

**"MAKING  
PROGRESS  
TOGETHER"**



**ICAEW  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
2022**



## WHO WE ARE AND WHAT WE DO

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

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

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

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

**We support** our members throughout their careers and professional activities.

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

Alison is ICAEW's Director of People and joined in May 2022.

**Alison Davies**  
Director of People, 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 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.





Hannah leads the sales team at One Moorgate Place and grew commercial revenue in 2022.

**Hannah Barker**  
Head of Business Development,  
One Moorgate Place, ICAEW





Bonnie is Chair of the ICAEW Members Society, Malaysian Chapter.

**Bonnie Tham FCA**  
Head of People and Support, BDO

Sam is a Member Rewards partner, Deputy President of ICAEW District Society West Yorkshire & York, and a member of our Business Committee.

**Sam Tasker-Grindley ACA**  
Head of Swoop for Advisors



## THANK YOU TO OUR GLOBAL NETWORK OF VOLUNTEERS

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

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

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

## OUR HIGHLIGHTS

**£141.7M**

TOTAL INCOME

**£124.8M**

OPERATIONAL INCOME

**£18.5M**

EDUCATION AND TRAINING INCOME

**£13.6M**

NET RESULT AFTER TAX

**£55.3M**

SUBSCRIPTIONS AND FEES INCOME

**£178.0M**

NET ASSETS

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OUR STRATEGY AT A GLANCE



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





## OUR VISION

### ICAEW Chartered Accountants enable a world of sustainable economies.

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

This decade is critical and truly one of transformation. How we respond to the risks, trends and other powerful factors will largely decide the shape and role of ICAEW in 2030 – our 150<sup>th</sup> 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 166,000 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.



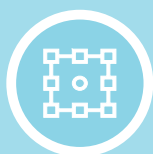
### STRATEGIC THEME ONE STRENGTHEN TRUST IN ICAEW CHARTERED ACCOUNTANTS AND THE WIDER PROFESSION

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

"It is by working together - with our members, students, staff and stakeholders - that we can make the greatest progress, delivering against our strategy and helping to address some of society's biggest challenges."

**Michael Izza FCA**  
Chief Executive



In my foreword for last year's Annual Report, I concluded by highlighting the profound global shock that Russia's invasion of Ukraine was causing, with the full consequences still to be realised. 2022 turned out to be, in large part, defined by this event, with the impacts being felt far and wide.

ICAEW members were once again on the frontline of helping businesses navigate difficult circumstances and helping economies to stabilise, and we supported them to do that.

We equipped members to understand and react to a rapidly changing situation, in particular regarding the sanctions against Russia and the wider economic crime environment. I am proud of our work with UK policymakers, contributing to economic crime legislation, and emphasising the role of ICAEW Chartered Accountants in making such policy work.

In what was the first full year of face-to-face interaction since the COVID-19 pandemic, we invested in boosting and rebuilding our human and social capital. We understand the critical importance for so many of coming together in shared physical spaces, while also appreciating the significant benefits brought about by digital and hybrid working models. It has been a pleasure for me personally, to meet with so many of our own members and stakeholders during 2022.

To better support members with their lifelong learning and help them to better engage with our content, we removed the paywalls for some of our faculties and all of our communities. We also considered changes to our regulations around Continuing Professional Development, to better

tailor requirements to members' roles and help build trust in the profession, which will come into effect later in 2023.

We also continued to show leadership on the sustainability agenda and the road to net zero. Our place on the UK Government's Transition Plan Taskforce illustrates the pivotal role ICAEW and our members have in helping businesses adapt and making transition plans a reality.

In this report we have again featured photographs of some of the individuals who have helped our profession make a difference, emphasising that we are a diverse global community who find strength through our collaboration. In particular, I would like to offer my sincere thanks to all our volunteers who so generously give their time and expertise to support our activities, and who are so instrumental in our success.

By almost all measures, it was another hugely successful year for ICAEW. We once again set a new record ACA student intake, of 11,962, marking a more than 8% increase on our previous global high in 2021 and further expanding our pipeline of future talent.

ICAEW membership also continued to grow, which at the end of 2022 stood at 166,397 globally.

Our year-on-year operational income increased to £124.8m, with a strong net result after tax of £13.6m.

The recent significant growth in our net assets continued in 2022, which now stand at £178m. Our financial position has in part been strengthened by money from Financial Reporting Council fines in recent years. The arrangements

require professional bodies to pay for the regulator's investigations in advance, following which those bodies receive any fine money.

These strong financial foundations continue to underpin our commitment to serve the public interest, not least within the volatile environment of recent years.

Our discussions around closer working with the Chartered Institute of Public Finance and Accountancy (CIPFA) have continued. By joining forces, we believe we can achieve greater reach - both nationally and internationally - and be better equipped to serve the public interest across all areas of economic activity, including the enterprise, public and third sectors.

It is by working together - with our members, students, staff and stakeholders - that we can make the greatest progress, delivering against our strategy and helping to address some of society's biggest challenges.

Finally, it has recently been announced that I will be retiring from the role of Chief Executive of ICAEW in 2023. I wanted to take the opportunity to say that it has been an honour to represent our profession across the world since I became Chief Executive in 2006. I am grateful to colleagues for their support to me over the years and their ongoing commitment to ICAEW. I am immensely proud of what we have achieved together, and I have no doubt that the Institute will continue to flourish after I leave.

**Michael Izza FCA**, Chief Executive

## MESSAGE FROM THE PRESIDENT

The Covid pandemic continued to shape our lives during 2022, but increasingly we have been able to return to normality. COVID-19 leaves a legacy though, having accelerated the adoption of digital technologies, introduced hybrid working models and changed the face of education and examinations.

Our shift to virtual has been a huge success and resulted in record levels of member engagement, but some experiences simply cannot be replicated over a computer screen.

I have been privileged to meet in person with members, students and other stakeholders across the UK, Europe and Southeast Asia – hearing their stories, what they value about being part of ICAEW and where we could or should be doing more.

Just as the pandemic subsided, we saw another crisis take hold with Russia's invasion of Ukraine. One of our biggest priorities for the year was supporting our members to navigate the difficult circumstances this presented, interpreting and applying the sanctions against Russia and adapting to wider changes in economic crime legislation.

Throughout my engagements I have sought to promote ICAEW strategy – explaining why we're focussing on the areas we are and ensuring members are aware of the support available and that it is serving their needs.

I feel a particular passion for two of our strategic themes. The first is helping to achieve the UN Sustainable Development Goals; I know that our profession will be fundamental in making our economies more sustainable, and that many of you strongly agree.

I was delighted to speak on a panel session, at the World Congress of Accountants, about the importance of sustainability education. After all, if we don't understand the risks posed by climate change, how can we advise our clients or employers? Our new Sustainability Certificate, ACA syllabus and climate hub all help to ensure that students and members can get that education.

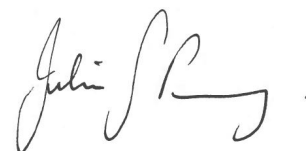
The second theme is strengthening the profession by attracting talent and building diversity; I am only the fourth female president of ICAEW and have been honoured when young women say to me how much they value seeing a woman in this leadership position. We still have more to do, but you can read about our work and progress on equality, diversity and inclusion in this report, of which I am proud.

I'd like to say a huge thank you to all our volunteers, without whose goodwill ICAEW could not survive. Their contributions help to shape our strategy and activity and ensure we continue to act in the interests of our members and the wider public.

Thank you also to the staff who have supported me in my presidential duties and to everyone at ICAEW whose work has contributed to our successes this year, such as our record student intake and comprehensive member support.

I would also like to thank our Chief Executive, Michael Izza, whose retirement has been recently announced. Michael will be greatly missed by us all and we are very grateful for his dedication to the organisation and his many achievements during his successful career with us. I am sure you will join me in thanking Michael for his contribution to ICAEW over the last 21 years and wish him well for the future.

Serving as ICAEW President is an incredible honour. We are in an outstanding profession and one that will continue to shape, not just our careers as members, but global economies and the future of the planet.



**Julia Penny FCA**, President

"We are in an outstanding profession and one that will continue to shape, not just our careers as members, but global economies and the future of the planet."

**Julia Penny 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.

Darren is Chair of the Practitioner Business Advisers Community and sits on the regional ICAEW committee.

**Darren Jasper FCA, CTA**

Head of Outsourcing and Cloud,  
Albert Goodman

## 166,397

MEMBERS

## 3.1%

INCREASE  
YEAR-ON-YEAR



Working collaboratively with our global volunteers, we have invested in boosting our social capital in 2022 by providing opportunities for our members – whether in practice or business – to come together, learn and interact. As COVID-19 restrictions eased, we returned to more face-to-face engagement, while also continuing to evolve our hybrid and digital offerings. Membership of our existing communities grew, and we launched new ones to provide further member support. We also removed paywalls for some of our ICAEW faculties to provide further support and updated our CPD policy.

### SUPPORTING MEMBERS IN PRACTICE

We engage with members working in practice to understand their needs and challenges, whether as sole practitioners or as members working in larger firms, and provide resources to support and address these needs. We also work with our members and member firms to feed into consultations and policy decisions.

Membership of our [Small Practitioners Community](#) grew by 40% in 2022. Through this community we provided 22 webinars across the year, with an average of 500 members registered to each. The Marsh-sponsored tax helpline available to community members at no cost, received over 1,500 calls during the year.

1,500 new members joined our [Practitioner Business Advisers Community](#).

We produced 21 issues of [PracticeWire](#), our newsletter for members in practice, which now has more than 20,000 subscribers.

Our Practice team held in-person conferences, including:

- **MTD Live** – enabling delegates to meet the technology providers, receive updates on Making Tax Digital and ask questions to ICAEW, HMRC and the tech providers.
- **Practice Live**, on the theme of “Support, sustain, succeed” – offering practical guidance on MTD, economic crime and recruitment, as well as technical updates from tax and financial reporting experts. The keynote speaker was Baroness Eliza Manningham-Buller, former head of MI5.

- Practice roadshow in Leeds, a regional networking event covering MTD planning, risk management and technical updates.
  - Mid-tier Tech Forum – welcoming members from mid-tier firms to Chartered Accountants’ Hall in November to explore some key themes around technology and innovation.
- Key resources and support for our members in practice are brought together [here](#).

### SUPPORTING MEMBERS IN BUSINESS

Our members work in a wide range of roles across businesses of almost every size and sector around the world. 79 of FTSE 100 companies have an ICAEW member on their board. We work to support these members through resources which address economic challenges, offer sector and role-specific guidance, and inform policy development.

During a volatile year, the resources of our communities have been particularly valuable to our members in business. Membership of our [Small and Micro Business Community](#) now stands at over 5,000, far surpassing our targets. Membership of this and our nine sector-based communities grew 29% during 2022.

Across these communities, we facilitated on average six commercial partnership webinars per month. This included a series of webinars on starting, growing and exiting a business, as well as a webinar on funding and access to finance.

Our Business team worked together with our Business Committee and our UK Regions team to gather insight from business members, which continued to shape much of our content and activity throughout the year. This included our [cost of doing business hub](#), our [energy crisis hub](#) and our [inflation hub](#), which provide resources and analysis to help members navigate a multitude of challenges.



We also continued to signpost the [ICAEW Business Advice Service](#), a trusted source of advice for many businesses.

Member insight also fed into our discussions with government, including on disruptions throughout winter, the challenges of net zero and reaction to the Autumn Statement – helping policymakers to better understand and ultimately support the needs of business.

### UK REGIONS

ICAEW members live and work across a diverse array of local communities, so we work to make our support and services as tailored and accessible as possible.

Our Regions team, working closely with the District Society volunteer networks across the UK, serves as the local face of our organisation and one through which our UK-based members access much of our support.

Regions, supported by local volunteers, offer a wide range of events, activities and initiatives. They build relationships locally and ensure ICAEW strategy is delivered with regional relevance to members and to the organisations they work in and advise.

### District Society Review

District Societies have long been a valuable channel for engagement with members across the UK. However, given changes in legislation and significant changes in working practices over the years, which have been accelerated by the pandemic, a review concluded that it is time to consider alternative structures.

So in 2022, we established a new structure – the District Societies (Local) Communities Pilot – to which seven District Societies initially opted in. This new structure frees up volunteers to focus on engagement with members, rather than dealing with individual legal and governance issues associated with a separate body, which also create risks for volunteers, such as with GDPR compliance. It also allows for simpler communication with members and better data management. A significant number of other groups will be transitioning to the new structure in 2023.

### Activities and events

The Regions team worked in collaboration with the District Societies to run over 800 regional and local events during the year. This included a programme of events focussed on our strategic themes, curated to communicate our strategy and emphasise its relevance to regional economies. Sector-specific events were also held for members advising and operating in key sectors of focus, including defence, farming, legal, charity, manufacturing, energy, retail and tourism.

Through all these activities, we engaged with over 22,000 delegates from across the UK.

The shift to focussing, where appropriate, on virtual events has brought significant efficiencies and removed some of the logistical barriers of the physical format, including widening geographical reach, engaging with new audiences and reducing time and cost to members and their employers. Ultimately, this has strengthened our engagement with UK-based members.

### ENQUIRY SERVICES

Our advisory helplines handled more than 152,000 enquiries in 2022. The helplines provide valuable support to a wide range of stakeholders and serve as the first line of assistance for members.

We continue to see changes in the channels used to contact us, with our chatbot and webchat functions becoming increasingly popular as one of the fastest ways for members to get the help they need.

During the year, we replaced our core membership and enquiry systems. Although this will ultimately improve our ability to handle enquiries more efficiently, unfortunately the change has temporarily impacted our service levels and response times, which we are working hard to return to our usual high standards.

Members find great value in our [Technical Advisory Service](#). 13,500 technical accounting and 6,000 ethics and anti-money laundering questions were asked of the team during 2022. Digital helpsheets produced by the team on a wide range of topics received over 222,000 views, reflecting the level of practical guidance provided to members every day.

Our [Library Enquiry Service](#) also offers members research services and the ability to borrow both physical books and ebooks, of which nearly 15,000 were issued in 2022.

## VOLUNTEERING

### ICAEW volunteers

Our members and students play a vital role supporting ICAEW activities and bringing their expertise to all areas of our institute around the world. We are extremely fortunate to have a thriving global volunteering community.

In 2022 we launched our [volunteering hub](#), where members and students can learn more about how they can support ICAEW and the global volunteering opportunities available.

We estimate that during 2022, our members and students volunteered around 20,000 hours of their time, serving on our councils, boards, committees and district societies, or supporting our work at schools, colleges and universities to help us attract talent and make the accountancy profession more inclusive.

### Not-for-profit sector

Many of our members and students also generously volunteer their world-leading knowledge, skills and ethics to their communities and the wider not-for-profit sector.

Serving as chairs, treasurers, governors, trustees and in a wide range of other roles, they bring their expertise to areas where it might otherwise be lacking or difficult to resource.

In 2022, more than 24,000 ICAEW members worldwide undertook nearly 34,500 regular volunteering roles.

We appreciate and value the time commitment from all of our volunteers, particularly our council and active members.

We champion volunteering and help many of our members find their roles through [ICAEWVolunteers.com](#), which has been connecting charities with finance professionals around the world for nearly a decade. Every month, more than 100 new voluntary roles are advertised by charities.



Andrew is an "ICAEW Ambassador" and a member of the ICAEW Greater China Strategy Advisory Group and ICAEW Hong Kong Committee.

#### **Andrew Weir FCA**

Regional Senior Partner, Hong Kong / Vice Chairman, China / Global Chair, Asset Management and Real Estate, KPMG International

Jeannette participated in a panel discussion at the Accounting for Sustainability (A4S) Summit and opened the ICAEW Climate Summit. She is a member of our Middle East Advisory Board.

#### **Dr Jeannette Vinke DBA, FCA**

Chief Operating Officer, American University of Sharjah



### Support for volunteers

Our [trustee training modules](#) support those who serve as charity trustees or are considering doing so, providing practical guidance and advice on legal and financial responsibilities. More than 1,200 people registered for these modules in 2022.

Our new [Charity Community](#), launched in January 2023, is free to join and open to all. It offers support and updates on sector developments for charity finance professionals and volunteers.

### REMOVAL OF PAYWALLS

As part of our initiative to support members with their lifelong learning, in 2022 we completed an institute-wide project to remove the paywalls for our [Audit and Assurance Faculty](#), [Financial Reporting Faculty](#), [Tax Faculty](#), and all [ICAEW communities](#).

From January 2023, ICAEW membership includes access to the content of these faculties and communities at no additional cost.

Removing these paywalls supports our objective to implement an aligned events and content strategy that our members value.

It provides opportunities for greater member engagement with our content, working hand-in-hand with our new CPD policy and helping our members become more professionally robust and resilient.

### ICAEW COMMUNITIES

ICAEW communities bring professionals 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, wherever in the world they work, helping them to better serve their businesses.

Helen sits on the ICAEW Sustainability Committee and the Yorkshire and Humber Climate Commission.

**Helen Slinger FCA, BFP**  
Executive Director,  
Accounting for  
Sustainability

Emily is Chair of our Manufacturing Community and has completed our Women in Leadership programme.

**Emily Smith ACA**  
Operations &  
Finance Director,  
MSSL, Managing  
Director, AVW  
Fabrications Ltd

Andrew spoke about technology, analytics and the future of controls at Practice Live.

**Andrew Harper ACA, MSc**  
Associate Director,  
Deloitte LLP

## Growth

We welcomed 52,074 new subscribers into our communities during 2022 – a 29% increase from 2021. At the end of 2022, the total membership of our communities stood at 229,041.

Our fastest-growing community in 2022 was our [Excel Community](#), which more than tripled in size since becoming inclusive of ICAEW membership in November.

Our [Data Analytics Community](#) ended the year with 26,648 members, the first community to surpass 25,000 members and now the largest ICAEW community.

With over 23,000 members, [Personal Financial Planning](#) is our second-largest community. The community's November webinar, *Tax planning for buy-to-let landlords*, featured James Kipping, Partner, MHA, and attracted more than 2,200 registrations, demonstrating the strength and value in external collaboration with commercial partners.

We launched the [Internal Audit Community](#) in November to support members working in internal audit and users of the internal audit function. In less than one month, this new community had already attracted over 1,000 members.

## CONTINUING PROFESSIONAL DEVELOPMENT

[Continuing Professional Development \(CPD\)](#) is an integral part of being an ICAEW Chartered Accountant. For our members, maintaining their CPD strengthens professional credibility, provides skills and knowledge to perform more effectively and prepares them for the challenges ahead.

As part of our wider drive to build trust in the profession, changes to our CPD regulations will come into effect in November 2023.

ICAEW members will be required to complete a minimum number of hours of CPD, dependent on the level of risk associated with their role.

Jan wrote ICAEW's Sustainability Programme. She sits on the Sustainability Committee and the Research Advisory Board.

### Professor Jan Bebbington

Director of the Pentland Centre for Sustainability in Business at Lancaster University



Daniel is Chair of ICAEW's Charity Committee. He is also a member of the Charities SORP Committee and the CIPFA Charities and Public Benefit Entities Forum.

### Daniel Chan ACA

Director, PwC UK





We recognise that a 'one size fits all' approach to CPD requirements is not appropriate in an increasingly diverse profession, so we are revising our regulations with this in mind.

During 2022, we carried out two public consultations on the proposed requirements, asking for feedback on the proposed number of hours, categorisation of roles and the definition of verifiable CPD. Feedback was reflected in the revised requirements, which were approved by ICAEW's Education & Training Board in December.

### ICAEW Essentials CPD

Our [Essentials CPD](#) programme is a fully virtual and interactive learning experience, providing technical updates across core topics, with sessions available both live and on-demand. It remains a key resource for smaller firms and SMEs in particular.

In 2022, the programme ran 37 live webinars, covering areas such as audit and assurance, financial reporting, charity, legal, practice and tax.

Updates are delivered throughout the spring and autumn, and across the year attracted more than 5,500 delegates.

### ICAEW Academy

The [ICAEW Academy](#) provides a comprehensive range of training courses for business and finance professionals, at every stage of professional development.

Through the Academy's public courses, in 2022 we delivered more than 115 interactive virtual classroom sessions, covering themes such as financial reporting, personal impact, business performance, data analytics, leadership, board readiness and risk, and fraud. We offer small classes to enable delegates to actively engage with facilitators and peers.

Our Academy's 'in house' offering delivers team training and development programmes within specific firms or businesses. Both our [Developing Leadership in Practice \(DLiP\)](#) and our [Network of Finance Leaders \(NFL\)](#) programmes sold out during 2022.

### BRINGING MEMBERS TOGETHER

With the work of our UK Regions supporting UK-based members, we also run events and initiatives worldwide to support our members and students globally. 2022 saw these activities return in-person, helping people to better connect, collaborate and develop their personal and professional skills.

We brought together over 200 ICAEW members and figures from wider business on the eve of the World Congress of Accountants (WCOA) in Mumbai.

Over 100 members from 35 countries joined our event, *Directions in supply chain due diligence – impact on business*, examining what steps businesses can take to identify and mitigate the social and environmental impacts of their supply chain models.

Throughout the year, our C-Suite Conversations series with the British Chamber of Commerce gave members exclusive insights from industry leaders on a range of topics. The final event in the series attracted members from 16 countries, and explored crypto, digital assets, the metaverse and Web 3.

Our Europe Member Spotlight events, held throughout the year, profile the work of ICAEW members in key areas of our strategy. These events are broadcast live and are available on-demand. Some of 2022's Spotlights featured the CEO of Hellenic Petroleum and the CEO of MAP Platis.

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Our Europe Member Spotlight events, held throughout the year, profile the work of ICAEW members in key areas of our strategy. These events are broadcast live and are available on-demand. Some of 2022's Spotlights featured the CEO of Hellenic Petroleum and the CEO of MAP Platis.

In partnership with the Cyprus-UK Business Association, the British High Commission and the Cyprus Chamber of Commerce, our panel discussion for members, *Taking the sustainability agenda forward for Cyprus*, featured representatives from government, the banking sector and policymaking.

Also in Cyprus, we held a series of workshops and events to update members on developments in the public sector and how the public sector can adapt to achieve sustainable outcomes. The workshops, held with the Cyprus Treasury, focussed on the transition to accruals accounting.

In Hong Kong, we offered a series of workshops on critical communication skills, helping members improve their confidence in personal and professional settings. The workshops were attended by over 500 members and covered areas such as leadership presence, executive business writing, delivering appraisals, negotiation and persuasion.

Also in Hong Kong, recognising the need for members to network and build strong relationships, we launched the first of our C-suite Circle gatherings for senior female members. Hosted over lunch and held under Chatham House Rule, the event provided an opportunity for senior executives from banking, retail, property, technology, government and private practice to share their experiences and insights in a confidential setting.

As a global profession, many of our members need to remain aware of developments across borders, and we support them in that. Our March UK tax update for global members attracted members from 33 countries.

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.



Mariee represented ICAEW and CAW at One Young World.

**Mariee Payne ACA**  
Audit Assistant Manager, Mazars



James represented ICAEW and CAW at One Young World.

**James Skilton ACA**  
Finance Manager, KYN

**36,084**  
STUDENTS

**6.3%**  
INCREASE  
YEAR-ON-YEAR





In 2022, a record 36,084 students around the world were studying to become ICAEW Chartered Accountants. We continued to evolve the ACA, including a review of our sustainability content, improved the exam experience and invested in ongoing recruitment activities. Our wider service levels have been adversely affected by changes to our back-office IT systems and we are working hard to drive improvements.

## DEVELOPING THE ACA

Our ACA students are the future of our institute and our profession.

By ensuring our flagship qualification remains world-leading, we equip our students and future members to be leaders and to enjoy diverse careers as some of the most sought-after professionals in the world.

During 2022, we continued to embed changes introduced in 2021, into the ACA qualification and into our exam platform.

Key changes to the syllabus included:

- enhancing the application of data analysis in exams, attempting to replicate workplace tasks;
- updating the descriptors used to better reflect the skills and technologies used in the workplace; and
- continuing to embed technology and inclusivity into learning.

We also added spreadsheet functionality to exams and pre-populated spreadsheets as exhibits in exam questions. Pre-populated spreadsheets allow us to assess higher-level skills such as structuring, assimilating, interpreting and evaluating data.

Student feedback on the use of technology in the ACA has been excellent – with a high value placed on the accuracy with which it reflects real-life applications of technology.

### Sustainability review

Our students are passionate about leading the journey to net zero, and we equip them to enable a world of sustainable economies.

In 2022 we initiated a review of the ACA's sustainability content.

Our existing framework determines the knowledge and skills required based on the roles and responsibilities of ICAEW Chartered Accountants – such as reporting, risk management, assurance, strategy, finance and governance.

### The ACA now also incorporates:

- a full introduction to sustainability and an understanding of why people and our planet are strategically important to business;
- rapidly-evolving language in this area, for example around ESG and science-based targets;
- an overview of the regulatory landscape, standards and standard-setters for mandatory and voluntary sustainability reporting;
- an awareness of the robustness of sustainability information and how to use professional scepticism; and
- the need for ICAEW Chartered Accountants to work with a wide range of other stakeholders to deliver solutions.

## STUDENT SUPPORT

### Exam support

Throughout 2022, we continued to support students leading up to exams via email, social media and live webinars, ensuring that students receive the reminders and key information they need before each exam attempt. The launch of the exams systems status page in 2020 continues to prove popular and is the go-to place for updates, receiving more than 23,000 unique page views this year.

We also developed new exam guides within our [Student Insights hub](#) to continue providing this information to students in a virtual and more accessible way.

Students continue to enjoy the flexibility of sitting exams in either a physical venue or via remote invigilation. We have also improved our access arrangement processes, to assist those students with a variety of different requirements and ensure that nobody is disadvantaged on their journey to becoming an ACA.

### Student dashboard

Our student dashboard, launched in 2021, continued to provide ACA students with direct access to their training file, the ability to book an exam, go to their ICAEW Bookshelf, access support and receive notifications. The dashboard achieved over 500,000 sessions in 2022, illustrating that students use this as a main channel for information and accessing links. The top links from the dashboard in 2022 were accessing the online training file, booking exams and accessing the online bookshelf.

### Student Insights

**Student Insights** remains popular with ACA and CFAB students, receiving more than 91,000 unique page views in 2022, up by 75% from 2021. The hub covers a range of topics to support students throughout their journey into membership, including articles, exam masterclass videos and regular content relating to diversity and inclusion. Popular articles include the 'My ACA journey' series, exam guides for all exam levels with top tips from tutors, and the '10 of the best ...' series.

### 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 ACA and CFAB qualifications and the Level 4 Accounting Technician Apprenticeship in 2021. In total, 109 students received awards representing the UK, Cyprus, Malaysia and Vietnam.

### EXAM PLATFORM CHALLENGES

We continued to develop the ACA Professional and Advanced Level exams throughout 2022. The vast majority of exams were delivered smoothly; however, we did experience some challenges which have now been largely resolved.

Students who were impacted and contacted us had their issues remedied and fixes were implemented to prevent reoccurrences.

During the year, updates to the ACA exam software eliminated previous glitches and improved the overall usability of the software. Student testing sessions were held beforehand to ensure the updated software was fully fit for release.

Claris featured in our Student Recruitment campaign *Accountancy got me here.*

**Claris Jekwa ACA**  
Contribution Margin Controller, BMW (UK) Ltd

Zayd serves as a committee member for the Travel, Tourism & Hospitality Community Advisory group.

**Zayd Maniar FCA**  
International Liaison Partner, Crowe UAE

Lianna featured in our Student Recruitment campaign *Accountancy got me here.*

**Lianna Scott ACA, BFP**  
Senior Financial Accountant, LADBible Group Limited



Our qualifications team also worked hard with suppliers to improve the processes around exam days, ensuring that service levels remained at a high standard.

We have also increased the number of staff directly involved in the delivery of our exams, as well as those responsible for maintaining and testing the systems. Students have the opportunity to feedback after each exam session via an online survey. Feedback is mostly positive, but we follow up all issues and address any negative trends.

### STUDENT RECRUITMENT MARKETING

We design our student recruitment campaigns to resonate with diverse audiences and build trust and credibility in ICAEW and accountancy, so that anyone can see themselves in the profession.

To maintain authenticity, it is important to us that we use real people with real stories to showcase the exciting roles and sectors open to our members.

We launched our new marketing campaign, *Accountancy got me here*, in September, to run across the 2022/23 academic year via social media and other digital channels. New collateral was created for the start of the academic year, including an influencer campaign, and TV adverts launched across Sky Go channels in January 2023.

We seek to attract school-leavers and graduates, but also those searching on behalf of others, such as parents and guardians, teachers and career advisers.

### ICAEW PATHWAYS

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

2022 saw continued success in Pathways admissions, with more than 500 new members joining ICAEW via this route. This builds on recent success in the UK, South Asia, Africa and China.



As a student, Aaron participated in a variety of voluntary initiatives. He has continued with these since becoming an ICAEW member.

**Aaron Thompson ACA**  
Audit Assistant  
Manager, BDO UK LLP



Asma became a member through the Pathways to Membership route and featured in the ICAEW Middle East Pathways testimonial video.

**Asma Jan Muhammad ACA**  
Group Finance  
Director, WFC Holding  
Group, UAE



The UK remains the single largest country for Pathways admissions, with South Asia continuing to be our largest growing regional market, particularly due to success in Pakistan and Bangladesh.

We continue to promote the scheme to others, including in Nigeria through our close working relationship with ICAN, promotional events in the Middle East region, and to ICAI members in India through the opportunities presented by 2022's WCOA conference.

### **Hong Kong reciprocal campaign**

1,280 new members joined ICAEW via our reciprocal campaign with the Hong Kong Institute of Certified Public Accountants (HKICPA) in 2022. This marks a significant milestone for the campaign, which has now welcomed 2,500 members over three years – opening opportunities for HKICPA members to benefit from our globally-recognised qualification.

## **EQUIPPING PROFESSIONALS GLOBALLY**

### **China**

A series of 10 campus talks and *Welcome New Students* seminars were held between August and October in collaboration with our key Partners in Learning (PiL). Held in a hybrid format, the sessions reached over 1,500 attendees. The events developed our relationships with our PiLs and provided tools and techniques to enhance their delivery of the ACA qualification.

Offering career opportunities and overseas exposure to ACA students, we continued our Authorised Training Employer (ATE) Internship programme for postgraduates from our top university partners. This joint effort between ICAEW China and Singapore helps top students obtain job placements with leading technology companies.

### **Cyprus**

Following Brexit, the government of Cyprus issued an important clarification in early 2022, confirming the recognition of all UK professional accountancy qualifications in Cyprus, including the ACA. We supported national stakeholders in achieving this clarification.

We increased our engagement with schools in Cyprus in 2022, updating them on ICAEW resources to support teaching and careers advice and delivering presentations on the chartered accountancy profession.

### **Indonesia**

We formalised our partnership with two top universities, Universitas Pelita Harapan and President University, through the signing of an Agreement and MoU respectively – cementing our commitment to work together to build future-ready global business leaders.

300 students from 11 universities attended a session to introduce the CFAB qualification and highlight the career prospects of an ICAEW Chartered Accountant. A Singapore-based FCA provided a presentation about fraud prevention and the importance of effective internal controls.

The ICAEW Indonesia National Student Conference 2022, *Broaden Your Vision and Nail That Dream Job*, comprised sessions designed to help students develop their business and life skills. The conference covered career prospects, graduate opportunities, financial literacy, exam tips, and offered financial literacy and CV workshops. More than 200 students attended.

**Malaysia**

The inaugural ICAEW Malaysia Placement & Symposium saw more than 200 students placed into training agreements and internships with 15 employers. Following its success, the initiative will now become an annual engagement in multiple venues across the country.

**Mauritius**

We launched a scholarship programme in September to help ensure quality tuition is available locally to students at the Advanced Level. Michael Izza visited the island in November and welcomed over 80 new members into membership at our annual graduation ceremony.

**Saudi Arabia**

In September, we partnered with Zahid Group and three leading universities to launch the Junior Accountant Development Programme. The scheme is designed to equip Saudi nationals with a high level of knowledge and skills in finance, accounting and business – ultimately developing the Kingdom's accountancy profession and training new ICAEW Chartered Accountants.

**Singapore**

We renewed our Reciprocal Membership Agreement with the Institute of Singapore Chartered Accountants (ISCA), providing reciprocal membership arrangements for members of both professional bodies and strengthening our shared commitment to supporting and advancing the accountancy profession in Singapore.

**South Asia**

In May, we celebrated our strong member growth in Pakistan – hosting new member events across Islamabad, Lahore and Karachi, for 200 new members who have joined since 2020.

In India in September, we welcomed 150 new members at events in Mumbai and Delhi.

In Sri Lanka, we renewed our joint student and membership scheme and saw our first students pass the Advanced Level exams in July.

**United Arab Emirates**

Through a partnership with Kaplan, we're giving students and professionals the opportunity to complete our Certificate in Finance, Accounting and Business (CFAB) qualification. The partnership, agreed in May 2022, formalises our commitment to support the human capital objectives of the UAE's Vision 2030, by developing finance talent and competencies across the Emirates.

**United Kingdom**

In 2022, we held over 100 virtual skills sessions for UK-based students, covering a variety of topics such as CVs, interviews, transferable skills, presentations and discovering ICAEW and the accountancy profession.

**Vietnam**

Our annual Outreach Day for CFAB students focussed on the SDGs and ESG. The event attracted nearly 200 students from 10 universities to participate in three sessions entitled *Knowing, Thinking and Doing*. Mentored by ICAEW members, ATE representatives and university lecturers, students applied their knowledge through role-playing to solve a mini ESG case study.

STRATEGIC FOUNDATION

# REPUTATION & INFLUENCE

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

Johnson is an "ICAEW Ambassador" and a member of the ICAEW Hong Kong Committee.

**Johnson Kong BA, BFP, FCA**  
Managing Director, BDO Hong Kong





In 2022, as the COVID-19 pandemic subsided and a geopolitical and further economic crisis emerged, we continued to help our members navigate a fast-moving and difficult operating environment. Representing their needs and interests has been as important as ever.

We also continued to ensure audit and corporate governance reform remains on the agenda and launched a new anti-money laundering training film with HMRC as part of our ongoing work to tackle economic crime.

## PUBLIC POLICY

### UK fiscal events and statements

Uncertainty over UK fiscal policy dominated much of our public policy work across the year, including around the Spring Statement, the Autumn Budget and several other fiscal announcements.

This included many adjustments to the tax system, including two in-year changes to National Insurance contributions. Our Tax Faculty produced a significant amount of material to guide our members through these changes.

### Ministerial and parliamentary engagement

Members of our Tax Faculty gave oral evidence to the Finance Committee of the *Welsh Tax Acts etc. (Power to Modify) Bill*, as well as to the Lords Economic Affairs Finance Bill Sub-Committee on research and development tax relief. Written evidence was also submitted to the Treasury Select Committee inquiry on tax reliefs.

The [Tax Professionals Forum](#), of which ICAEW's Tax Faculty is a member, has re-engaged with the Financial Secretary to the Treasury's team to discuss the tax policymaking process, including improvements to the feedback mechanism.

In July, Alison McGovern MP, Shadow Employment Minister, visited BDO Liverpool at an event we co-organised, to see how the profession is facilitating the 'Levelling Up' agenda through employment and social mobility initiatives.

In the autumn, ICAEW President Julia Penny spoke at an event alongside Lord Callanan, Minister for Business, Energy and Corporate Responsibility, which we co-hosted with the University of Manchester Business School, debating the future of audit reform and the implications for the profession.

We attended both the Conservative and Labour Party Conferences, interacting with key stakeholders across government and business. We met with Lisa Nandy MP, Shadow Secretary of State for Levelling Up, Housing, Communities and Local Government, at the Labour Conference. At the Conservative Party Conference business dinner, we joined the then-Chancellor of the Exchequer, the Rt. Hon. Kwasi Kwarteng MP, discussing how ICAEW members will play a key role in delivering economic growth across every region and nation of the UK.

### Wyman Symposium

The [Wyman Symposium 2022](#) took place at Chartered Accountants' Hall on 1 November and asked whether regulation of the tax profession is the way forward. The event was also available to attend online, and attracted more than 175 delegates.

### Insolvency Service consultation

In March, we [responded](#) to the Insolvency Service's consultation on the future of insolvency regulation. We recognise that changes are needed to the regulatory regime for insolvency – in particular the introduction of regulation at the firm level – but we are concerned that the impact of the proposed reforms has not been fully considered and will be disruptive at a time of mounting insolvencies. We emphasised our opposition to the proposal of a single government regulator for insolvency.

### RESPONSE TO THE INVASION OF UKRAINE

Following the Russian invasion of Ukraine in February 2022, supporting our members and member firms as they responded to the changing economic and geopolitical landscape became a major priority for us.

We worked to equip members to understand and react to the changing situation and to demonstrate the robust response of our members to the rapid changes in the sanctions and economic crime environment.

We also worked closely with the UK Government, expressing support for their measures and offering to help, both with developing the new regime and implementing it with our members. Details on our support for legislation can be found below.

It was important to express our confidence that ICAEW Chartered Accountants, whether in practice or in business, were ready and willing to play the fullest possible role in making these measures effective, and in helping companies across the economy cope with the disruption they would bring.

We also commended the actions being taken by international professional bodies such as IFAC and Accountancy Europe, and by individual members and member firms to disengage as appropriate with Russia at the time.

### Ethics

Ethical considerations were at the heart of our response. The [ICAEW Code of Ethics](#) demands that our members have a responsibility to act in the public interest, beyond the needs of an individual client or employer. ICAEW Chartered Accountants must always do the right thing and needed to look hard at any connections with Russia among their clients and perform careful due diligence.

### Member and staff support

We launched a dedicated [Ukraine Crisis central resource hub](#), which collated material highlighting and explaining to members the UK and internationally-imposed sanctions. We emphasised that firms must consider their due diligence from a commercial, Anti-Money Laundering (AML) and reputational perspective, and that it is in the public interest to take a careful approach, in order to do the right thing.

Our Global Relationships team, liaising with our wellbeing charity [caba](#), reached out to the small number of ICAEW members living in Ukraine to offer our support. They also contacted our members in Russia.

Our CEO, Michael Izza, wrote to all employees highlighting the mental health and wellbeing support available to them, and stressing the importance of being vigilant against possible cyber-attacks.

To show our solidarity with Ukraine, we flew the Ukrainian flag at Chartered Accountants' Hall.

### ECONOMIC CRIME

#### Economic Crime (Transparency and Enforcement) Act

In the spring, the UK Government responded to the invasion of Ukraine by bringing before Parliament the Economic Crime (Transparency and Enforcement) Act.

ICAEW welcomed the speed at which the UK Government was seeking to tighten up Britain's defences against economic crime and dirty money. We briefed Members of Parliament and Peers on areas where the legislation could be strengthened in this regard, helping to remove gaps which would have given criminals the opportunity to restructure their affairs.

After it entered statute, ICAEW produced resources to ensure members were able to understand the new provisions of the Act and ensure that it was implemented as effectively as possible.



Sophie started a new role in October 2022 and is ensuring ICAEW members and firms uphold the highest professional standards.

**Sophie Wales FCA, CTA, BFP**  
Head of Regulatory Affairs and Policy, ICAEW

Dan helped shape and deliver our engagement with policymakers on legislation linked to ICAEW's strategic priorities, including economic crime and audit and corporate governance reform.

**Dan Ellis**  
Senior Policy Manager, ICAEW





### Economic Crime and Corporate Transparency Bill

Following the passage of the Economic Crime (Transparency and Enforcement) Act, we [wrote](#) to the then-Prime Minister and other party leaders outlining the support that ICAEW Chartered Accountants can provide in the fight against economic crime, and setting out remaining areas for reform in the UK's defences against dirty money entering financial markets.

In September, the UK Government published the [Economic Crime and Corporate Transparency Bill](#). ICAEW welcomed the legislation, which commits to deliver reforms to Companies House and support business decisions and law enforcement investigations. It also strengthens the ability for information-sharing on suspected money laundering between UK businesses and law enforcement.

In the run up to the Bill's publication, we joined meetings with the Department for Business, Energy and Industrial Strategy (BEIS) to discuss the proposals and regularly engaged with government and other stakeholders to represent our views, briefing Members of Parliament on key provisions of the Bill.

Reflecting ICAEW's prominence as an AML regulatory body in the UK, in November we appeared in front of the Public Bill Committee to give evidence on how the measures contained within the legislation would help ICAEW Chartered Accountants detect and prevent economic crime. We advocated ensuring accountancy firms were able to play their part in sharing information as part of the Bill's indirect information sharing provisions – a recommendation which the UK Government positively accepted and remedied during Committee Stage.

### Joint Fraud Taskforce

We represent the accountancy sector on the UK Government's [Joint Fraud Taskforce](#), made up of leaders from across government, the private sector, regulators, law enforcement and victim representatives. The taskforce measures progress on the delivery of industry-specific Fraud Charters, including the accountancy sector, in which ICAEW is leading on the development of tools to help accountants identify fraud, and increasing fraud awareness among businesses and the public.



Huw was guest speaker at our economic summit.

**Huw Pill**  
Chief Economist,  
Bank of England

### Professionals against Corruption

ICAEW formed part of a panel of experts – alongside representatives from law and real estate – to deliver training to the Professionals against Corruption group of accountants, lawyers and real estate professionals focussing on identifying money laundering, sanctions violations and modern slavery.

### Sharpening the Focus on Corporate Fraud

In July, our Audit and Assurance Faculty published *Sharpening the Focus on Corporate Fraud: an Audit Firm Perspective*. The report sets out what audit firms are doing to better facilitate fraud deterrence and detection, and makes recommendations for audit firms, directors, government and regulators. It is accompanied by a webcast hosted by ICAEW's Managing Director, Reputation and influence, Iain Wright, with chair of the Audit Committee Chairs' Independent Forum (ACCIF), Jock Lennox, and interviewees from the firms.

The key findings of the report were discussed by EU policymakers and other stakeholders in a joint ICAEW-Accountancy Europe webinar in December. The webinar, which also considered related research from the Royal Dutch Professional Association of Accountants (NBA), was welcomed by the European Commission speaker as providing useful input to the debate on reform of the EU corporate reporting ecosystem.

A written summary of the webinar can be accessed [here](#).

### Public Sector fraud

We continued to advocate for increased investment in fraud prevention in public sector bodies. Our evidence to two House of Commons Public Accounts Committee (PAC) inquiries, calling for lessons to be learnt from weaknesses in the measurement and recovery of fraudulent claims in COVID-19 support schemes, was quoted extensively by MPs to challenge officials from BEIS.

Mike joined ICAEW in May 2022 and has shaped our response to the evolving sanctions and economic crime environment.

#### Mike Miller

Economic Crime Manager,  
ICAEW

Christos is Chair of the Cyprus Chartered Accountants Student Society (CCASS) which, together with the CCASS board, actively support ACA students.

#### Christos Savvides ACA

## ALL TOO FAMILIAR™

Since the launch in March 2022 of our third education film drama, *All Too Familiar*, co-produced with HMRC, there has been a surge of interest in the UK and globally by firms, organisations, government agencies and other professional bodies to use it as a training resource.

This public-interest initiative film, available for all UK ICAEW- and HMRC-supervised firms and insolvency practitioners to use free of charge, was written and directed by ICAEW's Professional Standards Chief Officer, Duncan Wiggetts. It shows accountants the role they can play in the fight against economic crime, including money laundering and modern slavery.

By the end of 2022, the film had won three awards at the Association Excellence Awards, described by judges as a "great demonstration of action-based learning for what is an incredibly important subject-matter", and received numerous endorsements from the highest levels of government and leading human trafficking charities; Stop the Traffik and Step Up Stop Slavery.

Importantly, *All Too Familiar* is being used by accountancy firms of all sizes across the UK and internationally, as well as universities and government departments to support anti-money laundering training and induction programmes.

PSD staff have presented the film at events to provoke discussions in the fight against economic crime. In the UK, we've supported our small practice community with *All Too Familiar* interactive webinars, answering specific questions from sole practitioners and money laundering reporting officers (MLRO) prompted by watching the film.

Globally, *All Too Familiar* has been shown at an event for the B20 (part of the G20 Summit) in Jakarta, in Dubai in association with the UAE Minister of Economies, in Athens at the British Embassy in a joint event with HMRC and HMT and in Cyprus and Singapore at events in association with HMRC.

The ongoing interest in the film across the profession will carry the film's important messages around the world. The proceeds of international licences will generate funding for further films to allow ICAEW to continue to raise awareness of the importance of compliance with the AML Regulations and how chartered accountants play an important role in the ongoing fight against economic crime.

## Global impact

In the UAE, we co-hosted a virtual event with the Ministry of Economy and the Accountants & Auditors Association (AAA) on anti-money laundering in the UAE. The event featured a presentation from the Ministry of Economy followed by the first screening of *All Too Familiar* in the Middle East. The event was attended by over 150 members and stakeholders across countries from the Gulf Cooperation Council.

As part of our member and stakeholder engagement in Greece, the British Ambassador to Greece hosted a screening at the British High Commission, in collaboration with HMRC. The event also featured a panel discussion, chaired by former ICAEW Council Member Emil Yiannopoulos and featuring speakers from SOEL, the Greece audit regulator ELTE, HMRC and ICAEW CEO Michael Izza.

We screened the film to our membership in Cyprus. Alongside two open events held in partnership with ICPAC, with the participation of the Cyprus Financial Intelligence Unit (FIU), Ministry of Interior and non-governmental



organisation, Step Up Stop Slavery, private sessions were delivered to the major firms and a group of students from the University of Cyprus.

Feedback was extremely positive; several companies have asked to license the film for internal training and invitations have been received to show the film to all staff at the Cyprus FIU and Public Prosecution Team, as well as to support Step Up Stop Slavery in their outreach to the Cyprus banks. Find out more about the film: [icaew.com/alltoofamiliar](https://icaew.com/alltoofamiliar)

### 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.

In 2022, we completed the campaign, [When Chartered Accountants Save the World](#), with a video, *How to make capitalism work for today's world*, featuring Professor Jan Bebbington, Director of the Pentland Centre at Lancaster University and Tim Harford, Economist, Journalist and Broadcaster.

We launched a new content series, [The New Boardroom Agenda](#), focussed on helping our members and company directors more widely with some of the challenging topics faced by boards. The series includes video interviews with high-profile board members, 'how-to' guides, podcasts and other content using the expertise from our membership, other practitioners and academics.

Our Corporate Reporting Faculty published [Climate-related reporting: sharing reflections on the 2021/22 reporting season](#), which summarises key reflections shared at the faculty's climate roundtable discussion in August. The report summarises participants' views on the degree of progress in climate-related reporting in the UK, explains findings from recent faculty research and explores some of the key issues for reporters moving forward.

In October, our Corporate Finance Faculty launched a Best Practice Guideline, [ESG in Deals and Investment](#). Mergers and acquisitions and investment decision-making are now being heavily influenced by ESG considerations, driving board agendas. The document explores the role that ESG plays in these transactions and advises how businesses can identify and qualify the value and impact potential of ESG and use it to create positive value.

### INTERNATIONAL 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.

During 2022, we worked on 10 projects across eight countries:

- Abu Dhabi
- Cambodia
- Georgia
- Iraq
- Kyrgyzstan
- Philippines
- Nepal
- Samoa

Since 2007, we have worked on more than 70 projects in over 30 countries across Asia, Africa, Europe and the Middle East.

In January and April, we launched two new Asian Development Bank (ADB)-funded projects to deliver quality assurance (QA) for audit capacity in Armenia and the Philippines. The work is part of a series of ADB-funded projects, started in 2015, to strengthen financial management across Asia and the Pacific.

We were also awarded a contract by the World Bank to develop a new professional accounting qualification syllabus for The Institute of Chartered Accountants of Nepal (ICAN), which began in May.

### BUSINESS CONFIDENCE MONITOR

Our flagship research project, the *Business Confidence Monitor* (BCM) continued to generate headlines in 2022.

The Media Relations team issued news releases highlighting the survey's findings in all four quarters of the year to national and regional media. These were covered by a range of media from across the UK, including *The Times*, *The Guardian*, *Scottish Daily Express*, *Scottish Daily Mail* and other outlets, with 145 pieces of coverage in total.

In Q4, the team secured more than 200 pieces of coverage following a virtual BCM economic summit with guest speaker Huw Pill, the Chief Economist at the Bank of England. Print coverage included the *FT* and *The Times*.

We also continued to promote the BCM through digital advertising across 2022, resulting in additional opportunities to view the research across all four quarters.

### WELCOMING GLOBAL PARTNERS

We thrive on collaboration and building relationships. Across the year, following the lifting of COVID-19 restrictions, we welcomed international delegations to our London headquarters, Chartered Accountants' Hall, including:

In March, The Institute of Certified Public Accountants of Cyprus (ICPAC) to discuss challenges around resourcing the profession and ensuring compliance with sanctions on Russia.

In May, The Institute of Chartered Accountants of Nepal (ICAN), where we renewed our MoU to explore opportunities for strategic collaboration.

In September, The Institute of Certified Public Accountants of Greece (SOEL) to discuss European and wider international developments impacting the profession, including recruitment and retention, how the profession can best address economic crime and how sustainability might impact the education and monitoring of auditors.

In November, a business and trade delegation from Cyprus led by HE Natasa Pilides, Minister of Energy, Commerce and Trade (an ICAEW member) to foster Cyprus-UK trade relations. We co-hosted an event on a *Green and digital transition*, organised by the Cyprus Chamber of Commerce and the Cyprus-UK Business Association.

In December, The Institute of Chartered Accountants of Nigeria (ICAN) to renew both our MoU and our Pathways agreement.

### WORLD CONGRESS OF ACCOUNTANTS (WCOA)

The 21<sup>st</sup> World Congress of Accountants took place in Mumbai, India, in November.

We chose to minimise our physical presence at the congress, to keep our carbon footprint as low as possible and reduce costs. Nevertheless, we embraced the opportunity to meet with many professional accounting organisations from across the world, including The Institute of Chartered Accountants of India (ICAI), The Institute of Chartered Accountants of Nigeria (ICAN) and The Institute of Chartered Accountants of Pakistan (ICAP).

It also provided valuable opportunities to engage with pan-regional bodies, including the International Federation of Accountants (IFAC), the Pan African Federation of Accountants (PAFA) and the Confederation of Asian and Pacific Accountants (CAPA).

The conference was attended in person by over 6,000 people, with another 3,500 joining virtually.

## GLOBAL ACTIVITY

### China

ICAEW was the only foreign professional body invited by the Chinese Institute of Certified Public Accountants (CICPA) to support a new Ministry of Finance training programme – the *High-end Accounting Talent Comprehensive Skills Improvement Programme*. 111 managing partners of major accounting firms in China attended this training, with the ESG and Sustainability modules delivered by ICAEW experts.

### Indonesia

As a member of the Business 20 (B20) Indonesia Integrity and Compliance Task Force, we organised a B20 fringe event to promote one of the task force's policy recommendations. This included the international premiere of *All Too Familiar* and a panel dialogue, *Flag It Up!* that offered insights and shared case studies related to AML and economic crime. The Minister of Finance of the Republic of Indonesia officiated the event, which attracted over 1,000 ICAEW members, business leaders and representatives from government divisions.

### Middle East

Our quarterly *Economic Update* reports with Oxford Economics continued to provide insight and intelligence for finance professionals and their clients across the region. The events generate significant press coverage and are covered by mainstream television and radio channels.

### United Arab Emirates

We hosted an expert-led discussion on ESG in the Middle East region, including on how ESG reporting presents an opportunity to reframe internal sustainability agendas into engines of growth.

In September, our joint Greater China and Southeast Asia Economic Forum examined how the regions are responding to climate change and the investments necessary to achieve government sustainability pledges. The interactive discussion was moderated by Scott Livermore, Chief Economist and Managing Director, Oxford Economics Middle East.

### United States

We engaged regularly with US stakeholders, including the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) and the Center for Audit Quality (CAQ).

Discussions focussed on climate-related disclosures, audit reform, modernising standards, regulation and enforcement. These discussions complemented our responses to the SEC's consultation on climate-related disclosures in June and the PCAOB's five-year strategic plan in September.

### Vietnam

Together with the Department of Accounting and Auditing Supervisory at Vietnam's Ministry of Finance, we co-hosted a seminar, *Experience in independent audit oversight*. Held in the two cities of Hanoi and Ho Chi Minh, the seminar attracted nearly 200 senior partners and directors from audit firms, academia and representatives from various public sector agencies.



# ICAEW AS A REGULATOR



Our role 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.

Paul is the lay Chair of the Investigation Committee.

**Paul Brooks**

## STATUTORY APPOINTMENTS AND RESPONSIBILITIES

ICAEW is:\*

- The largest recognised supervisory body (RSB) and recognised qualifying body (RQB) for statutory audit in the UK. There are 2,299 firms and 6,692 responsible individuals registered with us under the Companies Act 2006.
- The largest recognised supervisory body (RSB) for local audit in England. We have 10 firms and 100 key audit partners registered under the Local Audit and Accountability Act 2014.
- The largest insolvency regulator in the UK. We license over 830 insolvency practitioners (out of a total UK population of 1,541) as a recognised professional body (RPB) under the Insolvency Act 1986.
- A designated professional body (DPB) under the Financial

Services and Markets Act 2000 (and previously a recognised professional body under the Financial Services Act 1986). We license 1,785 firms to undertake exempt regulated activities under this Act.

- A supervisory body recognised by HM Treasury for the purposes of the Money Laundering Regulations 2017, dealing with around 11,000 firms.
- An approved regulator and licensing authority for probate under the Legal Services Act 2007. Over 350 firms are accredited by ICAEW to carry out this reserved legal activity.

## NON-STATUTORY ASSURANCE SCHEMES

- More than 290 firms are accredited to perform ATOL returns work under the ICAEW Licensed Practice scheme for ATOL Reporting

Accountant work. This was set up in 2016 after the Civil Aviation Authority (CAA) gave approval for ICAEW to license, register and monitor firms which perform ATOL returns work.

- Our Practice Assurance scheme provides ICAEW members working in practice with a framework of principles-based quality assurance standards. We monitor around 12,000 firms to ensure they comply with the Practice Assurance standards.

## Professional Standards Department

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.

\* Data is correct as at 31 December 2022.

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

### Enabling

We enable firms through education. Our approach is to provide guidance to help registrants and licensees maintain the highest professional standards that we, and the public, expect of them. In 2022, we continued to educate and provide guidance through the publication of monitoring reports, results of thematic reviews, help sheets and by holding recorded and live interactive webinars. We have also been promoting the use of our third educational drama film, *All Too Familiar*, as a training tool in firms of all sizes, running interactive film training events and contributing to the roll-out programmes of many firms. All these resources are available for those we regulate at [icaew.com/regulation](https://www.icaew.com/regulation)

### Evaluating

We evaluate the quality of work carried out by registrants and licensees and their compliance with rules and regulations and ICAEW's Code of Ethics through our monitoring work. In 2022, ICAEW's Quality Assurance Department carried out more than 2,500 visits, completing all of our statutory targets and over 400 additional reviews for third parties pursuant to outsourcing arrangements. Our Regulatory Practice and Policy team also received a record number of Responsible Individual and affiliate applications during 2022 which required evaluation by staff and/or committees to determine approval.

### Enforcing

We enforce through taking regulatory action against registrants and licensees whose standards fall below those expected of them. ICAEW regulatory committees imposed conditions/restrictions/financial penalties during 2022 whenever they were concerned at reports from monitoring visits. Regulatory committees also used the ultimate sanction of withdrawing permission to carry out regulated work in order to protect the public. For example, the Audit Registration Committee withdrew eight audit registrations during 2022.

We also enforce by taking disciplinary proceedings against ICAEW members and firms where there are breaches of our Disciplinary Bye-laws and regulations. During 2022, we received 887 new complaints, which was lower than the 948 complaints received in 2021. In total, 197 disciplinary matters were referred to the Investigation Committee and 41 matters were referred to the Disciplinary Tribunal. This resulted in the exclusion of 10 members and 96 severe reprimands being imposed on ICAEW members and firms in addition to Reprimands and Cautions for less serious breaches.

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

### ICAEW REGULATORY BOARD (IRB)

The work of the PSD is overseen by the IRB (formed in 2016) and 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 reports

from all regulatory committees and the Investigation Committee following their annual delegated powers' reviews. It also reviews the inspection reports produced by ICAEW's oversight regulators on the PSD's performance and monitors to ensure implementation of any recommendations resulting from all of those reviews. The IRB also oversees the effectiveness of all ICAEW regulatory and disciplinary committees through its own quality assurance programme involving observation of meetings and meetings with committee chairs.

### OVERSIGHT OF ICAEW'S REGULATORY AND DISCIPLINARY WORK

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

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

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

### FINANCING OF ICAEW'S REGULATORY AND DISCIPLINARY WORK

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

For further information on our regulatory functions and developments during 2022, visit [icaew.com/regulatoryreport](https://www.icaew.com/regulatoryreport)

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

# SUSTAINING CONFIDENCE IN THE PROFESSION

Conny played a pivotal role in ICAEW's involvement at an official B20 event promoting measures to combat Money Laundering and Terrorism Financing risks.

**Conny Siahaan**  
Head of Indonesia, ICAEW



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





Gareth was a keynote speaker at our Public Sector conference and spoke on good governance in the public sector.

**Gareth Davies FCPFA, FCA**  
Comptroller and Auditor General,  
UK National Audit Office

## STRATEGIC THEME ONE

### Strengthen trust in ICAEW Chartered Accountants and the wider profession

We continued to contribute to fundamental reform of audit and corporate governance in the UK and sustain confidence in the continuing excellence of our members.

#### AUDIT AND CORPORATE GOVERNANCE REFORM

##### Draft Audit Reform Bill

The UK Government's proposed reforms of audit represent the most wide-ranging overhaul of the UK's corporate reporting ecosystem since the passing of the Companies Act 2006, impacting the work of our members and how they are regulated. In the face of recent economic challenges, the confidence which investors have in the resilience and reporting of companies is more important than ever. We believe reform is vital for restoring investor and public trust and confidence in businesses and their financial and non-financial reporting.

Following three major independent reviews and a further White Paper consultation, the government **announced** alongside HM the King's (then HRH Prince of Wales) speech in May 2022 that they would bring forward the Draft Audit Reform Bill during the forthcoming parliamentary session.

This announcement was followed at the end of May 2022 by the government publishing their **response** to the *Restoring trust in audit and corporate governance* White Paper consultation.

The consultation response, alongside the draft Bill, outlined government plans to: establish a new statutory regulator, the Audit, Reporting and Governance Authority (ARGA); provide new measures to open up the statutory audit market, including shared audits; enlarge the scope of public interest entities; and give the new regulator powers to enforce directors' financial reporting duties.

We welcomed the announcement, but recognised it was unlikely that this legislation would be published and passed during the parliamentary session, instead expecting it to spill over to 2023. There was also a risk that the Bill would deliver modest, lopsided reform which missed the opportunity to address wider issues in corporate governance.

##### Audit, Reporting and Governance Authority (ARGA) funding

ICAEW strongly believes that an immediate priority to restore investor and public confidence in the UK's audit and corporate governance regimes is to legislate for the new ARGA, providing it with the statutory basis for it to succeed.

Across 2022, we engaged closely with the Financial Reporting Council (FRC) as it takes forward government policy reforms ahead of legislation, and as it begins its transition into the ARGA. We **responded** to the FRC's initial consultation on its Draft Strategy, Plan and Budget for 2022-25, encouraging the organisations to produce more of a concrete plan for addressing issues identified by BEIS.

In developing our **response** to the FRC's second consultation on their funding plans, we engaged closely with our members and member firms, as well as business and investor groups, to understand how ARGA can best be established as a new statutory regulator, and the most appropriate funding model to sustain it.

In our response, we called for "stable, sustainable and independent funding" to ensure that ARGA can deliver as a strengthened regulator. We believe that new approaches will be needed to budgeting, outcomes appraisal and reporting, supported by robust stakeholder dialogue and underpinned by a framework based around four critical pillars:

- 1. strong** – through a funding model that supports stability, sustainability and independence;
- 2. proportionate** – by focussing on risk and minimising unnecessary costs;
- 3. constructive** – with funding based on efficient, targeted and well-developed plans; and
- 4. accountable** – as transparency and consultation secure strong stakeholder support.

##### EC consultation on corporate reporting

Our duty to help ensure that audit, accounting and corporate reporting standards continue to meet stakeholder expectations, reaches right across the globe.



In February, we [responded](#) to the European Commission's consultation, [Strengthening the quality of corporate reporting and its enforcement](#).

To help inform our position, we held roundtables with members from across Europe, including those sitting on Audit Committees and audit partners in firms.

#### Further 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.

#### B20 Integrity and Compliance Task Force

The B20's Integrity and Compliance Task Force, which ICAEW is a member of, set out a policy paper outlining the actions that it believes will create a more responsible global business environment through encouraging more responsible and ethical decision-making.

ICAEW worked with the task force during 2022 to develop measures in areas which our members have consistently highlighted as important to them, and were pleased to see the task force recommend that G20 government take tangible action to:

- promote and accelerate the adoption of a high quality, globally converged and accepted sustainability reporting standard;
- strengthen board capacity and capability through empowering the role of Audit and Risk Committees, including by onboarding at least one independent committee member with relevant compliance, governance, internal control, accounting, and sustainability expertise; and
- enhance the ability and efficiency of money laundering threat identification, based on the risk-based approach.

#### What good looks like

Our "What good looks like" project forms part of our commitment to help auditors improve audit quality. Launched in 2021 by our Practice team, in conjunction with our Technical Advisory Services and Quality Assurance Department and with the support of member firms, the project demonstrates how auditors should approach real-world audit challenges by using practical case studies and guidance.

The first instalment, [the audit of going concern](#), was launched in 2021 and has seen over 2,000 page views to date. This was followed in July 2022 with guidance relating to [the audit of accounting estimates](#), demonstrating what a good audit file looks like following the issuing of the revised standard, ISA (UK) 540. Work on this project continues into 2023 to further support firms in the training and development of their staff in meeting these challenges.



Alex has helped develop our views on restoring trust in audit and corporate governance.

**Alex Russell FCA**  
Head of Audit and Assurance Strategy,  
ICAEW





Pam has spoken at our events and worked with Net Zero Now to measure her firm's carbon footprint.

**Pam Tuckett FCA, CTA, DChA**  
Audit Partner and Head of Education, Bishop Fleming



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

# ADVANCING OUR JOURNEY TO SUSTAINABILITY



Mark Gough was one of the partners of the We Value Nature Project.

**Mark Gough**  
CEO, Capitals Coalition



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

## STRATEGIC THEME TWO

### Help to achieve the UN Sustainable Development Goals (SDGs)

We started new initiatives to help our members and others begin and advance their sustainability journeys and continued to demonstrate leadership in our own conduct as a business and an employer.

#### SUSTAINABILITY CERTIFICATE

Launched in August, our [Sustainability Certificate](#) is an introductory course offering the practical knowledge and skills needed to integrate sustainability performance into risk management, financial planning and analysis, business decision-making and ESG and sustainability reporting.

It also helps teach how to reach out to specialists where the subject matter extends beyond your technical reach.

550 people had signed up to the course by the end of 2022.

#### SUSTAINABILITY PROGRAMME FOR STUDENTS

In October 2022, we launched a trial of a new sustainability programme for students, with around 460 students across the world taking part.

Feedback from our events, together with our own research, has highlighted that while younger people have a strong interest in this area, there is a lack of technical knowledge, particularly regarding the role of the finance profession.

The programme consists of four modules, developed in collaboration with Lancaster University and the Pentland Centre for Sustainable Business and each comprising a mix of written and video content: introducing sustainability key concepts and literacy; examining major sustainability risks; accounting and sustainability issues; and a case study applying knowledge learned.

Feedback has been overwhelmingly positive, with 88% of participants rating the programme 8 and above out of 10, and 35% rating a full 10 out of 10.



Rosie developed our Sustainability Certificate and is an ICAEW Climate Champion.

**Rosie Dunscombe FCA**  
Sustainability Contractor,  
ICAEW

Director and Founder, Blue  
Crane Consulting Ltd



Kate is a Co-Chair of the Secretariat of the Transition Plan Taskforce.

**Kate Levick**  
Associate Director,  
Sustainable Finance, E3G

We have also reflected on recommendations as to how the programme could be improved and we will be making some minor changes ahead of the official launch in March 2023.

Several universities around the world have expressed their interest in incorporating the programme into their courses.

### FINANCE FOR THE FUTURE AWARDS

2022 saw the 10<sup>th</sup> anniversary of the [Finance for the Future Awards](#), which ICAEW hosts in partnership with Deloitte and the Accounting for Sustainability (A4S) project, set up by the then-Prince of Wales in 2004.

The awards were held in October, with a physical ceremony in London which was livestreamed to reach a global audience.

The quality of entries was once again extremely strong, so much so that the award for embedding an integrated approach was split into listed and non-listed companies.

You can view a recording of event highlights and details of all winners and finalists, [here](#).

### ICAEW CLIMATE CHAMPIONS

Our [Climate Champions](#) initiative celebrates and supports individual members, students and firms who have made a commitment to tackle the climate crisis in their organisations or with their clients.

It showcases those making an impact, whether in an advocacy role, embedding climate resilience, tackling nature loss or climate justice.

Sophie is an ICAEW Climate Champion and a member of the ICAEW Practice Committee.

**Sophie Parkhouse FCA, PGCE**  
Partner Technical and Training,  
Albert Goodman LLP





Successful applicants are listed in our [honour roll](#), which features their stories as case studies. They are also spotlighted in our Sustainability and Climate Change Community quarterly newsletter.

### ICAEW CLIMATE SUMMIT

In November, 1,300 delegates joined our second virtual Climate Summit, which took place over five days.

The programme covered the role of the profession, embedding resilience, climate finance, financial reporting and assurance, and the transition to net zero.

The event is available to [view on-demand](#) and is free for both ICAEW members and non-members.

### WE VALUE NATURE CAMPAIGN

The [We Value Nature](#) campaign concluded its four-year run in October 2022, to high acclaim.

Funded by the [EU's Horizon 2020](#) programme, ICAEW is proud to have delivered the campaign alongside the International Union for the Conservation of Nature, the World Business Council for Sustainable Development and Oppla.

The campaign encouraged businesses to take account of nature in their decision-making: how they depend on it and how they can mitigate the associated risks.

It engaged in three principal activities:

- supporting the natural capital community and sharing research, resources and best practice;
- helping businesses improve their risk management, communication with investors, stakeholder engagement and anticipation of future legislation; and
- targeting businesses and barriers where we expected to make the greatest impact.

As part of the campaign, in 2022 we facilitated a virtual Q&A session, featuring expert insight on the operational landscape for the transition to "nature-positive" business.

The European Commission's Project Review Report stated that the project "has delivered exceptional results with significant immediate or potential impact. *Overall, the project has been a great success, delivering upon virtually all its objectives, deliverables, and milestones*".

### INDONESIA INTERNATIONAL CONFERENCE FOR SUSTAINABLE FINANCE AND ECONOMY

We co-hosted the second Indonesia International Conference for Sustainable Finance and Economy, together with the Indonesia Ministry of Finance and the United Nations Development Programme (UNDP). The conference aims to review policies and efforts to build a stronger Indonesian financial sector by accelerating the transition

to sustainable finance. Experts from the Indonesia Ministry of Finance, The Indonesia Financial Services Authority, IFC, Sustainable Finance Institute Asia, Monash University, UNPRI, Mongolian Stock Exchange and the UK Financial Conduct Authority took part. The event featured keynote speeches from Andrew Griffith, the UK Economic Secretary to the Treasury, and Sri Mulyani, the Indonesia Minister of Finance.

### TRANSITION PLAN TASKFORCE

HM Treasury launched the [UK Transition Plan Taskforce](#) in April, to develop a “gold standard” for private sector climate transition plans and tackle greenwashing.

ICAEW Chief Executive, Michael Izza, sits on the Taskforce’s Steering Group, together with the Economic Secretary to the Treasury and other senior executives from business, finance and the environmental sector. ICAEW’s Director, Sustainability, Richard Spencer, also sits on the Taskforce’s working group.

We are the only accountancy body to hold a place on the Taskforce, highlighting the important leadership role ICAEW Chartered Accountants are playing in embedding sustainability within the finance profession.

Michael spoke at the launch of the Taskforce, expressing his view that corporate transition planning is one of the key issues for 2022. Both he and Richard attended meetings with government ministers and others throughout the year to support and promote the Taskforce’s work.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

In October, ICAEW’s Director, Sustainability, Richard Spencer, gave evidence to the UK Parliament’s BEIS Committee, as part of their inquiry into ESG reporting. Richard stressed its importance and advocated ICAEW’s efforts to promote quality ESG reporting among businesses, but also highlighted the challenges that firms face when attempting to implement them.

### EVENTS

ICAEW Middle East member and COO at American University of Sharjah, Dr Jeannette Vinke, participated in our panel discussion, *From COP27 to COP28: the role of finance in charting course for success*, held during the two-day Accounting for Sustainability (A4S) Summit. The A4S summit is a global gathering to catalyse action on sustainability in the finance community.

A joint webinar with the Institute of Indonesia Chartered Accountants (IAI) looked at Indonesia’s carbon tax policy, featuring panellists from EY, WWF and the Indonesia Ministry of Finance. Over 400 participants attended from audit firms, universities, the mining industry, financial institutions and the public sector.

STRATEGIC THEME THREE  
Support the transformation  
of trade and the economy

# SUPPORTING BUSINESSES AND PUBLIC AUTHORITIES

Carlson was awarded the 2022 ICAEW Outstanding Achievement Award. He is an "ICAEW Ambassador" and a member of the ICAEW Greater China Strategy Advisory Group.

**Carlson Tong FCA**

Independent Non-Executive Director of Standard Chartered PLC and former Chairman of the Hong Kong Securities & Futures Commission and KPMG Asia Pacific and China



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



Rebecca is an “ICAEW Ambassador” and a member of the ICAEW Hong Kong Committee.

**Rebecca Sharpe ACA**  
Chief Financial Officer,  
Cathay Pacific Airways Limited



## STRATEGIC THEME THREE

### Support the transformation of trade and the economy

We worked with policymakers to support businesses through an economic crisis and continued our work with tax and other authorities to help achieve sustainable public finances.

#### ECONOMIES

##### Cost of doing business crisis

Across the different fiscal events in 2022, we highlighted to UK policymakers the growing economic headwinds as the impact of the invasion of Ukraine began to be felt. Ahead of the September mini-Budget, we urged the UK Government to bring forward financial support for households and small businesses as a necessary economic protection over the winter, and we used the Autumn Statement to emphasise the need to give UK companies greater certainty about what support would be available in the next tax year.

We launched an [inflation hub](#), to bring together the best expert opinion, data and insight from ICAEW and our members. We also produce detailed briefings on inflation and interest rates for members via ICAEW insights, podcasts and webinars.

Alongside this, we launched a new [cost of doing business hub](#) to share insights and help support members as conditions worsened.

##### Economic commentary

Since July, we have produced external commentary highlighting the impact of rising inflation on people, businesses and the economy. A wide range of national media outlets, including BBC (broadcast and online), Bloomberg, Sky, *The Guardian*, *The Daily Telegraph*, Reuters, *The Independent* and *Daily Express*, have covered our economic analysis.

In total, our economic commentary has generated 228 pieces of media coverage, including national coverage in print and online, together with broadcast interviews.

In November, our Financial Services Faculty recorded a [podcast](#) on Quantitative Easing (QE), examining the current environment and the options available to the Bank of England as it considers the pace and scale of QE. The podcast featured Michael Saunders, former member of the Bank of England's Monetary Policy Committee.



Ann-Marie led a breakout session on the role of audit in good governance at our Public Sector conference.

**Ann-Marie Harkin FCPFA**  
Executive Director Audit Services, Audit Wales

Sir Tony Redmond is the author of the Redmond Review. He was a panellist at our Public Sector conference.

**Sir Tony Redmond CPFA**  
Chair of the Improvement and Assurance Board at Nottingham City Council

We are now contributing to HM Treasury's forecasts for the UK Economy Report, a monthly comparison of independent short-term projections of key economic indicators.

### **National Economic Summit**

Our first National Economic Summit was held on 30 November. Keynote speaker Huw Pill, Chief Economist at the Bank of England, updated members on the Bank's outlook for inflation, interest rates and the economy.

The virtual event had 735 registrations and gained more than 200 pieces of media coverage. The summit was written up in *The Times*, *FT*, Bloomberg, *The Independent*, MailOnline, *City A.M.*, *The Guardian* liveblog and by *The Telegraph* liveblog.

## **REPRESENTING BUSINESSES**

### **Making Tax Digital (MTD)**

Despite the delay announced in December 2022, we continue to call for changes to the requirements of MTD income tax self-assessment (MTD ITSA). 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. We have also raised specific concerns about the application of MTD ITSA reporting requirements for property income.

Our Tax Faculty meets regularly with HMRC to discuss developments and raise any concerns, including fundamental design issues with how the policy is being developed.

### **HMRC service performance**

Reflecting the many concerns raised by members, ICAEW has been actively engaging with HMRC on improving its service performance. In June, our Tax Faculty [wrote](#) jointly with CIOT, ATT and ICAS to HMRC about these long-standing concerns.

### **Customs duties following EU exit**

As our members' businesses become more involved in customs-related work following Brexit, they are dealing with highly complicated regulations which are often not very well understood.

To offer better-tailored support, in November our Tax Faculty formed a sub-committee of its VAT and duties committee, supporting members dealing with customs and excise duties and other indirect taxes.

## **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 management – including transparency, accountability, governance and ethics – to ensure that public money is spent wisely and that public finances are sustainable.

### Public Sector conference

We held our virtual Public Sector conference in December – an event which focussed on the importance of good governance and risk management in the public sector. The event attracted 570 registrations, more than double that of 2021, and provided delegates with good practice tips and the lessons learned from poor governance. Speakers included the author of the Redmond Review, the UK Comptroller and Auditor General and the chair of the UK House of Commons' Public Accounts Committee.

### Public sector audit online hub

Launched in July, our [UK public sector audit hub](#) aims to raise awareness of public sector audit and provide clarity on the similarities and differences between public sector and private sector audit, as well as the variations between the UK's four nations.

### IPSASB

Continuing our engagement with the International Public Sector Accounting Standards Board (IPSASB), we provided technical support to the UK representative and hosted a [podcast](#) looking at the importance of public sector financial statements, featuring the chair of IPSASB. We responded to IPSASB consultations looking at natural resources and the future role of IPSASB in providing a sustainability reporting framework.

### ICAEW Insights special

In November, we focussed on [Public sector financial and non-financial reporting](#). We published articles touching on challenges, purpose and best practice in public sector reporting from a wide range of public sector perspectives, including from the Treasury, academics, and the New Zealand Accounting Standards Board.

### Simply UK Government Finances

We hosted a roundtable to mark the launch of [Simply UK Government Finances 2022/23](#), written by Martin Wheatcroft in association with ICAEW. Attendees included representatives from BEIS, the Parliamentary Scrutiny Unit, the Australian Treasury, the IFS and the IPSASB Board, who explored some of the challenges around increasing awareness and understanding of the UK's public finances.

**Local audit**

We've played a leading role in working to improve the rigour and integrity of local public audit. We sit on working groups set up by the Department for Levelling Up, Housing and Communities (DLUHC) to implement the recommendations of the Redmond review. We have responded to several government consultations and are working with CIPFA to support the new FRC system leader to drive forward permanent improvements.

**Local government finance**

We continue to be active in strengthening local government finance and financial reporting, advocating greater funding certainty for local authorities and increased alignment between the budgeting rules and accounting requirements. We responded to several consultations from DLUHC, including a [joint response](#) with CIPFA calling for IFRS 9 to be applied in full to local government investments in pooled funds. We also jointly hosted a roundtable on fiscal devolution with the Fabian Society and spoke on the role of financial statements in improving governance at the *Room 151* conference for local government finance directors.

Christiana worked with the Cyprus Chamber of Commerce to organise the business and trade delegation visit from Cyprus.

**Christiana Diola FCA, BFP**  
Head of Cyprus and Greece,  
ICAEW

Suren joined ICAEW in June 2022 and has provided expert media commentary on business, trade and economic issues.

**Suren Thiru**  
Director, Economies,  
ICAEW





STRATEGIC THEME FOUR  
Master technology and data

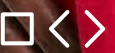
# HARNESSING NEW TECHNOLOGY AND DATA

Esther joined ICAEW in April 2022 and is working to influence tech policy and to support members in working with emerging technologies, such as AI and Blockchain.

**Esther Mallowah FCA**  
Head of Tech Policy, ICAEW



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





Mike is an active and valued member of the ICAEW Business Committee. He was also one of our speakers at Tech Live.

**Mike Clark FCA**

VP Finance Strategy and Transformation, Coca-Cola Europacific Partners



## STRATEGIC THEME FOUR

### Master technology and data

We continued to invest in initiatives which will define the future of the profession and trained and equipped our members to be leaders in the exploitation of new technology and data.

#### ENGINE B

We're helping to build a more transparent, technology-enabled future for our members, their clients and wider professional services through our involvement in [Engine B](#).

Our strategic investment in Engine B was made to support the development of transformational technology which is accessible to all. Launched in 2019, the Engine B initiative creates a set of common open-source data models, providing a standard-access methodology to client data for audit firms and other businesses.

February 2022 saw the successful launch of the [EB Integration Engine™](#), which by the end of the year had been installed with clients across the UK and US.

An Advisory Committee was also established, comprising audit firms who are supporting the development of new features and providing input into technology solutions.

In addition to increasing client installations and delivering new features, 2023 will focus on supporting ESG reporting requirements for audit firms through client data access and supporting the development of an ESG Common Data Model initiative.

#### CYBER SECURITY AWARENESS MONTH

We ran a series of webinars, videos, articles and other content to coincide with global [Cyber Security Awareness Month](#) in October. This included articles on the security of blockchain technology, a webinar series on supply chain cyber security and a podcast on responding to a supply chain cyber security breach.

Franki is Chair of our Data Analytics Community Advisory Group and is one of AccountancyAge 35 under 35.

**Franki Hackett ACA**  
Head of Audit and Ethics,  
Engine B

Ian joined ICAEW in March 2022 and as part of his role organised and chaired the Tech Live event.

**Ian Pay**  
Head of Data Analytics  
and Tech, ICAEW



### ICAEW TECH LIVE

Our first ever in-person event dedicated to technology software, **Tech Live**, was a huge success. The event was vendor-led with a range of demos and speakers, including current and former executives from Coca-Cola and Microsoft. We received very positive feedback from commercial partners.

### UPSKILLING GLOBALLY

253 students and lecturers attended a blockchain webinar in Indonesia, hosted by the Head of our Tech Faculty at one of the country's top industry-focussed institutions, BINUS University. Discussion centred on blockchain as an accounting technology, why it is exciting for business and finance professionals, and the challenges they must overcome.


Across the year in Vietnam, a series of 14 training sessions on data analytics were held for more than 1,000 ICAEW CFAB students at 10 universities. The series has helped demonstrate to employers that ICAEW students are equipped with the latest updated skills.

We collaborated with the Malaysian Ministry of Finance's Accounting General's Department to upskill its staff with the ICAEW Data Analytics certification. This will improve these public sector participants' abilities to analyse larger datasets and improve their ability to provide evidence-based insights and assurances.



Monica joined the DAC AG this year and has written explainer articles for the community covering AI and Machine Learning.

**Monica Odysseos ACA**  
Data Scientist, PwC Cyprus

A photograph of two individuals against a solid purple background. On the left is Prince Chukwu, a Black man with a short beard and mustache, smiling broadly. He is wearing a dark blue suit jacket over a light blue button-down shirt and a dark blue vest. His hands are clasped in front of him. To his right is a Black woman with voluminous curly hair, also smiling. She is wearing a red and black leopard-print long-sleeved shirt. Her hands are resting on her chest. A small purple rectangular box with white text is positioned over the lower left of Prince Chukwu's torso.

Prince was one of three ICAEW interns on the 10,000 Black Interns scheme.

**Prince Chukwu**  
Intern, ICAEW

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

# BUILDING MORE DIVERSE COMMUNITIES

Ellice mentored one of the interns as part of the 10,000 Black Interns scheme and relaunched New Gen Accountants, which was supported by ICAEW.

**Ellice Kenlock BFP, ACA**

Financial Reporting Manager,  
Bravado, Universal Music Group



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



## STRATEGIC THEME FIVE

### Strengthen the profession by attracting talent and building diversity

We continued working to ensure that the profile of our members and students fairly reflects the societies it serves, reaching out to attract and engage with more diverse communities.

#### ACCESS ACCOUNTANCY

We entered our second year chairing [Access Accountancy](#), with our Managing Director, Education & Training, Hazel Garvey, assuming the role of Chair.

The UK programme, in partnership with 27 employers, has now delivered more than 5,000 experiences of work for young people from low socio-economic backgrounds since it was established in 2014. The number of placements delivered annually has recovered to pre-pandemic levels.

Since 2021, Access Accountancy has taken on 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

Our [Rise](#) programme – developed together with larger accountancy firms – aims to support the aspirations of young people from disadvantaged backgrounds, by helping them develop the skills employers are looking for.

In 2022, Rise achieved its target of delivering 50 workshops that link curriculum subjects with skills development for schools in areas of low social mobility, supported by volunteers from the companies involved. Half of these workshops were in rural or coastal areas. The programme has now reached more than 2,800 young people.

19 more employers have joined Rise, bringing the total number of partners to 27 at the start of the 2022/23 academic year. This will help deliver more workshops, and we aim to double the number provided by July 2023.



Phil is one of the senior leaders at Mazars who supports the Rise programme.

**Phil Verity FCA**  
CEO, Mazars



Sarah is one of the senior leaders at BDO who supports the Rise programme.

**Sarah Hillary ACA**  
Partner, Digital and Risk Advisory Services, BDO

### ICAEW100

Our business and accounting competition for university students, the [ICAEW100](#), helps develop skills and business acumen and build knowledge about the profession.

Running in the UK, Greece and Cyprus, the competition launches at the start of the academic year and runs for seven months.

In the 2021/22 academic year, more than 3,900 students participated in the UK across 131 universities.

The competition is an excellent way of reaching new and diverse groups of students. For example, 54% of participants were female and 14% were of Black or mixed heritage.

The Institute of Certified Public Accountants of Greece (SOEL) shares our mission to raise awareness and attract the best and the brightest into the profession, so in 2022 we partnered with SOEL to roll out ICAEW100 across Greece.

Following the success of this rollout, we launched ICAEW100 in Cyprus in October.

### VIRTUAL WORK EXPERIENCE

To help address the skills gap among potential students, our [virtual work experience](#) initiative provides 16-17-year-olds with a week's worth of activities and events, in an inclusive and representative work environment and without the need for a physical office.

The experience is designed to mimic a real working week; comprising ICAEW-led employability skill sessions, ATE spotlight sessions, independent CPD and a team business project which culminates in a student presentation at the end of the week.

It also showcases ICAEW, the ACA qualification and careers opportunities offered by the supporting Authorised Training Employers.

Rachel is an Executive Committee member at KPMG UK, and supports the Rise programme.

**Rachel Hopcroft CBE**  
Head of Corporate Affairs,  
KPMG UK



97% of those who completed the programme in 2022 said they want to become an ICAEW Chartered Accountant or are considering becoming one. 100% would recommend the programme to a friend.

### ICAEW BUSINESS CHALLENGE

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

The University of Cyprus also supported our Business Challenge in the country, with over 100 students and 10 firms taking part.

Also in Cyprus, together with ICPAC, we co-hosted a roundtable for firms on the attractiveness of the profession and retention of audit staff. Topics included the lifecycle of attracting and training students and engaging with role models within firms.

### WELCOME INCLUSION CAMPAIGN

We believe that every chartered accountant has a role to play in helping build an inclusive profession.

2022 saw the launch of our flagship [Welcome Inclusion](#) campaign, designed to provide our members with practical tools to drive inclusion across the profession and focussing on the themes of belonging, allyship and fairness.

The campaign has been widely applauded for its strategic significance in the profession and was consequently shortlisted for several national and international awards. It won "Campaign of the Year" in the [Independent Publisher Awards](#), and two silver awards at the [International Content Marketing Awards](#), for "Best Purpose Led Campaign" and "Best Membership Campaign".

The campaign also won two further gold awards at the Pearl Awards, which celebrate excellence in content marketing, in the categories of "Most Effective: Non-Profit/Association/Government" and "Best New Programme Launch".

### BLACK HISTORY MONTH

In 2022 we undertook a schedule of content aligned to the theme of Black History Month, "Time for change: Action not words", and to our own strategy.

We worked closely with Black members to create inspirational and insightful content which we shared across our channels throughout October. This included a flagship article on our Student Insights platform, [Celebrating Black culture](#).

Our refreshed Black History Month content hub saw an increase of 145% in unique views compared to 2021, and overall traffic increased by 256%.



We showcased eight inspirational Black members and created social media video content, reaching 83,000 users on LinkedIn, 34,000 on Facebook and 18,000 on Twitter.

We also [interviewed](#) the President of ICAEW West of England, Ololade Adesanya, on her journey to becoming Director of Financial Services at Deloitte.

As part of the month, we also supported the [relaunch](#) of New Gen Accountants (NGA) at Chartered Accountants' Hall, with 30 of our own ACAs in attendance. Originally launched in 2018 to ensure the profession accurately reflects society, NGA is made up of aspiring accountants, trainees and qualified accountants and offers a study group, CV help sessions and career advice.


### 10,000 BLACK INTERNS

We renewed our commitment to the [10,000 Black Interns](#) project, providing several of our own placements and influencing far more across the finance sector. To complement this work, we worked with targetjobs to hold an [Aspire](#) event for Black Heritage students at a number of PwC offices in the UK.

### RECRUITMENT OF ICAEW VOLUNTEERS

Internally we have looked carefully at the processes for recruiting volunteer committee members and tried to ensure that they are as inclusive as possible. We are collecting diversity data to help us understand where we are succeeding and where more work is needed.

# TRANSFORMING OUR WAYS OF WORKING AND SUPPORTING OUR PEOPLE

A portrait of Thanh Huynh, a woman with dark hair, wearing a black blazer over a light-colored top. She is smiling and has her hands clasped in front of her.

Thanh trained to be one of the first international mental health first aiders.

**Thanh Huynh**

Business Development  
Manager, Vietnam,  
ICAEW

A portrait of Andrew Stott, a man with short brown hair and a beard, wearing a dark blue blazer over a white shirt. He is smiling and looking to the side.

Andrew has developed our portfolio of partners offering benefits to members in both their personal and professional lives.

**Andrew Stott**

Director, Corporate  
Partnerships &  
Operations, ICAEW

2022 was the first full year of in-person activity and office-based working since 2019. This assisted many staff with their wellbeing and brought collaborative benefits that come from more regular working in shared physical spaces. We continued with our wider hybrid working patterns to provide the greatest flexibility.

We continue our journey to becoming a more sustainable and inclusive organisation, as well as becoming more efficient, with the final stage of transforming our key business systems.

## JOURNEY TO NET ZERO

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).

In 2022, we continued working with suppliers to evaluate options to further reduce internal carbon-producing activities across our operations. However, we faced unexpected challenges, particularly regarding the infrastructure required to decarbonise our heating systems. We continue to assess the feasibility of this and aim to make further progress in 2023.

As members of the Accounting Bodies Network (ABN), we are **committed to reaching net zero emissions** as soon as possible, and are currently working to expand our agreed scope 3 data points to include our broader value chain emissions. Details of this can be found in our 2022 carbon neutral report.

To align with best practice, we have moved to measuring our carbon footprint through the calendar year. We are currently in the process of measuring and verifying our 2022 footprint, which will be published in an interim report in Q2 2023.

For the period 1 January – 31 December 2021, our total carbon footprint was 1,839 tonnes of CO<sub>2</sub>e. This includes emissions relating to homeworking, which we had previously not measured, in line with updated guidance in the GHG protocol. This footprint is an increase from the 2020/21 figure, largely due to staff returning to the office and an increase in travel following the lifting of COVID-19 restrictions.

### Carbon offsetting

We remain carbon neutral based on our defined scopes through the purchase of offsets against our entire footprint. We have continued to support 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.

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

## BUSINESS SYSTEMS TRANSFORMATION

Until 2022, our core systems had been in place since the early 2000s and had 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.

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 final stage of this programme was implemented in April 2022. Our new Customer Relationship Management (CRM) application is based on the Microsoft Dynamics platform and supports our main back-office operational activities. This includes membership and student management, subscription processing, organisation structures, our regulatory register and enquiry management.

Business resources were stretched during testing and implementation of the new system, impacting service levels and leading to processing backlogs.

The system went live with several software bugs, the majority of which were cleared by the end of the year, with the remaining scheduled to be addressed in 2023.

Service levels were further impacted as colleagues built their understanding and experience of operating the new system and business processes.

While it was not possible to offer full system functionality upon implementation, we devised 'work-arounds' which will remain in place until we can achieve full system functionality.

ICAEW Board will continue to monitor service levels until all bugs have been removed and service levels return to normal. In the meantime, additional resource has been deployed to help address any service bottlenecks.



Our 2023 membership subscription collection process was successfully run on the new platform.

Further work is planned for 2023-2024 to add additional functionality into the application, to aid the delivery of our strategy and improve business processes.

### OUR PEOPLE

We are committed to enabling a world of sustainable economies, in which everyone has an equitable and fair opportunity to succeed. We know that greater diversity within workforces drives innovation and improves problem-solving, and strengthening diversity and inclusion is a core theme of ICAEW's 10-year strategy.

We are committed to attracting, recruiting and retaining the very best talented employees and fostering a working environment where people of all backgrounds and experience can reach their full potential. Our policy is to treat all employees and job applicants fairly, whatever their background. As a Disability Confident

employer, we ensure our recruitment processes are inclusive and accessible, and provide adjustments as required for existing employees with disabilities or long-term health conditions, enabling them to stay in work. We recognise, however, that we need to make improvements in certain areas and have already started to take steps to improve.

### Workplace culture and wellbeing

With the appointment of a new Director, People, 2022 has seen a renewed focus on our people. A series of social events and lunches brought together staff and senior leadership, helping colleagues re-connect in person in a relaxed physical space.

As part of our commitment to provide an ever-more inclusive workplace environment, we updated our Wellbeing Policy and introduced a new Anti-bullying, discrimination and harassment (including sexual harassment) Policy.

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

Elaine champions mental health and wellbeing at ICAEW, and launched a new employee resource group, Every Mind Matters.

**Elaine Mulholland**  
HR & Training  
Manager, ICAEW

Rowena is a member of ICAEW's Employee Engagement Forum (EEF).

**Rowena Hawkes**  
Regional Business  
Development  
Manager, ICAEW



We trained additional staff to provide emergency mental health assistance and to signpost staff requiring support. ICAEW now has 22 qualified Mental Health First Aiders, who act as a point of contact for any staff experiencing mental health issues or emotional distress. Training sessions were also organised for all colleagues regarding mental health awareness.

To support and coordinate this activity, we created a new employee resource group, *Every Mind Matters*, responsible for promoting mental health awareness across ICAEW and providing initial support as required. Activities organised by the group include 'grab a coffee with a colleague', to encourage people to socialise and chat with colleagues, which was amplified to all staff by our CEO during World Mental Health Day in October. Virtual Pilates classes, together with lunchtime walks with colleagues, were also provided to encourage gentle exercise, time away from desks and relaxation.

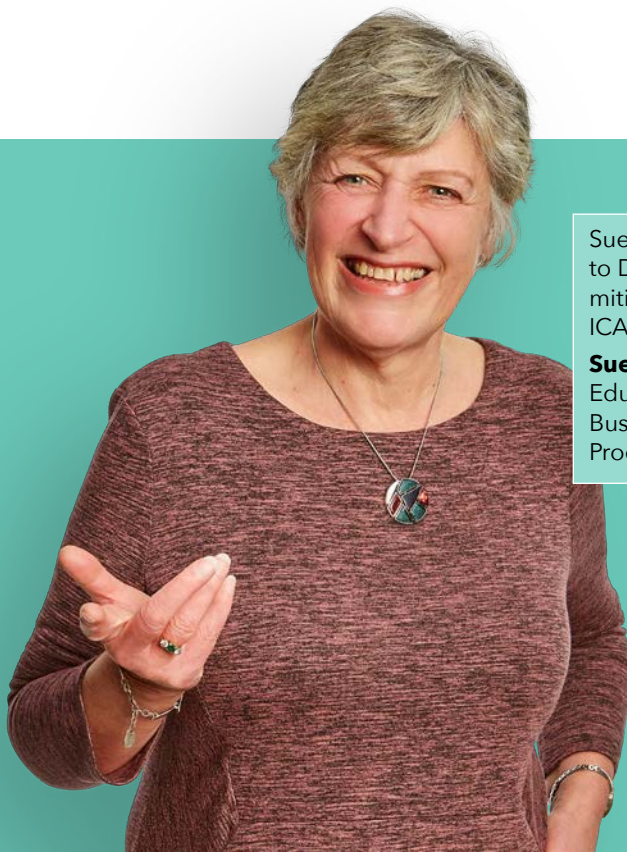
As part of efforts to better support colleagues struggling with menopause, we began drafting a menopause-specific policy. Ahead of this, we delivered bespoke menopause awareness training and guidance for managers.

To further support our Inclusion and Wellbeing Strategies, we re-introduced desk-side massages and reflexology sessions, offered advice on nutrition and covered the costs of accessing the winter flu jab.

We also introduced a new initiative, *Paws in Work* puppy therapy, during our focussed Wellbeing week, encouraging people to take a break from their desks in a fun and unique way. 160 colleagues took part over two days.

#### Employee Engagement Forum

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



Sue supported the transition to Dynamics and helped mitigate the impact on ICAEW service levels.

#### Sue Kitchen

Education & Training  
Business  
Process Manager, ICAEW

The forum regularly brings people across the institute together through physical and virtual activities and events, promotes resources available to colleagues and helps raise any concerns to support ICAEW's inclusive work environment. The EEF meets monthly with the Director, People, to streamline and action feedback.

Throughout 2022, EEF members posted articles on Yammer to support colleagues with their health and wellbeing and encourage further communication. Articles were also produced for our internal communication channels, helping staff familiarise themselves with new and existing EEF representatives.

EEF also has representation on our "Future of the Office" task force, set up in February 2022 to explore how our physical office space in particular should evolve with new ways of working.

### **Our employee networks**

#### **Embrace**

*Embrace* is our original employee resource group (ERG), focussed on creating an inclusive, supportive working environment where all employees can share experiences and learn. It was founded on the belief that sharing and listening with open hearts and minds is the best way to help each other feel comfortable, seen and valued.

The group showcases employee-curated content on internal channels and holds regular meetings, workshops and presentations from staff and external speakers. *Embrace* also partners with other ERGs to amplify key messaging around inclusivity.

Highlights from 2022 include a joint session with the *Together* group on parental work-life balance from the perspective of a gay father of adopted children and a session on inclusive language, following the release of our internal inclusive language guide.

#### **MenoPAUSE**

MenoPAUSE continues to be an active employee network and resource group, with staff continuing to share their experiences of peri-and-post-menopause as well as associated health issues.

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

#### **REACH (Race, Ethnicity and Cultural Heritage)**

Our REACH network is an inclusive group of colleagues passionate about raising the profile of issues within ICAEW of race, ethnicity and cultural heritage, 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 holds virtual meetings on topics such as representation, respectability, politics, microaggressions and bystander intervention, and recognises important days of reflection such as Holocaust Memorial Day and Windrush Day.

During Black History Month in 2022, the group hosted a staff lunch featuring food inspired by Afro-Caribbean cuisine. Attendees heard from Black members of staff talking about what Black History Month means to them, before a discussion around inspiring or little-known Black figures from history.

#### **Together**

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

Throughout 2022 the group celebrated key dates, including LGBT History Month in February and Pride in June.

#### **Pay**

For many people, 2022 was a particularly challenging year financially. In July, we implemented a mid-year salary review, in addition to our usual review in March.



### ICAEW Council diversity and inclusion training

In December 2022, ICAEW Council members undertook diversity and inclusion training.

The interactive sessions introduced Council to concepts relating to inclusivity and accessibility, across and beyond all nine Protected Characteristics. Topics included inclusive language and behaviour, developing a consciously inclusive culture and exploring practical ways to initiate and hold courageous conversations.

Council is instrumental in the decision-making that defines ICAEW's operations and specifically decisions that impact the lives of ICAEW staff.

### Monitoring

We strive in all our activities to take account of and reflect the interests of all the people we serve. To ensure that our decisions, policies and practices are truly inclusive, we monitor the people who populate our governance structure.

We strongly believe that understanding the diversity within our committee structure, and tracking it over time, will allow us to build diversity further and ultimately increase the effectiveness of our committees and decision-making processes that affect ICAEW people.

### Gender Pay Gap

In 2023 we issued our 2022 Gender Pay Gap Report.

The report showed:

- The ICAEW mean gender pay gap is 21.3% (2021: 29.3%)
- The ICAEW median gender pay gap is 29.1% (2021: 31%)

The 5 April 2022 snapshot date showed an 8% narrowing of our mean gender pay gap and a 2% narrowing in our median gender gap.

This is in part due to an overall reduction in the number of contractors and consultants, as well as the number of men located at the top end of the upper pay quartile.

Our gender pay gap is largely influenced by these two, highly sensitive, statistical groupings: contractors and consultants, and our most senior positions. The roles within the upper middle and upper quartiles attract the highest hourly rates and opportunity for bonuses. Any small changes in these areas of just a few employees or workers can significantly impact our gender pay gap overall.

### Ensuring equal pay

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

Although 66% of our people are women, men continue to dominate our most senior positions, which has a significant impact on our gender pay gap.

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

### Closing the gap

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

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

In 2017, we committed to having 40% of our senior management team made up of women by March 2020. We exceeded this target in June 2019, when the figure was 44%. As of September 2022, women comprise 55% of our senior management team.

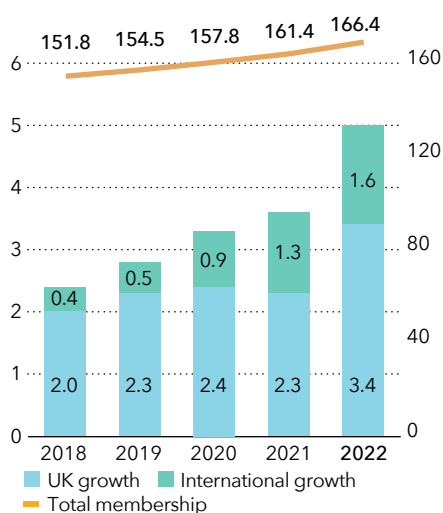
## KEY PERFORMANCE INDICATORS

### MEMBERS

At the end of 2022, our global membership stood at 166,397 (2021: 161,415), a year-on-year growth of 3.1%. UK membership growth has strengthened slightly, with a year-on-year increase of 2.5% (2021: 1.8%) while internationally, ICAEW has continued to drive its footprint in overseas markets with growth at 6.2% (2021: 5.1%).

This international growth was supported by the success of the Pathways scheme and a reciprocal agreement in Hong Kong. During the year, we welcomed 7,080 (2021: 5,831) new members into ICAEW, with record admissions of 5,062 newly qualified students to membership (2021: 4,244), together with reciprocal and similar arrangements with members of other institutes.

**Membership growth**  
Year-on-year growth mix 000s



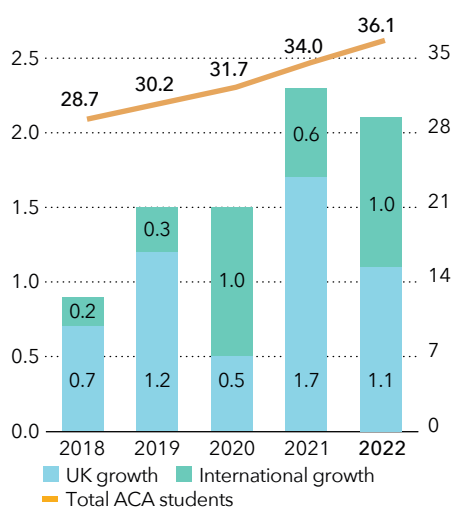
### STUDENTS

At the end of 2022, total ACA student numbers had grown to 36,084 (2021: 33,958). ACA student intake for 2022 was 11,962 (2021: 11,049). The year-on-year growth in the number of students of 2,126 is slightly reduced (2021: 2,302), reflecting the fact that 2022 was a record year for student admissions into membership.

That, coupled with a healthy growth in new student admissions, provides a strong pipeline for the future. Overseas students now account for 27.6% of all students (2021: 26.3%).

In addition, 3,151 (2021: 2,927) students signed up for our foundation level Certificate in Finance, Accounting and Business (CFAB).

**ACA Student growth**  
Year-on-year growth mix 000s



# GOVERNANCE

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## MESSAGE FROM THE CHAIR OF COUNCIL

"ICAEW Council holds enormous responsibility, guiding the institute's priorities and ensuring that we meet the objectives set out in our Royal Charter."

**Derek Blair FCA**  
Chair of Council



It has been a huge honour to serve our members and our profession through another successful year for ICAEW.

ICAEW Council holds enormous responsibility, guiding the institute's priorities and ensuring that we meet the objectives set out in our Royal Charter. The knowledge, skills and experience of Council members helps ICAEW make informed, strategic decisions, in the interests of our members, students and the wider profession.

We continue to oversee the implementation of ICAEW strategy through this decade of transformation, within the context of significant global turmoil.

In 2022, we considered many issues which are critical in enabling us to do this. Much of the year was dominated by the review of ICAEW's governance structures; our Governance Working Group (GWG) completed their Review of Governance Framework, following which our Governance Implementation Group (GIG) was formed to oversee application of the proposals. We held an extra Council meeting in February, entirely dedicated to this subject, and I know that what has been a long and complex process will make our institute stronger. I would like to pay tribute to those Council colleagues

who have served on GWG and GIG, for their perseverance and dedication for which I am sure the whole of Council are immensely grateful.

We have reviewed the appointment of an independent chair of ICAEW Board, and changes to our Disciplinary Bye-laws, to ensure that we continue to have robust, but fair procedures in place to deal with misconduct. This will continue with the introduction of new disciplinary regulations in 2023.

We also considered other items with significant day-to-day implications for members; proposed changes to our CPD policy, to help build trust in the profession, and the proposal for the removal of certain faculty and community paywalls, to assist members with their lifelong learning. You can read about both of these initiatives in this report, why they are so important for our members and the impact we hope they will have.

Even Council itself has come under scrutiny, and rightly so; we have considered the purpose and relevance of the role we perform, whether our size and dynamic are appropriate, and whether we are a truly representative body.

Indeed, on that last point, I want Council to reflect the diversity of our membership and to become more

inclusive as a body. We began our December Council meeting with a session dedicated to Equality, Diversity and Inclusion, and will be expanding upon these efforts in 2023.

Serving as Chair of Council has been a remarkable privilege. As I come to the end of my tenure, I take pride in reflecting on what we have achieved together and the talented individuals with whom I've worked.

I have always been clear that Council should take decisions which consider the needs of all our members - wherever in the world they are and whatever the nature of their work - while also serving the wider public interest.

I've also maintained that for Council to operate effectively, we must be careful to preserve the characteristics of integrity, respect, humility and humour that each of us displays when we are at our best.

On those notes, I think we have succeeded.

**Derek Blair FCA,**  
Chair of Council

## OUR GOVERNANCE STRUCTURE

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

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. In this regard the following principles are not followed or not fully followed:

J - some non-executive members of the Board are appointed via election of members by Council. This means that appointment and succession plans are not wholly based on merit against objective criteria and can be limited in their ability to promote diversity.

L - While the Board undertakes an annual evaluation this does not fully consider its composition and diversity as this is not within the Board's remit to alter in all cases.

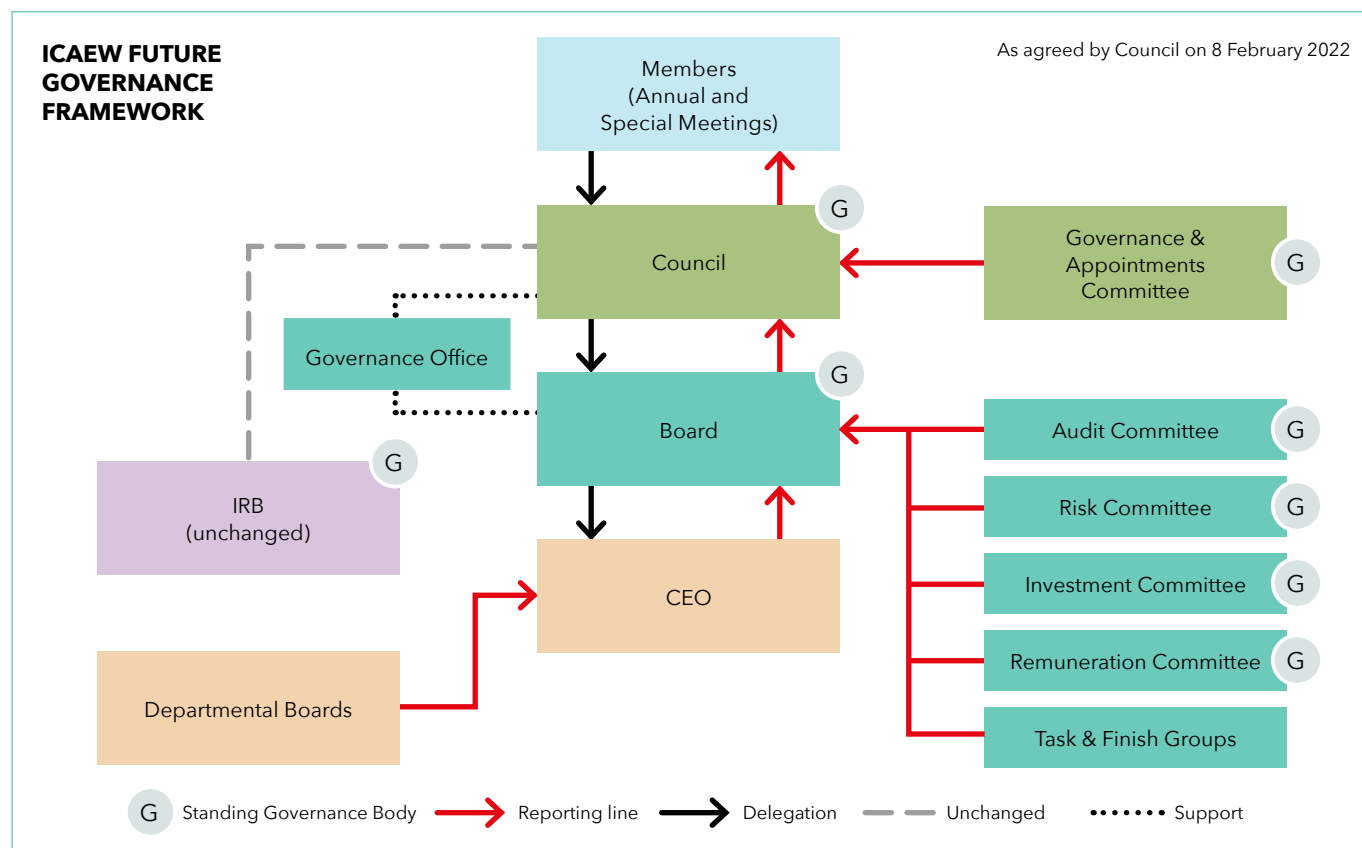
M - ICAEW has an Audit Committee which in the past has reported direct to Council, not the Board. A decision this year was made to change the reporting line to Board, which will help ensure the Board can meet principle M more clearly.

We also operate within regulatory oversight of the FRC, as a recognised supervisory body (RSB), a recognised qualifying body, a designated professional body, and as a licensor 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) that enables us to carry out our principal and ancillary objects as outlined in our [Royal Charter and 1948 Supplemental Charter](#). These principal objects are:

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

Our governance structure aims to safeguard our future, enhance ICAEW's prosperity and ensure its integrity. Council is ICAEW's ultimate governing body under the Royal Charter and delegates to the Board and committees through a series of delegated authorities and assurance mechanisms, while ensuring that the views of the profession are heard. Many committees have specialist knowledge and skills to support operational activity and to ensure policy development is managed effectively, in a timely fashion with appropriate depth of scrutiny of key decisions.



### ANNUAL AND SPECIAL MEETINGS

The Charter and bye-laws reserve certain matters for members. This includes consideration of the annual review and the financial statements with the report of the auditor. The 2023 Annual Meeting will be held on Tuesday 6 June 2023 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 strategy. Council met on 8 February 2022 to consider the GWG's proposals for a Future Governance Framework and agreed the following:

- The Council shall be the ultimate governing body of ICAEW under the Royal Charter;
- The Board shall be the principle decision-making body of ICAEW responsible for the leadership, management and operations of ICAEW, subject to the proposed Reserved Powers of the Council;
- A Governance and Appointments Committee shall be formed, once its terms of reference have been agreed by Council, which shall be accountable to Council;
- A Risk Committee shall be formed, separate from the Audit Committee, accountable to the Board;
- The Committee of Council shall be disbanded once Council is satisfied that the composition of the Board is appropriate;
- The CEO shall have delegated responsibility for the leadership, management and operations of ICAEW and be accountable to the Board;
- The Governance committees shall be comprised of the following, in addition to Council, the Board and the IRB:
  - Governance and Appointments Committee;
  - Audit Committee;
  - Risk Committee;
  - Investment Committee; and
  - Remuneration Committee;
- A Governance Office shall be formed to support the Council and the Board and led by a Head of Governance;
- Council and the Board shall have the ability to form Task and Finish Groups and sub-committees as necessary to fulfil their functions;
- A Council working group, the Governance Implementation Group (GIG), shall be formed to finalise resolutions to supplement the Future Governance Framework, based on further consultation and the sub-proposals of the GWG report. These resolutions will be approved by Council, and GIG will oversee their timely implementation of the structure is ongoing.

The Future Governance Framework above summarises the new structure, incorporating existing and new committees and reporting lines. Subject to approval it is also proposed that the IRB will report into the Board in the future.

The GIG was formed in March 2022 and has worked throughout the rest of the year to test ideas and proposals with Council and other stakeholders, holding focus groups at the Council conference and reporting to Council meetings. At its December 2022 meeting Council agreed:



- That a skills and experience database be created for Council members;
- That a continuing development programme be created for Council members;
- That the Annual Report shall include a Chair of Council's report; and
- The appointment of an independent Board Chair who, it is envisaged, will be in post for several years. (Currently each President acts as Chair of the Board for their year of office).

The GIG's work will continue in 2023 to progress the development and implementation of the agreed Future Governance Framework.

### 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 of our boards and committees including office-holders, do not receive remuneration. They are reimbursed for travel and subsistence costs incurred in undertaking ICAEW business. 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 seen as essential and our aim is that we represent the profession as a whole and that our governance bodies are as diverse as our membership. We have a wide range of diversity initiatives - including RISE and Access Accountancy and are signatories to the Women in Finance Charter and Charter for Black Talent in Finance and the Professions.

- Members with no recent ICAEW disciplinary action against them are eligible to stand for election to Council or get involved with an advisory committee, faculty or community.
- 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, while ensuring engagement of the best person for the role.
- At its September 2022 meeting, the Board confirmed its commitment to equality, diversity, and inclusion (EDI) and reviewed staff-facing activities and checked progress within ICAEW. At the December Council meeting, members participated in an Inclusive Language and Communication workshop to enable members to learn how to communicate inclusively, free from language that perpetuates stereotypes, negative expectations and limitations.
- ICAEW's gender pay gap 2022 is 21.3 % (2021, 29.3%). This includes both staff and contractors and has reduced due to an overall reduction in the number of contractors and consultants located at the top end of the upper pay quartile, as well as a reduction in the number of men in the upper middle/upper quartile categories and a concurrent increase in women within this category.
- We aim to create a working environment that is based on key principles including fairness, equality of opportunity, respect and dignity, flexibility, transparency and work-life balance. We believe that these key principles enable staff to enjoy work, develop as individuals and provide the best possible service to members, clients and the public, which contributes to the continued success of the organisation.
- We treat all staff fairly and equally regardless of age, race, sex, 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 become disabled, 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.

## STAKEHOLDER RESPONSIBILITIES AND S.172 STATEMENT

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

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

This statement includes the information demonstrating how the Board, on behalf of Council, 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, wider public, regulatory bodies, employees, suppliers and other relevant stakeholder groups. In each area the Board has identified the stakeholders and the engagement methods deployed.

The table below also shows both highlights from 2022 as well as some business as usual activities which ICAEW has undertaken through the many discussions held with the membership, wider public, regulatory bodies, employees, suppliers and other relevant stakeholder groups. In each area we have identified the stakeholders and the engagement methods deployed to help us to meet the aims of our 10-year strategy.

Stakeholder	Why are they key to ICAEW and our strategy?	How did we engage with them?
<b>Members</b>	Supporting our members is critical to our long-term success and the integrity of our brand.	<ul style="list-style-type: none"> <li>As the COVID-19 pandemic began to subside, we reintroduced physical events, offering professional and personal benefits to many of our members. We simultaneously evolved our digital and hybrid offerings, continuing to engage with more members than before the pandemic.</li> <li>We launched new ICAEW communities, to provide tailored support and networking for members operating in specific areas.</li> <li>A new structure for our UK District Societies was trialled, which frees up local volunteers to focus more on member engagement and allows for simpler member communication.</li> <li>Around 22,000 ICAEW members globally undertook approximately 34,000 regular volunteering roles in their communities and the not-for-profit sector, helping to build our presence and raise awareness of our expertise in ways which are not for economic benefit.</li> <li>We removed the paywalls for several of our ICAEW faculties and all communities, to enhance our lifelong learning support offering, inclusive of ICAEW membership.</li> <li>We consulted on proposed changes to our CPD regulations, designed to strengthen professional credibility and better tailor requirements to members' roles. The changes will be introduced in November 2023.</li> </ul>
<b>The public</b>	Making a meaningful and measurable contribution to wider society builds our reputation and influence and delivers a positive impact.	<ul style="list-style-type: none"> <li>As Russia's invasion of Ukraine presented a geopolitical crisis, we worked with policymakers to support and help implement the resulting economic sanctions, while supporting our members and member firms to respond to the changing landscape.</li> <li>We continued to engage with the UK Government on proposed reforms of audit and corporate governance, together with the FRC on taking forward policy reform ahead of legislation, using our in-house expertise and reflecting the views of our members and member firms.</li> <li>Supporting the UN Sustainable Development Goals continued to lie at the heart of our strategy, and we sought to help others begin or advance their sustainability journeys, including through our new Sustainability Certificate and trialling a sustainability programme for students.</li> <li>Our inflation hub and cost of doing business hub brought together data, insights and expert opinion to help inform and support businesses through challenging times.</li> <li>To help strengthen the UK's defences against economic crime and dirty money, we supported and contributed to expedited economic crime legislation and ensured our members understood and were able to implement the new provisions.</li> <li>The revisions to our CPD regulations mentioned above will also build trust in the integrity of our membership.</li> </ul>

Stakeholder	Why are they key to ICAEW and our strategy?	How did we engage with them?
<b>Regulatory bodies</b>	Active and regular engagement with our regulators helps ensure we understand changing regulatory requirements and ensure fair and effective regulatory and disciplinary processes.	<ul style="list-style-type: none"> <li>• We obtained final governance approvals, and approvals from all our regulators, for the launch of our new disciplinary framework.</li> <li>• We received positive inspection reports from the Financial Reporting Council, the Legal Services Board and the Office for Professional Body Anti-Money Laundering Supervision, recognising the improvements we have made.</li> <li>• We launched a new anti-money laundering training film as part of our ongoing work to tackle economic crime, offered free in the UK to organisations supervised by ICAEW and HMRC.</li> <li>• The ICAEW Regulatory Board's response to the Insolvency Service's proposed changes to insolvency regulation have helped to influence the ongoing debate around the future regulatory framework.</li> <li>• We contributed to International Audit &amp; Assurance Standards Board consultations on audit evidence, going concern and the audit of less complex entities. We also input to projects from the International Ethics Standards Board on sustainability and tax planning aspects of the international code of ethics.</li> </ul>
<b>Our people</b>	Our staff and volunteers' wellbeing and commitment is essential for our long-term success.	<ul style="list-style-type: none"> <li>• The appointment of a new Director, People, has led to a renewed and refreshed focus on supporting colleagues and volunteers.</li> <li>• We held regular all-staff meetings, featuring presentations from senior leadership, in a virtual format to ensure that all colleagues were able to attend live or access on-demand.</li> <li>• To build an ever-more inclusive workplace, we updated our Wellbeing Policy, introduced a new Anti-bullying, Discrimination and Harassment Policy and organised training sessions on unconscious bias and diversity awareness.</li> <li>• Seeking to always improve our awareness of and support for colleagues' mental health, we trained additional Mental Health First Aiders, organised mental health awareness training sessions and launched a new employee resource group.</li> </ul>
<b>Suppliers</b>	We operate in conjunction with a wide range of suppliers to deliver services to our members.	<ul style="list-style-type: none"> <li>• We support a wide range of suppliers to deliver services to our members and build strong working relationships.</li> <li>• All supplier-related activity is managed in line with ICAEW's contract management and financial authorisation policy.</li> <li>• The Board reviews and approves our Modern Slavery Statement each year. Key suppliers are monitored to ensure adherence in our supply chain.</li> <li>• 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.</li> <li>• Our executive team maintain oversight of the management of our key strategic suppliers and review and report on their performance.</li> </ul>



## 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 members have 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 overall ICAEW's strategy and strategic plan.
- Approving annually the operational plan and budget and satisfying itself that our principal risks are being monitored by the Board.
- Approving Matters Reserved for the Council, in line with regulations and precedent.

### Key Council Strategic Matters 2022

- Approved the development and implementation of a Future Governance Framework, creating the Governance Implementation Group to finalise resolutions to supplement the Framework, and to oversee their implementation (see earlier Governance Review section).
- Approved the ICAEW Annual Report and Financial Statements, including receipt of the Audit Committee Annual Report.
- Approved the agenda and resolutions for the Annual and Special Meetings, including 2023 membership fees and subscriptions and changes to the Supplemental Charter and Principal Bye-laws including powers to remove members of Council from office.
- Considered and approved cornerstones of a new CPD policy, building on members' feedback to the public consultation.
- Approved amendments to Nominating Committee terms of reference to clarify its role in relation to appointments to committees, and the Active Members Conduct Procedure.
- Approved Revised Council Election Regulations.
- Approved changes to the Disciplinary Bye-laws and to the ICAEW Regulatory Board terms of reference.
- Approved a proposed model for the removal of paywalls for faculties and communities webpages.
- Approved Pathways remaining open to applicants from eligible bodies.
- Held an election for the Vice-President of ICAEW.
- Received regular reports from the Nominating Committee and approved appointments to our Boards and Committees.
- Considered and approved co-options to Council.
- Monitored the work of the ICAEW Board through regular updates from the Chair of the Board and the Chief Executive.
- Developed a closer working relationship with CIPFA, including welcoming three CIPFA members to observe Council meetings, in a reciprocal arrangement.

### 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 2022

In 2022, 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 2022, Council comprised 91 members.

Council member name	Appointment type and dates	Attendance in 2022
Ravi Abeywardana	Co-opted (Member working in sustainability)	3/6
George Acquah	Co-opted (Member working in business)	6/6
Victoria Andrew	Elected (UK - London)	6/6
Richard Andrews	Ex-officio (Chair of Financial Services Faculty)	6/6
Fiyza Awan	Co-opted (Recently qualified)	4/6
Malcolm Bacchus	Vice-President (from 7 June 2022) Elected (UK - London) (to 7 June 2022)	6/6
Chrissie Bacon	Elected (UK - South Eastern)	6/6
Andy Batty	Elected (UK - London)	6/6
Carl Bayley	Elected (UK - Scotland)	5/6
Thomas Bell	Elected (UK - West Yorkshire)	4/6
Rebecca Benneyworth	Elected (UK - West of England)	6/6
Clare Bewsher	Elected (Australasia (NSW & ACT))	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)	6/6
Steven Brice	Ex-officio (Chair of Financial Reporting Faculty)	6/6
Kathryn Britten	Elected (UK - London)	5/6
William Brooks	Immediate Past-President (from 7 June 2022) President (to 7 June 2022)	6/6
Angela Caldara	Elected (UK - London)	6/6
David Canning-Jones	Co-opted (Large firm partner - EY) (to 7 June 2022)	0/2
David Carr	Co-opted (Member working in business and sustainability) (from 1 January 2022)	5/6
Heather Cheesman	Elected (UK - South Eastern)	4/6
Neil Christie	Ex-officio (Chair of Tech Faculty)	3/6
Mark Coles	Elected (USA (East Coast) & the Caribbean)	5/6
Andrew Coulson	Elected (UK - Birmingham & West Midlands)	6/6
Christabel Cowling	Co-opted (Large firm partner - EY) Chair of Technical Strategy Board (from 7 June 2022)	4/6
David Crackett	Elected (Europe & Eurasia)	6/6
Ede Dafinone	Co-opted (Member working in Africa)	3/6
Jonathan Downer	Co-opted (Large firm partner - KPMG)	5/6
Joanna Drinkwater	Elected (UK - Birmingham & West Midlands)	4/6
Peter Duffield	Elected (UK - Humberside & District)	5/6
Graham Durgan	Elected (UK - Thames Valley)	6/6
Laura Dymott	Elected (UK - London) (to 23 March 2022)	2/2
Mark Ellison	Elected (Australasia (Excluding NSW & ACT))	6/6

Council member name	Appointment type and dates	Attendance in 2022
Dato' Faiz	Co-opted (Member working in Malaysia)	6/6
Daniel Gaukrodger	Co-opted (Recently qualified) (from 7 June 2022) Ex-officio (Chair of ICAEW Student Council) (to 7 June 2022)	5/6
Amrita Ghosh	Elected (UK - South Essex)	3/6
David Grunberg	Elected (UK - London)	6/6
San Gunapala	Co-opted (Large firm partner - EY)	6/6
Deborah Harris-Ugbomah	Elected (UK - London)	6/6
Philip Harrold	Elected (UK - Nottingham, Derby & Lincoln)	5/6
David Herbinet	Co-opted (Member for the EU) (to 1 July 2022)	0/4
Jake Holdroyd	Co-opted (Recently qualified member in practice) (to 7 June 2022)	0/2
Peter Hollis	Elected (UK - Sheffield)	6/6
Della Hudson	Elected (UK - West of England)	6/6
Sam Hutson	Ex-officio (Chair of ICAEW Student Council) (from 7 June 2022)	3/4
Alan Hyams	Elected (UK - Manchester)	5/6
Constantine Ioannou	Elected (UK - London)	4/6
Gareth John	Elected (UK - East Anglia)	6/6
Gemma Jones	Elected (UK - Birmingham & West Midlands)	5/6
Dr Ernest Kan	Co-opted (Member working in South East Asia)	6/6
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)	5/6
Samantha Mason	Elected (UK - South Eastern)	5/6
Kate Mathers	Co-opted (Member working in the public sector) Chair of Learning & Professional Development Board	6/6
David Matthews	Immediate Past-President (to 7 June 2022) Past-President (from 7 June 2022)	5/6
David McBride	Elected (UK - London)	6/6
Andrew McKenzie-Smart	Elected (UK - Croydon)	5/6
Carol McLachlan	Elected (UK - Liverpool)	5/6
Neil McMillan	Elected (UK - North West)	6/6
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
Martin Muirhead	Co-opted (Group A firm senior partner - Moore Kingston Smith)	6/6
Richard Nunn	Elected (Canada)	6/6
Jeannie Okikiolu	Elected (UK - London)	6/6



Carol is an ICAEW Council member. She also chairs the Audit Committee, is a member of the Audit Faculty Board and a Support Member (Practice) for Wales.

**Carol Warburton BFP, FCA, CMIIA, CIA**  
Deputy Group Risk and Compliance Director, Azets

Kate is an ICAEW Council member and also chairs ICAEW's Learning and Professional Development Board.

**Kate Mathers FCA**  
Executive Director, UK National Audit Office



Council member name	Appointment type and dates	Attendance in 2022
Bindi Palmer	Elected (UK - Thames Valley)	5/6
Viresh Paul	Elected (UK - London)	6/6
Julia Penny	President (from 7 June 2022) Deputy-President (to 7 June 2022)	6/6
Ali Qasim	Co-opted (Recently qualified member in business)	6/6
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	Deputy-President (from 7 June 2022) Vice-President (to 7 June 2022)	6/6
Brian Ricketts	Elected (UK - Liverpool)	6/6
Shauna Robinson	Co-opted (Large firm partner Deloitte) (from 3 October 2022)	1/1
Julia Seppä	Elected (Europe & Eurasia)	6/6
Raj Shah	Ex-officio (Tax Faculty Board Representative)	5/6
John Sheehan	Elected (UK - Beds, Bucks & Herts)	6/6
Sinduja Sivasanthiran	Elected (UK - London) (to 7 June 2022)	2/2
Caroline Smale	Elected (UK - South West) Chair of Practice Committee and Members & Commercial Board	5/6
Anne-Marie Smith	Elected (UK - Staffs, Salop & Wolverhampton)	4/6
Susan Smith	Elected (UK - South Eastern)	6/6
Nathan Steinberg	Elected (UK - London)	6/6
Clive Stevens	Elected (UK - South Eastern)	5/6
John Stout	Elected (UK - Thames Valley)	6/6
Matthew Stroh	Elected (UK - West Yorkshire)	6/6
Odysseus Tavros	Elected (Cyprus)	6/6
Rob Tindle	Elected (UK - Northern)	6/6
Philip Tsai	Co-opted (Member working in Greater China)	6/6
Philip Varley	Elected (USA (Central, South & West Coast & Central & South America))	6/6
Carol Warburton	Elected (UK - South Wales) Chair of Audit Committee	6/6
Fiona Wilkinson	Past-President (to 7 June 2022)	2/3
Gemma Wilks	Elected (UK - Southern)	5/6
Martin Williams	Co-opted (Member working in business) (to 14 December 2022)	5/6
Andrew Williamson	Elected (UK - Beds, Bucks & Herts)	5/6
Jeremy Willmont	Elected (UK - London)	6/6
Anthony Woodings	Elected (UK - Manchester)	4/6



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

**Caroline Smale BSc, FCA**  
Regulation and Compliance Partner,  
Bishop Fleming

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

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

## 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. It considers recommendations and advice of the Audit Committee and Risk Committee (Terms of Reference for the new committee agreed December 2022).

### 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.

### DEPARTMENTAL BOARDS

Three departmental boards steer the development of policy for ICAEW's key activities, in the areas of Education and training, Reputation and influence and Belonging and supporting. Departmental chairs are ex-officio members of ICAEW Board.

### 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 7 June 2022	From 7 June 2022
<b>President and Chair of the Board</b>	William Brooks	Julia Penny
<b>Deputy-President</b>	Julia Penny	Mark Rhys
<b>Vice-President</b>	Mark Rhys	Malcolm Bacchus

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 Leadership Team report monthly to the Board on the implementation of the operational plan and service levels. 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.

The Board is comprised of up to 14 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 2022**

During 2022, the Board's agenda continued to focus on the implementation of ICAEW's 10-year strategy.

- Recommended approval of the operational plan 2023-2025 to Council.
- Closely monitored the ongoing implementation of the Business Systems Transformation programme, rolling out Dynamics 365.
- Monitored ICAEW's risk register, considering emerging and principal risks to ICAEW and the profession.
- 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.
- Considered the decisions of Council from the review of ICAEW's governance.
- Reviewed ICAEW's Statement on engaging in Public Practice.
- Received a report on Insolvency Regulation Consultation.
- Approved the Annual Report and Financial Statements and made recommendations to Council.
- Agreed a framework for developing Board priorities.
- Drafted Terms of Reference and agreed membership for new Risk Committee.
- Approved the Remuneration Committee recommendations.
- Commissioned and received externally facilitated Board Evaluation Report and responded to its recommendations.
- Received updates and discussed plans for closer working with CIPFA.
- Approved Membership Fees and Subscriptions for 2023 for recommendation to Council.
- Approved the AGM and Special Meeting Notices and Resolutions to amend the Royal Charter and Bye-laws.
- Approved proposals for an ICAEW MICPA joint membership scheme.
- Received CEO reports at each meeting, maintaining an overview of ICAEW operations and service levels.
- Received the 2022 triennial valuation of the Institute of Chartered Accountants Staff Pensions and confirmed wishes that the Trustee target a buy out when the scheme reaches a suitable funding position.
- Approved using Reserves to support the removal of the paywall for individual ICAEW members for faculties and paid-for communities from 2023.
- Confirmed the Regulatory Fee increase, as approved by the IRB.
- Considered the ICAEW Regulatory Board and Future Regulatory Structure report.
- Reviewed the Equality, Diversity, and Inclusion (EDI) Impact Report 2021.
- Received an updated report from ICAEW's Investment Committee.

## RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board has responsibility for ICAEW's systems of internal control and risk management and has 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.

The operational environment in 2022 continued to prove an extremely challenging one for ICAEW as well as many other organisations. Against this backdrop, the Internal Auditors Annual Report on the Effectiveness of Internal Control opined that the risk of a material financial exposure or loss was adequately managed by the financial controls in place during the year. Management is focussed on implementing certain improvements to make sure that the operational control framework is resilient, efficient, and cost effective in managing operational and reputational risks.

During 2021 the Board initiated a review of risk management processes. The review highlighted the following four themes: Resourcing, Governance, Reporting and Horizon Scanning. Actions were

identified to address these themes. A Risk Officer was appointed in June 2022 and Council approved the creation of a Risk Committee.

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

The Board approved a refreshed approach to the reporting of principal risks in April 2022, introducing the concept of current acute issues related to each principal risk. There have been incremental changes to the Executive Summary during the year to bring to the Board's attention the key acute issues that are the main subject of management focus, and to create awareness of emerging concerns.

Acute current issues that are viewed as likely to have a high impact rating on principal risks, achievement of strategic objective and operational plans are prioritised and identified to Board through the Executive Summary. The risk assessment of these acute issues is reviewed regularly at Board meetings and will reflect any change in the risk landscape at a point in time, dependent on the effectiveness of necessary risk mitigation and management activity.

The following principal risks have been identified by the Board and, together with high-impact current acute issues, are the key focus areas for risk management:

Risk	Description	Acute Current Issues	Risk Rating	Risk management activity
<b>Our relevance to firms and demand for future skill</b>	ICAEW needs to remain relevant to its firms and members	Insolvency, AML and Audit Regulation	High	ICAEW continues to argue against the Insolvency Service's new policy direction and is assisting HMT in its fact-finding work for the forthcoming AML consultation.
		Attractiveness of Profession	High	ICAEW is working with other institutes to examine this issue on a global basis. A major marketing campaign is planned for 2023 to build awareness of the social value of audit.
		Operational Separation	Medium	ICAEW continues to attend the major firms Policy and Regulatory Group (PRG) working group on operational separation and the AAF have been engaging with the FRC.
		Diversity and Inclusion	Medium	The CAW gender equality in the profession project has been completed and additional funding has been approved for the RISE programme.
		Examination Pressures	Medium	A series of interventions is being developed to support exams.



Risk	Description	Acute Current Issues	Risk Rating	Risk management activity
<b>Competitive environment</b>	ICAEW needs to understand what competitors are doing, in order to remain competitive	FRC improvement requirements	Medium	ICAEW is part of a major project, with all RQBs to improve auditor education and training. E&T is leading on a pan-ICAEW response to this work.
		ACA recognition in US	Medium	Engagement continues with IQAB and AICPA to request formal confirmation of their preferred approach, while concerns have been raised with DIT to reiterate our concerns with the current impasse.
		Relevance of joining a professional body	Medium	The new pan-ICAEW student to member steering group continues to look at this, specifically to identify ways to create a relationship between the student and ICAEW much earlier in the process.
		Professional body consolidation	Medium	Discussions with CIPFA are progressing, including consideration given to operational efficiencies by both parties.
<b>The loss of public trust</b>	High-profile business failure, delays in legislating audit reform and members and firms being sanctioned for inappropriate behaviour heighten the loss of trust in the profession.	Member/Firm misconduct	High	ICAEW continues to act as an improvement regulator. Changes to the CPD requirements for members will come into effect in November 2023 and include mandatory ethics elements. Changes to the audit qualification of the current exams are being discussed with the FRC and other recognised supervisory bodies.
		Unbalanced reform packages	Medium	ICAEW is involved in discussions to inform development of a rebalanced package which will contribute to the design of the resilience and fraud statements.
		Audit reform delays	Medium	ICAEW will continue to try and influence audit reform, while we wait for clarity on the approach from new Ministers.
		Inadequate climate and ESG reporting	Medium	ICAEW is developing a detailed programme moving towards net zero as an organisation. We are engaged with government and international bodies to inform standard setting and to upskill our members. ICAEW is represented on the UK Transition Plan Taskforce.
<b>Cyber and data threats</b>	Our data is valuable and the risk of losing it to hackers and cyber criminals is ever present.  Data loss or misuse is also possible from internal processing and may occur where we share data (either knowingly or unknowingly) with external third parties, within the UK or internationally.	Heightened risk due to war in Ukraine	Medium	Our cyber defence systems have proved effective in the detection and prevention of malicious activity. Monitoring programmes have been increased and our vulnerability management process now highlights any potential risk points across the network.  The Data Protection Oversight Group reviews risks and mitigating activity for data protection.
<b>Post-delivery of Business Systems Transformation project impacts</b>	Following the implementation of Dynamics 365, a number of system and process issues were identified leading to increased risks operationally and reputationally with key stakeholders.	Operational issues	High	The technical support team resource requirements have been addressed to accelerate the delivery of software fixes. The programme board continued to meet regularly to review progress.
		Fees & Subscription renewals	Medium	Leadership and business representatives continued to monitor and manage progress of the related Dynamics 365 work related to the delivery of the Fees and Subs project to completion. Risk reduced post year end following successful renewals campaign.

Risk	Description	Acute Current Issues	Risk Rating	Risk management activity
ICAEW reputation	Although there are reputational risks in other principal risks, there are specific risks to our reputation that arise from how ICAEW conducts its business.	The use of reserves	High	The ICAEW Board has issued direction on the principles to be adopted and applied in respect of how ICAEW's reserves are used in the public interest and to support the strategy.
		International markets	Medium	ICAEW has implemented a monthly Red Flag Review to monitor and report reputational risks identified that may transpire in the international countries where we have a presence.
		Future relationship with District Societies	Medium	A gap analysis has been undertaken to identify the actions required for each District Society to remediate risks. Dialogue continues with District Society Office Holders on these actions.

## BOARD EVALUATION

Board undertakes an annual evaluation process to assess how it and individual Board members are performing. In February 2022, the Board received a report summarising findings of the 2021 evaluation, based on an internal questionnaire, supported by individual discussions between Board members and the chair. The results were generally positive and the Board was seen as effective.

The Board agreed to supplement this assessment with an external independent evaluation (the last one had been in 2015). Terms of reference were agreed and

consultants were appointed to lead the review in June. Initial findings, including 15 recommendations, were shared with the Board in October and Council in December.

Some review recommendations, around appointments to the Board and its size, were matters under consideration by the Governance Implementation Group, making proposals to Council. A full list of the recommendations and next steps determined by the Board and Council are listed below.

	Recommendation	Feedback/actions
1	Overhaul Board appointment process to ensure Board has and retains the skills to deliver ICAEW's strategy.	Council voted against the change in Board composition as part of a wider resolution (December 2022).
2	The size of the Board should be reduced to between 10 and 12 if not lower.	Council voted against proposals to change the composition of the Board as part of a wider resolution (December 2022).
3	The linkage between President and chairing the Board needs to be broken to facilitate continuity of Board leadership.	Council agreed in December 2022 that an independent chair of the Board will be appointed. Work to recruit the new chair will be completed in 2023.
4	Executive participation at Board meetings should be reduced to specific items or essential individuals.	Board concluded executives bring expertise and add value to meetings. Board schedule includes NED-only sessions.
5	The extent of overlap between the membership of Council and Board should be significantly reduced or eliminated.	Not approved by Council as part of a wider resolution at December 2022 meeting.
6	All Board members should be reminded of their cabinet responsibility which should be enforced by the chair.	Board accepted this recommendation, identifying measures to support the principle.
7	The chair and Board members should call out members seeking to operate at an operational rather than strategic level.	Board accepted this recommendation.
8	The chair (supported by the CEO) of the Board should formally report to each Council meeting on ICAEW's performance against the agreed strategy and any specific priorities.	Chair of Board has changed their approach to reflect this recommendation.
9	The Board should be provided with greater advance signposting of the matters at the forefront of executives' minds and critical issues within the KPIs provided.	The CEO report structure presented at each Board meeting has been revised to support this recommendation and KPIs are being reviewed.

	Recommendation	Feedback/actions
10	The Board needs to set time aside to agree a set of KPIs that will meet their needs; and assess whether the strategy needs flexing in light of events.	The Board accepted this recommendation and is developing KPIs to assess achievement of strategy and Board priorities.
11	The Audit Committee should report to the Board.	The new Future Governance Framework agreed by Council in February 2022 reflects this reporting line. This will be operationalised in 2023.
12	The Board should reduce the number of its priorities to between six and eight - fewer if possible.	The Board accepted this recommendation and has agreed six priority areas to frame future Board business and focus.
13	An agreed Executive position should be reached before matters are presented to the Board for discussion and approval.	The Board referred this to the Chief Executive for further consideration.
14	There should be greater consistency in the preparation and structure of Board papers.	The Board partly accepted this, some papers do this well already and provide a good basis for Board discussion and decisions.
15	The Board and its committees should annually review the extent to which it had fulfilled its Terms of Reference and consider whether they remain appropriate or require updating.	The Board partly accepted this, there is an annual review of Board effectiveness and specific questions on ToR can be added.

### BOARD ATTENDANCE DURING 2022

The members of the Board during 2022 are outlined below. The Board gender split at 31 December 2021 is 6

male and 7 female (54% female; 46% male).

The Board met 11 times in 2022 and comprises up to 14 members. There are currently 13 members.

Name	Position	Appointed	Retired	Attendance
Malcolm Bacchus*	Vice-President (from 7 June 2022)	7 June 2022		5/5
Helen Brennan*	Council member elected to the Board			10/11
William Brooks*	President (from 2 June 2021) Deputy-President (to 2 June 2021)		7 June 2022	6/6
Mark Coles*	Council member elected to the Board			11/11
Christabel Cowling	Ex-officio member	7 June 2022		4/5
Sharron Gunn	Chief Operating Officer (COO) (Executive Director, Members, Commercial and Shared Services to 31 March 2021)			9/11
Mary Hockaday	Independent non-executive member of the Board			10/11
Dabinder Hutchinson	Chief Financial Officer (CFO)	1 April 2021	12 August 2022	6/6
Michael Izza	Chief Executive			10/11
Kate Mathers*	Ex-officio member			11/11
Julia Penny*	President (from 7 June 2022) Deputy-President (to 7 June 2022)			10/11
Mark Rhys*	Deputy-President (from 7 June 2022) Vice-President (to 7 June 2022)			11/11
Caroline Smale*	Ex-officio member	2 June 2021		11/11
Rob Tindle*	Council member elected to the Board	2 June 2021		11/11
Malcolm Wood	Independent non-executive member of the Board			11/11

\*Council member

## AUDIT COMMITTEE

The Audit Committee is responsible for ensuring effective oversight, assessment and review of external audit, financial reporting, internal controls and internal audit. Governance changes mean its reporting line moves from Council to Board and risk responsibilities move with the establishment of the new Risk Committee.

### KEY AREAS OF FOCUS WITHIN THE COMMITTEE'S REMIT

- Ahead of Risk Committee Terms of Reference (approved by ICAEW Board December 2022) and new reporting lines coming into effect, 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, fixed 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 four times in 2022. The committee also agreed a lead committee member to liaise with the external auditors on IFRS matters relating to the Annual Report and Accounts on behalf of the Audit Committee. 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 and Council receives an annual report on its activities.

## KEY COMMITTEE MATTERS 2022

### 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 from their audit work.
- Reviewed the significant estimates and judgements used in the preparation of the accounts.

### Risk and internal controls

- Reviewed principal and operational risks.
- Scrutinised principal risks and mission-critical projects such as Business Systems Transformation, GDPR, and Risk Management Review.
- Reviewed management's assessment and received assurance on the effectiveness of the risk management and control environment.

### Internal audit

- Agreed the internal audit work plan and reviewed the output from that plan 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.
- Scrutinised outstanding internal audit actions to understand rationale for why they had not been dealt with by the due date given, reviewing any key dependencies, priorities and plans to address the actions.
- 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 for the year ended 31 December 2022. 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; and
- report of major issues arising during the course of the audit.

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 2022

Through discussion with management and the external auditor, the Audit Committee determined that the following were key judgement areas in 2022:

- income recognition;
- defined benefit pension scheme;
- FRC Conduct Committee provision and FRC case cost recoveries accrual; and
- fair value of property, plant and equipment.

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 considered the judgements and estimates made concerning income recognition, particularly concerning the recognition of income derived from admission fees and life membership fees which is recognised in the income statement over the expected membership period. The basis on which those judgements and estimates have been made has been considered and the committee is satisfied with the appropriateness of the income recognition in the financial statements.

The committee also reviewed key judgements and estimates made in relation to the recognition and

measurement of the defined benefit pension scheme asset. Expert advice has been sought by management in measuring the net pension asset, and accounting policies have been reviewed in line with relevant accounting standards IAS 19 and IFRIC 14. The approach is consistent with previous years and the committee has confirmed that the same approach remains valid for the financial year 2022.

The committee has reviewed the basis for amounts accrued and provided in relation to FRC Conduct Committee cases, assessed the sources of information available to management (including historical data and estimated future case costs) 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 over these balances.

Certain material items of property, plant and equipment are included in the financial statements at fair value. Expert advice has been sought by management in determining these fair values. The committee has considered the appropriateness of the estimations made and is satisfied with the fair value measurements in the financial statements.

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 2022

Name	Position	Appointed	Retired	Attendance
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
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. This remit will be changed when the Governance and Appointments Committee is established.

The committee is also responsible for the following areas:

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

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

### Key Committee Matters 2022

- Reviewed appointments to and succession plans of ICAEW committees, faculties and boards.
- Reviewed co-options to ICAEW Council.
- Reviewed the committee review process, including revising Committee Review Working Group Terms of Reference.
- Reviewed the nominations for potential honorary membership, including criteria and process.
- Reviewed and recommended changes to the Election Regulations to Council.
- Reviewed and approved candidates for Vice-President 2023 for a ballot of Council members.

Membership of the Nominating Committee is by election or ex-officio.

The Nominating Committee comprises:

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

The Nominating Committee met seven times in 2022.

## NOMINATING COMMITTEE ATTENDANCE DURING 2022

Name	Position	Appointed	Retired	Attendance
David Matthews (Chair from 2 June 2021 and Vice Chair from 7 June 2022)	Past-President			5/7
Fiona Wilkinson (Chair to 2 June 2021 and Vice Chair from 2 June 2021)	Past-President		7 June 2022	3/3
Will Brooks (Chair from 7 June 2022)	Immediate Past-President			7/7
Julia Penny	President			5/7
Mark Rhys	Deputy-President			5/7
Malcolm Bacchus	Vice-President	7 June 2022		4/4
Andy Batty	Council member elected to the committee		7 June 2022	3/3
David Crackett	Council member elected to the committee			7/7
Jeremy Willmont	Council member elected to the committee			7/7
Andrew Mead	Council member elected to the committee	7 June 2022		4/4
Michael Izza	ICAEW Chief Executive			6/7

## 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, connect live events, and the Employee Engagement Forum. These initiatives support our culture and talent management initiatives.

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

Policy	Application
<p><b>Pay policy</b></p> <p>The key element of ICAEW's pay policy is to reward those staff who have achieved their core objectives and who are living our values, determined with reference to market value. All our positions are benchmarked against market salaries.</p> <p>Under its terms of reference the Remuneration Committee is responsible for agreeing, on the recommendation of the office-holders and Chair of the Board any changes to the remuneration package of the Chief Executive including any deferred element.</p> <p>It is also responsible for agreeing, on the recommendation of the Chief Executive, the remuneration packages of the COO, CFO and Chief Officer, Professional Standards.</p>	<p>We believe that staff should be appropriately rewarded in relation to:</p> <ul style="list-style-type: none"> <li>• the wider economic and commercial environment;</li> <li>• the value placed on comparable jobs in other organisations;</li> <li>• the value placed on comparable jobs within ICAEW;</li> <li>• the contribution they make towards achieving ICAEW's objectives and to the long-term success of the organisation; and</li> <li>• the results they achieve and the degree to which they meet our behaviours.</li> </ul> <p>A key element of the pay policy is to recognise those staff who make a significant and/or consistent contribution to the achievements of ICAEW's operational plan while at the same time living the ICAEW values and working in a collaborative, agile and innovative manner. This can be recognised by a non-consolidated lump sum discretionary bonus award.</p> <p>Independent non-executive members of the Board (those who are not ICAEW members) receive a fee of £16,000 (2021 (£15,500)) per annum. No other non-executive member of Council, Board or other member committees are remunerated. In relation to professional standards, the Chair of the ICAEW Regulatory Board is paid £30,000 per annum and the lay members of the IRB are paid a day rate of £350.</p> <p>The Chief Executive's notice period is 12 months, and the Leadership Team notice period is 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 CFO and Chief Officer, Professional Standards (this is a non-consolidated payment). In 2022 the COO's deferred pay element was increased to 35%. Their performance is judged on the basis of the deferred pay scorecard based on objectives set out in the operational plan.</p>
<p><b>Remuneration framework</b></p> <p>Employee remuneration is composed principally of fixed and variable elements of reward.</p>	<p><b>a) Fixed reward:</b></p> <ul style="list-style-type: none"> <li>• fixed remuneration: base salary</li> <li>• benefits (including pension)</li> </ul> <p><b>(b) Variable reward:</b></p> <ul style="list-style-type: none"> <li>• discretionary or contractual bonus for eligible employees.</li> </ul>
<p><b>Base salary</b></p> <p>To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the operational plan.</p>	<p>Base salaries are set taking into account a range of factors including:</p> <ul style="list-style-type: none"> <li>• the individual's skills, performance and experience;</li> <li>• wider workforce salary levels;</li> <li>• external benchmark data;</li> <li>• the size and responsibility of the role;</li> <li>• the complexity of the business and geographical scope; and</li> <li>• economic indicators.</li> </ul> <p>An increase of 2% to the base pay for the CEO, CFO, COO and Chief Officer, Professional Standards in 2022 was consistent with the budget applied for average increases in the annual pay review for other ICAEW employees in the UK. A further award was made in July 2022 of 2% in relation to rising inflation in 2022.</p>

Policy	Application	
<b>Deferred Pay</b> 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.	Business area	Weighting
	ICAEW operational plan	50%
	Business area objectives	50%
	Total	100%
	% salary	Total of 30% (CFO, Chief Officer Professional Standards) Total of 35% (CEO, COO)
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.		
<b>Benefits (including retirement benefit as appropriate)</b>	We offer a comprehensive range of competitive benefits to our employees under a 'myBenefits' system.	
<b>Discretionary or contractual bonus</b> 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 25<sup>th</sup> and 75<sup>th</sup> percentiles by total earnings.

Staff pay is determined using the same principles as the pay for the Chief Executive. The Remuneration Committee is therefore satisfied that its policies on reward drive the right behaviours and performance at ICAEW and ensure that our employees are rewarded

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

All Employees							
Year	CEO Salary and Deferred Pay	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	25 <sup>th</sup> Percentile pay ratio	Median pay ratio	75 <sup>th</sup> Percentile pay ratio
2022	£650,911	£33,170	£46,633	£71,720	20:1	14:1	9:1
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

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



### REMUNERATION COMMITTEE ATTENDANCE DURING 2022

The committee met three times in 2022. The chair regularly consults with the non-executive members of the Board, being our members, during the pay review

process to support the judgements made and ensure the objectives set are consistent with the operational plan, as agreed with Council. Recruitment of two new members is commencing in 2023.

Name	Position	Appointed	Retired	Attendance
Sophie Symons	Chair			3/3
Malcolm Bacchus*	Vice-President	2 June 2022		1/1
Julia Penny*	Deputy-President		2 June 2022	2/2
Marcus Peaker	Lay member			0/3
Mark Freebairn	Lay member			2/3
Clive Stevens*	Member, Council			3/3

\* Council member

### 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 REVIEW & STATEMENTS

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## FINANCIAL REVIEW

The Institute of Chartered Accountants in England and Wales, incorporated by Royal Charter RC000246 with registered office at Chartered Accountants' Hall, Moorgate Place, London EC2R 6EA (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 Officer and has five operating departments:

- **Education & training** 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.
- **Professional Standards** protects the public interest by making sure ICAEW's member firms, members, students and affiliates maintain the highest standards of professional competency and conduct. ICAEW's regulatory and disciplinary roles are separated from ICAEW's other activities so they can monitor, support or take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards department and overseen by the independent ICAEW Regulatory Board (IRB).
- **Reputation & influence** apply our expertise across a wide variety of topics relating to business, the profession and national policymaking. Our work in upholding standards is also crucial to protecting the public and holding our members accountable.
- **Belonging & supporting** support our more than 166,000 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.
- **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.

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

### GROUP RESULTS

Total income for the year was £141.7m (2021: £143.3m). The net result after tax for the year was £13.6m (2021: £34.0m).

Operational income was £124.8m (2021: £120.3m) and our result before tax for the year was £11.2m (2021: £35.8m).

The net result after tax for the year has been impacted by FRC Conduct Committee fine income of £14.9m (2021: £13.5m), net losses on investments of £5.2m (2021: net gains of £9.5m), and a net credit to the income statement of £1.2m (2021: £4.4m) resulting from FRC Conduct Committee case costs and cost recoveries as explained below.

Operational expenditure has increased substantially from the prior year to £123.2m (2021: £107.4m) as explained within the Expenditure section below.

Group net assets at 31 December 2022 were £178.0m (2021: £171.0m), with the result after tax being offset by actuarial losses of £7.9m (2021: actuarial gains of £0.2m) arising from the remeasurement of the defined benefit pension scheme under IAS 19, recognised in other comprehensive income. Further information on the defined benefit pension scheme is included below.

### INCOME

Subscriptions and fees have remained stable compared to the prior year at £55.3m (2021: £53.6m), reflecting steady year-on-year growth in membership numbers.

Income from Education & training has continued to grow, at £18.5m for the year (2021: £17.4m) with a corresponding 6.3% increase in ACA student numbers year-on-year. 2022 has been a record year for student intake with 11,962 (2021: 11,049) new students joining ICAEW. Student growth is considered crucial to the future success of ICAEW, which relies upon the progression of students into a membership base seen as experts in their field.

Professional Standards income for the year was £22.1m (2021: £22.1m), a similarly strong financial performance year-on-year. Income includes professional standards regulatory fine income. Commercial contracts have again contributed to a positive surplus for the year.

Income from Belonging & supporting improved on the prior year at £14.3m (2021: £12.1m). This was driven by a return to trading of the One Moorgate Place hospitality business, together with growth in the sale of learning materials which resulted from the strong student intake seen during the year.

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

### EXPENDITURE

Overall operational costs increased to £123.2m (2021: £107.4m) and operating expenditure across our core departments increased to £118.2m (2021: £106.6m), reflective of increased operational income with associated cost of sales, increased travel activity and staff recruitment cost and heavy inflationary pressures with cost-of-living support awarded to staff.

Irrecoverable VAT of £5.1m (2021: £4.3m) was charged to the income statement, with changes driven by the volume and mix of purchases.

### FRC CONDUCT COMMITTEE

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

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

The majority of open cases as at 31 December 2022 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.

FRC Conduct Committee fine income for the year was £14.9m (2021: £13.5m). This is anticipated to fall to a much-reduced level in future years as the portfolio of open Accountancy Scheme cases has now significantly reduced in number. Cumulative fines received by ICAEW from FRC Conduct Committee Accountancy Scheme cases since inception of the scheme in 2004 are £108.1m (2021: £93.2m).

The impact to the income statement from FRC Conduct Committee case costs and cost recoveries is a net credit of £1.2m (2021: net credit of £4.4m), comprising a positive impact from case cost recoveries of £8.2m (2021: £8.9m) offset by costs charged to the income statement of £7.0m (2021: £4.5m) in the year.

Amounts invoiced by FRC to ICAEW amounted to £7.9m (2021: £9.0m) 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 £79.2m (2021: £71.3m). Cost recoveries received from the FRC during the same period totalled £36.5m (2021: £30.2m).

Cases concluded in 2022 generally continued to realise increased average recoveries of case costs, with £6.4m (2021: £7.6m) of cost recoveries being realised in the year on closed cases. The performance of cases closed in the year adds further support to improved projections of case cost recoveries in the future. As a result, the statement of financial position has further strengthened due to increasingly positive estimates regarding the proportion of case costs that are likely to be recovered in the future.

ICAEW levies charges on its member firms in order to finance a proportion of the costs of FRC Conduct Committee cases to ensure that these can be paid as they fall due. During the year, ICAEW has collected such levies amounting to £6.9m (2021: £7.6m). Cumulative amounts levied by ICAEW on member firms since inception in 2004 are £61.5m (2021: £54.6m).

## PENSIONS

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

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

The IAS 19 valuation of the defined benefit scheme at 31 December 2022 showed a surplus of £15.5m (2021: £23.0m). Management considers that ICAEW has sufficient control over the recoverability of any surplus arising on the defined benefit pension scheme, and therefore ICAEW continues to recognise this asset as calculated in accordance with IAS 19. Actuarial losses of £7.9m (2021: gains of £0.2m) are recognised in other comprehensive income. This loss has been caused primarily by inflationary impacts on the defined benefit obligation. Net interest receivable of £0.4m (2021: £0.3m) is recognised in the income statement.

Contribution payments to the scheme ceased from 1 March 2021, as certain targets agreed under the Schedule of Contributions were met. A new Schedule of Contributions has been agreed during the year which requires ICAEW to continue to pay scheme expenses.

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

The latest triennial actuarial valuation showed a surplus of £12.4m as at 31 March 2022, with a market value of scheme assets of £213.9m and scheme liabilities measured at £201.5m equating to a funding level of 106%.

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

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

The defined contribution scheme of ICAEW provides benefits based upon contributions paid and investment returns received. The assets of the scheme are held in a separate trustee fund. ICAEW contributes 9% of pensionable earnings for participating employees. The amount charged to the income statement in relation to the defined contribution scheme was £3.4m (2021: £3.2m).

Further details are given in note 24 to the financial statements. Additionally, judgements and estimates are detailed in note 3.



**TAX**

The tax credit to the income statement for the year was £2.4m (2021: charge of £1.8m). As a mutual membership organisation, the significant majority of income is exempt from corporation tax. The credit for the year is driven primarily by fair value losses on financial investments and the recognition of deferred tax on trading losses.

**FINANCIAL POSITION**

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

Group net assets at 31 December 2022 were £178.0m (2021: £171.0m), an increase of £7.0m year-on-year despite actuarial losses of £7.9m recognised in other comprehensive income on the remeasurement of the defined benefit pension scheme.

Total cash and financial asset investments stood at £177.2m (2021: £170.1m) at the end of the year, the increase being achievable largely due to FRC Conduct Committee fine money receipts in the year of £14.9m, offset by fair value losses on investments of £7.2m.

An independent professional valuation of the ICAEW registered office, Chartered Accountants' Hall, included within property, plant and equipment was completed as at 31 December 2022. The resulting fair value recognised in the statement of financial position was £27.0m (2021: £28.0m).

Intangible non-current assets stood at £19.1m (2021: £20.4m) with additions of £3.4m (2021: £7.8m) in the year which primarily related to investment in digital systems and infrastructure. During the year, a new internally developed core IT system with a carrying value at 31 December 2022 of £13.6m (2021: £13.4m) has been implemented which supports the delivery of our strategy, including our membership, finance and customer relationship management applications.

Trade and other receivables were £21.9m (2021: £33.1m).

Trade and other payables due within one year were £50.3m (2021: £69.7m) and other payables due after more than one year were £38.6m (2021: £35.3m). These balances together include deferred income of £65.7m (2021: £67.2m) relating to annual membership fees received in advance, deferred admission fees and life membership fees and levies relating to the following financial year.

The provision for FRC Conduct Committee case costs has fallen to £2.7m (2021: £3.9m) 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 2022 were £71.3m (2021: £49.6m) reflecting a net inflow of £21.7m (2021: £4.0m outflow).

Net cash generated from operating activities amounted to £17.5m (2021: £31.0m). Due to the annual business cycle, cash levels peak in January and reduce throughout the year.

FRC Conduct Committee fines receipts and case cost recoveries totalled £21.3m (2021: £19.5m). Cash outflows include £7.9m (2021: £9.0m) in relation to FRC Conduct Committee case costs offset by inflows of £6.4m (2021: £6.0m) of case cost recoveries.

The net amount withdrawn from financial asset investments was £7.4m (2021: net amount invested £25.9m) and an aggregate of £4.3m (2021: £9.6m) was invested into property, plant and equipment and intangible assets. During the year, our newly developed core IT systems were brought into use, supporting the delivery of our strategy, including our membership, finance and customer relationship management applications. Capital expenditure during the year arose mainly from further development of our digital infrastructure.

**RESERVES POLICIES**

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

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

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

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

**CHARITABLE TRUSTS**

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

During the year, ICAEW made donations under Gift Aid to our charitable trusts amounting to £0.7m (2021: £0.7m). ICAEW's charitable trusts continued to run the Library and Information Service, and also approved grants in the year of £0.2m (2021: £0.3m).

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 £15.4m (2021: £16.9m). Charitable trusts investments have been impacted by fair value losses during the year as a result of changes in the wider economic environment.

## 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 £10,119 (2021: £7,898), 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, the Board and Council have assessed the viability of ICAEW over a three-year period. The Board and Council receive and approve a three-year operational plan each year, which comprises forecast income statements, cash flow, statements of financial position and key non-financial indicators. The operational plan is prepared with close consideration of our latest risk assessment, key sensitivities and strategic priorities. This plan forms the basis of the monthly management accounts and the forecasts.

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

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

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

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

The Board and Council believe 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. The Board and Council also have 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 2025.

## FRC

The FRC is currently in a transition period to the Audit, Reporting and Governance Authority (ARGA). Legislation is anticipated during 2023-24 which will set out the revised powers and responsibilities of ARGA, including placing the funding of ARGA on a statutory basis. The FRC is the oversight regulator with respect to ICAEW's role as a RSB and a 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 2023 once ARGA has been established.

Currently, a significant portion of the FRC's funding comes through ICAEW and we await confirmation of the future funding intentions for ARGA, following which we will assess the impact on ICAEW cash flows associated with FRC Conduct Committee activities.

## ECONOMIC ENVIRONMENT

The war in Ukraine impacted the stability of markets and energy supplies throughout 2022. Summer months and the second half of 2022 were marked by a steep rise in inflation, with UK inflation surpassing a 20-year high.

2022 has seen unparalleled pressures in the employment market. Shortage of skills and an increase in the cost of living have both contributed to the wage inflation. Similar to many businesses during this time period, ICAEW has seen a resulting impact on our ability in certain areas to retain and recruit talent. We have recognised these external pressures and internal difficulties with two pay rises during 2022 and a targeted cost of living payment issued to staff earning below the agreed threshold.

Membership fees and student income (including sales of learning materials) combined account for over £80m of the revenue. Rates for these income lines are set 10-12 months in advance, limiting management's ability to respond in a timely manner in a high inflation environment. In addition, a material proportion of the regulatory income is set in advance by the IRB.

## GROUP FIVE-YEAR SUMMARY

	2022 £m	2021 £m	2020 £m	2019 <sup>1</sup> £m	2018 £m
<b>Income statement</b>					
Operating income	124.8	120.3	119.2	111.5	106.3
FRC fines	14.9	13.5	15.7	18.3	16.3
Net gains / (losses) from financial asset investments	(5.2)	9.5	2.8	7.9	(1.9)
ICAEW services <sup>2</sup>	(121.1)	(105.0)	(105.8)	(112.2)	(109.3)
Other professional association activities	(2.2)	(2.5)	(1.6)	(1.9)	(1.8)
<b>Result before tax</b>	<b>11.2</b>	<b>35.8</b>	<b>30.3</b>	<b>23.6</b>	<b>9.6</b>
<b>Statement of financial position</b>					
Non-current assets excluding Staff Pensions Fund <sup>3</sup>	164.0	109.1	143.6	128.2	117.7
Non-current assets – Staff Pensions Fund asset	15.5	23.0	22.5	24.0	12.4
Current assets <sup>3</sup>	93.6	154.5	93.2	67.2	63.3
Current liabilities	(53.0)	(73.7)	(79.7)	(66.6)	(74.9)
Non-current liabilities	(42.1)	(41.9)	(43.6)	(43.1)	(40.8)
<b>Total net assets</b>	<b>178.0</b>	<b>171.0</b>	<b>136.0</b>	<b>109.7</b>	<b>77.7</b>
<b>Member and student numbers</b>					
Members	166,397	161,415	157,801	154,531	151,761
ACA students	36,084	33,958	31,656	30,241	28,700
	<b>202,481</b>	<b>195,373</b>	<b>189,457</b>	<b>184,772</b>	<b>180,461</b>

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 and strategic projects.

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

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

for the year ended 31 December 2022

## 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 2022 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 2022, which comprise:

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

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

### 2. BASIS FOR OPINION

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to enable us to express an audit opinion on the financial statements of ICAEW and the Group for the year ended 31 December 2022.

### 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 Council's assessment of ICAEW's ability to continue to adopt the going concern basis of accounting included a review of management's forecasts of future performance and ability to meet its liabilities as they fall due.

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

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

### 4. OUR APPROACH TO PLANNING OUR AUDIT UNDERSTANDING ICAEW

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

### Identifying and assessing the risk of material misstatement

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

### Determining materiality and performance materiality

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

### Determine the scope of our audit

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



## 5. KEY AUDIT MATTERS

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

### FRC Conduct Committee provision

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

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

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

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

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

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

### Revenue recognition

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

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

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

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

#### Defined benefit pension scheme

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

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

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

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

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

**Key observations:** We are satisfied that the recognition of the pension surplus remains appropriate and that the impact on the financial statements and disclosures are in accordance with IFRS and consistent with our expectations, having considered all relevant factors as at 31 December 2022.

#### 6. OUR APPLICATION OF MATERIALITY

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

We determined materiality for ICAEW and Group financial statements to be approximately 2% of operating revenue, equivalent to £2.4m. 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 £1.8m. Our objective in setting this was to ensure that total uncorrected or undetected audit differences did not exceed our materiality level of £2.4m.

We agreed with the Audit Committee that we would report all audit differences in excess of £120,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report through the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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

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

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

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

## 8. REPORTING ON OTHER INFORMATION

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

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

In this context, we also have nothing to report in regard to our responsibility to communicate whether we have identified any inconsistencies between our knowledge acquired during the audit and 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:

- 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;
- 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
- 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 under Financial Responsibilities of Council on page 76, 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.

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

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

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

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

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

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

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

## 11. USE OF OUR REPORT

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

*Haysmacintyre LLP*

### Haysmacintyre LLP

Statutory Auditor  
10 Queen Street Place  
London  
EC4R 1AG

6 April 2023



## GROUP INCOME STATEMENT

### for the year ended 31 December 2022

	Note	31 December 2022			31 December 2021 <sup>1</sup>		
		Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees		55.3	-	55.3	53.6	-	53.6
Education & training		18.5	(24.5)	(6.0)	17.4	(23.8)	(6.4)
Professional Standards		22.1	(21.6)	0.5	22.1	(21.9)	0.2
Belonging & supporting		14.3	(32.0)	(17.7)	12.1	(29.4)	(17.3)
Reputation & influence		3.7	(8.6)	(4.9)	4.8	(9.3)	(4.5)
Central support functions		-	(30.2)	(30.2)	-	(21.2)	(21.2)
Charitable trusts		-	(1.3)	(1.3)	-	(1.0)	(1.0)
		113.9	(118.2)	(4.3)	110.0	(106.6)	3.4
FRC Conduct Committee and cost recoveries	22	6.9	1.2	8.1	7.6	4.4	12.0
Other professional association activities		4.0	(6.2)	(2.2)	2.7	(5.2)	(2.5)
		10.9	(5.0)	5.9	10.3	(0.8)	9.5
<b>Operating result</b>	6,7	124.8	(123.2)	1.6	120.3	(107.4)	12.9
FRC fines		14.9	-	14.9	13.5	-	13.5
Investment returns	8	2.0	(7.2)	(5.2)	9.5	-	9.5
Share of loss of associates	16	-	(0.1)	(0.1)	-	(0.1)	(0.1)
<b>Result before tax</b>		141.7	(130.5)	11.2	143.3	(107.5)	35.8
Tax credit / (expense) for the year	11	-	2.4	2.4	-	(1.8)	(1.8)
<b>Net result after tax for the year</b>		141.7	(128.1)	13.6	143.3	(109.3)	34.0

<sup>1</sup> ICAEW has undertaken a reclassification of income and expenditure between its activities, including reclassification of members results, which are now included within Belonging & supporting. These changes have been made to better reflect the nature of the reported income and expenditure. Accordingly, the prior year comparatives have been re-presented on the same basis to ensure comparability and consistency of presentation. There is no impact on the result before tax. An explanation of the changes and the effect on the income statements is provided in note 4.

## ICAEW INCOME STATEMENT

### for the year ended 31 December 2022

	Note	31 December 2022			31 December 2021 <sup>1</sup>		
		Income £m	Expenditure £m	Net £m	Income £m	Expenditure £m	Net £m
Subscriptions and fees		55.3	-	55.3	53.6	-	53.6
Education & training		18.5	(24.5)	(6.0)	17.4	(23.8)	(6.4)
Professional Standards		22.1	(21.8)	0.3	22.0	(21.9)	0.1
Belonging & supporting		14.3	(32.8)	(18.5)	12.1	(29.7)	(17.6)
Reputation & influence		3.7	(8.6)	(4.9)	4.8	(9.3)	(4.5)
Central support functions		-	(30.2)	(30.2)	-	(19.8)	(19.8)
		113.9	(117.9)	(4.0)	109.9	(104.5)	5.4
FRC Conduct Committee and cost recoveries	22	6.9	1.2	8.1	7.6	4.4	12.0
Other professional association activities		4.0	(6.2)	(2.2)	2.7	(5.2)	(2.5)
		10.9	(5.0)	5.9	10.3	(0.8)	9.5
Gift Aid and library funding	16	-	(0.7)	(0.7)	-	(0.7)	(0.7)
<b>Operating result</b>	6, 7	124.8	(123.6)	1.2	120.2	(106.0)	14.2
FRC fines		14.9	-	14.9	13.5	-	13.5
Investment returns	8	2.4	(6.3)	(3.9)	7.7	-	7.7
<b>Result before tax</b>		142.1	(129.9)	12.2	141.4	(106.0)	35.4
Tax credit / (expense) for the year	11	-	2.4	2.4	-	(1.7)	(1.7)
<b>Net result after tax for the year</b>		142.1	(127.5)	14.6	141.4	(107.7)	33.7

<sup>1</sup> ICAEW has undertaken a reclassification of income and expenditure between its activities, including reclassification of members results, which are now included within Belonging & supporting. These changes have been made to better reflect the nature of the reported income and expenditure. Accordingly, the prior year comparatives have been re-presented on the same basis to ensure comparability and consistency of presentation. There is no impact on the result before tax. An explanation of the changes and the effect on the income statements is provided in note 4.

## GROUP AND ICAEW STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	Group		ICAEW	
		2022 £m	2021 £m	2022 £m	2021 £m
Net result after tax recognised in the income statement in the year		<b>13.6</b>	34.0	<b>14.6</b>	<b>33.7</b>
Items that will not be reclassified to profit or loss:					
Foreign operations – foreign currency translation difference		-	(0.3)	-	-
Gains on revaluation of property, plant and equipment	13	<b>1.0</b>	1.6	<b>1.0</b>	<b>1.6</b>
Actuarial losses recognised in the year	24	<b>(7.9)</b>	0.2	<b>(7.9)</b>	<b>0.2</b>
Deferred tax arising on above items	12	<b>0.3</b>	(0.5)	<b>0.3</b>	<b>(0.5)</b>
Other comprehensive income in the year		<b>(6.6)</b>	1.0	<b>(6.6)</b>	<b>1.3</b>
Total comprehensive income in the year		<b>7.0</b>	35.0	<b>8.0</b>	<b>35.0</b>

## GROUP STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2022

	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Charitable trusts £m	Total £m
<b>Reserves at 1 January 2021</b>	<b>15.3</b>	<b>99.9</b>	<b>5.6</b>	<b>15.2</b>	<b>136.0</b>
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)
<b>Total other comprehensive income in the year</b>	<b>1.1</b>	<b>0.2</b>	<b>(0.3)</b>	<b>-</b>	<b>1.0</b>
<b>Total comprehensive income in the year</b>	<b>1.1</b>	<b>32.5</b>	<b>(0.3)</b>	<b>1.7</b>	<b>35.0</b>
<b>Reserves at 31 December 2021</b>	<b>16.4</b>	<b>132.4</b>	<b>5.3</b>	<b>16.9</b>	<b>171.0</b>
<b>Reserves at 1 January 2022</b>	<b>16.4</b>	<b>132.4</b>	<b>5.3</b>	<b>16.9</b>	<b>171.0</b>
Net result after tax	-	15.1	-	(1.5)	13.6
Items that will not be reclassified to profit or loss:					
Foreign operations - foreign currency translation difference	-	-	-	-	-
Revaluation of property, plant and equipment	1.0	-	-	-	1.0
Actuarial losses recognised in year on defined benefit pension scheme	-	(7.9)	-	-	(7.9)
Transfer between reserves	-	2.2	(2.2)	-	-
Deferred tax arising on above items	-	0.3	-	-	0.3
<b>Total other comprehensive income in the year</b>	<b>1.0</b>	<b>(5.4)</b>	<b>(2.2)</b>	<b>-</b>	<b>(6.6)</b>
<b>Total comprehensive income in the year</b>	<b>1.0</b>	<b>9.7</b>	<b>(2.2)</b>	<b>(1.5)</b>	<b>7.0</b>
<b>Reserves at 31 December 2022</b>	<b>17.4</b>	<b>142.1</b>	<b>3.1</b>	<b>15.4</b>	<b>178.0</b>



## ICAEW STATEMENT OF CHANGES TO RESERVES

### for the year ended 31 December 2022

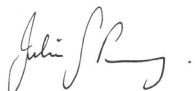
	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Total £m
<b>Reserves at 1 January 2021</b>	<b>15.3</b>	<b>96.0</b>	<b>5.6</b>	<b>116.9</b>
Net result after tax	-	33.7	-	33.7
Items that will not be reclassified to profit or loss:				
Increase in valuation of property, plant and equipment	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)
<b>Total other comprehensive income in the year</b>	<b>1.1</b>	<b>0.2</b>	<b>-</b>	<b>1.3</b>
<b>Total comprehensive income in the year</b>	<b>1.1</b>	<b>33.9</b>	<b>-</b>	<b>35.0</b>
<b>Reserves at 31 December 2021</b>	<b>16.4</b>	<b>129.9</b>	<b>5.6</b>	<b>151.9</b>
<b>Reserves at 1 January 2022</b>	<b>16.4</b>	<b>129.9</b>	<b>5.6</b>	<b>151.9</b>
Net result after tax	-	14.6	-	14.6
Items that will not be reclassified to profit or loss:				
Increase in valuation of property, plant and equipment	1.0	-	-	1.0
Actuarial losses recognised in year on defined benefit pension scheme	-	(7.9)	-	(7.9)
Transfers between reserves	-	2.2	(2.2)	-
Deferred tax arising on above items	-	0.3	-	0.3
<b>Total other comprehensive income in the year</b>	<b>1.0</b>	<b>(5.4)</b>	<b>(2.2)</b>	<b>(6.6)</b>
<b>Total comprehensive income in the year</b>	<b>1.0</b>	<b>9.2</b>	<b>(2.2)</b>	<b>8.0</b>
<b>Reserves at 31 December 2022</b>	<b>17.4</b>	<b>139.1</b>	<b>3.4</b>	<b>159.9</b>

## GROUP AND ICAEW STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	Group 2022 £m	2021 £m	ICAEW 2022 £m	2021 £m
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	36.7	38.3	36.7	38.3
Right-of-use assets	14	1.9	0.5	1.8	0.4
Intangible assets	15	19.1	20.4	19.1	20.4
Investments in subsidiaries and associates	16	0.4	0.5	0.5	0.5
Financial asset investments	17	105.9	49.4	90.5	35.2
Net pension asset	24	15.5	23.0	15.5	23.0
		<b>179.5</b>	<b>132.1</b>	<b>164.1</b>	<b>117.8</b>
<b>Current assets</b>					
Inventories	18	0.4	0.7	0.4	0.7
Trade and other receivables	19	21.9	33.1	23.0	32.4
Financial asset investments	17	-	71.1	-	68.5
Cash and cash equivalents	20	71.3	49.6	68.3	47.5
		<b>93.6</b>	<b>154.5</b>	<b>91.7</b>	<b>149.1</b>
<b>Total assets</b>		<b>273.1</b>	<b>286.6</b>	<b>255.8</b>	<b>266.9</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	21	(50.3)	(69.7)	(51.2)	(69.4)
Current tax liabilities		-	(0.1)	-	-
FRC Conduct Committee provision	22	(2.7)	(3.9)	(2.7)	(3.9)
		<b>(53.0)</b>	<b>(73.7)</b>	<b>(53.9)</b>	<b>(73.3)</b>
<b>Non-current liabilities</b>					
Grants payable due after more than one year		(0.1)	(0.1)	-	-
Other payables due after more than one year	21	(38.6)	(35.3)	(38.6)	(35.2)
Provisions	23	(1.1)	(1.5)	(1.1)	(1.5)
Deferred tax liability	12	(2.3)	(5.0)	(2.3)	(5.0)
		<b>(42.1)</b>	<b>(41.9)</b>	<b>(42.0)</b>	<b>(41.7)</b>
<b>Total liabilities</b>		<b>(95.1)</b>	<b>(115.6)</b>	<b>(95.9)</b>	<b>(115.0)</b>
<b>Total net assets</b>		<b>178.0</b>	<b>171.0</b>	<b>159.9</b>	<b>151.9</b>
<b>Reserves</b>					
Revaluation reserve	26	17.4	16.4	17.4	16.4
Accumulated fund	26	142.1	132.4	139.1	129.9
Other reserves	26	3.1	5.3	3.4	5.6
Charitable trust funds	26	15.4	16.9	-	-
		<b>178.0</b>	<b>171.0</b>	<b>159.9</b>	<b>151.9</b>

Approved on behalf of Council and authorised for issue



**Julia Penny**, President  
6 April 2023



**Michael Izza**, Chief Executive  
6 April 2023

## GROUP AND ICAEW STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

	Note	Group		ICAEW	
		2022 £m	2021 £m	2022 £m	2021 £m
<b>Cash flows from operating activities</b>					
<b>Result after tax</b>		<b>13.6</b>	<b>34.0</b>	<b>14.6</b>	<b>33.7</b>
Adjustments for:					
Depreciation and amortisation	13,14,15	6.7	7.0	6.7	7.0
Loss on disposal of property, plant and equipment and intangible assets	13,14,15	1.9	1.6	1.9	1.6
FRC Conduct Committee cost recoveries credited to income statement	22	(1.2)	(2.8)	(1.2)	(2.8)
Share of loss of associates		0.1	-	-	-
Investment income and fair value gains and losses	8	5.2	(9.5)	3.9	(7.7)
Interest on lease liabilities	14	0.1	0.1	0.1	0.1
Tax credit / expense		(2.4)	1.8	(2.4)	1.7
Non-cash movement in provisions		(0.8)	(1.2)	(0.8)	(1.2)
<b>Cash flows from operating activities before movements in working capital</b>		<b>23.2</b>	<b>31.0</b>	<b>22.8</b>	<b>32.4</b>
<b>Movements in working capital</b>					
Decrease in inventories		0.3	-	0.3	-
Decrease in trade and other receivables		12.7	7.7	10.9	4.6
Decrease in trade and other payables		(18.7)	(5.4)	(17.5)	(5.1)
Increase in long term payables		1.6	0.9	1.6	0.8
<b>Cash generated from operating activities after movements in working capital</b>		<b>19.1</b>	<b>34.2</b>	<b>18.1</b>	<b>32.7</b>
<b>Cash flows on provisions</b>					
Tax paid		(0.1)	(0.1)	-	-
Cash outflow on pension liabilities	24	-	(0.1)	-	(0.1)
FRC Conduct Committee cost recoveries received	22	6.4	6.0	6.4	6.0
FRC Conduct Committee case costs paid	22	(7.9)	(9.0)	(7.9)	(9.0)
<b>Net cash generated from operating activities</b>		<b>17.5</b>	<b>31.0</b>	<b>16.6</b>	<b>29.6</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	13	(0.9)	(1.8)	(0.9)	(1.8)
Purchase of intangible assets	15	(3.4)	(7.8)	(3.4)	(7.8)
Purchase of investments in associates	16	-	(0.5)	-	(0.5)
Purchase of financial asset investments	17	(109.7)	(54.1)	(106.1)	(37.6)
Proceeds from sale of financial asset investments	17	117.1	28.2	113.0	11.5
Investment income received		2.0	1.8	2.4	1.8
<b>Net cash inflow/(outflow) from investing activities</b>		<b>5.1</b>	<b>(34.2)</b>	<b>5.0</b>	<b>(34.4)</b>
Repayment of lease liabilities	14	(0.9)	(0.8)	(0.8)	(0.7)
<b>Net cash outflow from financing activities</b>		<b>(0.9)</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.7)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>		<b>21.7</b>	<b>(4.0)</b>	<b>20.8</b>	<b>(5.5)</b>
Cash and cash equivalents at 1 January as restated		49.6	53.6	47.5	53.0
<b>Cash and cash equivalents at 31 December</b>	20	<b>71.3</b>	<b>49.6</b>	<b>68.3</b>	<b>47.5</b>

## GROUP AND ICAEW NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 1. BASIS OF PREPARATION

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

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

#### a) Going concern

These financial statements are prepared on a going concern basis, which the Board and Council believe to be appropriate, as described below.

The Board and Council have specifically considered forward looking information 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 cost liabilities.

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

Cash and investment reserves are maintained 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 the 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

The International Accounting Standards Board has issued a number of minor amendments to IFRSs that become effective from 1 January 2022 or subsequent years, some of which have not yet been endorsed for use in the UK. These amendments are not expected to have a significant impact for ICAEW or the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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.

IFRS 17 'Insurance Contracts' establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the requirements are currently being assessed in the context of ICAEW and the Group.

### 2. ACCOUNTING POLICIES

#### a) Income and revenue recognition

Income is recognised net of sales tax. The majority of revenue is earned in the UK.

Income as presented in the income statements comprises revenue as defined under IFRS 15 – Revenue from Contracts with Customers, together with fine income, income from certain funding arrangements and grant income. The following accounting policies relate to our key income streams to which IFRS 15 applies:

- Income from subscriptions and fees, including subscriptions from membership, student fees, communities and faculties, fees from practice regulation and assurance and authorisation of investment business, is recognised in the accounting period in which the services covered by those subscriptions are provided.
- Non-refundable admission fees charged to new members grant the members the option to obtain and renew professional membership services over the period during which they will remain a member. These are recognised as a material right arising on commencement of membership, and income is recognised over the expected membership period. While other services are provided to new members, including limited faculty membership, the renewal option has been assessed as being the main performance obligation for the purposes of allocating the admission fee.
- Affiliate admission fees are non-refundable upfront fees that provide a right to register as an affiliate on an annual basis. An affiliate is a non-ICAEW member firm 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.
- Exam fees are 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.
- Income generated from the granting of film licences and accreditation of software through trademark licences is recognised over the term of the contract.
- Other income, including commercial income and income from consulting services, is recognised in the period in which the services are provided. For long-term capacity building contracts, income is recognised by reference to stage of completion of the individual contract.
- ICAEW invoices charges to its members on behalf of the Financial Reporting Council (FRC) in relation to audit quality reviews. ICAEW recognises no income where ICAEW is considered to be acting as agent in these instances.



## 2. ACCOUNTING POLICIES continued

### a) Income and revenue recognition continued

IFRS 15 does not apply to the income streams described below:

- ICAEW pays fees to various regulatory bodies and ICAEW charges these on to its member firms as levies. Income from levies on member firms is recognised in the same period as the regulatory fee expense to which it relates.
- Income from professional conduct (disciplinary) fines is recognised when the decision has been made and is final after any appeal, to the extent that it is considered recoverable.
- In accordance with IAS 20 – Government Grants, the Group recognises government grant income only when there is reasonable assurance that any conditions attached to the grant have been satisfied and the grant will be received. Grant income is recognised over the period necessary to match income with the related costs for which they are intended to fund.

### b) Foreign currencies

Financial assets and liabilities denominated in currencies different from the presentational currency are translated at the rate of exchange at the reporting date.

The results and financial position of foreign operations that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rate; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

### c) Tax

As a mutual membership organisation, the significant majority of our income is exempt from corporation tax.

Income tax expense represents the sum of current tax and deferred tax. Income tax is recognised as an expense in the income statement, except to the extent that it relates to items recognised in other comprehensive income, in which case the related tax expense or credit is recognised in other comprehensive income.

Current tax is based on the taxable profit for the reporting period. Taxable profit differs from net result as reported in the income statement because it is determined in accordance with the rules established by the applicable tax authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are not subject to tax.

The Group's liability for current tax is calculated using the applicable tax rate for the period.

### d) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and losses, to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of

the transaction, affects neither accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date and are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax balances relate to income taxes levied by the same tax authority.

### 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.

#### 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 annually by independent, professionally-qualified valuers. They are stated at estimated open market values that are derived from observed prices for recent market transactions on similar items.

Surpluses on revaluation, including surpluses arising from donations of items to the collections, are transferred to the revaluation reserve. Deficits on revaluation are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to the income statement.

In view of the nature of these assets, the estimated residual value is equal to the carrying amount and no depreciation is provided.

## 2. ACCOUNTING POLICIES continued

### f) Property, plant and equipment continued

#### iii) Leasehold improvements

Improvements to leasehold properties are capitalised at cost and are depreciated on a straight-line basis over the shorter of their estimated useful economic lives and the remaining lease term.

#### iv) Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and impairments. Depreciation is charged on a straight-line basis over the estimated useful economic lives of the assets as follows:

IT equipment:	3 to 8 years
Fittings:	10 to 15 years
Furniture and other equipment:	5 to 8 years

### g) Leases

The Group has only entered into lease arrangements as a lessee. No lease arrangements have been entered into in which the Group acts as a lessor. The Group leases various offices, warehouse space and vehicles which are accounted for as described below.

Payments associated with short-term leases and leases of low value assets are recognised as an expense in the income statement on a straight-line basis over the term of the lease. Short-term leases are leases with a term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability in the statement of financial position on a present value basis. Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate. Where lease extension options are reasonably certain to be exercised, payments due under those extension options are also included in the measurement of the lease liability.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset or to restore the asset to previous condition at the end of the lease, and any lease payments made in advance of the lease commencement date.

Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability as a result of reassessment or lease modifications. Depreciation is charged over the shorter of the asset's useful life and the lease term on a straight line basis. While the Group revalues its freehold property that is presented within property, plant and equipment, it has chosen not to do so for right-of-use assets.

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; and
- 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.

### j) Investments in associates

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

In the separate financial statements of ICAEW, investments in associates are accounted for at cost, less any provision for impairment.

## 2. ACCOUNTING POLICIES continued

### k) Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently at either amortised cost or fair value depending on the classification of the financial instruments as described below.

#### i) Classification of financial assets

Debt instruments that meet both the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet both the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Additionally, on initial recognition, an irrevocable election may be made to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. Dividends on these investments in equity instruments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line within the Income Statement.

#### ii) Impairment of financial assets

IFRS 9 established an approach for the impairment of loans and trade receivables, an expected loss model, which focuses on the risk that a debt will default rather than when a loss has been incurred. Under the "expected credit loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring.

ICAEW has opted to use the simplified approach measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. For trade and other receivables, ICAEW is not exposed to any significant credit risk to any single counterparty or group of counterparties. 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.

#### 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 liabilities

All financial liabilities are classified as measured at amortised cost using the effective interest method, or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains and losses on derecognition are recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the amortised cost of a financial liability.

## 2. ACCOUNTING POLICIES continued

### m) Financial liabilities continued

#### 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 liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate, at the end of the reporting period, of the expenditure required to settle the obligation.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

#### o) FRC Conduct Committee (Note 22)

ICAEW has a statutory obligation to reimburse the FRC for costs resulting from investigations and disciplinary actions brought by the FRC Conduct Committee against ICAEW members or member firms that are registered by ICAEW to carry out regulated work.

FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in a tribunal if the case is not concluded at an earlier stage.

Where FRC Conduct Committee cases are concluded in favour of the FRC, the FRC seeks to recover the associated case costs from the member or member firm subject to the investigation. Recovered case costs are reimbursed by the FRC to ICAEW.

A provision is recognised for the estimated costs of completing the current stage of each open investigation or disciplinary case as at the reporting date, net of the estimated proportion of costs relating to the current stage that are expected to be recovered in the future from the ICAEW members or member firms subject to the investigation on conclusion of cases.

Provisions in respect of FRC Conduct Committee case costs are derecognised at the point the costs are invoiced or, where costs are notified but not yet invoiced, recognised in accruals. Expected cost recoveries relating to case costs already paid by the ICAEW are presented in other receivables.

A contingent liability is disclosed in relation to the possible obligation that may arise if cases proceed further than the current stage.

#### p) Pension Benefits - Defined benefit scheme

Retirement benefits are accounted for under IAS 19 - Employee Benefits. The net asset on the defined benefit scheme is the fair value of the scheme assets less the present value of the defined benefit liabilities at the end of the reporting period, after applying the asset ceiling test, where a net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the scheme.

Refunds of a surplus are not considered to be available if the right to a surplus depends on the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. The rights of third parties such as trustees are considered in assessing the extent to which a surplus can be recognised.

Scheme liabilities are measured by qualified independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash flows derived from yields of high-quality corporate bonds that have terms to maturity which approximate to the terms of the related pension liability.

Scheme assets which are held in a separate trustee-administered fund are measured at fair value. Scheme assets may include equities, bonds and cash together with qualifying insurance policies.

Net interest is charged or credited to the income statement and is measured by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains and losses are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

#### 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
<b>Recognition of membership admission fee income</b>	<p>Admission fees are collected from members on admission to membership, and from members who take up life membership later in life in return for reduced annual membership charges thereafter.</p> <p>Under IFRS 15, multiple contracts need to be combined and accounted for as a single if the economics of the individual contracts cannot be understood without reference to the arrangement as a whole.</p> <p>Management have assessed the goods and services promised under the admission fee, life membership fee and the annual membership fee and made the judgement that the option to obtain and renew professional membership services during membership is the material right arising on payment of an admission fee. Therefore, admission fees are recognised in the income statement over the period that those rights are expected to be exercised by the member; this period being equivalent to the expected total period of membership.</p> <p>ICAEW has also made the judgement that there is a separate contractual relationship with members as a student, full member or life member, although members will typically move through all these stages of membership during their association with ICAEW. As a result, admission fees and life membership fees are accounted for as separate fees and recognised over the respective expected period of membership or life membership.</p>	<p>The period of time over which a member will continue to renew their membership is inherently uncertain and depends upon the individual circumstances of the member. Historical data has been used to estimate the average period of full membership and life membership.</p> <p>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 (2021: £1.0m) if applied from the year the income was received.</p> <p>An increase or decrease in the period of membership for life members by one year would result in an increase or decrease in deferred income in the statement of financial position of £0.2m (2021: £0.2m) if applied from the year the income was received.</p>
<b>FRC Conduct Committee</b>	<p>FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in a tribunal if the case is not concluded at an earlier stage. Due to the individual circumstances surrounding each case, it is generally difficult to predict the likelihood of a case proceeding past the current stage.</p> <p>Management have made the judgement that there is no present obligation in relation to potential future stages of cases and therefore it is appropriate to provide for costs as far as the current stage only. There is a possible obligation in relation to future stages, contingent on factors outside the control of ICAEW. Therefore, a provision is recognised for the estimated costs, net of estimated cost recoveries, of completing the current stage of each open investigation or disciplinary case as at the reporting date and a contingent liability is disclosed in relation to the possible obligation that may arise if cases proceed further than the current stage.</p> <p>Further information is disclosed in note 22.</p>	<p>The outcome of FRC Conduct Committee cases is highly uncertain. In accounting for the financial impact of FRC Conduct Committee cases, estimations must be made concerning the costs to complete the current stage of cases and also case costs likely to be recovered from the member or member firm and reimbursed by the FRC to ICAEW.</p> <p>In order to estimate costs to complete the current stage, open cases are reviewed to understand the status of the cases as at the reporting date and the work and procedures outstanding, including the use of experts and legal expertise, that are required to complete the current stage. Previous experience and understanding of relevant costings are factored into this estimation.</p> <p>Cost recoveries are recognised both in relation to costs already paid and costs recognised as a provision for open cases.</p> <p>Case cost recoveries are highly uncertain and depend on several factors such as the outcome of the case and the solvency of the member or member firm. An estimation is made concerning the percentage of case costs that are expected to be recovered. This estimation is made using historical data with consideration also given to the likelihood of future recovery rates changing due to changes in the portfolio of open cases.</p> <p>Further information including a range of plausible outcomes is disclosed in note 22.</p>

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

Accounting area	Critical judgement	Key sources of estimation uncertainty
<b>Defined benefit pension scheme</b>	<p>Management have carefully considered the extent to which a pension asset should be recognised under IAS 19 and IFRIC 14, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling, defined to be the present value of economic benefits available in the form of refunds from the scheme or reductions to future contributions. Under IFRIC 14, a refund is available to an entity if the entity has an unconditional right to a refund.</p> <p>Management have taken legal advice to understand the circumstances under which any surplus assets might not be refunded to ICAEW and have made the judgement that the possible circumstances under which any scheme surplus might not be refunded to ICAEW, such as wind-up of the scheme, augmentation of benefits, amendment to scheme rules, are within the control of ICAEW. Therefore, it is considered that ICAEW has an unconditional right to a refund assuming the gradual settlement of scheme liabilities over time until all members have left the scheme and as such, it is appropriate to recognise the full surplus as measured under IAS 19 as a pension asset in the statement of financial position.</p>	<p>The measurement of the defined benefit pension obligation and net interest income of ICAEW's defined benefit pension schemes depends on certain assumptions which include the discount rate, rate of pension increases, inflation rate and mortality.</p> <p>Further information regarding the assumptions made and sensitivities to these assumptions is disclosed in note 24.</p>
<b>Fair value of property, plant and equipment</b>	None	<p>ICAEW measures freehold property at fair value. The nature of the property concerned means that there can be significant uncertainty in estimating their fair value due to a lack of an active market for identical assets. Fair value must therefore be estimated based on level 2 inputs as defined by IFRS 13.</p> <p>Freehold property comprises Chartered Accountants' Hall, a Grade II listed building. A valuation of the property was carried out by an independent professional valuer as at 31 December 2022. The resulting fair value recognised in the statement of financial position was £27.0m (2021: £28.0m).</p> <p>The valuation methodology follows a comparative method with regard to recent vacant possession sales and the capital rate achieved, adjusted to reflect specific characteristics of the property. An assumption has been made concerning the capital value per unit area of the building, which is derived using an income weighted average equivalent yield.</p> <p>The valuation has been calculated using an equivalent yield of 5.32% (2021: 5.21%). If an equivalent yield of 5.0% was assumed, the estimated fair value of the building would have been £29.1m (2021: £29.5m), whereas an equivalent yield of 5.5% would result in a fair value measurement of £25.9m (2021: £26.3m).</p>

#### 4.CHANGE OF PRESENTATION

ICAEW has undertaken a reclassification of income and expenditure between its activities, including reclassification of Members results, which are now included within Belonging & supporting. These changes have been made to better reflect the nature of the reported income and expenditure. Accordingly, the prior year comparatives have been re-presented on the same basis to ensure comparability and consistency of presentation. There is no impact on the result before tax.

Income previously reported under Members is now reported under Belonging & supporting.

The effects on the reported expenditure within the Group and ICAEW income statements are set out below:

Group	Expenditure originally reported £m	Effect of change £m	Reported expenditure £m
<b>2021</b>			
<b>Income statement:</b>			
Education & training	(23.5)	(0.3)	(23.8)
Professional Standards	(21.8)	(0.1)	(21.9)
Belonging & supporting	(15.5)	(13.9)	(29.4)
Members	(19.2)	19.2	-
Reputation & influence	(9.3)	-	(9.3)
Central support functions	(15.4)	(5.8)	(21.2)
Charitable trusts	(1.0)	-	(1.0)
FRC Conduct Committee and cost recoveries	4.4	-	4.4
Other professional association activities	(5.2)	-	(5.2)
<b>Operating result - expenditure</b>	<b>(106.5)</b>	<b>(0.9)</b>	<b>(107.4)</b>
Strategic projects	(0.9)	0.9	-
Share of loss of associates	(0.1)	-	(0.1)
<b>Result before tax - expenditure</b>	<b>(107.5)</b>	<b>-</b>	<b>(107.5)</b>

ICAEW	Expenditure originally reported £m	Effect of change £m	Reported expenditure £m
<b>2021</b>			
<b>Income statement:</b>			
Education & training	(23.5)	(0.3)	(23.8)
Professional Standards	(21.8)	(0.1)	(21.9)
Belonging & supporting	(15.5)	(14.2)	(29.7)
Members	(19.5)	19.5	-
Reputation & influence	(9.3)	-	(9.3)
Central support functions	(14.0)	(5.8)	(19.8)
FRC Conduct Committee and cost recoveries	4.4	-	4.4
Other professional association activities	(5.2)	-	(5.2)
Gift Aid and library funding	(0.7)	-	(0.7)
<b>Operating result - expenditure</b>	<b>(105.1)</b>	<b>(0.9)</b>	<b>(106.0)</b>
Strategic projects	(0.9)	0.9	-
<b>Result before tax - expenditure</b>	<b>(106.0)</b>	<b>-</b>	<b>(106.0)</b>

## 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 Governance section. Board members are informed on any significant issues relating to financial and non-financial risk management. Financial risks to which the Group is exposed are summarised below.

#### i) Market risk

The Group holds a significant level of reserves within a strategic investment portfolio and as a result is exposed to price risks arising from these investments.

The Group's investment portfolio is held for strategic purposes, to provide additional returns over the long-term rather than to support short-term financial objectives. The investments portfolio is managed in line with defined risk appetite, however market valuations can be subject to volatility as a result of changes in the economic environment.

#### ii) 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.

#### iii) 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.

#### iv) Liquidity and interest rate risk

ICAEW policy is to maintain a relatively high level of cash and investment balances and therefore it does not have significant exposure to liquidity risk. ICAEW manages its liquidity risk by monitoring its net cash and cash equivalent flows. Liquidity needs are monitored on a day-to-day and monthly basis for short-term needs. Excess funds are invested as appropriate, depending on the forecast working capital cash flow needs, on short-term interest-bearing deposits. As a result of its holding of short-term interest-bearing deposits with financial institutions, ICAEW does have exposure to interest rate fluctuations. These investments are invested by our agents in high-quality, liquid deposits, with a range of counterparties in such a way as to avoid an excessive concentration of our investment with any specific counterparty and are monitored on a regular basis.



## 6. OPERATING INCOME

Operating income comprises the following:

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
<b>Subscriptions and fees</b>				
Admission fee income	1.9	1.8	1.9	1.8
Annual membership	49.5	47.9	49.5	47.9
Practising certificate fees	3.6	3.6	3.6	3.6
Life membership fee income	0.3	0.3	0.3	0.3
	55.3	53.6	55.3	53.6
<b>Education &amp; training</b>				
Exam fees	12.8	11.8	12.8	11.8
Student fees and charges	5.7	5.6	5.7	5.6
	18.5	17.4	18.5	17.4
<b>Professional Standards</b>				
Regulatory registration fees and levies	18.1	18.4	18.1	18.4
Regulatory fines and penalties	2.8	2.1	2.8	2.1
Quality assurance, firm licensing and commercial income	1.2	1.6	1.2	1.5
	22.1	22.1	22.1	22.0
<b>Belonging &amp; supporting</b>				
Sale of learning materials, commercial, events and sponsorship income	13.5	11.0	13.5	11.0
Community subscription fees	0.6	0.5	0.6	0.5
Other income	0.2	0.6	0.2	0.6
	14.3	12.1	14.3	12.1
<b>Reputation &amp; influence</b>				
Faculty subscription fees	3.3	4.1	3.3	4.1
Grant income	0.1	0.3	0.1	0.3
Other income	0.3	0.4	0.3	0.4
	3.7	4.8	3.7	4.8
<b>FRC Conduct Committee</b>				
Levy income	6.9	7.6	6.9	7.6
<b>Other professional association activities</b>				
Levy income	4.0	2.7	4.0	2.7
<b>Operating income</b>	<b>124.8</b>	<b>120.3</b>	<b>124.8</b>	<b>120.2</b>

## 7. OPERATING RESULT

The Group and ICAEW operating result is stated after charging / (crediting):

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Staff costs (see note 9)	54.5	48.9	51.1	44.1
Other operating costs	46.0	39.0	44.1	37.2
Irrecoverable VAT	5.1	4.3	5.1	4.3
Bad and doubtful debt	0.3	0.2	0.3	0.2
Finance charges	0.6	0.8	0.5	0.5
Government grants	0.1	(0.4)	0.1	(0.4)
Gift aid	-	-	0.7	0.7
Depreciation on owned property, plant and equipment (note 13)	3.2	4.1	3.2	4.1
Depreciation on right-of-use assets (note 14)	0.4	0.1	0.4	0.1
Amortisation of intangible assets (note 15)	3.1	2.8	3.1	2.8
Loss on disposal of intangible assets	1.6	-	1.6	-
Cost of inventories recognised as an expense	0.7	0.7	0.7	0.7
Amounts payable under short-term leases	0.2	0.2	0.1	-
Interest on lease liabilities	0.1	0.2	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.

## 8. INVESTMENT INCOME AND EXPENDITURE

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
<b>Income</b>				
Interest receivable from short-term deposits	0.2	0.1	0.3	0.1
Returns on financial investments classified as FVTPL	1.8	9.4	1.8	7.3
	2.0	9.5	2.1	7.4
Dividends receivable from subsidiary undertakings	-	-	0.3	0.3
<b>Total investment income</b>	<b>2.0</b>	<b>9.5</b>	<b>2.4</b>	<b>7.7</b>
<b>Expenditure</b>				
Losses on financial investments classified as FVTPL	(7.2)	-	(6.3)	-

All financial asset investments are classified as at fair value through profit or loss.

## 9. STAFF COSTS

Average number of staff employed during the year	Group		ICAEW	
	2022	2021	2022	2021
Total employees	802	801	725	740
Full-time equivalents	780	768	703	707

Employment costs	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Wages and salaries	46.2	42.2	43.0	37.5
Employer's social security costs	4.9	4.1	4.9	4.0
Employer's pension costs	3.4	2.6	3.2	2.6
	54.5	48.9	51.1	44.1

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 MEMBERS (2021: PRE-APRIL EXECUTIVE COMMITTEE, BOARD WITH EFFECT FROM 1ST APRIL 2021)

	Salary 2022 £'000	Deferred variable pay 2022 £'000	Total 2022 £'000	Salary 2021 £'000	Deferred variable pay 2021 £'000	Total 2021 £'000
Sharron Gunn	310	92	402	293	86	379
Robert Hodgkinson	-	-	-	72	19	91
Dabinder Hutchinson	163	-	163	189	58	247
Michael Izza	492	138	630	477	154	631
Mark Protherough	-	-	-	66	18	84
Vernon Soare	-	-	-	75	-	75
	965	230	1,195	1,172	335	1,507

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

The Board members are remunerated on a total package basis. This means that they may elect to take all of their remuneration in the form of salary, or they may opt to commute a portion of their salary towards ICAEW benefits such as pension scheme membership, health insurance or a car. Deferred variable pay is payable to Board members on the basis of performance and is agreed by the remuneration committee.

In addition to the amounts disclosed above, ICAEW incurred employment discontinuation expenses of £260,000 in the year.

Independent non-executive Board members (those who are not ICAEW members) receive a fee of £16,000 (2021: £16,000) per annum. In the prior year, 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. In relation to professional standards, the chair of the ICAEW Regulatory Board (IRB) is paid £30,000 per annum (2021: £30,000) and the lay members of the IRB are paid a day rate of £350 (2021: £350).

No other non-executive member of Council, Board or other member committees are remunerated.

## 11. TAX

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Current tax on profits for the year	-	0.1	-	-
Deferred tax expense:				
Effect of corporation tax rate change	-	0.9	-	0.9
Origination and reversal of timing differences	(2.4)	0.8	(2.4)	0.8
Total deferred tax (credit) / expense:	(2.4)	1.7	(2.4)	1.7
<b>Tax (credit) / expense for the year</b>	<b>(2.4)</b>	<b>1.8</b>	<b>(2.4)</b>	<b>1.7</b>

ICAEW is chargeable to corporation tax on investment income and gains and on net surpluses arising from certain services to the extent that they relate to transactions with non-members. The liability has been reduced by payments made under Gift Aid to the Chartered Accountants' Trust for Education and Research (CATER). The charitable trusts fall outside the scope of corporation tax and accordingly there is no tax liability in relation to their activities. The subsidiary companies pay local tax based on their country of operation and this has been included in the current tax calculations.

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
<b>Factors affecting the tax charge for the year</b>				
Result before tax	11.5	35.8	12.5	35.4
Add back: result on transactions with members	(19.4)	(29.3)	(20.4)	(28.0)
Net result before tax on transactions with non-members	(7.9)	6.5	(7.9)	7.4
Corporation tax expense at standard rate of 19% (2021: 19%)	(1.5)	1.2	(1.5)	1.4
Effects of:				
Items not chargeable/deductible for tax purposes	(0.2)	(0.4)	(0.2)	(0.6)
Recognition of deferred tax on trading losses	(1.1)	-	(1.1)	-
Foreign taxes	-	0.1	-	-
Corporation tax rate change	0.4	0.9	0.4	0.9
<b>Tax (credit) / expense for the year</b>	<b>(2.4)</b>	<b>1.8</b>	<b>(2.4)</b>	<b>1.7</b>

## 12. DEFERRED TAX

	Group and ICAEW			
	Trading losses £m	Gains and losses on financial asset investments £m	Revaluation of properties and historical collections £m	Defined benefit pension scheme deficit £m
<b>Liability at 1 January 2021</b>	-	1.9	0.4	0.5
Amounts charged to the income statement	-	1.7	-	-
Amounts charged to other comprehensive income	-	-	0.5	-
<b>Liability at 1 January 2022</b>	-	3.6	0.9	0.5
Amounts charged to the income statement	(1.1)	(1.3)	-	-
Amounts charged to other comprehensive income	-	-	-	(0.3)
<b>(Asset) / liability at 31 December 2022</b>	<b>(1.1)</b>	<b>2.3</b>	<b>0.9</b>	<b>0.2</b>

In the prior year, deferred tax amounts of £0.6m in relation to losses carried forward were not recognised in the statement of financial position due to forecast 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% (2021: 25%), with the exception of the deferred tax related to the defined benefit pension scheme which is calculated at 35% (2021: 35%) in line with the relevant legislation concerning the taxation of authorised surplus payments.

**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
<b>Cost or valuation</b>					
<b>At 1 January 2021</b>	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
<b>At 1 January 2022</b>	<b>39.2</b>	<b>3.0</b>	<b>5.2</b>	<b>15.1</b>	<b>62.5</b>
Additions	0.2	-	-	0.7	0.9
Disposals at cost or valuation	-	(0.1)	-	(1.0)	(1.1)
Revaluation	0.6	-	0.4	-	1.0
<b>At 31 December 2022</b>	<b>40.0</b>	<b>2.9</b>	<b>5.6</b>	<b>14.8</b>	<b>63.3</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2021</b>	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)
<b>At 1 January 2022</b>	<b>11.2</b>	<b>2.8</b>	<b>-</b>	<b>10.2</b>	<b>24.2</b>
Depreciation for the year	1.8	0.1	-	1.3	3.2
Depreciation eliminated on disposals	-	-	-	(0.8)	(0.8)
<b>At 31 December 2022</b>	<b>13.0</b>	<b>2.9</b>	<b>-</b>	<b>10.7</b>	<b>26.6</b>
<b>Carrying amount</b>					
<b>At 31 December 2022</b>	<b>27.0</b>	<b>-</b>	<b>5.6</b>	<b>4.1</b>	<b>36.7</b>
At 31 December 2021	28.0	0.2	5.2	4.9	38.3
On an historical cost basis the comparable amounts for property, plant and equipment are:					
Cost	<b>32.3</b>	<b>2.9</b>	<b>0.2</b>	<b>15.6</b>	<b>51.0</b>
Accumulated depreciation	(18.4)	(2.9)	-	(11.3)	(32.6)
<b>Net historical cost at 31 December 2022</b>	<b>13.9</b>	<b>-</b>	<b>0.2</b>	<b>4.3</b>	<b>18.4</b>
Net historical cost at 31 December 2021	15.5	0.2	0.2	4.9	20.8

Freehold property comprises Chartered Accountants' Hall. There is a charge over Chartered Accountants' Hall in favour of the trustee of ICAEW's defined benefit pension scheme (note 24). A professional valuation of Chartered Accountants' Hall was carried out by CBRE (Commercial Real Estate Services Group), in line with the accounting policy, at 31 December 2022.

As at 31 December 2022, professional valuations were carried out for all assets held at revaluation resulting in a total increase in value of £0.4m. The rare books collection revaluation was carried out by Pickering & Chatto, the Antiques revaluation was carried out by Tim Ritchie Associates and ICAEW's historic silver collections revaluation was carried out by William Walter Antiques Limited.

At 31 December 2022 there were no contracts for capital expenditure not provided for in these financial statements (2021: £nil).



## 14. LEASES

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

	Group £m	ICAEW £m
<b>Right-of-use assets</b>		
<b>Cost</b>		
At 1 January 2021	6.5	6.5
Additions	0.1	-
At 1 January 2022	6.6	6.5
Additions	1.8	1.8
At 31 December 2022	8.4	8.3
<b>Accumulated depreciation</b>		
At 1 January 2021	6.0	6.0
Depreciation for the year	0.1	0.1
At 1 January 2022	6.1	6.1
Amortisation for the year	0.4	0.4
At 31 December 2022	6.5	6.5
<b>Carrying amount</b>		
At 31 December 2022	1.9	1.8
At 31 December 2021	0.5	0.4

### Lease liabilities

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

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
At 1 January	0.9	1.5	0.7	1.3
New leases	1.8	0.1	1.8	-
Interest charged	0.1	0.1	0.1	0.1
Lease payments	(0.9)	(0.8)	(0.8)	(0.7)
At 31 December	1.9	0.9	1.8	0.7

Lease additions in the year have been calculated using an estimated borrowing rate of 5.00% (2021: 2.75%). This has been determined using an equivalent market borrowing rate.

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

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Current	0.1	0.8	-	0.7
Non-current	1.8	0.1	1.8	-
	1.9	0.9	1.8	0.7

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

### Short lease commitments

At 31 December the Group and ICAEW had the following total future minimum lease payments under non-cancellable leases which meet the criteria of being short-term leases or leases for which the underlying asset is of low value:

#### Land and buildings

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Minimum lease payments due:				
Within one year	0.3	0.2	0.1	-
	0.3	0.2	0.1	-

## 15. INTANGIBLE ASSETS

	Group and ICAEW	
	2022 £m	2021 £m
<b>Cost</b>		
<b>At 1 January</b>	<b>34.9</b>	33.0
Additions	3.4	7.8
Disposals	(2.4)	(5.9)
<b>At 31 December</b>	<b>35.9</b>	34.9
<b>Accumulated amortisation</b>		
<b>At 1 January</b>	<b>14.5</b>	16.2
Amortisation for the year	3.1	2.8
Disposals	(0.8)	(4.5)
<b>At 31 December</b>	<b>16.8</b>	14.5
<b>Carrying amount at 31 December</b>	<b>19.1</b>	20.4

Intangible assets comprise principally software for ICAEW's internal systems, with amortisation charges allocated across ICAEW functions on the basis of system usage.

Individually significant intangible assets include internally developed software with a cost of £3.2m (2021: £3.2m) and carrying value of £2.1m (2021: £2.4m) with a remaining amortisation period of 7 years as at 31 December 2022. Additionally, internally developed software with a cost of £13.6m (2021: £13.4m) and a carrying value of £11.9m (2021: £13.6m) was brought into use during the year to replace and upgrade core IT systems which support the delivery of our strategy, including our membership, finance and customer relationship management applications. The remaining useful life of this asset at the reporting date is nine years.

No indications of impairment of intangible assets have arisen during the year.

## 16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

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	Owens and operates the ICAEW library. Provides grants for accounting research, conferences and publications
Chartered Accountants' Library Limited	Dormant subsidiary of Chartered Accountants' Trust for Education and Research
Chartered Accountants' Charitable Investment Pool	Common investment fund managing the investments of the other charitable trusts

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 £0.2m (2021: £0.3m). At the year end, the trusts owed ICAEW £nil (2021: £nil).

ICAEW made payments of £0.7m (2021: £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 ICAEW Limited and ICAEW Legal Services Compensation Scheme Limited, which are private limited companies, incorporated in England and Wales.

ICAEW Limited provides marketing support services for ICAEW through its subsidiary undertakings in Malaysia, Indonesia, Vietnam, China, the Middle East, South East Asia and Europe.

ICAEW Legal Services Compensation Scheme Limited maintains a fund to underwrite claims for compensation arising from the obligations in relation to member firms authorised or licensed under ICAEW's Legal Services Regulations.

**16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES** continued

The value of international marketing support services received from other Group companies during 2022 was £6.3m (2021: £5.7m).

At the year-end £2.2m (2021: £2.3m) was owed by ICAEW to other Group companies and £1.3m (2021: £0.3m) was owed to ICAEW.

Dividends of £0.3m (2021: £0.3m) were declared and received in the year by ICAEW from subsidiary undertaking ICAEW Limited.

The following related entities, all with their principal place of business in the UK, have been treated as associates in these financial statements. In each case, and notwithstanding the majority ownership of CCAB Limited and the Chartered Accountants' Compensation Scheme Limited, ICAEW exercises significant influence through its 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 is 60.5%.
Chartered Accountants' Compensation Scheme Limited (CACS)	Evaluates and administers claims for compensation arising from the obligations of ICAEW, the Institute of Chartered Accountants of Scotland and Chartered Accountants Ireland as recognised professional bodies under the Financial Services Act 1986 and as designated professional bodies under the Financial Services and Markets Act 2000. ICAEW is the majority shareholder but does not have the majority of voting shares on the board. ICAEW provides administration and secretarial services. ICAEW shareholding is 80.0%.
Chartered Accountants Worldwide Limited (CAW) – a company limited by guarantee	Supports, develops and promotes the vital role that chartered accountants play throughout the global economy. ICAEW is one of five founder members each of whom has guaranteed £1 in the event of the company being wound up. ICAEW provides administration and secretarial services.
Engine B Limited (Engine B)	Provides data solutions for professional services in the audit, legal and tax sectors. ICAEW shareholding is 14.4%

With the exception of Engine B Limited, the above entities operate on a not-for-profit basis.

Financial information relating to the associates is summarised below:

	JIEB 2022 £m	FAP 2022 £m	CCAB 2022 £m	CACS 2022 £m	CAW 2022 £m	Engine B 2022 £m	Total 2022 £m	Total 2021 £m
Assets	0.3	0.2	3.5	0.2	0.6	1.5	<b>6.3</b>	<b>6.3</b>
Liabilities	–	–	(3.5)	(0.2)	(0.5)	(1.1)	<b>(5.3)</b>	<b>(4.5)</b>
Net assets	0.3	0.2	–	–	0.1	0.4	<b>1.0</b>	<b>1.8</b>
Group share of net assets	–	0.1	–	–	–	0.1	<b>0.2</b>	<b>0.3</b>
Goodwill	–	–	–	–	–	0.2	<b>0.2</b>	<b>0.2</b>
Carrying value in consolidated financial statements	–	0.1	–	–	–	0.3	<b>0.4</b>	<b>0.5</b>
Revenue	0.2	0.2	8.5	0.1	0.5	1.3	<b>10.8</b>	<b>7.2</b>
Profit / (loss) from continuing operations and total comprehensive income	–	–	–	–	–	(0.8)	<b>(0.8)</b>	<b>(0.7)</b>
Services provided by ICAEW during the year, including grant funding	0.1	0.2	0.1	–	0.1	–	<b>0.5</b>	<b>0.4</b>
Services provided to ICAEW during the year	–	–	–	–	0.1	0.3	<b>0.4</b>	<b>0.1</b>
Balances receivable from associates at 31 December	–	–	0.3	0.2	–	–	<b>0.5</b>	<b>0.4</b>

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.

**16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES** continued

	Group £m	ICAEW £m
<b>Movements in investments in subsidiaries and associates:</b>		
<b>At 1 January 2021</b>	<b>0.1</b>	<b>-</b>
Additions	0.5	0.5
Share of loss of equity accounted associates recognised in Group income statement	0.1	-
<b>At 1 January 2022</b>	<b>0.5</b>	<b>0.5</b>
Share of loss of equity accounted associates recognised in income statement	(0.1)	-
<b>At 31 December 2022</b>	<b>0.4</b>	<b>0.5</b>

Additions of £0.5m in the prior year relate to the investment in Engine B Limited.

**17. FINANCIAL ASSET INVESTMENTS**

The Group invests its reserves through fund managers in short and medium term investments to derive income that supports the Group's activities. All financial asset investments are classified as at fair value through profit or loss.

Group	Interest-bearing investments 2022 £m	Equities and unit trusts 2022 £m	Total 2022 £m	Interest-bearing investments 2021 £m	Equities and unit trusts 2021 £m	Total 2021 £m
<b>Fair value</b>						
<b>At 1 January</b>	36.1	84.4	<b>120.5</b>	11.3	75.7	87.0
Additions	-	109.7	<b>109.7</b>	26.0	28.1	54.1
Disposals	(34.5)	(82.6)	<b>(117.1)</b>	(1.1)	(27.1)	(28.2)
Fair value (losses) / gains recognised in income statement	(0.7)	(6.5)	<b>(7.2)</b>	(0.1)	7.7	7.6
<b>At 31 December</b>	<b>0.9</b>	<b>105.0</b>	<b>105.9</b>	<b>36.1</b>	<b>84.4</b>	<b>120.5</b>
Presented within non-current assets	0.9	105.0	<b>105.9</b>	-	49.4	49.4
Presented within current assets	-	-	-	36.1	35.0	71.1
<b>Total financial asset investments</b>	<b>0.9</b>	<b>105.0</b>	<b>105.9</b>	<b>36.1</b>	<b>84.4</b>	<b>120.5</b>
<b>ICAEW</b>						
<b>Fair value</b>						
<b>At 1 January</b>	35.2	68.5	<b>103.7</b>	10.3	61.4	71.7
Additions	-	106.1	<b>106.1</b>	25.0	12.6	37.6
Disposals	(34.5)	(78.5)	<b>(113.0)</b>	-	(11.5)	(11.5)
Fair value (losses) / gains recognised in income statement	(0.7)	(5.6)	<b>(6.3)</b>	(0.1)	6.0	5.9
<b>At 31 December</b>	<b>-</b>	<b>90.5</b>	<b>90.5</b>	<b>35.2</b>	<b>68.5</b>	<b>103.7</b>
Presented within non-current assets	-	90.5	<b>90.5</b>	-	35.2	35.2
Presented within current assets	-	-	-	35.2	33.3	68.5
<b>Total financial asset investments</b>	<b>-</b>	<b>90.5</b>	<b>90.5</b>	<b>35.2</b>	<b>68.5</b>	<b>103.7</b>

Within Group investments are charitable trust funds of £15.4m (2021: £16.8m) 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 £0.4m (2021: £0.7m) associated with development of e-learning documents. There was no provision against learning materials at 31 December 2022 (2021: £nil).

## 19. TRADE AND OTHER RECEIVABLES - CURRENT

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade receivables and other receivables	9.3	20.7	9.1	19.8
Amounts owed by subsidiary companies	-	-	1.3	0.3
Amounts owed by associates	0.5	0.4	0.5	0.4
Prepayments	3.8	3.8	3.8	3.7
FRC Conduct Committee case cost recoveries receivable	6.9	5.4	6.9	5.4
Other accrued income	2.2	3.5	2.2	3.5
	22.7	33.8	23.8	33.1
Less: provision for impairment of trade and other receivables	(0.8)	(0.7)	(0.8)	(0.7)
	21.9	33.1	23.0	32.4

Provisions for expected credit losses on trade and other receivables at year-end were £0.8m (2021: £0.7m). The movement in the provision for expected credit losses on trade and other receivables are as follows:

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
<b>At 1 January</b>	0.7	0.7	0.7	0.7
Provision utilised in year	(0.3)	(0.3)	(0.3)	(0.3)
Impairment losses recognised during the year	0.4	0.3	0.4	0.3
<b>At 31 December</b>	0.8	0.7	0.8	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	
	2022 £m	2021 £m	2022 £m	2021 £m
More than one month but not more than three months	0.9	0.9	0.9	0.9

## 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash at bank	51.1	44.5	48.1	42.4
Amounts held on short-term money market deposits	20.2	5.1	20.2	5.1
	71.3	49.6	68.3	47.5



## 21. TRADE AND OTHER PAYABLES

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
<b>Current</b>				
Deferred income	29.3	32.0	29.3	32.0
Amounts owed to subsidiaries	-	-	2.2	2.3
Trade payables	3.0	4.5	2.9	3.8
Other payables	6.6	20.2	6.3	19.5
Lease liabilities	0.1	0.8	-	0.7
Other tax and social security	2.0	1.7	2.0	1.7
Accruals	9.3	10.5	8.5	9.4
	50.3	69.7	51.2	69.4

Deferred income due within one year comprises annual membership fees received in advance, deferred admission fees and life membership fees which are recognised over the expected period of membership, as well as deferred income relating to levies for the following year and other services. Income recognised in the Group and ICAEW income statements in the year include £32.0m (2021: £42.1m) included within the deferred income balance at the beginning of the reporting period.

	Group		ICAEW	
	2022 £m	2021 £m	2022 £m	2021 £m
<b>Non-current</b>				
Deferred income	36.8	35.2	36.8	35.2
Lease liabilities	1.8	0.1	1.8	-
	38.6	35.3	38.6	35.2

Non-current deferred income relates to admission fees and life-membership which are deferred over the expected period of membership.

## 22. FRC CONDUCT COMMITTEE

The FRC Conduct Committee is part of the Financial Reporting Council and is responsible for operating and administering two independent disciplinary schemes: the Audit Enforcement Procedure (AEP, from June 2016) and the Accountancy Scheme. These disciplinary schemes cover members of ICAEW as well as a number of other accountancy bodies in the UK and Ireland.

ICAEW has a statutory obligation to reimburse the FRC for costs resulting from investigations and disciplinary actions brought by the FRC Conduct Committee against ICAEW members or member firms that are registered by ICAEW to carry out regulated work. FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in 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.

ICAEW levies charges on its member firms in order to partially finance the costs of FRC Conduct Committee cases as they fall due.

Under the Accountancy Scheme, any fines levied are remitted by the FRC to ICAEW. Under the AEP, fines are remitted by the FRC to HM Treasury.

A provision is recognised for the estimated costs of completing the current stage of each open investigation or disciplinary case as at the reporting date, net of the estimated proportion of 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 a case proceeding past the current stage is highly uncertain and outside the control of ICAEW. Therefore, a provision is recognised in respect of the current stage of open cases, and a contingent liability is disclosed in respect of the possible obligation that may arise as a result of cases proceeding into subsequent stages before they are concluded (note 27).

Provisions in respect of FRC Conduct Committee case costs are derecognised at the point the costs are invoiced or, where costs are notified but not yet invoiced, recognised in accruals. Expected cost recoveries relating to case costs already paid by the ICAEW are presented in other receivables.

At the year-end, the provision covers a total of 36 (2021: 40) open cases involving ICAEW members and member firms. As the provision covers the current stage of all cases, it is likely that the majority of the provision will be utilised within one year. The provision value is affected both by the number of cases open at the reporting date and the progression of those cases through the various stages, with earlier stages tending to bear lower costs than latter stages.

The value of estimated cost recoveries presented in other receivables is likewise dependent on the number of open cases and the progression of open cases through the stages.

As described in more detail below, there is a significant level of estimation uncertainty concerning value of the FRC Conduct Committee provision together with the value of estimated cost recoveries presented within other receivables.

### 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 has been derived based on a case-by-case assessment of costs to complete the current stage, taking account of discussions with the FRC on case progress.

Estimated cost recoveries relating to costs already paid to FRC are shown within other receivables.

The estimated case costs and recoveries have been derived taking account of the size, complexity and type of scheme under which each investigation is conducted.

The FRC case cost provision reflects expected costs and cost recoveries based on historical averages, calculated for cases under each type of scheme. In estimating expected cost recoveries, historical average recovery rates have been adjusted with consideration as to the risks associated with specific large, complex open cases over which there remains significant uncertainty around the level of costs that may be awarded and ultimately recovered.

Taking the FRC case cost provision together with cost recoveries accrued within other receivables, the aggregated balance in the statement of financial position has a range of between £3.0m to £9.9m net asset position (2021: £0.8m to £8.4m net asset position).

The range has been derived with consideration given to the possible variability in costs and achievable cost recoveries, based on past experience of closed cases from each type of scheme.

### Income

During the year, ICAEW has collected levies from member firms in relation to FRC Conduct Committee amounting to £6.9m (2021: £7.6m). Fine income received during the year on conclusion of FRC Conduct Committee Accountancy Scheme cases came to £14.9m (2021: £13.5m).

**22. FRC CONDUCT COMMITTEE** continued**Expenditure**

Amounts charged / (credited) to income statement in relation to FRC Conduct Committee expenditure were as follows:

	2022 £m	2021 £m
Amounts provided in the year for FRC Conduct Committee case costs	7.0	4.5
Estimated future recoveries of case costs recognised in the provision in year	(1.3)	(1.9)
Estimated future recoveries of case costs already realised, recognised in other receivables in year	(6.9)	(5.4)
Cost recoveries realised in excess of those previously accrued	-	(1.6)
<b>Net credit to income statement</b>	<b>(1.2)</b>	<b>(4.4)</b>

**Statement of Financial Position**

Movements in the FRC Conduct Committee provision are presented below along with movements in the balance of estimated future cost recoveries reported within other receivables:

	Group and ICAEW			
	Estimated case costs £m	Estimated cost recoveries £m	Total provision £m	Other receivables – accrued cost recoveries (note 19) £m
<b>Liability / (asset) at 1 January 2021</b>	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)
<b>Liability / (asset) at 1 January 2022</b>	<b>5.8</b>	<b>(1.9)</b>	<b>3.9</b>	<b>(5.4)</b>
Amounts utilised in year	(7.9)	-	(7.9)	-
Case cost recoveries transferred to other receivables	-	1.0	1.0	(1.0)
Previously accrued case cost recoveries realised in year	-	-	-	6.4
Amounts charged / (credited) to income statement in year	7.0	(1.3)	5.7	(6.9)
<b>Liability / (asset) at 31 December 2022</b>	<b>4.9</b>	<b>(2.2)</b>	<b>2.7</b>	<b>(6.9)</b>

Included in accruals (see note 21) are liabilities of £1.0m (2021: £3.0m) in relation to costs finalised with the FRC but not yet invoiced, offset by cost recoveries of £1.0m (2021: £3.0m) for cases that have been concluded but not yet received as at year-end.

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 offset against costs shown in accruals.

## 23. PROVISIONS FOR FUTURE LIABILITIES

	Group and ICAEW		
	Dilapidations £m	Other £m	Total £m
<b>At 1 January 2021</b>	0.8	1.7	2.5
Amounts utilised	-	(1.7)	(1.7)
Amounts charged to income statement in year	-	0.7	0.7
<b>At 1 January 2022</b>	<b>0.8</b>	<b>0.7</b>	<b>1.5</b>
Amounts utilised	-	(0.7)	(0.7)
Amounts charged to income statement in year	0.3	-	0.3
<b>At 31 December 2022</b>	<b>1.1</b>	<b>-</b>	<b>1.1</b>

The provision for dilapidations is expected to be utilised on exit from the relevant leased property. The lease runs until 2028. The actual outflows will vary dependent upon any subsequent agreements with the landlord. Other provisions relate to holiday pay provisions and restructuring costs. Liabilities in respect of holiday pay at 31 December 2022 are presented within accruals.

## 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 and as such, the Trustee is responsible for operating the scheme and has a statutory responsibility to act in accordance with the scheme's Trust Deed and Rules, in the best interest of the beneficiaries of the scheme, and in accordance with UK law. The scheme was closed to future accrual on 30 June 2010 and as such, current service costs no longer arise in the income statement.

The most recent actuarial valuation, prepared on a technical provisions basis, showed a surplus of £12.4m as at 31 March 2022, with a market value of scheme assets of £213.9m and scheme liabilities of £201.5m equating to a funding level of 106% on a technical provisions basis. A desktop valuation prepared by the Scheme Actuary at 31 December 2022 shows that the scheme continues to be in surplus with a funding level of 106%. The actuarial valuation prepared on a technical provisions basis differs from the valuation under IAS 19 mainly due to the differing approaches to determining the discount rate assumption.

A Schedule of Contributions has been agreed which requires ICAEW to continue paying scheme expenses, except for those in relation to investment management, and any other contributions as required from time to time on the advice of the Scheme Actuary under the scheme's Deed and Rules. As the scheme is in surplus a Recovery Plan is not required following the latest actuarial valuation.

The previous Schedule of Contributions and Recovery Plan remained in place until 31 December 2022. Deficit contributions payable until this date were subject to a trigger mechanism under which contributions ceased from 1 March 2021, as the triggers to cease contributions had previously been met. The funding level has remained above the trigger level until 31 December 2022 and therefore ICAEW has not been required to pay contributions during the year and up until the date of signing these financial statements.

In conjunction with the latest triennial valuation of the scheme, ICAEW agreed to the continuation of a charge over its freehold property, Chartered Accountants' Hall. The fair value of this property is £27.0m (2021: £28.0m) as at 31 December 2022 (note 13).

In preparing these financial statements, the scheme has been valued under IAS 19 by a qualified actuary based on assumptions which management feel are most appropriate. Because of changing market and economic conditions, the expenses and liabilities arising under the scheme in the future may differ materially from the estimates made on the basis of the actuarial assumptions. The effects of any change to these assumptions are accounted for in the next financial year within other comprehensive income.

The defined benefit pension scheme typically exposes ICAEW to a level of financial risk including investment risk, inflation risk, interest risk and mortality risk. A description of these risks is provided below.

Investment risk	The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on scheme assets is below this rate, a deficit is created. Currently the scheme has a relatively high proportion of scheme assets invested in insurance contracts which exactly hedge risk on insured liabilities.
Inflation risk	The majority of the benefits under the fund are subject to inflationary increases year on year and therefore changes in inflation rate will affect the value of the scheme liabilities.
Interest risk	A decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return on the scheme's debt investments.
Mortality risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the liability.

**24. PENSION BENEFITS** continued

The assumptions made in valuing the scheme under IAS 19 were as follows:

	2022	2021
Discount rate	<b>4.75%</b>	1.85%
Pension increase rate per annum	<b>3.05%</b>	3.25%
Rate of inflation (RPI)	<b>3.10%</b>	3.35%

The mortality assumptions used to calculate the pension liabilities reflect expected future life expectancies as follows:

	2022 Years	2021 Years
Pensioners male – Age 65	<b>22.9</b>	23.3
Pensioners female – Age 65	<b>25.0</b>	24.6
Non-pensioners male	<b>24.2</b>	24.7
Non-pensioners female	<b>26.5</b>	26.6

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 15.7 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.

2022	Number of members	Liability split	Duration years
Deferred members	231	38.4%	20.4
Pensioners	441	61.6%	12.8
<b>Total/weighted average</b>	<b>672</b>	<b>100%</b>	<b>15.7</b>

2021	Number of members	Liability split	Duration years
Deferred members	250	39.7%	20.6
Pensioners	430	60.3%	12.5
<b>Total/weighted average</b>	<b>680</b>	<b>100%</b>	<b>15.7</b>

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.

2022	Change in assumption	Change in scheme liabilities	Change in surplus
Discount rate	Increase/(decrease) by 0.5% pa	(Decrease)/increase by 6%	Increase / (decrease) by £8.3m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 4%	(Decrease) / increase by £5.6m
Mortality	Increase by 1 year	Increase by 4%	Decrease by £5.3m

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
Mortality	Increase by 1 year	Increase by 4%	Decrease by £4.1m

ICAEW considers that it has an unconditional right to a refund of surplus contributions in accordance with IFRIC 14, assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme. Management have made the judgement that these amounts meet the requirements of recoverability and a surplus of £15.5m (2021: £23.0m) has been recognised as a pension asset in the statement of financial position.



**24. PENSION BENEFITS** continued

The amounts recognised in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit plans are as follows:

	2022 £m	2021 £m
Present value of defined benefit obligations	(133.6)	(197.2)
Fair value of plan assets	149.1	220.2
<b>Net pension asset</b>	<b>15.5</b>	<b>23.0</b>
<b>Defined benefit obligations</b>		
Opening defined benefit obligation	197.2	206.4
Interest on obligation	3.6	2.5
Actuarial gains and losses arising from changes in assumptions:		
Changes in demographic assumptions	(1.7)	(0.3)
Changes in financial assumptions	(68.4)	(7.3)
Experience losses	10.3	4.6
Benefits paid	(7.4)	(8.7)
Closing defined benefit obligation	133.6	197.2
	2022 £m	2021 £m
<b>Fair value of plan assets</b>		
Opening fair value of plan assets	220.2	228.9
Interest income on scheme assets	4.0	2.8
Return on scheme assets excluding amounts included in net interest	(67.7)	(2.8)
Benefits paid	(7.4)	(8.7)
Closing fair value of plan assets	149.1	220.2

The experience losses shown above arise from the difference between actual and expected inflation, as well as the impact of new membership data.

Scheme administration costs of £0.7m (2021: £0.5m) were borne directly by ICAEW.

Plan assets are categorised as follows:

	2022 £m	%	2021 £m	%
<b>Quoted investments</b>				
Debt securities - government bonds	31.1	21	37.6	17
Absolute return bond	1.0	1	46.3	21
Asset backed securities	37.4	25	-	-
Cash and cash equivalents	10.5	7	40.7	18
<b>Unquoted investments</b>				
Insurance contracts	69.1	46	95.6	44
	149.1	100	220.2	100

As part of the continued process to manage scheme volatility, the Trustee has purchased three buy-in annuity insurance contracts to provide funding for certain scheme liabilities. These insurance contracts are in the name of the Trustee and, as such, are assets of the scheme. The corresponding insured pension liabilities remain as liabilities of the scheme. These insurance contracts are recognised at a value equal to the value of the insured liabilities as measured in accordance with IAS 19.

**24. PENSION BENEFITS** continued

Amounts recognised in the income statement within staff costs are as follows:

	2022 £m	2021 £m
Net interest income on plan assets	4.0	2.8
Interest on defined benefit obligation	(3.6)	(2.5)
	0.4	0.3

Amounts recognised as other comprehensive income:

	2022 £m	2021 £m
Return on scheme assets (excluding amounts included in net interest)	(67.7)	(2.8)
Actuarial gain on changes in demographic assumptions	1.7	0.3
Actuarial gain on changes in financial assumptions	68.4	7.3
Experience losses	(10.3)	(4.6)
Actuarial (loss)/gain recognised in other comprehensive income	(7.9)	0.2

**Defined contribution scheme**

The defined contribution scheme provides benefits based upon contributions paid and investment returns achieved. The assets of the scheme are held in a separate trustee fund. ICAEW contributes 9% of pensionable earnings for participating employees. Employees contribute a minimum of 4%. The amount charged to the income statement during the year for these schemes was £3.4m (2021: £3.2m). There were no contributions payable to the scheme at the year-end date (2021: £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. In 2022 these payments in aggregate amounted to £2.9m (2021: £2.3m). Of this, £1.0m (2021: £0.5m) was paid for services to member firms which have a partner or employee who is a member of Council. Expenses reimbursed to individual Council members, incurred in performance of their duties amounted to £211,000 (2021: £39,000) in total.

Transactions and balances between ICAEW and its subsidiaries and associates are set out in note 16 above.

**26. RESERVES**

ICAEW reserves policies ensure that reserves are set at a level equivalent to six months of expenditure through the income statement and for cash and investment balances to be at least sufficient to cover six months of annual expected gross cash expenditure. The balance at the end of 2022 was in accordance with this reserves policy.

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, 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 (2021: £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 RSB ICAEW has a statutory obligation to reimburse the FRC for the costs incurred in relation to investigations and disciplinary action against an ICAEW member, or member firms registered by ICAEW to conduct audit work under the Audit Enforcement Procedure and the Accountancy Scheme. This obligation continues to the end of a case but the decision to progress a case to the next stage is made by the FRC on completion of the current stage of an investigation.

The estimated cost of completing the current stage of each case has been recognised in the FRC case cost provision (note 22). However, it is possible that a number of the current cases could progress to subsequent stages, and this will be determined by the FRC at the end of each stage.

The contingent liability that could arise should all cases open at 31 December 2022 proceed through all stages of the disciplinary procedure, over and above amounts already provided for, has been estimated to be in the range of £16.0m to £26.0m (2021: £20.0m to £30.0m). This is before any recovery of case costs relating to future stages from members or member firms subject to the cases. Based on past experience, the net contingent liability after allowing for an estimation of cost recoveries would be between £8.0m and £14.0m (2021: £13.0m to £21.0m).

ICAEW levies charges on its member firms in order to partially finance the costs of FRC Conduct Committee cases as they fall due.

Chartered accountants are talented, ethical and committed professionals. 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.

[www.charteredaccountantsworldwide.com](http://www.charteredaccountantsworldwide.com)  
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\* Source: CAW, 2020 – Interbrand, Best Global Brands 2019