW paid £0.1m (2020: £0.3m) of deficit funding to the Staff Pensions Fund. Contributions to the scheme ceased from 1 March 2021 due to funding level targets being reached in accordance with the recovery plan agreed with the Trustee.

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 between three and six months of expenditure through the income statement; and
- cash and investment balances should be at least sufficient to cover between three and six months of annual budgeted/forecast gross cash expenditure.

Reserves exceeded this range 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 we made donations under Gift Aid to our charitable trusts amounting to £0.7m (2020: £0.7m). ICAEW's charitable trusts continued to run the Library and Information Service and also approved grants in the year of £0.3m (2020: £0.4m).

The main element of the difference in net assets included in the consolidated position relates to the investments held by the charitable trusts amounting to £16.9m (2020: £15.2m).

POLITICAL EXPENDITURE

During the year, as part of its policy engagement, ICAEW supported a number of activities with political and politically affiliated organisations. This included a small number of events for political groups and a number of business and party conference events including hosting roundtables. Costs associated with these activities totalled £7,898 (2020: £1,660), the majority of which related to party conference activities.

GOING CONCERN AND LONG-TERM VIABILITY

The financial statements have been prepared on a going concern basis. In addition to the shorter-term going concern review, Council has assessed the viability of ICAEW over a three-year period. Council receives and 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 which are updated by the Board and Council.

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.

Council believes that ICAEW has adequate financial resources and is well placed to manage its business risks successfully given the current economic outlook, market conditions and possible short-term funding needs such as FRC Conduct Committee case costs. As a result, the going concern basis is considered appropriate. Council also has a reasonable expectation that ICAEW has adequate resources to be able to continue in operation and meet its liabilities as they fall due for the three years to 31 December 2024.

FRC

The government has accepted the 2018 recommendation of Sir John Kingman that the Financial Reporting Council (FRC) be superseded by the Audit, Reporting and Governance Authority (ARGA). The FRC is currently in a transition period with an assumption that ARGA will be fully operational in 2023. Legislation is anticipated during 2022-23 which will set out the revised powers and responsibilities of ARGA, including placing the funding of ARGA on a statutory basis. ICAEW is currently a significant source of the FRC's funding and we await confirmation of the future funding intentions for ARGA. The FRC is the oversight regulator with respect to ICAEW's role as a recognised supervisory body (RSB) and a recognised qualifying body (RQB) for statutory audit

in the UK. We anticipate that ARGA's role with respect to ICAEW's RSB and RQB status will be clarified during 2022-23 once ARGA has been established.

COVID-19

COVID-19 has continued to impact the business in 2021 and we have strived to ensure minimal disruption to member support and engagement. The health and wellbeing of our staff continued to be a key focus throughout this period and cost saving interventions implemented in 2020 largely continued in 2021.

ICAEW did not directly draw on any UK Government COVID-19 support during the year, although we continued to receive indirect support in the form of reduced recharged costs from a facilities service provider of £223k (2020: £557k). In terms of international COVID-19 support, we received £16k (2020: £87k) in Singapore from the Jobs Support Scheme (JSS), and no financial support was received (2020: £11k) in China as the local scheme ended in December 2020.

The Tax team provided ongoing updated practical information and support on the Government's Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme, with webinars related to tax advice constituting some of the highest audiences in the institute's history. Guidance was issued from the Audit and Assurance Faculty on remote auditing and webinars were provided on the challenges when auditing going concern in the light of ongoing uncertainties arising from the pandemic. In the Financial Reporting Faculty the team issued a checklist of factors to consider for the preparation of accounts.

The Professional Standards Department, ICAEW's regulatory and member conduct function, independently led and overseen by the ICAEW Regulatory Board (IRB), was well placed for the combination of 2021 challenges which included the ongoing pressures related to COVID-19. With preparation, plans and experience drawn from 2020, the team successfully met its statutory, operational, and financial targets while meeting changeable demands including working remotely and electronically.

The Professional Standards Department seamlessly continued to provide guidance, education and complaint management, and case investigation in a secure and safe manner. Operational continuity has been aided by investment in digital systems, supporting paperless case management processes and remote inspections by regulatory and oversight bodies. Quality Assurance reviews were performed effectively through a combination of on-site and virtual visits and the IRB, conduct and regulatory committees and disciplinary tribunal meetings were successfully migrated to online solutions in 2020 which continued in 2021. Further investment has also been made into the skilled workforce in order to ensure a continued high standard of delivery.

Our examinations logistics continued to be made more complex, posing significant challenges for our E&T and IT departments. Having been negatively impacted by COVID-19 in 2020, 2021 was a record year for ACA intake, with the UK and South East Asia performing particularly strongly. The increase was driven by a demand for additional staff and also the impact of COVID-19 in 2020, when some employers elected to defer their intake to 2021.

It was also a strong year for new employer authorisations, demonstrating an encouraging commitment to offer ACA training.

Despite the continued impact of the COVID-19 pandemic, most commercial product areas saw revenue and profitability growth in 2021. Commercial revenues increased to £12.2m, compared to £9.6m in 2020, however this remains below pre-pandemic levels of £14.4m in 2019.

The pandemic may result in a long-term change in how ICAEW and our members undertake our business. We will continue to adapt and react to the challenges caused by COVID-19 during 2022, based on the combined effort and commitment of ICAEW active volunteers and ICAEW staff.

OUR GOVERNANCE STRUCTURE

ICAEW's governance structure is designed to ensure high standards of business conduct, whilst upholding the culture, values, standards, ethics and reputation of ICAEW to ensure that the objects under its Royal Charter are met.

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.

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.

We also operate within regulatory oversight of the FRC, as a recognised supervisory body, a recognised qualifying body, a designated professional body, and as a licenser of insolvency practitioners. We are also regulated for reserved legal activities by the Legal Services Board. Further information on our governance structure can be found at [icaew.com/governance](https://www.icaew.com/governance)

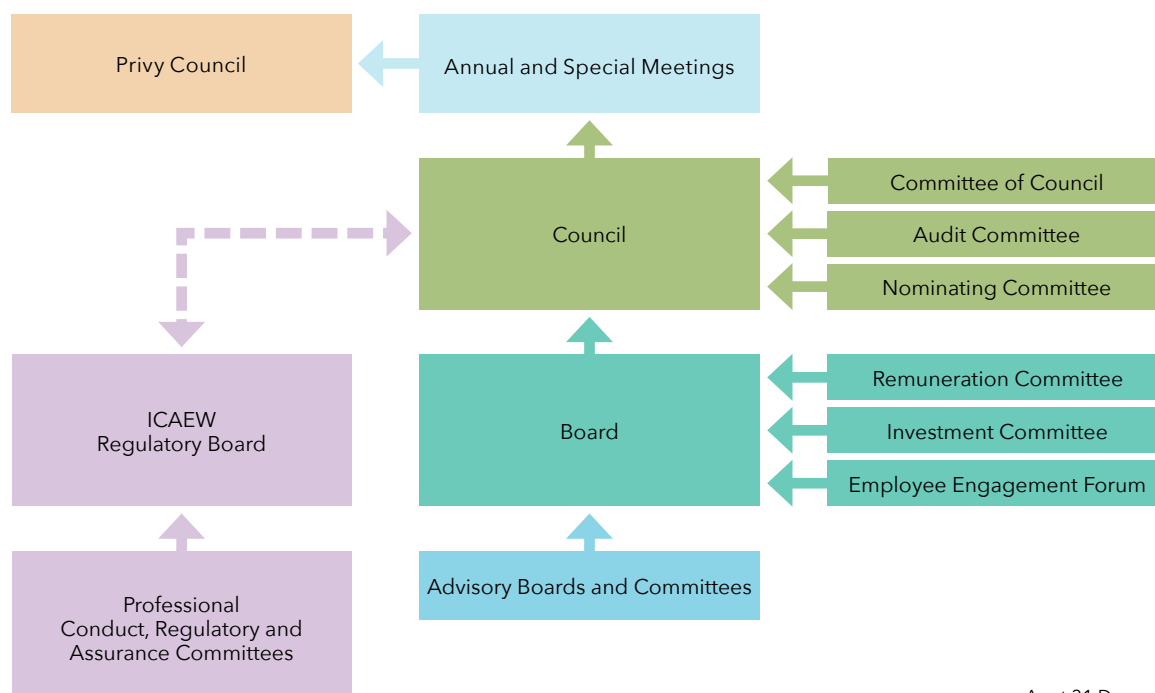
Our vision is that ICAEW Chartered Accountants enable a world of sustainable economies and ever since 1880, when we were founded by Royal Charter 'for the public benefit', our contributions to both the economy and the public interest have widened, and the reach and influence of our work has expanded. 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), supported by a governance structure that enables us to carry out our principal objects as outlined in our Royal 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 structure is designed to safeguard our future, enhance ICAEW's prosperity and ensure its integrity. Council 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 policy development is managed effectively, in a timely fashion with appropriate depth of scrutiny of key decisions.

ICAEW GOVERNANCE STRUCTURE



As at 31 December 2021.

ANNUAL AND SPECIAL MEETINGS

The Charter and bye-laws reserve certain matters for members. This includes consideration of the annual report and the financial statements with the report of the auditor. The 2022 Annual Meeting will be held on Tuesday 7 June 2022 at 11:00 BST.

GOVERNANCE REVIEW

In October 2020, Council set up a Governance Working Group (GWG) to review ICAEW's governance structure to support ICAEW's new 10-year strategy. The GWG reported on progress throughout 2021 and submitted a report to Council in December 2021. Council met on 8 February 2022 to consider the report and approved the way forward. Further detailed work will be carried out in 2022.

INDUCTION

All new members of 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

ICAEW members on our boards and committees including office-holders, do not receive remuneration. They are reimbursed for travel and subsistence costs incurred in undertaking ICAEW business. 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. 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 embedded in our thinking 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 and Charter for Black Talent in Finance and the Professions.

- All members are eligible to stand for election to Council or get involved with an advisory committee, faculty or community.
- The Nominating Committee ensures that Council, Board and committees have an appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties effectively.
- In 2021, the Board considered ICAEW's first-ever Diversity and Inclusion (D&I) Impact report recognising that the maturity and awareness of D&I initiatives across ICAEW and the profession had improved in recent years. We are not complacent and ICAEW recruited a Diversity and Inclusion Manager to lead ICAEW's strategy in this area and the creation of an Action Plan. The emphasis of this plan will be on our five Strategic Themes through a D&I lens. The Action Plan will guide our future actions in the D&I space in tandem with our new 10-year strategy.
- ICAEW's gender pay gap 2021 is 29.3% (2020: 26.6%). This includes both staff and contractors and has increased because of an increase in male contractors and consultants at the top end of the upper quartile. However, when contractors are removed the staff gender pay gap for 2021 has reduced to 23.1%.
- We aim to create a working environment that is based on a number of key principles including fairness, equality of opportunity, respect and dignity, flexibility, transparency and work-life balance. We believe that these key principles enable staff to enjoy work, develop as individuals and provide the best possible service to members, and the public, which contributes to the continued success of the organisation.
- We treat all staff fairly and equally regardless of age, race, sex or sexual orientation, gender (including transgender), disability, marital status (including civil partnership), pregnancy and maternity, social or educational backgrounds or family or carer responsibility. Should existing staff suffer a disability, we will do all we can to accommodate this 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.
- We recognise there is more to be done to improve the diversity of ICAEW and the profession. The Action Plan agreed with the Board will guide our future actions in the D&I space in tandem with our new 10-year strategy.

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 whilst ICAEW's duty is to its objects 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 matters which ICAEW has addressed through the many discussions held with the membership, 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 the aims of our 10-year strategy?	What is our approach to engaging with them and how they were effective?
Member Support	Supporting our members is key to our long-term success.	<ul style="list-style-type: none"> • As a consequence of COVID-19 it has been much harder to transact member support and other foundational activity face to face. However, we seized the positive benefits that the pandemic brought, through the expansion of webinars and virtual training events which have been well attended and effective in enabling ICAEW to engage with more members than ever before. • District societies continue to play a key role within the UK in bringing together ICAEW Chartered Accountants on a geographical basis. • We created resources to enable start-ups, scale-ups and SMEs to manage their finances responsibly and equip themselves to take new opportunities. Specifically, we promote the Business Advice Service to our members who have or are considering starting a business. This has been useful in helping members to advise their clients. • We developed 'ICAEW jobs' into a Careers hub, helping members with their next role and employers seeking ACA candidates. • Our insight helps to equip our members with the knowledge and information to understand and address today's challenges. Although much of our technical expertise in 2021 was directed towards providing regular support and updates on the challenges of COVID-19 and Brexit, we also continued to publish stand-alone thought leadership pieces that support our members on key issues affecting the profession.
The public and the public interest	Making a meaningful contribution to the wider society enables us to create stronger communities and have a positive impact.	<ul style="list-style-type: none"> • We embedded our support for the Sustainable Development Goals at the heart of our activities, became the first carbon neutral professional body in the world and undertook a variety of activities in the run-up to COP26. This has led to a reduction in ICAEW emissions and support for this important initiative. • We established a Sustainability and Climate Change Community, supporting climate action. This reflects the direct feedback from members and the public on ways in which ICAEW can be a leader in this field. • We ensured we remained the 'go to' source of practical advice on new tax-related public policy through events, webinars, consultation input and through our Tax Faculty we play a leading role in tax reform and simplification. • We grew sector communities, helping to share insights and information relevant to supporting the economy in areas including Charity, Construction & Real Estate, and Energy & Natural Resources and positioned ICAEW's public policy in those areas. • We provided relevant and timely information and signposting post Brexit through our Brexit hub. This enabled both members and non-members to navigate the challenges posed by Brexit.

Stakeholder	Why are they key to ICAEW and the aims of our 10-year strategy?	What is our approach to engaging with them and how they were effective?
Regulatory Bodies	Active and regular engagement with our regulators helps to ensure we understand changing regulatory requirements.	<ul style="list-style-type: none"> • We made changes to our Disciplinary bye-laws to strengthen our regulatory oversight and modernise our regulatory framework. • We engaged with and contributed to initiatives by IAASB, FRC, BEIS and Accountancy Europe regarding fraud and going concern. We also developed content to influence the policy debate and support our members and raise awareness of existing resources. • We continued to work with the FRC and delivered a revised audit registration process with different levels of accreditation for firms and auditors wishing to carry out PIE audit work. • We considered future options of governance around ICAEW's regulatory and disciplinary work. • We strengthened our relationships with key law enforcement agencies in the fight against economic crime and continue to represent the accountancy profession at the Economic Crime Strategic Board (ECSB).
Our people	Our staff and volunteer members' wellbeing and commitment is essential for our long-term success.	<ul style="list-style-type: none"> • We held regular all-staff meetings and undertook a staff survey to seek staff feedback across the year in review. This led to a more engaged workforce. • We held regular strategy updates for all staff and have dedicated communications channels, including an intranet and weekly email updates to support employee interaction. • Our Employee Engagement Forum and the Board reviewed plans to ensure robust procedures were in place to support ICAEW's 'return to the office' policy post-pandemic. We listened to staff feedback on the policy and made amendments where appropriate. • Our Council approved amendments to our Active Member Conduct Procedures to support the wellbeing of our staff and volunteers. • Around 30,000 ICAEW members undertook approximately 35,000 voluntary roles. Furthermore, our UK Regions team worked in collaboration with the district societies to run 1,062 regional and local events across the UK. This focus and commitment led to an increase of 35% on 2020 attendance figures.
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.
Other Stakeholder Groups	We recognise the importance of engaging with all our stakeholders and creating long-term partnerships.	<ul style="list-style-type: none"> • We continued to publish titles in our 'Better Government' series and interact with the UK Treasury and key international finance ministries on improving public sector financial management. • We worked in partnership with HMRC to produce a new drama film to raise awareness among accountants that they could be unwitting enablers of money laundering by clients or third parties. • We responded to the BEIS consultation paper, including holding several events to gather member views. We continue to engage with BEIS and policymakers, including the BEIS Select Committee, on the future of audit, alongside enhancing our audit reform webpages. • We updated key political stakeholders on our work to support our members through the challenges of the pandemic and Brexit. • We examined the fragility of the local audit market at a meeting involving Sir Tony Redmond, following the publication of his recommendations, and other senior stakeholders. We also chaired two webinars on the subject of local authority audit, including an interview with Sir Tony Redmond.

COUNCIL

The powers of Council are set by the Charter and bye-laws and through delegations contained in the Governance Handbook. Council is ultimately 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).

Council has three distinct roles:

THE REPRESENTATIVE ROLE

- Ensuring the views across our profession are heard in the setting of ICAEW's strategy.

THE HOLDING TO ACCOUNT ROLE

- Upholding the public interest and holding the Board to account for the delivery of our operational priorities.
- Holding the ICAEW Regulatory Board to account for the regulation of the membership.

THE APPROVALS ROLE

- Approving annually the operational plan and budget and satisfying itself that our principal risks are being monitored by the Board.

Key Council Strategic Matters 2021

- Approved the Operational Plan 2022-2024 and considered ICAEW's Principal Risks and any new and/or emerging risks.
- Provided input into the review of ICAEW's Governance Structure to support ICAEW's new 10-year strategy.
- Considered ICAEW's response to the BEIS Consultation into Trust in Audit.
- Discussed ICAEW's response to the IAASB's draft standard for the audit of less complex entities.
- Considered the potential for a closer working relationship with CIPFA.
- Considered updates to the structure of the district societies to support the new 10-year strategy.
- Approved through the Committee of Council, funding to support the Business Systems Transformation programme which will deliver a step-change in the delivery of back-office IT systems to support the membership.
- Approved updates to the Active Member Conduct Procedure.
- Approved amendments to the Board composition.
- Approved the cessation of the Business and Management Faculty and the Tech Faculty subscriptions.
- Considered the payment of annual fees and subscriptions by instalment.
- Monitored the work of the ICAEW Board through regular updates from the Chair of the Board.
- Monitored the work of the ICAEW Regulatory Board (IRB) through the review of its Annual Report and discussions with the Chair; and approved updates to the IRB's Terms of Reference.
- Held two Council Conferences to discuss CPD, faculties, International, Reputation and Influence and Member Support.
- Approved for recommendation to the membership the 2022 Fees and Subscriptions and amendments to the Disciplinary and Principal Bye-laws.
- Held internal elections for the position of Chair of Council and positions on the ICAEW Board and Nominating Committee.
- Held an election for the Vice-President of ICAEW.
- Considered and approved co-options to Council.
- Received an Annual Report from the Audit Committee.
- Received regular reports from the Nominating Committee.

FINANCIAL RESPONSIBILITIES OF COUNCIL

Council has delegated to the Audit Committee and the Board, in preparing these financial statements. 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 2021

In 2021, Council met six times. The majority of Council members are directly 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 2021, Council comprised 96 members.

Council member name	Appointment type and dates	Attendance in 2021
Ravi Abeywardana	Co-opted (Member working in sustainability) (from 2 June 2021)	4/5
George Acquah	Co-opted (Member working in business)	5/6
Victoria Andrew	Elected (UK - London)	6/6
Richard Andrews	Ex-officio (Chair of Financial Services Faculty) (from 2 June 2021)	4/5
Paul Aplin	Past-President (to 2 June 2021)	1/1
Lee Aston	Elected (UK - West of England) (to 2 June 2021)	1/1
Fiyza Awan	Co-opted (Recently qualified) (from 2 June 2021) Ex-officio (Chair of ICAEW Student Council) (to 2 June 2021)	5/6
Dato' Mohammad Faiz Azmi	Co-opted (Member working in Malaysia)	6/6
Malcolm Bacchus	Elected (UK - London)	6/6
Chrissie Bacon	Elected (UK - South Eastern) (from 2 June 2021)	3/5
Catherine Bateman	Co-opted (Member working in Canada and the Caribbean) (to 2 June 2021)	1/1
Andy Batty	Elected (UK - London)	6/6
Clive Bawden	Elected (UK - Birmingham & West Midlands) (to 2 June 2021)	1/1
Carl Bayley	Elected (UK - Scotland)	6/6
Thomas Bell	Elected (UK - West Yorkshire)	5/6
Rebecca Benneyworth	Elected (UK - West of England)	6/6
Clare Bewsher	Elected (Australasia (NSW & ACT)) (from 2 June 2021) Elected (Oceania) (to 2 June 2021)	6/6
David Blair	Elected (UK - East Anglia)	6/6
Derek Blair	Chair of Council Elected (UK - Beds, Bucks & Herts)	6/6
Helen Brennan	Elected (UK - London)	5/6
Steven Brice	Ex-officio (Chair of Financial Reporting Faculty) (from 2 June 2021)	4/5
Kathryn Britten	Elected (UK - London)	6/6
William Brooks	President (from 2 June 2021) Deputy-President (to 2 June 2021)	6/6
Angela Caldara	Elected (UK - London)	6/6
David Canning-Jones	Co-opted (Large firm partner - EY)	6/6
David Carr	Ex-officio (Chair of Business & Management Faculty)	6/6
Richard Cartwright	Elected (UK - Southern) (to 18 November 2021)	5/5
Jagdeep Chaggar	Elected (UK - London) (to 7 December 2021)	2/5
Heather Cheesman	Elected (UK - South Eastern)	4/6
Ian Cherry	Elected (UK - North West) (to 2 June 2021)	1/1
Neil Christie	Ex-officio (Chair of Tech Faculty) (from 2 June 2021)	2/5
Noel Clehane	Co-opted (Member for the EU) (to 2 June 2021)	1/1
Simon Cobbin	Elected (UK - South Essex) (to 2 June 2021)	1/1

Council member name	Appointment type and dates	Attendance in 2021
Mark Coles	Elected (USA (East Coast) & the Caribbean) (from 2 June 2021) Elected (USA) (to 2 June 2021)	6/6
Andrew Coulson	Elected (UK - Birmingham & West Midlands)	6/6
Christabel Cowling	Co-opted (Large firm partner - EY)	5/6
David Crackett	Elected (Europe & Eurasia)	6/6
Ede Dafinone	Co-opted (Member working in Africa)	6/6
Ian Davies	Elected (UK - Southern) (to 2 June 2021)	1/1
Andrew Dawson	Elected (UK - East Anglia) (to 2 June 2021)	1/1
Jonathan Downer	Co-opted (Large firm partner - KPMG)	6/6
Joanna Drinkwater	Elected (UK - Birmingham & West Midlands) (from 2 June 2021)	4/5
Peter Duffield	Elected (UK - Humberside & District)	6/6
Graham Durgan	Elected (UK - Thames Valley)	5/6
Laura Dymott	Elected (UK - London)	6/6
Mark Ellison	Elected (Australasia (excluding NSW & ACT)) (from 2 June 2021)	5/5
Dato' Ah Tee Gan	Co-opted (Member working in the ASEAN region) (to 2 June 2021)	1/1
Daniel Gaukrodger	Ex-officio (Chair of ICAEW Student Council) (from 2 June 2021)	5/5
Amrita Ghosh	Elected (UK - South Essex) (from 2 June 2021)	3/5
Nicola Granger	Ex-officio (Chair of Tech Faculty) (to 2 June 2021)	1/1
Simon Gray	Ex-officio (Chair of ICAEW Business Committee) (to 16 November 2021)	4/4
Howard Gross	Elected (UK - London) (to 2 June 2021)	1/1
David Grunberg	Elected (UK - London)	6/6
San Gunapala	Co-opted (Large firm partner - EY)	6/6
Deborah Harris-Ugbomah	Elected (UK - London) (from 2 June 2021)	5/5
Philip Harrold	Elected (UK - Nottingham, Derby & Lincoln) (from 2 June 2021)	4/5
Stephanie Henshaw	Ex-officio (Chair of Financial Reporting Faculty) (to 2 June 2021)	1/1
David Herbinet	Co-opted (Member for the EU) (from 2 June 2021)	3/4
Jake Holdroyd	Co-opted (Recently qualified member in practice)	2/6
Peter Hollis	Elected (UK - Sheffield)	6/6
Della Hudson	Elected (UK - West of England) (from 2 June 2021)	5/5
Alan Hyams	Elected (UK - Manchester)	5/6
Constantine Ioannou	Elected (UK - London)	4/6
Gareth John	Elected (UK - East Anglia) (from 2 June 2021)	5/5
Gemma Jones	Elected (UK - Birmingham & West Midlands)	6/6
Dr Ernest Kan	Co-opted (Member working in South East Asia) (from 2 June 2021)	5/5
George Kourris	Elected (Cyprus) (to 2 June 2021)	1/1
Vincenzo Leporiere	Co-opted (Recently qualified member in business) (to 2 June 2021)	1/1
Esther Leung	Co-opted (Recently qualified member in business)	6/6
Gilly Lord	Ex-officio (Chair of Audit & Assurance Faculty)	6/6
Onneile Maripe	Co-opted (Recently qualified member in business) (from 2 June 2021)	5/5
Samantha Mason	Elected (UK - South Eastern) (from 2 June 2021)	3/5
Kate Mathers	Co-opted (Chair, Learning and Professional Development Board)	5/6
David Matthews	Immediate Past-President (from 2 June 2021) President (to 2 June 2021)	6/6
David McBride	Elected (UK - London)	6/6
Andrew McKenzie-Smart	Elected (UK - Croydon) (from 2 June 2021)	5/5
Carol McLachlan	Elected (UK - Liverpool)	6/6
Neil McMillan	Elected (UK - North West) (from 2 June 2021)	5/5

Council member name	Appointment type and dates	Attendance in 2021
Andrew Mead	Elected (UK - Beds, Bucks & Herts)	6/6
Mo Merali	Ex-officio (Chair of Corporate Finance Faculty)	6/6
Roger Merchant	Elected (UK - Leicester & Northants)	6/6
Mike Morgan	Ex-officio (Chair of Financial Services Faculty) (to 2 June 2021)	1/1
Martin Muirhead	Co-opted (Group A firm senior partner - Moore Kingston Smith)	6/6
Jeremy Mumby	Elected (UK - Nottingham, Derby & Lincoln) (to 2 June 2021)	1/1
Richard Nunn	Elected (Canada) (from 2 June 2021)	5/5
Jeannie Okikiolu	Elected (UK - London)	6/6
Alison Ollier	Elected (UK - Staffs, Salop & Wolverhampton) (to 2 June 2021)	1/1
Bindi Palmer	Elected (UK - Thames Valley) (from 2 June 2021)	5/5
Harry Pampiglione	Co-opted (Recently qualified member in practice) (to 2 June 2021)	1/1
Viresh Paul	Elected (UK - London) (from 2 June 2021)	5/5
Julia Penny	Deputy-President (from 2 June 2021) Vice-President (to 2 June 2021)	6/6
Ali Qasim	Co-opted (Recently qualified member in business) (from 2 June 2021)	5/5
Michael Quinlan	Elected (UK - Croydon) (to 2 June 2021)	1/1
Rohit Rajvanshi	Co-opted (Member working in the Middle East)	6/6
Matthew Rees	Co-opted (Member working in the public sector)	6/6
Mark Rhys	Vice-President (from 2 June 2021) Co-opted (to 2 June 2021)	6/6
Brian Ricketts	Elected (UK - Liverpool)	5/6
Samantha Russell	Elected (UK - London) (to 8 November 2021)	4/4
Jessica Rutland	Co-opted (Recently qualified member in business) (to 2 June 2021)	1/1
Julia Seppä	Elected (Europe & Eurasia)	6/6
Raj Shah	Ex-officio (Chair of Tax Faculty)	6/6
John Sheehan	Elected (UK - Beds, Bucks & Herts)	6/6
Sinduja Sivasanthiran	Elected (UK - London) (from 2 June 2021)	3/5
Caroline Smale	Elected (UK - South West)	6/6
Anne-Marie Smith	Elected (UK - Staffs, Salop & Wolverhampton) (from 2 June 2021)	4/5
Jeffrey Smith	Elected (UK - Thames Valley) (to 2 June 2021)	1/1
Susan Smith	Elected (UK - South Eastern)	6/6
Nathan Steinberg	Elected (UK - London)	6/6
Clive Stevens	Elected (UK - South Eastern)	6/6
John Stout	Elected (UK - Thames Valley)	6/6
Matthew Stroh	Elected (UK - West Yorkshire)	6/6
Odysseus Tavros	Elected (Cyprus) (from 2 June 2021)	5/5
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)) (from 2 June 2021)	5/5
Carol Warburton	Elected (UK - South Wales)	6/6
Fiona Wilkinson	Past-President (from 2 June 2021) Immediate Past-President (to 2 June 2021)	6/6
Gemma Wilks	Elected (UK - Southern) (from 2 June 2021)	5/5
Martin Williams	Co-opted (Member working in business)	6/6
Andrew Williamson	Elected (UK - Beds, Bucks & Herts) (from 2 June 2021)	4/5
Jeremy Willmont	Elected (UK - London)	6/6
Anthony Woodings	Elected (UK - Manchester)	6/6

BOARD

The Board acts under delegated authority from Council and is responsible for all operational matters relating to the development and implementation of ICAEW strategy (including review of risk), policy, operational plans and all matters relating to ICAEW resources.

The Board has four distinct roles:

DEVELOP, SUPERVISE AND IMPLEMENT STRATEGY

- Responsible for supervising the delivery of the strategy and all matters relating to its implementation.

HOLDING TO ACCOUNT

- Holding the executive to account in the performance of their duties, taking into account the views of Council.

MONITORING 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, taking into account the recommendations and advice of the Audit Committee.

THE APPROVALS ROLE

- Recommending the operational plan for approval by Council and taking responsibility for all matters (other than those reserved for the ICAEW Regulatory Board) relating to policy in support of ICAEW's strategy.

ADVISORY BOARDS

Three advisory boards report into the Board and steer the development of policy for ICAEW's key activities, in the areas of Education & Training, Reputation & Influence and Belonging & Supporting. They are represented on the ICAEW Board through their chair's ex-officio membership.

THE OFFICE-HOLDERS

The powers of the office-holders are primarily in relation to procedural matters specified in the principal bye-laws. They have an ambassadorial role, meeting members and stakeholders and promoting ICAEW. They represent the views of Council and the wider accountancy profession and ensure that these are taken into account in the development of ICAEW strategy and policies. They counsel and advise the Chief Executive. The President chairs the Annual and Special meetings of members and the ICAEW Board. All office-holders (and Council members) act in a non-executive capacity.

Position	To 2 June 2021	From 2 June 2021
President and Chair of the Board	David Matthews	William Brooks
Deputy-President	William Brooks	Julia Penny
Vice-President	Julia Penny	Mark Rhys

The Chair of the Board, who is also the President, reports on the Board's activities at each Council meeting.

THE CHIEF EXECUTIVE AND THE EXECUTIVE TEAM

The Chief Executive, Michael Izza, operates within the framework of delegations approved by Council. Reporting to the President, 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 executive team report monthly to the Board on principal risks and on the implementation of the operational plan. The duties of the Board and of each of its committees are set out in their respective terms of reference.

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.

BOARD PRIORITIES FOR 2021 AND INTO 2022

The Board was restructured in 2021, with the members of the executive on the Board reduced from five to three. The recruitment of a Chief Financial Officer and a Chief Operating Officer was carried out by the Senior Staff Appointments Panel (SSAP), a sub-group of Council. A long-list of diverse candidates was reviewed by the SSAP and interviews held with the candidates on the resulting shortlist. The Remuneration Committee led on the development of an appropriate remuneration package for the roles and approved the final package to be offered to the successful candidates. Having considered the skills and experience the SSAP approved the appointment of Dabinder Hutchinson as Chief Financial Officer and Sharron Gunn as Chief Operating Officer (formerly ED, Members, Commercial and Shared Services). Both joined the Board on 1 April 2021.

Robert Hodgkinson (ED, Technical), Mark Protherough (ED, Learning and Professional Development) and Vernon Soare (Chief Operating Officer) retired from the Board on 31 March 2021.

On 2 June 2021, Helen Brennan was elected to the Board and Caroline Smale joined the Board ex-officio as Chair of the Members and Commercial Board, following the retirement of Clive Stevens.

The Board is now comprised of up to 14 members (2020: 16 members) comprising 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.

Key Board Matters 2021

Despite the pandemic, the Board made considerable progress during 2021 towards achieving the objectives set at the beginning of the year, both supporting the membership and upholding the public interest.

- Considered ICAEW's response to the BEIS Consultation into Trust in Audit.
- Recommended approval of the Operational Plan 2022-2024 to Council.
- Closely monitored the ongoing implementation of our Business Systems Transformation programme and recommended to the Committee of Council funding to support the programme. This project will support a strengthening of ICAEW's back-office and CRM functionality.
- Approved a new investment strategy to support ICAEW's 10-year strategy and financial resilience.
- Approved a new risk policy and risk register to ensure ICAEW keeps up with best practice.
- Recommended approval for additional funding to support ICAEW's Business Systems Transformation programme.
- Considered ICAEW's first ever Diversity and Inclusion Impact Report and initiatives to improve the diversity of the profession.
- Considered ICAEW's first Carbon Neutrality Report and the steps taken to reduce our carbon footprint.
- Monitored ICAEW's risk register, considering emerging risks to ICAEW and the profession.
- Monitored and received the annual report into Anti-Bribery and Corruption.
- Agreed the Annual Modern Slavery Statement.
- Monitored Health and Safety and employee wellbeing through the Employee Engagement Forum and updates from the Health and Safety Manager together with Board training.
- Considered the outputs from Council into the review of ICAEW's governance structure.
- Considered the potential for a closer working relationship with CIPFA.
- Discussed the issues related to our ACA exam platform and considered remedial action.
- Approved investment in Engine B to support the future of the profession.
- Assessed and confirmed that the annual report was considered fair, balanced and understandable and provides the information necessary for members to assess ICAEW's position, performance, business model and strategy.
- Reviewed the disclosures in the annual report and accounts that describe the principal risks, including what procedures are in place to identify emerging risks and an explanation of how these are being managed.

During 2022, the Board's agenda will continue to focus on the implementation of ICAEW's 10-year strategy, as well as the Business Systems Transformation programme as it enters operation. Focus will also turn to considering updates to ICAEW's CPD Policy, the outputs of the review into ICAEW's governance structure and the outputs from the BEIS Consultation into Trust in Audit.

RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board and Audit Committee have responsibility for ICAEW's systems of internal control and risk management and have reviewed their effectiveness for the year.

ICAEW's risk management approach is designed to enhance the quality of our decision making to improve confidence in the delivery of our business objectives, protect the interests of our key stakeholders, and assist in the safeguarding of our people, reputation and assets.

Principal risks are reviewed by the Board at each meeting and the delivery of mitigating actions is built into our strategy and operational plan by our management team.

The Internal Auditors Annual Report on the Effectiveness of Internal Control highlighted that the ICAEW control landscape was effective in many areas but there were specific, discrete areas in which control effectiveness could be improved. The context of a challenging operational landscape (as with other organisations) has impacted on the ability of management to fully address control effectiveness in these areas and there have been delays in desired progress accordingly. This is firmly on management's agenda to progress and the Board and Audit Committee will closely monitor progress towards achieving the desired control effectiveness in the discrete areas of focus.

The following principal risks have been identified by the Board and are therefore key focus areas for risk management during the period:

Risk	Description	Gross risk ¹	Net risk ²	Net planned risk ³	Risk management activity
The loss of public trust	The risk that high profile corporate scandals which, either directly or indirectly involve the accountancy profession, terminally undermine public trust in business, finance or the accountancy profession.	High	High	Medium	<p>We continue to contribute to the debate on audit reform and support an effective transition to the new Audit, Reporting and Governance Authority (ARGA).</p> <p>We responded to the FRC on their proposals for revising the Audit Firm Governance Code, pointing out that this was an integral element of restoring trust in the market and enabling informed choices on the basis of audit quality.</p> <p>Through the Audit & Assurance Faculty we are developing thought leadership on fraud to help demonstrate what auditors can do in this area.</p>
Our relevance to firms and demand for future skills	The risk that external changes result in professional bodies losing relevance or ICAEW becomes less relevant to the firm's business model.	High	High	Medium	<p>Further development of qualifications, syllabus and designations and assessment methodology to meet market demand.</p> <p>Continue to:</p> <ul style="list-style-type: none"> • build strategic partnerships and monitor the external environment; • review the resilience and reliability of qualification delivery channels; and • position ICAEW as the partner of choice across growing networks.
ICAEW Reputation	Reputational risks are typically a key component of all risks and therefore the aggregate impact of risks on reputation requires consideration.	High	High	Medium	<p>The review of the risk management processes recommended the addition of a new principal risk to recognise the inherent threat to ICAEW's reputation.</p> <p>This risk recognises the risks inherent in the remaining principal risks to ICAEW's reputation should they materialise.</p> <p>Each risk is managed separately. However, to understand the risk impacts through different lenses, aggregation of the impacts is needed. The mechanism and mitigations are being developed.</p>
The changing nature of the global competitive environment	The risk is that external changes result in professional bodies losing relevance or ICAEW falling behind in the marketplace and being unable to execute strategy in the public interest.	High	Medium	Medium	<p>Our strategy includes mastering technology. Cyber and data analytics will be increasingly included both within ICAEW CFAB and the ACA and there will be an enhanced data analytics theme running through our Academy proposition.</p> <p>We continue to engage with key stakeholders internationally through Chartered Accountants Worldwide (CAW) to make more of the CAW brand. Taking CAW forward is a key part of any competitive response to future market changes globally.</p>
Cyber and data security	The risk that there is a failure or breach of physical or cyber security systems, or of data management events such as the handling of client/member/student data, or breakdown of ACA assessment process or procedure, or use of data relating to elections. The resulting damage could be to our reputation, operations or both.	High	Medium	Medium	<p>ICAEW's Cyber, IT and Privacy Steering Group meets regularly to review risks and mitigating activity for data protection.</p>

Risk	Description	Gross risk ¹	Net risk ²	Net planned risk ³	Risk management activity
Replacement of key Business Systems	The risk is that ICAEW's Business Systems Transformation programme fails to deliver the business, strategic and competitive benefits anticipated from the investment.	High	High	Low	<p>The programme governance board continues to meet regularly to review project progress.</p> <p>External review reports on progress against plan and budget. Monthly update reports are reviewed by the Board.</p> <p>A new programme governance structure and changes to reporting and metrics were implemented during 2021. These changes ensure emerging risks are quickly highlighted and mitigations are put in place.</p>

1 Gross risk represents the inherent risk level before taking into account any mitigating actions.

2 Net risk represents current residual risk levels, following risk mitigation.

3 Net planned risk represents the target risk levels over time resulting from continued mitigating actions.

Risk assessments are reviewed frequently. The impact of COVID-19 ceased to be considered a Principal Risk at the beginning of 2022. Changes are dependent on key external variables and the impact of mitigating actions which can take some time to be effective. Consequently, the gross and net risk assessments can be the same for a period of time.

BOARD EVALUATION

The effectiveness of the Board is vital to the success of ICAEW. The Board undertakes a rigorous evaluation process each year to assess how it, and individual Board members are performing. The usual process is for

an evaluation to be undertaken by way of an internal questionnaire, supported by individual discussions with the chair, with an external evaluation conducted periodically as determined by the Board. The last external evaluation was in 2015 by Board Intelligence. The Board recognises that an external evaluation is now overdue and has requested that an external evaluation be carried out in 2022. During the year the non-executive members of the Board, led by the Chair, also met to discuss the executives' performance. The non-executive members of the Board also provided feedback on the Chair's performance.

OUTCOMES FROM THE 2020 BOARD EVALUATION AND STEPS TAKEN IN 2021

Focus Area	Feedback/Actions
Board timetable and frequency of Board meetings	<p>The Board usually meets 10 times per year. 2021 was another busy year, with two ad-hoc meetings added, taking the total number of Board meetings held in 2021 to 12. This was supplemented with the formation of a Board sub-group to consider and finalise matters such as the annual report and the BEIS Consultation. The Board sub-group met four times.</p> <p>The Board supports a flexible approach to Board meetings, with additional virtual meetings and the use of sub-groups added if required and appropriate, to help the Board manage its time effectively.</p>
Performance Monitoring and Competitor Analysis	At the Board away day in April 2021 the Board considered competitor and market analysis and received improvements to the Monthly Performance Reporting framework and the use of data to support the Board's decision making.
Risk Management	The Board provided feedback to support improvements to the risk management process and agreed to create the role of Risk Officer and make other changes to ICAEW's governance structure to support risk management.
Council/Board	<p>Diversity of the composition of the Board has improved in 2021, with new Board appointments leading to near parity female/male membership (54% female; 46% male).</p> <p>The use of briefings in-between Council meetings have helped foster greater collaboration between Council and the Board. Also, the use of non-executive only meetings is a valued addition to the Board's annual calendar.</p>

BOARD ATTENDANCE DURING 2021

The members of the Board during 2021 are outlined below. The Board gender split at 31 December 2021 is 7 female and 6 male (54% female; 46% male). The Board met 12 times in 2021 and comprises of up to 14 members. There are currently 13 members

as the Vice-President is also the Chair of the Technical Strategy Board. The Board also delegated to a Board sub-group to finalise the Financial Statements and ICAEW's response to the BEIS Consultation into Trust in Audit. The sub-group met four times during the year.

Name	Position	Appointed	Retired	Attendance
Helen Brennan*	Council member elected to the Board	2 June 2021		7/7
William Brooks*	President (from 2 June 2021) Deputy-President (to 2 June 2021)			12/12
Mark Coles*	Council member elected to the Board			12/12
Sharron Gunn	Chief Operating Officer (COO) (Executive Director, Members, Commercial and Shared Services to 31 March 2021)			12/12
Mary Hockaday	Independent non-executive member of the Board			11/12
Robert Hodgkinson	Executive Director, Technical Strategy		31 March 2021	3/3
Dabinder Hutchinson	Chief Financial Officer (CFO)	1 April 2021		9/9
Michael Izza	Chief Executive			12/12
Kate Mathers*	Ex-Officio member			10/12
David Matthews*	President (to 2 June 2021)		2 June 2021	5/5
Julia Penny*	Deputy-President (from 2 June 2021) Vice-President (to 2 June 2021)			12/12
Mark Protherough	Executive Director, Learning and Professional Development		31 March 2021	3/3
Mark Rhys*	Vice-President (from 2 June 2021)			12/12
Caroline Smale*	Ex-Officio member	2 June 2021		6/7
Vernon Soare	Chief Operating Officer		31 March 2021	3/3
Clive Stevens*	Ex-Officio member		2 June 2021	5/5
Nathan Steinberg*	Council member elected to the Board		2 June 2021	4/5
Rob Tindle*	Council member elected to the Board	2 June 2021		11/12
Malcolm Wood	Independent non-executive member of the Board			12/12

*Council member

AUDIT COMMITTEE

The Audit Committee acts under delegated authority from Council, and is responsible for ensuring effective oversight, assessment and review of external audit, financial reporting, internal controls and risk management, and internal audit.

KEY AREAS OF FOCUS WITHIN THE COMMITTEE'S REMIT

- To provide assurance to Council as to the adequacy of ICAEW's internal controls of risk management, 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 2021. The Committee also delegated to a sub-group which met once to finalise the financial statements. 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 or internal audit and the committee meet without ICAEW management present.

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

KEY COMMITTEE MATTERS 2021

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 the course of 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.

Risk and internal controls

- Reviewed principal and operational risks.
- Carried out deep dives into principal risks and mission-critical projects such as Business Systems Transformation, GDPR, exams and Risk Management, the implications of the executive restructure, post-pandemic and 'back to work' plans.
- Reviewed management's assessment and received assurance on the effectiveness of the risk management and 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 (they were first appointed as external auditor at the AGM on 7 June 2016) as ICAEW's external auditor in respect of the year ended 31 December 2021. 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

Through discussion with management and the external auditor, the Audit Committee determined that the following were key judgement areas in 2021:

- the defined benefit pension scheme;
- FRC Conduct Committee provision; 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 2021 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 2021

Name	Position	Appointed	Retired	Attendance
William Brooks*	Deputy-President		2 June 2021	2/2
Nigel Jones	Member			5/5
Mark Rhys*	Vice-President, and member of the ICAEW Board	2 June 2021		5/5
Alison Smith	Lay member			3/5
Piers Clinton-Tarestad	Member			4/5
Henry Wallis	Member			5/5
Dr Sarah Walsh	Lay member			4/5
Carol Warburton*	Chair			4/5

*Council member

NOMINATING COMMITTEE

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

The committee is also responsible for the following areas:

- discussing and making recommendations with regard to 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 regulations and results for election to Council; and
- reviewing the results of elections to committees of Council (ie, Nominating Committee and ICAEW Board).

The Committee Review Working Group (CRWG) is a sub-committee of the Nominating Committee and has delegated authority to review committee memberships each year. This Working Group is chaired by the Deputy-President.

The key priority during the 2021 review of committee membership was to enhance diversity and inclusion on ICAEW committees and boards. As technology has made virtual attendance at meetings easier, emphasis was given to increasing participation by active members based outside the UK.

The Nominating Committee reports to Council on appointments to principal committees and also on the committee review process.

Key Committee Matters 2021

- Reviewed appointments to ICAEW committees, faculties, and boards.
- Reviewed co-options to ICAEW Council.
- Reviewed the committee review process.
- Considered amendments to the Senior Staff Appointment Committee Terms of Reference and the change of its name to the Senior Staff Appointment Panel to reflect that it is not a standing committee.
- Reviewed the election process following the 2021 Council elections.
- Reviewed the nominations for potential honorary membership.

Membership of the Nominating Committee is by election or ex-officio. The Immediate Past-President is Chair of the Committee and retires annually by rotation. The Past-President is the Deputy Chair.

The Nominating Committee comprises:

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

The Nominating Committee met six times in 2021.

NOMINATING COMMITTEE ATTENDANCE DURING 2021

Name	Position	Appointed	Retired	Attendance
David Matthews (Chair from 2 June 2021)	Immediate Past-President			6/6
Fiona Wilkinson (Chair to 2 June 2021 and Vice Chair from 2 June 2021)	Past-President			5/6
Will Brooks	President			6/6
Julia Penny	Deputy-President			6/6
Mark Rhys	Vice-President	2 June 2021		3/4
Andy Batty	Council member elected to the committee			4/6
David Crackett	Council member elected to the committee			4/6
Jeremy Willmont	Council member elected to the committee	25 November 2021		0/0
Michael Izza	ICAEW Chief Executive			6/6
Paul Aplin	Past-President		2 June 2021	2/2
Susan Smith	Council member elected to the committee		2 June 2021	2/2

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. The Chair of the Remuneration Committee or their nominee reports at least annually to the Board.

CHIEF EXECUTIVE AND LEADERSHIP TEAM

The Chief Executive (CEO) and CFO, COO and Chief Office, Professional Standards are appointed by a Senior Staff Appointments Panel comprising senior Council members and advisers. They are not subject to regular

election by members. Nonetheless, their performance is reviewed annually by the Remuneration Committee, which reports to the Board accordingly.

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, all staff breakfasts, 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										
Pay policy The key element of ICAEW's pay policy is to reward those staff who have achieved their core agreement and who are living our values, determined with reference to market value. All our positions are benchmarked against market salaries. 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. 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.	We believe that staff should be appropriately rewarded in relation to: <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. This is recognised by a non-consolidated lump sum 'added value' bonus award as well as monetary 'in-year' staff recognition awards. The Chief Executive's notice period is 12 months, and the Leadership Team notice period is 6 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 Chief Executive and 30% for the COO, 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 objectives set out in the Operational Plan.										
Remuneration framework Employee remuneration is composed principally of fixed and variable elements of reward.	a) Fixed reward: <ul style="list-style-type: none"> fixed remuneration: base salary benefits (including pension) (b) Variable reward: <ul style="list-style-type: none"> discretionary or contractual bonus for eligible employees. 										
Base salary 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.	Base salaries are set taking into account a range of factors including: <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. An increase of 2% to the base pay for the CEO, CFO, COO and Chief Officer, Professional Standards in 2021 was consistent with the budget applied for average increases in the annual pay review for other ICAEW employees in the UK.										
Deferred Pay 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.	<table> <tr> <th>Business area</th><th>Weighting</th></tr> <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% (COO, CFO, Chief Officer, Professional Standards) Total of 35% (CEO)</td></tr> </table>	Business area	Weighting	ICAEW Operational Plan	50%	Business area objectives	50%	Total	100%	% salary	Total of 30% (COO, CFO, Chief Officer, Professional Standards) Total of 35% (CEO)
Business area	Weighting										
ICAEW Operational Plan	50%										
Business area objectives	50%										
Total	100%										
% salary	Total of 30% (COO, CFO, Chief Officer, Professional Standards) Total of 35% (CEO)										

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.

Policy	Application
Benefits (including retirement benefit as appropriate)	We offer a comprehensive range of competitive benefits to our employees under a 'Choice' based benefits system.
Discretionary or contractual bonus To reward the achievement of performance targets in a range of key performance areas.	To reward the achievement of performance targets in a range of key performance areas. 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.

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. For 2021, the pay gap increased because in 2020 the CEO elected to waive his deferred pay due to the pandemic and only contractual bonuses for staff were paid.

Staff pay is determined using the same principles as the pay for our Chief Executive. The committee is therefore

satisfied that its policies on reward drive the right behaviours at ICAEW and ensure that our employees are rewarded fairly and competitively for their contribution to our success. On this basis, we believe the median ratio is consistent with ICAEW's wider policies on employee reward, pay and progression. In the case of the Chief Executive, his total remuneration comprises a significant proportion of variable pay. The single total figure may therefore vary considerably year on year depending on the level of his performance. The salary and total remuneration for employees in each quartile has also increased. This reflects the salary increases and salary progression in place for our staff.

All Employees							
Year	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
2021	£631,602	£31,843	£43,286	£66,300	20:1	14:1	9:1
2020	£467,000	£30,238	£42,025	£66,055	15:1	11:1	7:1
2019	£604,000	£29,500	£42,000	£55,039	20:1	14:1	9:1

REMUNERATION COMMITTEE ATTENDANCE DURING 2021

The committee met six times in 2021. The chair regularly consults with the non-executive members of the Board,

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.

Name	Position	Appointed	Retired	Attendance
Sophie Symons	Chair			6/6
Noel Clehane*	Member, Council		2 June 2021	3/3
David Matthews*	President		2 June 2021	2/2
Julia Penny*	Deputy-President	2 June 2021		6/6
Marcus Peaker	Lay member			4/6
Mark Freebairn	Lay member			6/6
Clive Stevens*	Member, Council	2 June 2021		1/2

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)

FINANCIAL STATEMENTS

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ICAEW FIVE-YEAR SUMMARY

The summary below represents the results of ICAEW and not those of the entire Group.

	2021 £m	2020 £m	2019 ¹ £m	2018 £m	2017 £m
Income statement					
Operating income	120.2	118.7	111.1	105.4	102.6
FRC fines	13.5	15.7	18.3	16.3	14.6
Investment income/(expense)	7.7	3.0	6.5	(1.1)	3.5
ICAEW services ²	(103.6)	(105.1)	(104.0)	(101.5)	(95.9)
Other professional association activities	(0.8)	(1.4)	(7.0)	(6.6)	(6.6)
Gift aid library funding	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)
Strategic projects	(0.9)	(1.5)	(2.4)	(2.1)	-
Result before tax	35.4	28.7	21.9	9.8	17.6
Statement of financial position					
Non-current assets excluding Staff Pensions Fund	94.8	128.2	117.9	108.4	98.2
Non-current assets – Staff Pensions Fund asset	23.0	22.5	24.0	12.4	5.7
Current assets	149.1	88.8	60.2	56.8	36.4
Current liabilities	(73.3)	(79.1)	(67.0)	(75.3)	(54.3)
Non-current liabilities	(41.7)	(43.5)	(43.0)	(40.6)	(40.2)
Total net assets	151.9	116.9	92.1	61.7	45.8
Member and student numbers					
Members	161,415	157,801	154,531	151,761	149,298
ACA students	33,958	31,656	30,241	28,700	27,866
	195,373	189,457	184,772	180,461	177,164

1 ICAEW initially applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information presented for prior years (2017 to 2018) is not restated and the cumulative effect of initially applying IFRS 16 was a reduction of £0.3m to retained earnings, the recognition of right-of-use assets of £2.2m and lease liabilities of £2.5m at the date of initial application.

2 ICAEW Services is the total overhead cost for supporting ICAEW's operations.

Income statement figures in the prior years have been restated as a result of investments being classified as at fair value through profit or loss rather than at fair value through other comprehensive income. Refer to note 4 of the financial statements for further information.

Non-current assets and current assets in the prior years have been restated to reflect a reclassification of assets from cash and cash equivalents to financial asset investments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES ("ICAEW")

for the year ended 31 December 2021

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 2021 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 2021, 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 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 2021.

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

The risk: 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.

Our response: 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 historical 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.

What we reported to the audit committee: We have reviewed and confirmed our agreement to 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 confirmed the calculation of historical cost recoveries and were satisfied with judgement made in discounting the historical average for uncertainties in future potential cost recoveries. This 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 have considered the latest discussions with the FRC up to the date of this report.

From the audit work undertaken we have concluded that the provision carried at the balance sheet date is not materially misstated.

REVENUE RECOGNITION

The risk: 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.

Our response: 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 historical admission fees and membership fees 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.

What we reported to the Audit Committee: From the audit work undertaken we have concluded that the financial statements are not materially misstated due to errors or improper revenue recognition.

DEFINED BENEFIT PENSION SCHEME

The risk: 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.

Our response: 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 obtained and reviewed the actuary's report on the estimated impact of GMP equalisation on the pension scheme's liabilities and agreed this to the valuation report used to prepare the financial statements. We also considered advice provided to management in respect of the recognition of a pension surplus and accounting for buy-in contracts as part of the pension scheme assets.

What we reported to the audit committee: We have previously obtained and reviewed advice from ICAEW's solicitors 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. On this basis we are satisfied that the recognition of the pension surplus remains appropriate.

We have 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 are satisfied 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 2021.

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 1.8% of operating revenue, equivalent to £2.15m. 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 £1.61m. Our objective in setting this was to ensure that total uncorrected or undetected audit differences did not exceed our materiality level of £2.15m.

We agreed with the Audit Committee that we would report all audit differences in excess of £50,000, 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 not considered to be individually material to the group financial statements. For ICAEW's international operations, we carried out analytical review procedures in addition to testing on key balances and transactions in order to form our opinion on the group 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 73, 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 the 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.

Based on our understanding of ICAEW and its Group and the environment that it operates in, we identified the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

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 posted with unusual descriptions, that relate to transactions that we assessed to complex or unusual in nature or significantly impacted the result for the year; and
- challenging assumptions and judgements made by management in their use of and application of critical accounting estimates in the preparation of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

12 April 2022

GROUP INCOME STATEMENT

for the year ended 31 December 2021

	Note	31 December 2021			Restated ⁴ 31 December 2020		
		Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees		53.6	-	53.6	53.3	-	53.3
Education & training ¹		17.4	(23.5)	(6.1)	14.3	(23.0)	(8.7)
Professional standards		22.1	(21.8)	0.3	23.3	(20.4)	2.9
Belonging & supporting ²		11.5	(15.5)	(4.0)	8.9	(15.7)	(6.8)
Members		0.6	(19.2)	(18.6)	0.7	(18.6)	(17.9)
Reputation & influence ³		4.8	(9.3)	(4.5)	4.7	(8.9)	(4.2)
Central activities			(15.4)	(15.4)	-	(16.7)	(16.7)
Charitable trusts			(1.0)	(1.0)	-	(1.1)	(1.1)
		110.0	(105.7)	4.3	105.2	(104.4)	0.8
FRC Conduct Committee and cost recoveries	22	7.6	4.4	12.0	11.6	2.5	14.1
Other professional association activities		2.7	(5.2)	(2.5)	2.3	(3.9)	(1.6)
		10.3	(0.8)	9.5	13.9	(1.4)	12.5
Operating result	6	120.3	(106.5)	13.8	119.1	(105.8)	13.3
FRC fines		13.5	-	13.5	15.7	-	15.7
Strategic projects		-	(0.9)	(0.9)	0.1	(1.6)	(1.5)
Investment income	7	9.5	-	9.5	2.8	-	2.8
Share of loss of equity accounted associates	16	-	(0.1)	(0.1)	-	-	-
Result before tax		143.3	(107.5)	35.8	137.7	(107.4)	30.3
Tax charge for the year	11	-	(1.8)	(1.8)	-	(0.5)	(0.5)
Net result after tax for the year		143.3	(109.3)	34.0	137.7	(107.9)	29.8

Certain functions noted below have been renamed in order to better reflect the operations of those functions. Prior year comparatives are unaffected.

1 Education & training, previously known as Learning and professional development

2 Belonging & supporting, previously known as Members, commercial and shared services

3 Reputation & influence, previously known as Technical strategy department

4 Refer to note 4 for further information regarding restated prior year amounts

ICAEW INCOME STATEMENT

for the year ended 31 December 2021

	Note	31 December 2021			Restated ⁴ 31 December 2020		
		Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees		53.6	-	53.6	53.3	-	53.3
Education & training ¹		17.4	(23.5)	(6.1)	14.2	(23.0)	(8.8)
Professional standards		22.0	(21.8)	0.2	23.0	(20.5)	2.5
Belonging & supporting ²		11.5	(15.5)	(4.0)	8.9	(15.7)	(6.8)
Members		0.6	(19.5)	(18.9)	0.7	(20.3)	(19.6)
Reputation & influence ³		4.8	(9.3)	(4.5)	4.7	(8.9)	(4.2)
Central activities			(14.0)	(14.0)	-	(16.7)	(16.7)
		109.9	(103.6)	6.3	104.8	(105.1)	(0.3)
FRC Conduct Committee and cost recoveries	22	7.6	4.4	12.0	11.6	2.5	14.1
Other professional association activities		2.7	(5.2)	(2.5)	2.3	(3.9)	(1.6)
		10.3	(0.8)	9.5	13.9	(1.4)	12.5
Gift Aid and library funding	16	-	(0.7)	(0.7)	-	(0.7)	(0.7)
Operating result	6	120.2	(105.1)	15.1	118.7	(107.2)	11.5
FRC fines		13.5	-	13.5	15.7	-	15.7
Strategic projects		-	(0.9)	(0.9)	0.1	(1.6)	(1.5)
Investment income	7	7.7	-	7.7	3.0	-	3.0
Result before tax		141.4	(106.0)	35.4	137.5	(108.8)	28.7
Tax charge for the year	11	-	(1.7)	(1.7)	-	(0.4)	(0.4)
Net result after tax for the year		141.4	(107.7)	33.7	137.5	(109.2)	28.3

Certain functions noted below have been renamed in order to better reflect the operations of those functions. Prior year comparatives are unaffected.

1 Education & training, previously known as Learning and professional development

2 Belonging & supporting, previously known as Member, commercial and shared services

3 Reputation & influence, previously known as Technical strategy department

4 Refer to note 4 for further information regarding restated prior year amounts

GROUP AND ICAEW STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	Group		ICAEW	
		2021 £m	Restated ¹ 2020 £m	2021 £m	Restated ¹ 2020 £m
Net result after tax recognised in the income statement in the year		34.0	29.8	33.7	28.3
Items that will not be reclassified to profit or loss:					
Foreign operations - foreign currency translation difference		(0.3)	-	-	-
Gains/(losses) on revaluation of property, plant and equipment	13	1.6	(1.2)	1.6	(1.2)
Actuarial gains/(losses) recognised in the year	24	0.2	(2.3)	0.2	(2.3)
Deferred tax arising on above items	12	(0.5)	-	(0.5)	-
Other comprehensive income in the year		1.0	(3.5)	1.3	(3.5)
Total comprehensive income in the year		35.0	26.3	35.0	24.8

1 Refer to note 4 for further information regarding restated prior year amounts

GROUP STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2021

	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Charitable trusts £m	Total £m
Reserves at 1 January 2020 as restated¹	16.5	72.2	5.6	15.4	109.7
Net result after tax	-	30.0	-	(0.2)	29.8
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	(1.2)	-	-	-	(1.2)
Actuarial gains recognised in year on defined benefit pension scheme	-	(2.3)	-	-	(2.3)
Total other comprehensive income in the year	(1.2)	(2.1)	-	(0.2)	(3.5)
Total comprehensive income in the year	(1.2)	27.7	-	(0.2)	26.3
Reserves at 31 December 2020	15.3	99.9	5.6	15.2	136.0
Reserves at 1 January 2021	15.3	99.9	5.6	15.2	136.0
Net result after tax	-	32.3	-	1.7	34.0
Items that will not be reclassified to profit or loss:					
Foreign operations - foreign currency translation difference	-	-	(0.3)	-	(0.3)
Revaluation of property, plant and equipment	1.6	-	-	-	1.6
Actuarial gains recognised in year on defined benefit pension scheme	-	0.2	-	-	0.2
Deferred tax arising on above items	(0.5)	-	-	-	(0.5)
Total other comprehensive income in the year	1.1	(1.5)	(0.3)	1.7	1.0
Total comprehensive income in the year	1.1	32.5	(0.3)	1.7	35.0
Reserves at 31 December 2021	16.4	132.4	5.3	16.9	171.0

¹ Refer to note 4 for further information regarding restated prior year amounts

ICAEW STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2021

	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Total £m
Reserves at 1 January 2020 as restated¹	16.5	70.0	5.6	92.1
Net result after tax	-	28.3	-	28.3
Items that will not be reclassified to profit or loss:				
Decrease in valuation of property, plant and equipment	(1.2)	-	-	(1.2)
Actuarial gains recognised in year on defined benefit pension scheme	-	(2.3)	-	(2.3)
Total other comprehensive income in the year	(1.2)	(2.3)	-	(3.3)
Total comprehensive income in the year	(1.2)	26.0	-	24.8
Reserves at 31 December 2020	15.3	96.0	5.6	116.9
Reserves at 1 January 2021	15.3	96.0	5.6	116.9
Net result after tax	-	33.7	-	33.7
Items that will not be reclassified to profit or loss:				
Increase in valuation of property, plant and equipment	1.6	-	-	1.6
Actuarial gains recognised in year on defined benefit pension scheme	-	0.2	-	0.2
Deferred tax arising on above items	(0.5)	-	-	(0.5)
Total other comprehensive income in the year	1.1	0.2	-	1.3
Total comprehensive income in the year	1.1	33.9	-	35.0
Reserves at 31 December 2021	16.4	129.9	5.6	151.9

¹ Refer to note 4 for further information regarding restated prior year amounts


GROUP AND ICAEW STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

		Group		ICAEW	
	Note	2021 £m	Restated ¹ 2020 £m	2021 £m	Restated ¹ 2020 £m
Assets					
Non-current assets					
Property, plant and equipment	13	38.3	39.2	38.3	39.2
Right-of-use assets	14	0.5	0.5	0.4	0.5
Intangible assets	15	20.4	16.8	20.4	16.8
Investments in subsidiaries and associates	16	0.5	0.1	0.5	-
Financial asset investments	17	49.4	87.0	35.2	71.7
Net pension asset	24	23.0	22.5	23.0	22.5
		132.1	166.1	117.8	150.7
Current assets					
Inventories	18	0.7	0.7	0.7	0.7
Trade and other receivables	19	33.1	38.9	32.4	35.1
Financial asset investments	17	71.1	-	68.5	-
Cash and cash equivalents	20	49.6	53.6	47.5	53.0
		154.5	93.2	149.1	88.8
Total assets		286.6	259.3	266.9	239.5
Liabilities					
Current liabilities					
Trade and other payables	21	(69.7)	(75.1)	(69.4)	(74.5)
Current tax liabilities		(0.1)	-	-	-
FRC Conduct Committee provision	22	(3.9)	(4.6)	(3.9)	(4.6)
		(73.7)	(79.7)	(73.3)	(79.1)
Non-current liabilities					
Grants payable falling due in more than one year		(0.1)	(0.6)	-	(0.5)
Other payables falling due after more than one year	21	(35.3)	(34.5)	(35.2)	(34.5)
FRC Conduct Committee provision	22	-	(3.2)	-	(3.2)
Provisions	23	(1.5)	(2.5)	(1.5)	(2.5)
Deferred tax liability	12	(5.0)	(2.8)	(5.0)	(2.8)
		(41.9)	(43.6)	(41.7)	(43.5)
Total liabilities		(115.6)	(123.3)	(115.0)	(122.6)
Total net assets		171.0	136.0	151.9	116.9
Reserves					
Revaluation reserve	26	16.4	15.3	16.4	15.3
Accumulated fund	26	132.4	99.9	129.9	96.0
Other reserves	26	5.3	5.6	5.6	5.6
Charitable trust funds	26	16.9	15.2	-	-
		171.0	136.0	151.9	116.9

1 Refer to note 4 for further information regarding restated prior year amounts

Approved on behalf of Council and authorised for issue


William Brooks,
President
12 April 2022

Michael Izza,
Chief Executive
12 April 2022

GROUP AND ICAEW STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

		Group		ICAEW	
	Note	2021 £m	Restated ¹ 2020 £m	2021 £m	Restated ¹ 2020 £m
Cash flows from operating activities					
Result after tax		34.0	29.8	33.7	28.3
Adjustments for:					
Depreciation and amortisation	13,14,15	7.0	7.6	7.0	7.6
Impairments	13,14,15	-	1.4	-	1.4
Loss on disposal of property, plant and equipment and intangible assets	13,14,15	1.6	3.3	1.6	3.3
FRC Conduct Committee cost recoveries credited to income statement	22	(2.8)	(12.8)	(2.8)	(12.8)
Investment income	7	(9.5)	(2.8)	(7.7)	(3.0)
Interest on lease liabilities	14	0.1	0.1	0.1	0.1
Tax expenses		1.8	0.5	1.7	0.4
Non-cash movement in provisions		(1.2)	5.8	(1.2)	5.8
Cash flows from operating activities before movements in working capital		31.0	32.9	32.4	31.1
Movements in working capital					
Decrease in inventories		-	0.2	-	0.2
Decrease/(increase) in trade and other receivables		7.7	(7.9)	4.6	(5.0)
(Decrease)/increase in trade and other payables		(5.4)	21.3	(5.1)	20.8
Increase in long-term payables		0.9	1.1	0.8	0.5
Cash generated from operating activities after movements in working capital		34.2	47.6	32.7	47.6
Cash flows on provisions					
Tax paid		(0.1)	(0.1)	-	(0.1)
Cash outflow on pension liabilities	24	(0.1)	(0.3)	(0.1)	(0.3)
FRC Conduct Committee cost recoveries received	22	6.0	6.8	6.0	6.8
Cash outflow on FRC Conduct Committee provision	22	(9.0)	(8.8)	(9.0)	(8.8)
Net cash generated from operating activities		31.0	45.2	29.6	45.2
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(1.8)	(3.9)	(1.8)	(3.9)
Purchase of intangible assets	15	(7.8)	(7.7)	(7.8)	(7.7)
Purchase of investments in associates	16	(0.5)	-	(0.5)	-
Purchase of financial asset investments	17	(54.1)	(36.1)	(37.6)	(29.7)
Disposal of financial asset investments	17	28.2	25.2	11.5	18.9
Investment income received		1.8	1.7	1.8	1.7
Net cash outflow from investing activities		(34.2)	(20.8)	(34.4)	(20.7)
Repayment of lease liabilities	14	(0.8)	(0.8)	(0.7)	(0.7)
Net cash outflow from financing activities		(0.8)	(0.8)	(0.7)	(0.7)
Net (decrease)/increase in cash and cash equivalents in the year		(4.0)	23.6	(5.5)	23.8
Cash and cash equivalents at 1 January as restated ¹		53.6	30.0	53.0	29.2
Cash and cash equivalents at 31 December	20	49.6	53.6	47.5	53.0

¹ Refer to note 4 for further information regarding restated prior year amounts

GROUP AND ICAEW NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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. In the prior year, the Group and ICAEW financial statements were prepared in accordance with IFRS as adopted by the EU. This change in basis of preparation is required for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework. There is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

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 a going concern basis, which the Board and Council believe to be appropriate, as described below.

The Board and Council have specifically considered forecast information and risks for a period of at least 12 months following the date of approval of these financial statements. The Board and Council 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 costs.

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 the Group and ICAEW, together with the results of the latest operational planning and risk assessments give assurance over ability of the Group and ICAEW to continue as a going concern for the foreseeable future.

Taking into account these factors, the Board and Council consider 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 standards

There are no new or amended IFRS effective for the current year that apply to ICAEW.

At the date of authorisation of these financial statements, there are no new standards or interpretations that have been issued which ICAEW has not applied.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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.

2. ACCOUNTING POLICIES

a) Income and revenue recognition

Income is recognised exclusive of any taxes charged such as value added 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, 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.
- 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.
- Education & training income is predominantly generated from exam fees and is recognised in the period in which the exam was sat. Income generated from the sale of learning materials is recognised at the point the learning materials are delivered or made available to the customer.
- 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 who 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.
- 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.

2. ACCOUNTING POLICIES continued

- 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 revenue streams described below:

- On an annual basis, ICAEW invoices its member firms for 90% of estimated costs payable by ICAEW to the FRC for that year in relation to FRC Conduct Committee cases. Once costs for each year have been invoiced, an adjustment is made to invoicing to member firms in the following year. This income from member firms is accounted for as it is received, less an adjustment for over-invoicing where applicable.
- 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.

b) Foreign currencies

Financial assets 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.

Current tax liabilities are 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.

e) Inventories

Inventories are stated at the lower of cost and net realisable value and consist of e-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.

2. ACCOUNTING POLICIES continued

ii) Silver collection and antiques

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 at least every five years by independent, professionally-qualified valuers. They are stated at estimated open market values that are derived from observed prices for recent market transactions.

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 re-measurement of the lease liability. 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.

The lease term determined by the Group generally comprises a non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In accordance with IFRS 16, the net present value of the rental payments due on these leases has been disclosed as a lease liability under current and non-current liabilities in the statement of financial position.

h) Intangible assets

Intangible assets comprise software stated at cost less accumulated amortisation. 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.

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.

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.

2. ACCOUNTING POLICIES continued

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, investments in associates are accounted for at cost, less any provision for impairment.

k) Financial assets

Financial assets are recognised in the statement of financial position when the Group or ICAEW 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 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 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; and
- 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. The majority of ICAEW's counterparties are members or member firms which are not considered to be a credit risk to ICAEW. ICAEW continuously monitors defaults of counterparties and incorporates this information into its credit risk controls relating to non-member customers.

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.

2. ACCOUNTING POLICIES continued

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.

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 assets

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) Provision for future 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.

i) Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

ii) Dilapidations

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.

Additionally, ICAEW is responsible under a written agreement to indemnify the FRC for the costs incurred in relation to investigations or disciplinary actions against ICAEW members or member firms that are registered by ICAEW to carry out audit work. Further information on the accounting policy on provisioning for this liability is disclosed in section o) below.

o) FRC Conduct Committee provision (Note 22)

ICAEW is responsible under a written agreement to indemnify the FRC for costs resulting from FRC Conduct Committee cases in relation to investigations or disciplinary actions against ICAEW members or member firms that are registered by ICAEW to carry out audit 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. Due to the individual circumstances surrounding each case, the likelihood of a case proceeding past the current stage is highly uncertain.

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. An estimation is made regarding the proportion of costs included in the provision that will be recovered in the future from the party to the case on conclusion of cases, and the provision is reduced to the extent it is estimated that costs included in the provision will be recovered.

Where costs have already been realised in respect of FRC Conduct Committee cases, the provision for those costs is derecognised. An estimation is made regarding the amount of these costs that will be recovered on conclusion of cases and these cost recoveries are recognised 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.

p) Pension Benefits - Defined benefit scheme

Retirement benefits are accounted for under IAS 19 - Employee Benefits (revised). The net asset/liability 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 plan.

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, securities and cash together with qualifying insurance policies.

2. ACCOUNTING POLICIES continued

Net interest is determined by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions 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.

q) Pension Benefits - Defined contribution 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.

3. 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.</p> <p>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 commencement 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 £1.0m (2020: £0.9m) 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 (2020: £0.1m) if applied from the year the income was received.</p>

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Accounting area	Critical judgement	Key sources of estimation uncertainty
FRC Conduct Committee provision	<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. 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 and 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 measuring the provision, estimations must be made concerning the costs to complete the current stage 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 current stage, open cases are reviewed to understand the status of the cases as at the reporting date and the work and procedures outstanding that are required to complete the current stage. Previous experience and understanding of relevant costings are factored into this estimation.</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>
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 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, silver collections, rare books and antiques at fair value. The nature of the assets 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 2021. The resulting fair value recognised in the statement of financial position was £28.0m (2020: £28.0m).</p> <p>The silver collection and rare books have also been revalued subject to independent professional valuation at 31 December 2021 to a value of £5.2m.</p>

4. RESTATEMENT OF PRIOR YEAR

During the year, management have carried out a detailed review of the accounting treatment and classification of financial assets. Management have closely considered the purpose for which certain financial assets, previously classified as cash and cash equivalents, were held with regards to the definition of cash and cash equivalents under IAS 7. Management now consider that those investments were not held primarily for the purpose of meeting short-term cash commitments. Hence it is more appropriate to classify those assets as financial asset investments, in order to better reflect the purpose for which they were held.

Management have also considered the application of requirements under IFRS 9. The requirement under IFRS 9: 4.1.1 is to classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both the entity's business model for managing the financial assets; and the contractual cash flow characteristics of the financial assets. Furthermore, under IFRS 9: 4.1.4 an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL, to present subsequent changes in fair value in other comprehensive income.

In the prior year, ICAEW elected to present changes in fair value of certain financial asset investments in other comprehensive income under the option available under IFRS 9: 4.1.4. However, on closer review of the nature of the investments, it has been determined that the option to irrevocably designate those financial asset investments as FVTOCI under IFRS 9 4.1.4 does not apply. This is because the investments concerned comprise units in a fund which do not meet the definition of equity per IAS 32. In the absence of an election to designate those financial asset investments as FVTOCI, the correct classification under IAS 9: 4.1 is FVTPL due to the fact that the cash flows stemming from the financial asset investments are not solely payments of principal and interest; and the managers of the relevant funds are permitted to sell the investments before maturity, realising fair value gains and losses, and reinvest the proceeds.

Prior year comparatives have been restated to reflect these new accounting treatments. The overall effect on the prior year total net assets is £nil and the overall effect on prior year total comprehensive income is £nil. As such, a full restated statement of financial position as at the beginning of the prior year has not been presented under IAS 1:40A, however the impacts on certain line items in the income statement, statement of financial position, other comprehensive, cash flow and reserves are detailed below.

The effect of the restatement on the Group financial statements set out below:

	Reference	As originally reported £m	Effect of restatement £m	Group Restated amounts £m
2020				
Income statement:				
Investment income	1	1.8	1.0	2.8
Tax charge for the year	1	(0.1)	(0.4)	(0.5)
Net result after tax for the year		29.2	0.6	29.8
Other comprehensive income:				
Fair value gain/(loss) on investments in equity investments designated as FVTOCI	1	0.8	(0.8)	-
Realised gain on disposal of equity investments	1	0.2	(0.2)	-
Deferred tax	1	(0.4)	0.4	-
Other comprehensive income for the year		(2.9)	(0.6)	(3.5)
Statement of financial position as at 1 January 2020:				
Financial asset investments	2	69.7	5.3	75.0
Cash and cash equivalents	2	35.3	(5.3)	30.0
Total net assets as at 1 January 2020		109.7	-	109.7
Statement of financial position as at 31 December 2020:				
Financial asset investments	2	81.7	5.3	87.0
Cash and cash equivalents	2	58.9	(5.3)	53.6
Total net assets as at 31 December 2020		136.0	-	136.0
Reserves as at 1 January 2020:				
Investment revaluation reserve	1	7.5	(7.5)	-
Accumulated fund	1	64.7	7.5	72.2
Total reserves as at 1 January 2020:		109.7	-	109.7
Reserves as at 31 December 2020:				
Investment revaluation reserve	1	8.2	(8.2)	-
Accumulated fund	1	91.8	8.1	99.9
Other reserves	1	5.5	0.1	5.6
Total reserves as at 31 December 2020:		136.0	-	136.0

Additionally, the Group statement of cash flows has been restated to reflect the restated cash and cash equivalent balances, net result after tax, investment income and associated tax effects.

4. RESTATEMENT OF PRIOR YEAR continued

The effect of the restatement on the ICAEW financial statements set out below:

	Reference	As originally reported £m	Effect of restatement £m	ICAEW Restated amounts £m
2020				
Income statement:				
Investment income	1	1.7	1.3	3.0
Tax charge for the year	1	-	(0.4)	(0.4)
Net result after tax for the year		27.4	0.9	28.3
Other comprehensive income:				
Fair value gain/(loss) on investments in equity investments designated as FVTOCI	1	1.1	(1.1)	-
Realised gain on disposal of equity investments	1	0.2	(0.2)	-
Deferred tax	1	(0.4)	0.4	-
Other comprehensive income for the year		(2.6)	(0.9)	(3.5)
Statement of financial position as at 1 January 2020:				
Financial asset investments	2	54.2	5.3	59.5
Cash and cash equivalents	2	34.5	(5.3)	(29.2)
Total net assets as at 1 January 2020		92.1	-	92.1
Statement of financial position as at 31 December 2020:				
Financial asset investments	2	66.4	5.3	71.7
Cash and cash equivalents	2	58.3	(5.3)	53.0
Total net assets as at 31 December 2020		116.9	-	116.9
Reserves as at 1 January 2020:				
Investment revaluation reserve	1	7.5	(7.5)	-
Accumulated fund	1	62.5	7.5	70.0
Total reserves as at 1 January 2020:		92.1	-	92.1
Reserves as at 31 December 2020:				
Investment revaluation reserve	1	8.2	(8.2)	-
Accumulated fund	1	87.8	8.2	96.0
Total reserves as at 31 December 2020:		116.9	-	116.9

Additionally, the ICAEW statement of cash flows has been restated to reflect the restated cash and cash equivalent balances, net result after tax, investment income and associated tax effects.

- 1 These restatements relate to the reclassification of fair value gains and losses which have been represented in the income statement, where previously presented in other comprehensive income, inclusive of the related tax effects. In addition, the accumulated fair value gains and losses that were previously included in the investment revaluation reserve have been represented in the accumulated fund accordingly.
- 2 These restatements relate the reclassification of certain financial assets from cash and cash equivalents to financial asset investments to reflect the fact that those financial assets are held for investment purposes rather than to meet short-term cash commitments.

5. FINANCIAL RISK MANAGEMENT

a) Financial risk factors

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 financial review section. Board and Council members are regularly updated on any significant issues relating to financial risk management. Financial risks to which ICAEW is exposed are summarised below.

i) 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.

ii) 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.

iii) 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 RESULT

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
The Group and ICAEW operating result is stated after charging:				
Staff costs (see note 9)	48.9	47.5	44.1	41.7
Other operating costs	36.7	38.7	34.9	36.6
Finance charges	5.7	6.4	5.4	6.1
Government grants	(0.4)	(0.7)	(0.4)	(0.6)
Depreciation on owned property, plant and equipment (note 13)	4.1	3.7	4.1	3.7
Depreciation on right-of-use assets (note 14)	0.1	0.5	0.1	0.5
Amortisation of intangible assets (note 15)	2.8	3.4	2.8	3.4
Cost of inventories recognised as an expense	0.7	0.9	0.7	0.9
Amounts payable under operating leases under IFRS 16:				
Short-term leases	0.2	0.2	-	0.1
Interest on lease liabilities	0.2	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
Foreign exchange differences	0.2	-	0.2	-

No non-audit services have been provided by ICAEW's auditor, Haysmacintyre LLP in the current or prior year.

7. INVESTMENT INCOME

	Group		ICAEW	
	2021 £m	Restated 2020 £m	2021 £m	Restated 2020 £m
Interest receivable from investment deposits	0.1	0.4	0.1	0.4
Returns on multi-asset portfolio	9.4	2.4	7.3	2.3
Investment income derived from financial assets classified as FVTPL	9.5	2.8	7.4	2.7
Dividends receivable from subsidiary undertakings	-	-	0.3	0.3
	9.5	2.8	7.7	3.0

All financial asset investments are classified as at fair value through profit or loss. Refer to note 4 for further information regarding the restatement of prior year investment income.

8. OPERATING LEASING COMMITMENTS

The Group leases various buildings as business premises.

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:

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Land and buildings				
Minimum lease payments due:				
Within one year	0.2	0.2	-	0.1
	0.2	0.2	-	0.1

9. STAFF COSTS

	Group		ICAEW	
	2021	2020	2021	2020
Average number of staff employed during the year				
Total employees	801	799	740	742
Full-time equivalents	768	767	707	707

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Employment costs				
Wages and salaries	42.2	40.8	37.5	35.1
Employer's social security costs	4.1	3.9	4.0	3.9
Employer's pension costs	2.6	2.8	2.6	2.7
	48.9	47.5	44.1	41.7

The figures above do not include two members of staff whose employment costs were borne by the Fraud Advisory Panel in both the current year and prior year. The charitable trust employees' employment costs are borne by Chartered Accountants' Trust for Education and Research (CATER) although they have contracts of employment with ICAEW.

10. KEY MANAGEMENT COMPENSATION - BOARD (2020: EXECUTIVE COMMITTEE)

	Group and ICAEW			Group and ICAEW		
	Salary	Deferred	Total	Salary	Deferred	Total
	2021	variable pay	2021	2020	variable pay	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Sharron Gunn	293	86	379	265	-	265
Robert Hodgkinson	72	19	91	287	-	287
Dabinder Hutchinson	189	58	247	-	-	-
Michael Izza	477	154	631	467	-	467
Mark Protherough	66	18	84	262	-	262
Vernon Soare	75	-	75	299	-	299
Duncan Wiggetts	-	-	-	154	-	154
	1,172	335	1,507	1,844	-	1,844

The remuneration disclosed above represents amounts earned during the period in which the respective individuals served as key management personnel.

The Leadership Team 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, health insurance or a car. Deferred variable pay is payable to Leadership Team members on the basis of performance and is agreed by the remuneration committee. The Leadership Team waived their right to deferred variable pay in respect of 2020 as a result of COVID-19.

On 1 April 2021 a restructure of the senior management team removed the Executive Director roles and created two new Board roles of Chief Operating Officer (COO) and Chief Finance Officer (CFO). Sharron Gunn was appointed COO and Dabinder Hutchinson was appointed CFO. Duncan Wiggetts resigned from the Board on 21 July 2020, to ensure compliance with the Legal Services Board internal Governance Rules. Robert Hodgkinson (ED, Technical), Mark Protherough (ED, Learning and Professional Development) and Vernon Soare (Chief Operating Officer) retired from the Board on 31 March 2021.

Independent non-executive directors (those who are not ICAEW members) receive a director's fee of £16,000 (2020: £15,500) per annum. No other non-executive directors are remunerated. A discretionary payment of £5,000 was also paid to one non-executive member of the Board for additional work carried out outside their non-executive Board role. 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 (IRB) is paid £30,000 per annum (2020: £30,000) and the lay members of the IRB are paid a day rate of £350 (2020: £350).

11. TAX

	Group		ICAEW	
	2021	2020	2021	2020
	£m	£m	£m	£m
Current tax on profits for the year	0.1	0.1	-	-
Deferred tax charge:				
Effect of corporation tax rate change	0.9	-	0.9	-
Origination and reversal of timing differences	0.8	0.4	0.8	0.4
Total deferred tax charge:	1.7	0.4	1.7	0.4
Tax charge for the year	1.8	0.5	1.7	0.4

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.

11. TAX continued

Factors affecting the tax charge for the year	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Result before tax	35.8	30.3	35.4	28.7
Add back: result on transactions with members	(29.3)	(27.7)	(28.0)	(26.4)
Net result before tax on transactions with non-members	6.5	2.6	7.4	2.3
Corporation tax charge at standard rate of 19% (2020: 19%)	1.2	0.5	1.4	0.4
Effects of:				
Items not chargeable/deductible for tax purposes	(0.4)	(0.2)	(0.6)	(0.2)
Unutilised losses	-	0.2	-	0.2
Foreign taxes	0.1	-	-	-
Corporation tax rate change	0.9	-	0.9	-
Tax charge for the year	1.8	0.5	1.7	0.4

ICAEW anticipates that tax charges in future years may be affected by continued donations under gift aid to CATER.

12. DEFERRED TAX

	Group and ICAEW			Net £m
	Gains and losses on financial asset investments £m	Revaluation of properties and historical collections £m	Defined benefit pension scheme deficit £m	
Liability at 1 January 2020	1.5	0.4	0.5	2.4
Amounts charged to the income statement for the year	0.4	-	-	0.4
Liability at 1 January 2021	1.9	0.4	0.5	2.8
Amounts charged to the income statement	1.7	-	-	1.7
Amounts charged to other comprehensive income	-	0.5	-	0.5
Liability at 31 December 2021	3.6	0.9	0.5	5.0

As at 31 December 2021, deferred tax amounts totalling £0.6m (2020: £0.7m) in relation to losses carried forward were not recognised in the statement of financial position due to uncertainties over the future recoverability of those assets.

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% (2020: 19%).

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 2020	37.3	3.1	4.6	15.1	60.1
Additions	2.4	0.1	-	1.4	3.9
Disposals at cost or valuation	(1.2)	-	-	(0.4)	(1.6)
Revaluation	(1.2)	-	-	-	(1.2)
At 1 January 2021	37.3	3.2	4.6	16.1	61.2
Additions	1.0	-	-	0.8	1.8
Disposals at cost or valuation	(0.1)	(0.2)	-	(1.8)	(2.1)
Revaluation	1.0	-	0.6	-	1.6
At 31 December 2021	39.2	3.0	5.2	15.1	62.5
Accumulated depreciation					
At 1 January 2020	7.6	2.2	-	8.9	18.7
Depreciation for the year	1.9	0.3	-	1.5	3.7
Depreciation eliminated on disposals	(0.2)	-	-	(0.2)	(0.4)
At 1 January 2021	9.3	2.5	-	10.2	22.0
Depreciation for the year	2.0	0.3	-	1.8	4.1
Depreciation eliminated on disposals	(0.1)	-	-	(1.8)	(1.9)
At 31 December 2021	11.2	2.8	-	10.2	24.2
Carrying amount					
At 31 December 2021	28.0	0.2	5.2	4.9	38.3
At 31 December 2020	28.0	0.7	4.6	5.9	39.2
On an historical cost basis the comparable amounts for property, plant and equipment are:					
Cost	32.1	3.0	0.2	14.9	50.2
Accumulated depreciation	(16.6)	(2.8)	-	(10.0)	(29.4)
Net historical cost at 31 December 2021	15.5	0.2	0.2	4.9	20.8
Net historical cost at 31 December 2020	16.7	0.6	0.2	5.8	23.3

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 (see 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, as at 31 December 2021.

A professional valuation of the rare books collection was carried out by John Drury Rare Books as at 31 December 2021. A desktop valuation of ICAEW's historic silver collections was carried out at 31 December 2021 with no change in valuation.

At 31 December 2021 there were no contracts for capital expenditure not provided for in these financial statements (2020: £nil).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group's leased assets comprise property used as business premises.

	Group £m	ICAEW £m
Right-of-use assets		
Cost		
At 1 January 2020	6.9	6.9
Impairment	(0.4)	(0.4)
At 1 January 2021	6.5	6.5
Additions	0.1	-
At 31 December 2021	6.6	6.5
Accumulated depreciation		
At 1 January 2020	5.5	5.5
Depreciation for the year	0.5	0.5
At 1 January 2021	6.0	6.0
Amortisation for the year	0.1	0.1
At 31 December 2021	6.1	6.1
Carrying amount		
At 31 December 2021	0.5	0.4
At 31 December 2020	0.5	0.5

In the prior year an impairment was recognised of £0.4m in respect of a leased building, reflecting a period that the building was out of use due to social distancing measures in response to the COVID-19 pandemic.

Lease liabilities

The table below shows the movement in lease liability during the year.

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
At 1 January	1.5	2.1	1.3	1.9
New leases	0.1	0.1	-	-
Interest charged	0.1	0.1	0.1	0.1
Lease payments	(0.8)	(0.8)	(0.7)	(0.7)
At 31 December	0.9	1.5	0.7	1.3

An estimated borrowing rate has been used to calculate the interest charge on lease payments. This rate of 2.75% (2020: 2.75%) has been determined using the LIBOR rate and then applying a risk factor in basis points.

The table below shows the split of lease liabilities recognised between current and non-current.

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Current	0.8	0.8	0.7	0.7
Non-current	0.1	0.7	-	0.6
	0.9	1.5	0.7	1.3

Non-current liabilities all have a maturity of between one and two years.

After the year end, two additional leases were entered into, commencing January 2023 with a five-year term. These new leases relate to premises already occupied by ICAEW under existing leases as at 31 December 2021. The annual amount payable under these leases totals £0.6m. The associated right-of-use asset and lease liability to be recognised amount to £3.1m.

15. INTANGIBLE ASSETS

	Group and ICAEW	
	2021 £m	2020 £m
Cost		
At 1 January	33.0	28.6
Additions	7.8	7.7
Impairment	-	(1.0)
Disposals	(5.9)	(2.3)
At 31 December	34.9	33.0
Accumulated amortisation		
At 1 January	16.2	13.0
Amortisation for the year	2.8	3.4
Disposals	(4.5)	(0.2)
At 31 December	14.5	16.2
Carrying amount at 31 December	20.4	16.8

Intangible assets comprise principally software for ICAEW's internal systems. The main additions in the year related to the development of ICAEW's Business Systems Transformation programme as well as supporting digital infrastructure. Amortisation charges are allocated across ICAEW functions on the basis of system usage.

Individually significant intangible assets include internally developed software with a cost of £3.2m (2020: £3.2m) and carrying value £2.4m (2020: £2.7m) with a remaining amortisation period of 8 years as at 31 December 2021; as well as software currently under development with a cost and carrying value of £13.4m (2020: £7.2m) which are expected to be brought into use in 2022 and depreciated over 10 years. These assets have been developed as part of the ICAEW Business Systems Transformation programme to replace and upgrade the core IT systems which support the delivery of our strategy, including our membership, finance and customer relationship management applications.

As required under IAS 36:10, intangible assets not yet brought into use have been tested for impairment in the current and prior year. It has been determined that there is no impairment to be recognised in the current year. In the prior year, an impairment of £1.0m was recognised in relation to software developed under the Business Systems Transformation programme. This arose as a result of disruption stemming from the COVID-19 pandemic which meant not all costs incurred met the recognition criteria under IAS 38.57.

Once the assets currently under development are brought into use, which is expected to happen in 2022, ICAEW will give careful consideration as to whether there are any indications of impairment. Where such indications arise, ICAEW will make an estimation of the recoverable amount of the asset in order to determine whether any impairment loss has arisen.

At 31 December 2021 there were £nil (2020: £0.1m) of contracts for capital expenditure not provided for in these financial statements.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The following entities, all registered in England and Wales, have been treated as subsidiaries 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
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	Owns 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

The trusts, although separately administered, are accounted for as a single charity under the authority of a uniting direction from the Charity Commission. There is an agreement between the above trusts and ICAEW to provide administrative services to the trusts. The total value of the transactions amounted to £0.3m (2020: £0.3m). At the year end, the trusts owed ICAEW £nil (2020: £nil).

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES continued

ICAEW made payments of £0.7m (2020: £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.

ICAEW holds 100% interest in the share capital of the following subsidiary undertakings, all incorporated in England and Wales, through its direct wholly owned subsidiary ICAEW Limited. The international companies provide marketing services for ICAEW and the ICAEW Legal Services Compensation Scheme Ltd activity is set out below. The value of these services during 2021 was £5.7m (2020: £5.9m). At the year-end £2.3m (2020: £1.0m) was owed by ICAEW and £0.3m (2020: £0.1m) was owed to ICAEW.

Subsidiary name	Activity and cost of investment	2021 dividends paid £m	2020 dividends paid £m
ICAEW Malaysia Limited	Representative office for ICAEW in Malaysia, Indonesia and Vietnam. Cost £1	-	-
ICAEW China Limited	Representative office for ICAEW in China. Cost £2	-	-
ICAEW Middle East Limited	Representative office for ICAEW in the Middle East. Cost £1	0.1	0.1
ICAEW SEA Limited	Representative office for ICAEW in South East Asia. Cost £1	0.1	0.1
ICAEW Europe Limited	Representative office for ICAEW in Europe. Cost £1	-	-
ICAEW Legal Services Compensation Scheme Ltd - a company limited by guarantee	Funds any claims for compensation arising from the obligations in relation to member firms authorised or licensed under ICAEW's Legal Services Regulations.	-	-

The dividends disclosed above were paid in specie to ICAEW Limited and subsequently paid as a dividend in specie from ICAEW Limited to ICAEW.

The following related entities, all with their principal place of business in the UK, have been treated as associates. In each case, and notwithstanding the majority ownership of CCAB Limited and the Chartered Accountants' Compensation Scheme Limited, ICAEW exercises significant influence through its power to participate in the financial and operating policy decisions through its representation on the board of directors; participation in the policy-making 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 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 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.

With the exception of Engine B Limited, the above entities operate on a not-for-profit basis.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES continued

Financial information relating to the associates is summarised below:

	JIEB 2021 £m	FAP 2021 £m	CCAB 2021 £m	CACS 2021 £m	CAW 2021 £m	Engine B 2021 £m	Total 2021 £m	Total 2020 £m
Assets	0.3	0.2	3.5	0.2	0.6	1.5	6.3	2.1
Liabilities	-	-	(3.5)	(0.2)	(0.5)	(0.3)	(4.5)	(1.7)
Net assets	0.3	0.2	-	-	0.1	1.2	1.8	0.4
Revenue	0.2	0.1	6.0	0.1	0.5	0.3	7.2	6.6
Result from continuing operations and total comprehensive income	-	-	-	-	-	(0.7)	(0.7)	0.1
Services provided by ICAEW during the year, including grant funding	0.1	0.2	-	-	0.1	-	0.4	0.5
Balances due from associates at 31 December	-	-	0.2	0.2	-	-	0.4	0.3
Group share of net assets at 31 December	-	0.1	-	-	-	0.4	0.5	0.1

Share of profit or loss of the associates is accounted for using the equity method. None of the above companies had any discontinued operations in the year or previous year.

Movements in investments in subsidiaries:	Group £m	ICAEW £m
At 1 January 2020	0.1	-
Additions	-	-
At 1 January 2021	0.1	-
Additions	0.5	0.5
Share of loss of equity accounted associates recognised in income statement	(0.1)	-
At 31 December 2021	0.5	0.5

Additions in the year relate to the investment in Engine B Limited. In the prior year the investment in Engine B Limited was classified as an investment at fair value through profit or loss. Fair value was estimated at £nil as at 31 December 2020. During 2021, the investment was transferred to investments in associates due to ICAEW having significant influence over the company, at a deemed cost of £nil, and a further £0.5m was invested into 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 2021 £m	Equities and unit trusts 2021 £m	Total 2021 £m	Restated		Total 2020 £m
				Interest-bearing investments 2020 £m	Equities and unit trusts 2020 £m	
Fair value						
At 1 January	11.3	75.7	87.0	11.2	63.8	75.0
Additions	26.0	28.1	54.1	1.0	35.1	36.1
Disposals	(1.1)	(27.1)	(28.2)	(0.9)	(24.2)	(25.1)
Realised gains/(losses) recognised in income statement	0.1	1.4	1.5	-	0.2	0.2
Fair value gains and losses recognised in income statement	(0.2)	6.3	6.1	-	0.8	0.8
At 31 December	36.1	84.4	120.5	11.3	75.7	87.0
Presented within non-current assets	-	49.4	49.4	11.3	75.7	87.0
Presented within current assets	36.1	35.0	71.1	-	-	-
Total Financial asset investments	36.1	84.4	120.5	11.3	75.7	87.0

On an historical cost basis the comparable amounts of investments are:

At 31 December	36.3	67.5	103.8	11.3	52.7	64.3
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17. FINANCIAL ASSET INVESTMENTS continued

ICAEW	Interest-bearing investments 2021 £m	Equities and unit trusts 2021 £m	Total 2021 £m	Restated		
				Interest-bearing investments 2020 £m	Equities and unit trusts 2020 £m	Total 2020 £m
Fair value						
At 1 January	10.3	61.4	71.7	10.3	49.2	59.5
Additions	25.0	12.6	37.6	-	29.7	29.7
Disposals	-	(11.5)	(11.5)	-	(18.8)	(18.9)
Realised gains/(losses) recognised in income statement	0.1	1.4	1.5	-	0.2	0.2
Fair value gains and losses recognised in income statement	(0.2)	4.6	4.4	-	1.1	1.1
At 31 December	35.2	68.5	103.7	10.3	61.4	71.7
Presented within non-current assets	-	35.2	35.2	10.3	61.4	71.7
Presented within current assets	35.2	33.3	68.5	-	-	-
Total financial asset investments	35.2	68.5	103.7	10.3	61.4	71.7

On an historical cost basis the comparable amounts of investments are:

At 31 December	35.4	53.5	88.9	10.3	51.2	56.2
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The comparative figures for Group and ICAEW have been restated, with amounts totalling £5.3m as at 1 January 2020 and 31 December 2020 reclassified from cash and cash equivalents to financial asset investments in order to reflect management's intentions to hold those funds for longer term investment gains rather than to meet short-term cash commitments.

Within Group investments are charitable funds of £16.8m (2020: £15.3m) which are maintained independently of ICAEW, and for which the trustee sets investment policies and monitors performance.

Financial asset investments are presented within current assets when they are held for the purpose of trading or where they are expected to be sold within 12 months, otherwise they are presented within non-current assets.

18. INVENTORIES

Group and ICAEW learning materials comprise costs of £0.7m (2020: £0.7m) associated with development of e-learning documents. There was no provision against learning materials at the year end (2020: £nil).

19. TRADE AND OTHER RECEIVABLES - CURRENT

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Trade receivables and other receivables	20.7	27.3	19.8	23.2
Amounts owed by subsidiaries	-	-	0.3	0.3
Amounts owed by associates	0.4	0.2	0.4	0.3
Prepayments	3.8	3.1	3.7	3.1
Other receivables - FRC Conduct Committee case cost recoveries	5.4	3.5	5.4	3.5
Other accrued income	3.5	5.5	3.5	5.4
	33.8	39.6	33.1	35.8
Less: provision for impairment of trade and other receivables	(0.7)	(0.7)	(0.7)	(0.7)
	33.1	38.9	32.4	35.1

19. TRADE AND OTHER RECEIVABLES - CURRENT continued

All receivables have been reviewed for indicators of impairment. Certain trade receivables, principally in relation to disciplinary fines and costs from members, member firms and former members, were found to be impaired, resulting in a provision at year end of £0.7m (2020: £0.7m). The movement in the provision for trade and other receivables can be reconciled as follows:

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
At 1 January	0.7	0.8	0.7	0.8
Provision utilised in year	(0.3)	(0.5)	(0.7)	(0.5)
Impairment losses recognised during the year	0.3	0.4	0.7	0.4
At 31 December	0.7	0.7	0.7	0.7

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:

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
More than one month but not more than three months	0.9	1.0	0.9	1.0

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash at bank	44.5	10.5	42.4	9.9
Amounts held on short-term money market deposits	5.1	43.1	5.1	43.1
	49.6	53.6	47.5	53.0

The prior year comparatives have been restated, with amounts totalling £5.3m reclassified from cash and cash equivalents to financial asset investments in order to reflect management's intentions to hold those funds for longer term investment gains rather than to meet short-term cash commitments.

21. TRADE AND OTHER PAYABLES

	Group		ICAEW	
	2021 £m	2020 £m	2021 £m	2020 £m
Current				
Subscriptions fees in advance	28.0	29.4	28.0	29.4
Admission fee and affiliate application fee deferred income obligations	2.3	1.9	2.3	1.9
Amounts owed to subsidiaries	-	-	2.3	2.7
Other income in advance	1.7	10.8	1.7	10.8
Trade payables	4.5	4.2	3.8	4.2
Other payables	20.2	17.8	19.5	14.6
Lease liabilities	0.8	0.8	0.7	0.7
Income tax and social security payables	1.7	1.3	1.7	1.3
Accruals	10.5	8.9	9.4	8.9
	69.7	75.1	69.4	74.5
Non-current				
Admission fee and affiliate application fee deferred income obligations	32.2	31.4	32.2	31.4
Lease liabilities	0.1	0.7	-	0.6
Subscriptions and other income in advance	3.0	2.4	3.0	2.4
Other payables	-	-	-	0.1
	35.3	34.5	35.2	34.5

22. FRC CONDUCT COMMITTEE PROVISION

The FRC Conduct Committee is part of the FRC 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 ICAEW and the following participating institutes: the Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants, the Chartered Institute of Public Finance and Accountancy, Chartered Accountants Ireland and the Institute of Chartered Accountants of Scotland.

ICAEW is responsible under a written agreement to indemnify the FRC for costs resulting from FRC Conduct Committee cases in relation to investigations or disciplinary actions against ICAEW members or member firms that are registered by ICAEW to carry out audit 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.

Due to the individual circumstances surrounding each case, the likelihood of cases 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 cases might proceed into subsequent stages before they are concluded (see note 27).

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. Cost recoveries relating to case costs already settled by the ICAEW are presented in other receivables.

At the year end, the provision covers a total of 40 (2020: 32) current 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. Although the number of open cases has increased year on year, many of the cases open as at 31 December 2021 are in the early stages of the disciplinary investigation process which bear lower cost compared to latter stages. As a result of this change in the open case portfolio, the overall provision to cover costs to complete the current stage has decreased. Conversely, the range of the contingent liability, which reflects the best estimate of the cost potentially required to settle future stages, should all open cases progress through all stages of the disciplinary scheme, has increased year on year (see note 27).

Estimation uncertainty and sensitivities

As explained in note 3 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 of £3.9m at 31 December 2021 (2020: £7.8m) 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. 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, average recovery rates have been adjusted to take into account the risks associated with specific large, complex open cases over which there remains significant uncertainty around the level of costs that may be awarded on each case and ultimately recovered.

The FRC case cost provision covering the current stage of open cases has an estimated range of £1.6m to £4.2m (2020: £6.8m to £7.8m). 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.

	Group and ICAEW			
	Estimated case costs £m	Estimated cost recoveries £m	Total provision £m	Other receivables (note 19) £m
Liability/(asset) at 1 January 2021	10.3	(2.5)	7.8	(3.5)
Amounts utilised in year	(9.0)	-	(9.0)	-
Case cost recoveries transferred to other receivables	-	2.5	2.5	(2.5)
Previously accrued case cost recoveries realised in year	-	-	-	6.0
Amounts charged/(credited) to income statement in year	4.5	(1.9)	2.6	(5.4)
Liability/(asset) at 31 December 2021	5.8	(1.9)	3.9	(5.4)

22. FRC CONDUCT COMMITTEE PROVISION continued

	Group and ICAEW			
	Estimated case costs £m	Estimated cost recoveries £m	Total provision £m	Other receivables (note 19) £m
Liability at 1 January 2020	11.8	-	11.8	-
Amounts utilised in year	(11.8)	-	(11.8)	-
Case cost recoveries realised in year	-	-	-	-
Amounts charged/(credited) to income statement	10.3	(2.5)	7.8	(3.5)
Liability/(asset) at 31 December 2020	10.3	(2.5)	7.8	(3.5)

Included in accruals (see note 21) are liabilities of £3.0m (2020: £3.0m) in relation to costs finalised with the FRC but not yet invoiced, offset by cost recoveries of £3.0m (2020: £nil) for cases that have been concluded but the cash was received in January 2022.

Where costs have been invoiced by the FRC but not settled, or finalised but not yet invoiced, these amounts are included as amounts utilised in year in the table above and reclassified from provisions to creditors or accruals. Where cost recoveries have been confirmed by the FRC, these are included as recoveries realised in year and netted against amounts shown in accruals.

Amounts charged/(credited) to income statement in relation to FRC Conduct Committee expenditure were as follows:

	2021 £m	2020 £m
Amounts provided in the year for FRC Conduct Committee case costs	4.5	10.3
Estimated future recoveries of case costs recognised in the provision in year	(1.9)	(2.5)
Estimated future recoveries of case costs already realised, recognised in other receivables in year	(5.4)	(3.5)
Cost recoveries realised in excess of those previously accrued	(1.6)	(6.8)
Net credit to income statement	(4.4)	(2.5)

23. PROVISIONS FOR FUTURE LIABILITIES

	Group and ICAEW			
	Dilapidations £m	Holiday pay £m	Other £m	Total £m
At 1 January 2021	0.8	0.9	0.8	2.5
Amounts utilised	-	(0.9)	(0.8)	(1.7)
Amounts charged to income statement in year	-	0.6	0.1	0.7
At 31 December 2021	0.8	0.6	0.1	1.5

The provision for dilapidations is expected to be utilised on exit from the relevant leased property. The lease runs until 2023, however, post year end, a further lease has been signed for that property running until 2028. The actual outflows will vary dependent upon any subsequent agreements with the landlord.

Other provisions relate primarily to restructuring costs.

24. PENSION BENEFITS

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. 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 latest triennial actuarial valuation showed a deficit of £0.2m at 31 March 2019, with a market value of scheme assets of £210.1m and scheme liabilities measured at £210.4m equating to a funding level of 99.9%. From 1 March 2021, contributions to the scheme have ceased due to funding level targets being reached in accordance with the recovery plan agreed with the Trustee and no further contributions are anticipated for 2022. The scheme actuary has provided a desktop updated actuarial valuation of the scheme's funding position as at 31 December 2021, showing a surplus of £12.8m representing a funding level of 106%. This included the impact of GMP equalisation of 0.3% of the liabilities. The actuarial valuation differs from the valuation under IAS 19 mainly due to differences in the way discounts rates are determined under the two valuation methods.

Because of changing market and economic conditions, the expenses and liabilities actually 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 as other comprehensive income. The calculation of any charge relating to retirement benefits is clearly dependent on the assumptions used, which reflects the exercise of judgement.

24. PENSION BENEFITS continued

In conjunction with the 2019 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 £28.0m as at 31 December 2021 (see note 13).

The defined benefit pension scheme typically exposes ICAEW to a level of actuarial risk including investment risk, inflation risk, interest risk and longevity 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, it will create a deficit. 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 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.
Longevity 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.

The scheme's actuary provides a separate report for IAS 19 purposes at each year-end. The assumptions made at 31 December 2021 by management on the advice of the scheme's actuary were:

	2021	2020
Discount rate	1.85%	1.25%
Pension increase rate per annum	3.25%	2.85%
Rate of inflation (RPI)	3.35%	2.90%

Mortality rates (years) used to calculate the pension liabilities imply an expected future life expectancy of:

	Years	Years
Pensioners men - Age 65	23.3	23.4
Pensioners women - Age 65	24.6	24.7
Non-pensioners men	24.7	24.7
Non-pensioners women	26.6	26.7

IAS 19 states that the discount rate used should have regard to returns on high quality corporate bonds of a term consistent with the term of the post-employment benefit obligations. A yield curve of iBoxx AA bonds has been used to estimate an appropriate discount rate for the scheme's liabilities. This corporate bond yield curve has been used to discount cashflows using the rates available at each future duration. The approximate duration of scheme liabilities is 16 years and a single flat rate discount rate has been calculated 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.

	Number of members	Liability split	Duration (Years)
Deferred members	250	39.7%	20.6
Pensioners	430	60.3%	12.5
Total/weighted average	680	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.

2021	Change in assumption	Change in scheme liabilities	Change in surplus
Discount rate	Increase/(decrease) by 0.5% pa	(Decrease)/increase by 8%	Increase/(decrease) by £9.8m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 6%	(Decrease)/increase by £5.4m
Longevity	Increase by 1 year	Increase by 4%	Decrease by £4.1m
2020	Change in assumption	Change in scheme liabilities	Change in surplus
Discount rate	Increase/(decrease) by 0.5% pa	(Decrease)/increase by 9%	Increase/(decrease) by £17.8m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 7%	(Decrease)/increase by £14.5m
Longevity	Increase by 1 year	Increase by 4%	Decrease by £8.3m

24. PENSION BENEFITS continued

In accordance with IFRIC 14, the defined benefit pension scheme rules and funding arrangements were reviewed and, with supporting legal advice, ICAEW considers that it has an unconditional right to a refund 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 £23.0m (2020: £22.5m) has been recognised as a pension asset in the statement of financial position.

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:

	2021 £m	2020 £m
Present value of defined benefit obligations	(197.2)	(206.4)
Fair value of plan assets	220.2	228.9
Net pension asset	23.0	22.5
Defined benefit obligations		
Opening defined benefit obligation	206.4	190.7
Interest on obligation	2.5	3.7
Actuarial gains arising from changes in financial assumptions		
Changes in demographic assumptions	(0.3)	1.7
Changes in financial assumptions	(7.3)	21.7
Experience	4.6	(3.7)
Benefits paid	(8.7)	(7.7)
Closing defined benefit obligation	197.2	206.4
Fair value of plan assets		
Opening fair value of plan assets	228.9	214.7
Interest income of fund assets	2.8	4.2
Employer contributions	-	0.3
Return on assets excluding amounts included in net interest	(2.8)	17.4
Benefits paid	(8.7)	(7.7)
Closing fair value of plan assets	220.2	228.9

The experience gain shown above is in relation to the difference between actual and expected inflation, as well as the impact of new membership data.

Scheme administration costs of £0.5m (2020: £0.6m) were borne directly by ICAEW.

Plan assets are categorised as follows:

	£m	2021 %	£m	2020 %
Quoted investments				
Equities	-	-	37.0	16%
Debt securities – government bonds	37.6	17%	35.8	16%
Debt securities – corporate bonds	-	-	21.6	9%
Absolute return bond	46.3	21%	45.7	20%
Cash and cash equivalents	40.7	18%	36.3	16%
Unquoted investments				
Insurance contracts	95.6	44%	52.4	23%
	220.2	100%	228.8	100%

24. PENSION BENEFITS continued

As part of the continued process to manage scheme volatility, the trustee has purchased three buy-in annuity insurance contracts to provide funding for the liabilities of a portion of the largest pension liabilities. These annuities are in the name of the trustee and are an asset of the fund and the corresponding pensioner obligations also remain as liabilities of the fund. The policies have been valued by the scheme actuary on a basis to value the underlying liabilities secured by the policy. It assumes that the fair value of the asset is equal to this liability value which is determined on the IAS 19 basis. The asset is included as insurance contracts elsewhere in this note.

The Fund implemented the third pensioner buy-in in December 2021. The final premium paid was £53.0m compared to liabilities on the IAS19 basis of £46.0m. The return on assets recognised in other comprehensive income therefore includes the loss in respect of the buy-in of £7.0m.

Amounts recognised in the income statement within staff costs are as follows:

	2021 £m	2020 £m
Net interest income on plan assets	2.8	4.2
Interest on defined benefit obligation	(2.5)	(3.7)
	0.3	0.5

Amounts recognised as other comprehensive income:

	2021 £m	2020 £m
Return on plan assets (excluding amounts included in net interest)	(2.8)	17.4
Actuarial gain/(loss) on changes in demographic assumptions	0.3	(1.7)
Actuarial gain/(loss) on changes in financial assumptions	7.3	(21.7)
Experience re-measurements	(4.6)	3.7
Actuarial gain/(loss)	0.2	(2.3)

Defined contribution scheme

The defined contribution scheme provides benefits based upon contributions made 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 £3.2m (2020: £2.8m). There were no contributions payable to the scheme at the year-end date (2020: £nil).

25. RELATED PARTIES

The Group and ICAEW operating results include reimbursement of members' expenses on ICAEW activities and payments on a normal commercial basis to members and member firms for services, particularly in connection with lecturing and writing papers. In 2021 these payments in aggregate amounted to £2.3m (2020: £1.4m). Of this, £548,000 (2020: £331,000) was paid for services to member firms which have a partner or employee who is a member of Council. The amounts paid to individual Council members for services was £39,000 (2020: £34,500) in total.

Transactions and balances between ICAEW and its subsidiaries and associates is set out in note 16 above.

During the year and prior year, ICAEW has provided accounting and operational support to Stichting Capitals Coalition (CC), a multi-stakeholder entity registered in the Netherlands. CC promote collaboration, bringing together initiatives and organisations to harmonise approaches to natural capital. ICAEW hosts the secretariat and Michael Izza is a member of the CC's board of directors.

The amount held by ICAEW as agent of the CC at the year-end date was £nil (2020: £0.2m). In 2020, CC transitioned towards the set-up of a separate legal entity, not part of the ICAEW Group and based in The Netherlands. While CC was set up as a separate legal entity in January 2020, no immediate changes in operations were necessary as work continued as it had been previously however, a formal service agreement was entered between ICAEW and the new entity, Stichting Capitals Coalition, in March 2020 for the delivery of bookkeeping services and IT support on a pro bono basis.

26. RESERVES

ICAEW reserves policies ensure that reserves including FRC fines and costs balances are set at a level equivalent to between three and six months of expenditure through the income statement and for cash and investment balances to be at least sufficient to cover between three and six months of annual budgeted/forecast gross cash expenditure. The balance at the end of 2021 exceeded this range but this is expected to be a short-term matter as ICAEW completes its investment in business development and systems.

Reserves comprise the following:

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.

Accumulated fund and other reserves

Represents the retained result of the Group and ICAEW activities and comprises the accumulated fund, faculties, 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 reserves is £3.2m (2020: £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.

27. CONTINGENT LIABILITIES AND GUARANTEES

Chartered Accountants' Compensation Scheme

ICAEW has undertakings to Chartered Accountants' Compensation Scheme Limited for its agreed proportion of claims for compensation and administration costs, of amounts up to but not exceeding £10.0m in any one year. Payments for individual claims are limited to a maximum of £50,000. ICAEW's share of the costs of the scheme is recovered from those member firms licensed by ICAEW under the Financial Services and Markets Act 2000 and those member firms previously authorised by ICAEW under the Financial Services Act 1986 as appropriate.

FRC Conduct Committee case costs

As a recognised supervisory body (RSB) ICAEW is required to indemnify 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 indemnity 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 Conduct Committee provision – see 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, over and above the year-end FRC Conduct Committee provision of £3.9m (2020: £7.8m), based on the historical costs, in relation to open cases at 31 December 2021, amounts to a contingent liability in the range £20.0m to £30.0m (2020: £20.0m to £25m). This is before any case costs relating to future stages that might be recovered from members or member firms subject to the cases. Based on past experience, we would estimate in the region of 30% to 35% of case costs might be recovered, as an average across all scheme types. The range of contingent liability is broader than in the prior year due to the fact that many of the cases are in the earlier stages and therefore there is greater uncertainty around potential future costs.

ICAEW levies charges on its member firms in order to finance 90% of the costs of FRC Conduct Committee cases invoiced to ICAEW as they fall due.

28. EVENTS AFTER THE REPORTING PERIOD

After the year end, two additional leases were entered into, commencing January 2023 with a five-year term. These new leases relate to premises already occupied by ICAEW under existing leases as at 31 December 2021. The annual amount payable under these leases totals £0.6m. The associated right-of-use asset and lease liability to be recognised amount to £3.1m.

Chartered accountants are talented, ethical and committed professionals. There are more than 1.8m chartered accountants and students in the world, and more than 195,300 of them are members and students of ICAEW. All of the top 100 global brands employ 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 over 12,000 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.

We are proud to be a founding member of Chartered Accountants Worldwide, a network of 750,000 members across 190 countries which promotes the expertise and skills of chartered accountants around the world.

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.

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* Source: CAW, 2020 – Interbrand, Best Global Brands 2019