



ICAEW ANNUAL REPORT AND FINANCIAL STATEMENTS 2025

THRIVING IN TRANSFORMATION



WHO WE ARE AND WHAT WE DO

The Institute of Chartered Accountants in England and Wales (ICAEW) [RC000246] is a chartered professional body and operates in the public interest under the terms of our Royal Charter, awarded to us in 1880, and the Supplemental Charter of 1948.

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

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

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

We support our members throughout their careers and professional activities.

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

We have a regulatory role in the UK which enables us to improve the professional standards of our members and member firms and protect the public interest. This role is carried out by our Professional Standards Department (PSD) and overseen by the ICAEW 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.

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FINANCIAL HIGHLIGHTS

£149.1m

TOTAL OPERATING INCOME

£2.0m

NET RESULT AFTER TAX

£65.3m

FEES AND SUBSCRIPTIONS INCOME

£189.4m

TOTAL RESERVES

£336.7m

TOTAL ASSETS

£32.7m

LEARNING INCOME

OPERATIONAL HIGHLIGHTS

173,804

TOTAL MEMBERSHIP

37,834

TOTAL ACA STUDENTS

29,060

INTERNATIONAL MEMBERS

0.9%

MEMBERSHIP GROWTH

10,750

NEW ACA STUDENTS

150

COUNTRIES

CHAIR OF THE BOARD'S FOREWORD

"In 2025 ICAEW set its sights on meeting the demands of a new global environment and future-proofing the profession."

Peter Wyman FCA
Chair of the Board



With an unprecedented pace of change reshaping the role of the chartered accountant, in 2025 ICAEW set its sights on meeting the demands of a new global environment and future-proofing the profession.

The Board has worked to provide the clarity, challenge and foresight required for ICAEW to navigate this landscape with confidence. Throughout the year, our role has been to support ICAEW's transformation by strengthening strategic oversight and ensuring decisions are grounded in the opportunities and risks that will define the decade ahead.

This was our first full year as a reconstituted Board and we used it to reinforce the foundations of effective governance. We embedded clearer decision-making frameworks, improved the quality of insight brought to the Board and enhanced how

we scrutinise organisational performance. The positive findings of our external Board effectiveness review affirmed this direction and its recommendations are already shaping how we operate.

Our collaboration with Council has been central. Working together to develop and approve *Direction 2030* created a unified strategic architecture for ICAEW and reinforced the respective roles of Board and Council in stewarding ICAEW's long-term ambition.

We also broadened the Board's external perspective through

structured horizon scanning discussions with leaders across business regulation, audit and global markets. These insights have strengthened our understanding of the forces influencing ICAEW's future role and informed the challenge and support we provide to the executive.

As we look to 2026, the Board remains focused on overseeing delivery of *Direction 2030* and ensuring ICAEW has the clarity, capability and resilience to serve students, members, firms, stakeholders and society with distinction.

Peter Wyman FCA
Chair of the Board

CHIEF EXECUTIVE'S FOREWORD

"2025 was a defining year for ICAEW, one in which we began a significant period of transformation while staying true to our strengths."

Alan Vallance FCA
Chief Executive



2025 was a defining year for ICAEW, one in which we began a significant period of transformation while staying true to the strengths and values that define our profession. *Direction 2030* set out a bold vision for the future and this report reflects how we have started to put that vision into practice.

Throughout the year, we invested in strengthening our organisation, refreshing our Executive Team and undertaking essential organisation development work. While the full transition to a new operating model will take effect in early 2026, the foundations laid in 2025 are already helping us evolve with greater clarity and purpose.

We also made important progress across the profession. We launched the Next Generation ACA to modernise our flagship qualification, as well as new AI and Sustainability accelerators, to support members in building vital skills for the future. Our voice grew stronger too, informed by insight from members and heard

more confidently in national and international conversations.

Interest in our qualifications remained high: 10,750 students joined us globally and overall membership rose to 173,804. Our financial performance remained steady, with growth in key income streams supporting continued investment in our priorities, even as planned increases in operational expenditure reduced our net result after tax.

Significant work continued this year on the proposed merger with CIPFA, which progressed through detailed scrutiny. This alignment has the potential to create a more resilient and connected profession, focused on the public interest.

2025 created real momentum. As we look ahead to 2026, we will build on this momentum by deepening member engagement, strengthening our partnerships and delivering the next phase of our strategic commitments. We do so in the midst of continued economic uncertainty and wider geopolitical complexities that are likely to shape the environment in the year ahead, a reminder of the critical role ICAEW plays in supporting our members, stakeholders and the public interest.

Alan Vallance FCA
Chief Executive

MESSAGE FROM OUR PRESIDENT

“It has been a privilege as ICAEW President to visit our members across the world and hear their insights and experiences.”

Derek Blair FCA
President



As an ICAEW member and small practice founder, I recognise first-hand the changes impacting our profession and the wider business community. Chartered accountants’ ever-evolving responsibilities and skillsets are helping organisations of all types and sizes navigate through this period of intense transformation.

It has been a privilege as ICAEW President to visit our members across the world and hear their insights and experiences during this transformation, and to discuss how we support them to tackle the challenges and embrace the opportunities. I’ve been reminded just what a broad church our global membership is, and the strength we draw from that diversity of knowledge, skills and experience.

2025 was a tremendous year for ICAEW, marked by the launch of our Next Generation ACA and new training programmes, together

with an even sharper focus on member support. I’m particularly proud that we are acting assertively on the findings of our member survey and going to even greater lengths to understand the needs and priorities of our members and firms in all parts of the profession.

I’d like to offer my thanks to our global network of volunteers, whose contributions help guide our direction, shape our operations and ensure we continue to act in the interests of our members and the wider public.

My thanks also to all the staff who have supported me to perform my duties as President, and to past presidents Mark Rhys and Malcolm Bacchus; Deputy-President, Caroline Smale; and Vice-President, Rob Tindle, for their constant encouragement and for sharing the office-holder journey with me.

It has been an honour to serve as ICAEW President during this period of transformation; our institute and our profession are playing a pivotal role in this shifting global economy and I believe our future is very bright.

A handwritten signature in black ink, appearing to read 'Derek Blair'.

Derek Blair FCA
President

THANK YOU TO OUR GLOBAL NETWORK OF VOLUNTEERS

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

Many of our members serve on ICAEW Council, the Board, governance committees and advisory groups, playing a vital part in ensuring that ICAEW continues to meet its objectives. Our volunteers also play an essential role in promoting the profession and supporting other members and students. This varies from mentoring to speaking at events, enabling the profession to continue to be open to everyone.

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.

ICAEW STRATEGY - DIRECTION 2030

As ICAEW approaches its 150th anniversary in 2030, we're setting our sights firmly on the future, building on our legacy of past achievements and re-energising our institute.

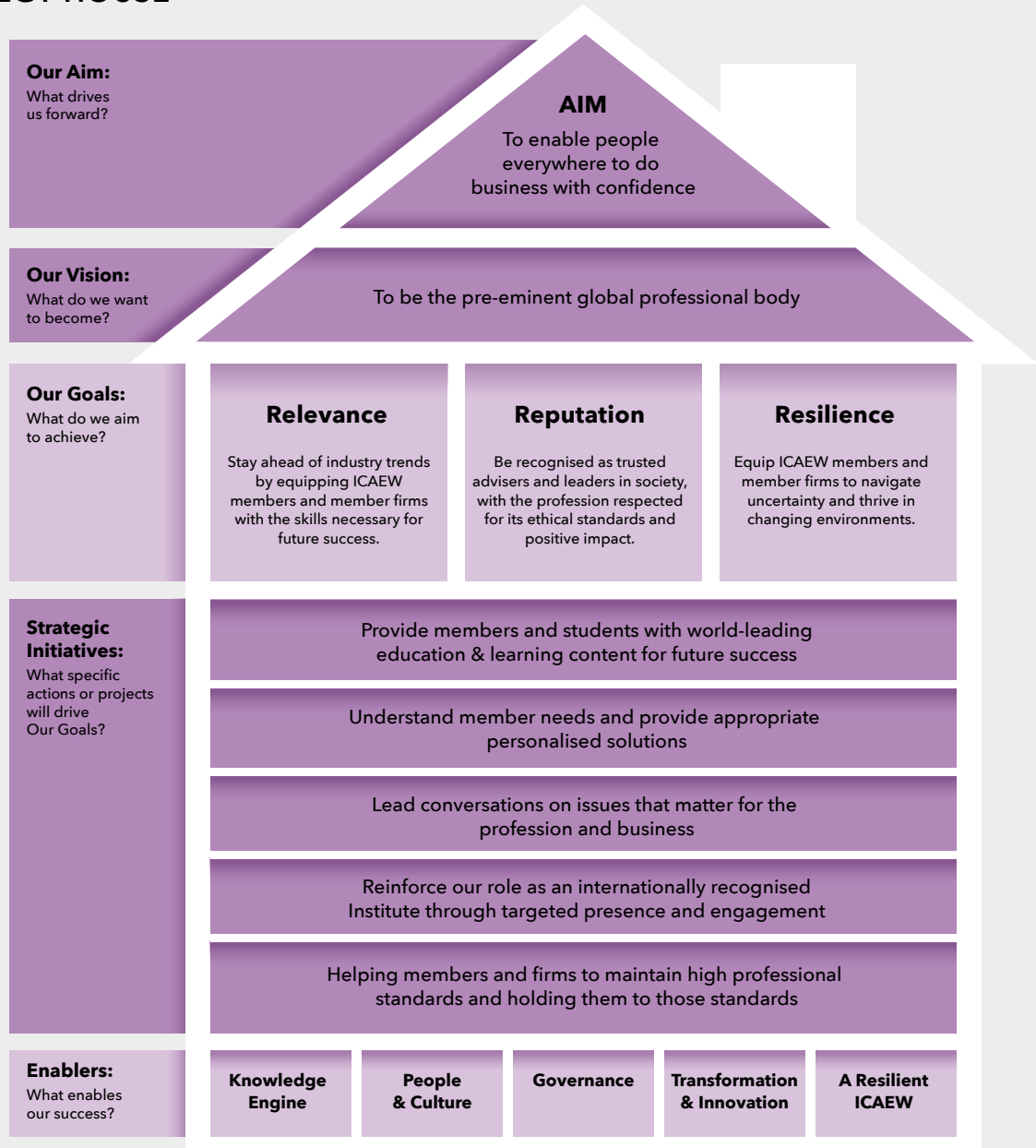
With business and society undergoing significant transformation, our profession faces unprecedented challenges and exciting opportunities.

Our new strategy, *Direction 2030*, launched in 2025, drives forward the momentum of our previous strategy, providing a framework within which we will empower our members and member firms to navigate successfully through this transformation - realising our aim to enable people everywhere to do business with confidence and our vision to be the pre-eminent global body for chartered accountants.

We are focused on delivering specific goals against three themes - Relevance, Reputation and Resilience - and are organising our efforts and resources accordingly.

Supporting these goals is a set of Strategic Initiatives that is guiding the development of detailed actions, around which this report is shaped.

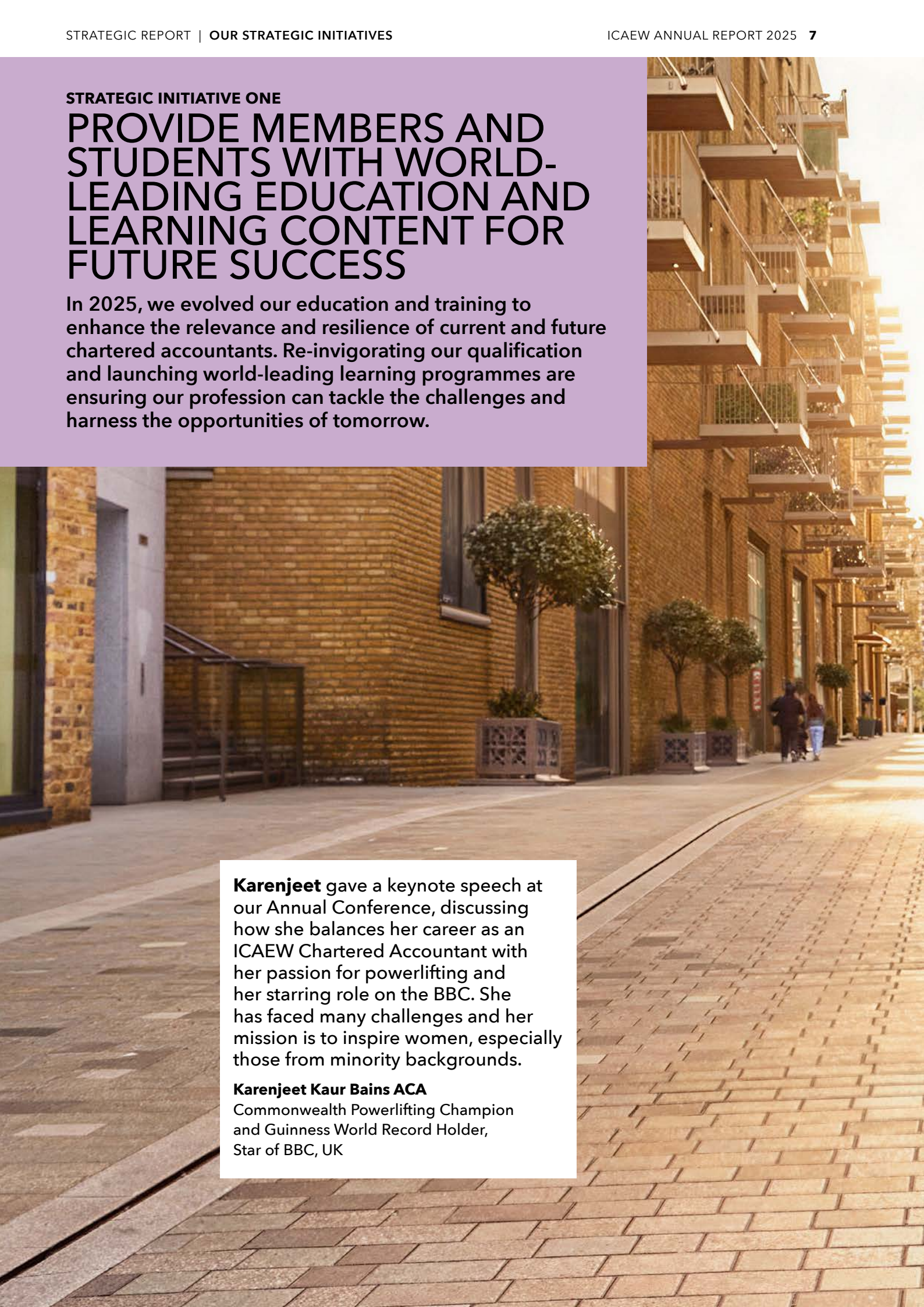
STRATEGY HOUSE



STRATEGIC INITIATIVE ONE

PROVIDE MEMBERS AND STUDENTS WITH WORLD-LEADING EDUCATION AND LEARNING CONTENT FOR FUTURE SUCCESS

In 2025, we evolved our education and training to enhance the relevance and resilience of current and future chartered accountants. Re-invigorating our qualification and launching world-leading learning programmes are ensuring our profession can tackle the challenges and harness the opportunities of tomorrow.



Karenjeet gave a keynote speech at our Annual Conference, discussing how she balances her career as an ICAEW Chartered Accountant with her passion for powerlifting and her starring role on the BBC. She has faced many challenges and her mission is to inspire women, especially those from minority backgrounds.

Karenjeet Kaur Bains ACA

Commonwealth Powerlifting Champion
and Guinness World Record Holder,
Star of BBC, UK

10,750
NEW ACA STUDENTS



STRATEGIC INITIATIVE ONE**PROVIDE MEMBERS AND STUDENTS WITH WORLD-LEADING EDUCATION AND LEARNING CONTENT FOR FUTURE SUCCESS****NEXT GENERATION ACA**

The launch of our [Next Generation ACA](#) in September was a landmark moment for the profession.

With the global economy facing a new and evolving raft of complex challenges, the need for effective, agile and ethical leadership is greater than ever. This was the driving force behind the most fundamental overhaul of our flagship qualification in more than a decade.

The Next Generation ACA:

- was developed in consultation with employers, students and education experts;
- integrates the themes of sustainability, technology and ethics at the heart of its content; and
- introduces a ground-breaking new Specialised Learning component.

The result of this will be ICAEW Chartered Accountants who are equipped with the professional and technical skills needed for the future of work.

SUSTAINABILITY ACCELERATOR AND ASSURANCE CERTIFICATE

With the transition to a more sustainable economy becoming one of the biggest challenges for businesses, investors and regulators, we're investing in supporting our members to thrive in this area.

In February, we launched our [Sustainability Accelerator Programme](#) to equip finance professionals with foundational knowledge on sustainability and ESG, building a base for future leadership in these areas.

The programme incorporates our popular Sustainability Certificate and consists of a flexible series of e-learning modules to make complex topics accessible and actionable for those at all levels in both business and practice.

Users can choose from a comprehensive suite of more than 50 modules, including areas such as carbon accounting, scenario planning and sustainability assurance, to suit as required.

By the end of 2025, 16,226 people had enrolled in the programme.

In October, we launched our [Sustainability Assurance Certificate](#) to equip members with the knowledge and practical tools to deliver high-quality sustainability assurance in line with emerging standards.

GEN AI ACCELERATOR

Generative AI is transforming the way we work, think and lead, providing exciting opportunities for finance professionals.

Our [GenAI Accelerator Programme](#), launched in August, is designed to build on foundational professional skills by providing practical, hands-on experience with tools like ChatGPT and CoPilot, applied directly to users' day-to-day work.

The programme consists of eight courses with bitesize modules, each focusing on a critical aspect of GenAI in finance. The courses feature step-by-step prompting, use cases and demonstrations, teaching how to use tools to enhance your work, make better decisions and unlock new opportunities.

In 2025, we delivered **113,121** exams, including apprenticeship assessments and Pathways exams.



The launch of the Next Generation ACA at Chartered Accountants' Hall in September included a panel discussion about the changes.

By the end of the year, the programme's "Fundamentals of AI" course had received more than 4,000 enrolments, with nearly 2,000 already achieving the certificate.

EMBEDDING NATURE INTO BUSINESS

In October, we published [Embedding nature into business - A primer for finance teams](#), as part of A-Track, a four-year EU-funded project accelerating action towards nature-positive economies. The primer provides foundational knowledge for finance teams, including key concepts, practical steps and case studies.

We promoted the resource through an introductory webinar in October, attracting more than 230 finance and sustainability professionals, and a training event in November.

These activities help finance teams integrate nature into core processes, supporting effective decision-making and long-term resilience.

Our future contributions to A-Track will continue the momentum begun by the primer, including additional resources, case studies and a troubleshooting session in 2026.

ICAEW ANNUAL CONFERENCE

Our [Annual Conference](#), held in October, brought together more than 670 business and finance professionals in central London for insights and networking.

The event sold out for the third year running and was built around "Thriving in transformation", delving into the themes of sustainability, technology and leadership, helping delegates learn how to adapt and grow.

Chaired by BBC correspondent Emma Vardy, delegates heard from keynote speakers including Chief Economist at the Bank of England, Huw Pill, and former Cabinet Secretary and ICAEW member, the Rt. Hon. Justine Greening, on growth, risks and opportunities in the UK economy. Other inspirational stories were told by former England footballer, Jill Scott MBE, and ICAEW member Karenjeet Kaur Bains, better known as Athena from TV's *Gladiators* and a Commonwealth Powerlifting Champion.

ACCESS TO THE PROFESSION

Rise

The ICAEW-led [Rise](#) initiative promotes social mobility. Working together with employers, we help young people in underserved communities develop essential skills like teamwork, creativity and problem solving.

In 2025, Rise reached more than 100,000 young people across the UK, with volunteers contributing more than 1,500 hours of their time. The initiative is now supported by 50 organisations and during the year was shortlisted for three awards and featured as a case study of best practice in the professional services sector plan of the UK Government's Industrial Strategy.

Access Accountancy

[Access Accountancy](#) aims to improve the hiring and progression of young people from low socio-economic backgrounds within the profession in the UK. Since 2014, more than 6,000 work experience placements have been completed by disadvantaged students, helping them develop vital business skills and explore routes into accountancy.

Eight new organisations joined the programme in 2025, taking the total number of signatories to 34. As Chair, we continue to look for ways to widen Access Accountancy's impact on social mobility within the profession.

More than **670** delegates attended our sold-out Annual Conference.

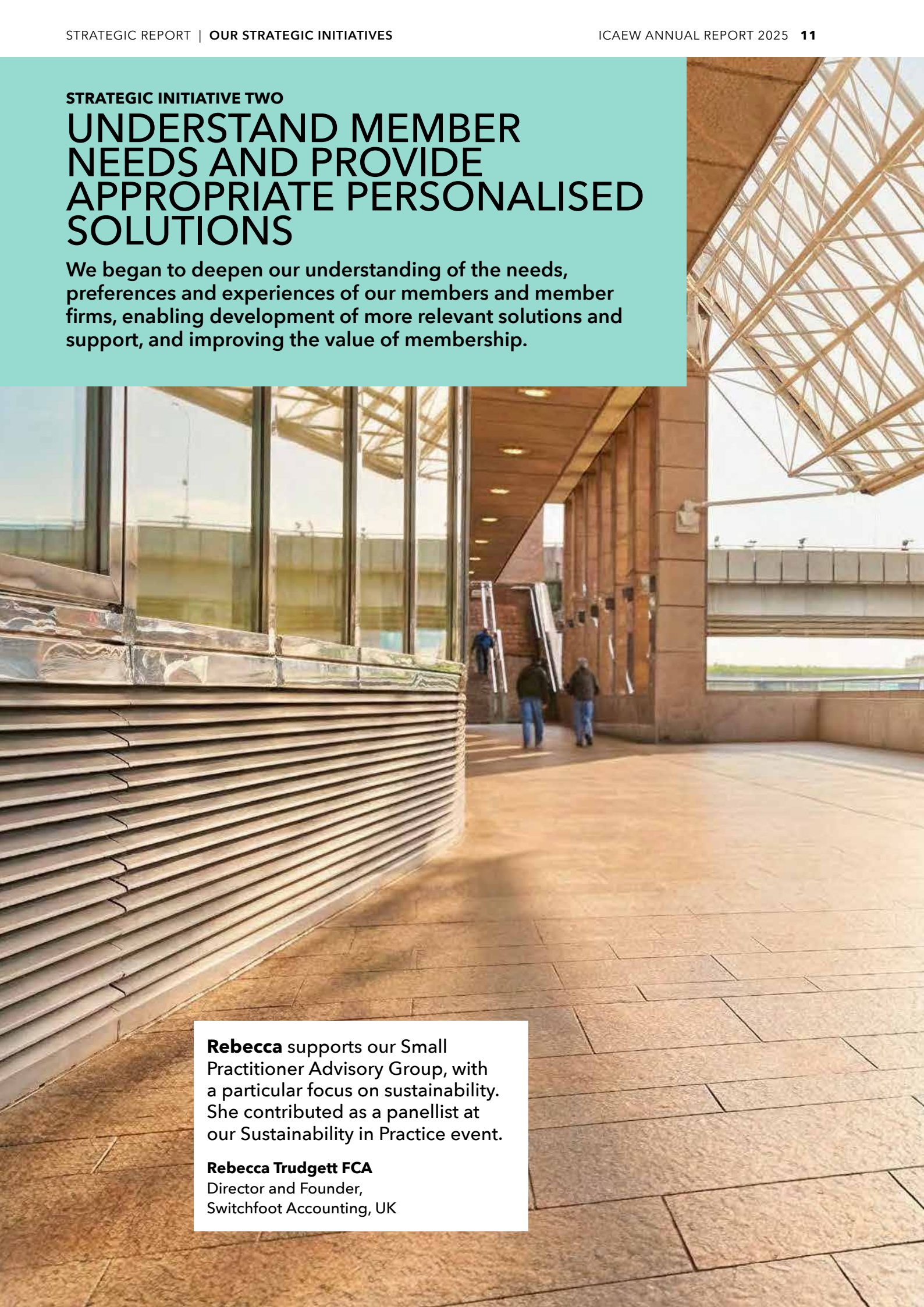


Chief Executive, Alan Vallance, delivered the welcome address at the ICAEW Annual Conference 2025.

STRATEGIC INITIATIVE TWO

UNDERSTAND MEMBER NEEDS AND PROVIDE APPROPRIATE PERSONALISED SOLUTIONS

We began to deepen our understanding of the needs, preferences and experiences of our members and member firms, enabling development of more relevant solutions and support, and improving the value of membership.



Rebecca supports our Small Practitioner Advisory Group, with a particular focus on sustainability. She contributed as a panellist at our Sustainability in Practice event.

Rebecca Trudgett FCA
Director and Founder,
Switchfoot Accounting, UK



173,804
ICAEW MEMBERS

STRATEGIC INITIATIVE TWO

UNDERSTAND MEMBER NEEDS AND PROVIDE APPROPRIATE PERSONALISED SOLUTIONS

ICAEW MEMBER SURVEY

Following our comprehensive member survey in the second half of 2024, in May 2025 we published a [summary of the results](#).

Headline findings showed that:

- the more our members interact with us, the more satisfied they are with their membership overall;
- the prestige and status of the ACA qualification are the most valued benefits of membership;
- members look to us for a wide range of professional development and support; and
- members regard technology and AI as the biggest challenges and opportunities for the profession.

There is also a desire for improvements in the relevance of our communications and greater ability to feed back to us on important issues.

Among other initiatives, as a result of this survey we are acting to:

- deliver even better value for money for our members;
- continue evolving and strengthening our professional development offerings; and
- enhance the global recognition of our members and the profession.

We’re also strengthening our focus on creating meaningful engagement opportunities and building a greater sense of belonging.

We want to continue hearing from our members and welcome and encourage further feedback via memberfeedback@icaew.com.

EVOLUTION OF MID-TIER ACCOUNTANCY FIRMS

Our inaugural report on the evolution of mid-tier accountancy firms in 2024 provided valuable insights and was extremely well-received – so in 2025 we again asked UK mid-tier firms to share their thoughts on the key issues impacting the profession and what these mean for the future.

Undertaken between February and March, the [research](#) reflects the views and experiences of a broad cross-section of the mid-tier – covering the themes of growth, firm structure, talent and skills, technology and service lines.

The new insights reflect both a continuation of the trends and pressures reported in last year’s research and some new areas of focus based on emerging challenges and opportunities. Key findings include private equity investment emerging as the most significant macro trend influencing the profession, consolidation activity continuing at pace, developing and

In 2025, we held **1,576** events globally – attracting **262,344** bookings and an additional **57,429** post-event on-demand bookings.



Esther Mallowah FCA spoke at our inaugural AI Assurance Conference, which brought together key industry players including assurance providers, businesses, policymakers and academics to explore the role of AI Assurance in promoting responsible AI adoption and innovation.

acquiring skills remaining critical, and data management and cybersecurity as the priority areas for technology investment.

This critical piece of work ensures ICAEW remains at the forefront of the link between policy evolution and member engagement and strategic development, deepening our understanding of issues impacting this segment of our membership, enhancing our relevance and shaping our events, guidance and wider support.

BENEFITSPLUS

Inspired by member feedback, and to improve further the value of ICAEW membership, in 2025 we replaced Member Rewards with our new [BenefitsPlus](#) scheme.

We want to offer our members more relevant resources, which are better tailored to their professional and personal lives.

The new and improved programme offers access to a range of professional products and services including insurance, cyber security, ESG, AML, employment law, fee finance solutions and more.

It also offers deals on popular brands in areas including health insurance, dining out, fashion and travel.

AWARDS IN 2025

- ‘The World’s Fastest Accountant’ campaign - PPA Independent Publisher Awards’ Campaign of the Year and Video Content of the Year, and Memcom Awards’ Best Use of Video
- Best Integrated Membership Campaign and Best Podcast at the Memcom Awards
- Best Brochure at *The Times* Graduate Recruitment Awards
- Shortlisted at the Recruitment Marketing Awards for Best Video (up to £15k), Best Print Collateral and Best Early Careers Initiative




Over 140 people attended our Black Members Gala Dinner in October to mark Black History Month, with inspiring speakers talking about “Standing Firm in Power and Pride”.

STRATEGIC INITIATIVE THREE

LEAD CONVERSATIONS ON ISSUES THAT MATTER FOR THE PROFESSION AND BUSINESS

Our reputation and influence continued to grow, with increased coverage of our business research, and our insights feeding into government policy. We spoke with a bolder voice, ensuring that our members remain at the forefront of relevant debates and helping shape and lead discussions on key issues.



Through podcasts and articles, **Anne** supported our growth campaign, aimed at tackling barriers holding businesses back and promoting a sustainable UK economy. She also championed our Portfolio Careers Community via webinars and live events. A leader in the fractional space, Anne is now a founder focused on innovating the future of accounting technology.

Anne Allibone ACA

Fractional CFO, Founder of Finzu, UK



24,599
SUBSCRIBERS TO OUR
BUSINESS CONFIDENCE
MONITOR

STRATEGIC INITIATIVE THREE**LEAD CONVERSATIONS ON ISSUES THAT MATTER FOR THE PROFESSION AND BUSINESS****BUSINESS CONFIDENCE MONITOR**

Our [Business Confidence Monitor](#) (BCM) is one of the largest and most comprehensive quarterly surveys of UK business activity. Every quarter, businesses are asked about their prospects for the year ahead across several key indicators, as well as the growing challenges they face.

In Q4 2025, the survey found that sentiment declined to -11.1 on the index, the sixth successive quarterly decline and the weakest reading since Q4 2022. Respondents cited the tax burden as the most pressing growing challenge; at 64%, a new record high for the BCM.

The findings are used by teams across ICAEW, including to lead discussions with members and key stakeholders, to inform our policy work and to raise our profile in the media.

Overall, there were 110 national media mentions of the BCM in 2025, demonstrating the weight the survey carries among business journalists. This included coverage on BBC Radio 4's flagship *Today* programme and from every UK national newspaper. There was also widespread regional coverage of the BCM, including more than 200 pieces of coverage in Q1. More widely, the survey was cited in stories throughout the year as a barometer of the UK economy.

The BCM was also quoted by the Bank of England in its *Monetary Policy Report*, and numerous other organisations including HM Treasury, the British Business Bank, Small Business Commissioner, FRC and UK Endorsement Board have all actively engaged with the BCM. It has been highlighted publicly by MPs including the Secretary of State for Business and Trade and the Shadow Chancellor of the Exchequer.

Meanwhile, the sentiment readings and emphasis on the tax burden underscored the foundations of our growth campaign. ICAEW members told us that doing business was too expensive, too difficult and too uncertain; this fed into the policy asks we made to the UK Government ahead of the Autumn Budget.

We will continue to use member data to inform our asks to government and highlight issues through the media.

GROWTH CAMPAIGN

In 2025, the UK was at an economic inflection point, with business confidence fragile, investment stalling and everyday decisions being slowed by complexity, cost and uncertainty.

To support UK policymakers with addressing barriers to economic growth across the country, we launched our [Growth Campaign](#) in September, offering evidence-based solutions to key challenges which hold businesses back from realising growth.

BCM was cited in media stories throughout 2025 as a barometer of the UK economy.



Chief Executive Alan Vallance with Daisy Cooper MP, Deputy Leader of the Liberal Democrats, at the launch of their economic policy for the future of HM Treasury.

The recommendations were based on our members' insights, our BCM research and knowledge from our in-house technical experts.

Throughout the autumn, we raised awareness of the campaign with policymakers, media, the business community and our members, including at our Annual Conference, the UK political party conferences and ahead of the UK Government's Autumn Budget.

For the first time, we captured specific member sentiment by adding bespoke questions to the BCM. This helped us focus on key concerns that helped shape our Budget submission and messaging on topics including excessive and duplicative regulation, business rates and complications over VAT treatment. This was reinforced by a strong and proactive media engagement approach, with Alan Vallance's message on the eve of the Budget that the UK economy was "on a precipice" with government having to show that it was "on the side of business", derived directly from business engagement.

Our Budget handling strategy reflected the bolder voice outlined in *Direction 2030*, based on proactive and strong member engagement and coordinated media activity. Our messaging emphasised our members' role in shaping the economy

and our institute as an authoritative voice of business. It also strengthened ICAEW's position as the leading professional voice advocating for business confidence, stability and growth.

POLITICAL ENGAGEMENT

Kemi Badenoch fireside chat

As part of our commitment to engage with senior politicians from all parties, in September we hosted the UK Leader of HM Official Opposition, the Rt. Hon. Kemi Badenoch MP, who delivered a speech to our members on business and the economy. The event was a statement of intent for the Conservative Party, who chose Chartered Accountants' Hall (CAH) as their venue.

Alan Vallance opened the event, stressing the importance of politicians engaging with the business community to ensure the UK achieves growth.

During a fireside chat, Alan asked Kemi about her priorities if she was setting the next Budget. Kemi said that she would prioritise any levers that encouraged risk taking, adding that she believed the UK has become afraid to take risks.

In 2025 we strengthened our position as the leading professional voice advocating for business confidence, stability and growth.



ICAEW hosted the Rt. Hon. Kemi Badenoch MP - Leader of the Opposition - for a wide-ranging discussion with business leaders and ICAEW members.

STRATEGIC INITIATIVE THREE**LEAD CONVERSATIONS ON ISSUES THAT MATTER FOR THE PROFESSION AND BUSINESS**

Continued

Party conferences

Continuing to foster constructive dialogue across the political spectrum and support effective policy development, in the autumn we attended the Labour, Conservative, Liberal Democrat and Reform UK party conferences.

We met with ministers and shadow ministers to discuss our members' insights on the barriers facing businesses and how we can lend our expertise to support policy priorities.

We also attended the Labour and Liberal Democrat's Business Days, including meeting with various Labour Mayors, a breakfast roundtable with Financial Secretary to the Treasury Lord Livermore, and a drinks reception with the Rt. Hon. Sir Ed Davey MP.

Autumn Budget submission

Ahead of the Autumn Budget Statement, we made our [submission](#) to government, calling on the Chancellor to unlock growth by tackling the barriers that obstruct UK enterprise.

We called for measures to reduce uncertainty, including committing to no further business tax rises in this parliament and offering clarity on tax reform. We also called for ways to make doing business easier, including by simplifying VAT and fixing HMRC service standards. Finally, we called to make it less costly to do business, including cutting energy costs and reducing red tape.

Following the Budget, we communicated our reflections in both written and video form via traditional and social media, emphasising that it failed to deliver the much-needed confidence boost to UK plc.

US SECURITIES AND EXCHANGE COMMISSION

We continued to strengthen our relationship with the US Securities and Exchange Commission (SEC), sharing insights on regulation and innovation and helping us better understand the regulatory mindset in the US.

In April, we hosted a roundtable with then-Acting SEC Chairman, Mark Uyeda and colleagues, at Chartered Accountants' Hall (CAH). Discussions included:

- the regulatory and legal treatment of crypto assets;
- the importance of a robust and informed regulatory rule-making process; and
- the challenges faced by smaller public companies in listing and raising capital.

In September, we welcomed SEC Chairman Paul Atkins to CAH for a fireside chat.

In the context of the deepening UK-US relationship, discussions covered:

- balancing investor protection with technological advancement;
- strengthening transatlantic capital market integration; and
- further opportunities for cross-border collaboration.



Iain Wright, our Chief Policy and Communications Officer with Andy Burnham, Mayor of Greater Manchester, at the Professional and Business Services Council roadshow in Manchester.

20 YEARS OF HMRC

In March, we joined with the Chartered Institute of Taxation (CIOT) to host a conference marking the 20-year anniversary of HMRC.

At the event, the Rt. Hon. James Murray MP, Exchequer Secretary to the Treasury, [announced](#) the UK Government's plans to simplify the tax system and secure tax revenue.

Leaders from ICAEW and CIOT met with the Minister during the conference, as well as with the then-incoming First Permanent Secretary and Chief Executive of HMRC, John-Paul Marks CB.

The event received more than 170 registrations and included panel and breakout sessions, featuring Treasury Select Committee Chair, Dame Meg Hillier MP; former Chief Secretary to the Treasury, the Rt. Hon. David Gauke; and former Permanent Secretary to the Treasury, Lord Macpherson of Earl's Court.

LOCAL AUDIT FRAMEWORK

Senior executives from ICAEW's Professional Standards and Reputation & Influence Departments worked closely during 2025 with senior civil servants at the Ministry of Housing, Communities and Local Government (MHCLG), to help shape key elements of the new local audit regulatory framework. The framework has been introduced to Parliament as part of the English Devolution and Community Empowerment Bill and will create the new Local Audit Office.

We shared our experience and expertise as a regulator of statutory and local audit, insolvency, investment business advice and legal services to suggest improvements to the original proposals, to ensure the future local audit regulatory framework functions efficiently and effectively. We are also playing an important role in the transition to the new framework as active members of the Local Audit Transition Board, which is led by MHCLG.

AUDIT & CORPORATE GOVERNANCE REFORM

In July, the UK Government [announced](#) that the draft Audit Reform and Corporate Governance Bill would not be put forward for pre-legislative scrutiny in the current parliamentary session due to the volume of legislation in process.

Government did highlight that market oversight has improved dramatically since the collapse of Carillion in 2018.

We publicly commented that while we recognise the current geopolitical and economic climate, and that work on trade deals and the Industrial and Trade Strategies may have resulted in initiatives being reprioritised, further delay is unwelcome.

The [Centre for Public Interest Audit \(CPIA\)](#), which aims to boost quality and trust in UK PIE audit and which ICAEW funds, is continuing its mission in the absence of government legislation and will continue to be a supportive and constructive partner to the Financial Reporting Council (FRC) as its remit transitions.



The Finance for the Future Awards in June recognised the global finance professionals and teams at the forefront of embedding sustainability into business strategy.

Pictured is the 2025 Rising Star winner Marcos Lima, Banco BV, who was acknowledged for developing scalable models aligning CFO and sustainability goals.

STRATEGIC INITIATIVE FOUR

REINFORCE OUR ROLE AS AN INTERNATIONALLY RECOGNISED INSTITUTE THROUGH TARGETED PRESENCE AND ENGAGEMENT

We continued to engage with influential stakeholders globally, focusing on key international markets. National and regional-specific content supported members and students across the world with the key issues for their organisations, and new partnerships and collaborations further reinforced us as a leading voice in a global profession.

Omar is a prominent member of the ICAEW Malaysia Advisory Board and contributed extensively to our Mentorship Series and student engagement programmes. He also featured as a panellist at the ICAEW ASEAN Sustainability Summit that was held in Malaysia.

Dato' Omar Siddiq FCA
CEO, HSBC Bank Malaysia

150

COUNTRIES WITH
ICAEW MEMBERS



STRATEGIC INITIATIVE FOUR

REINFORCE OUR ROLE AS AN INTERNATIONALLY RECOGNISED INSTITUTE THROUGH TARGETED PRESENCE AND ENGAGEMENT

Throughout the year, ICAEW leadership joined members at dinners, receptions and other gatherings across India, Cyprus, Malaysia, the Netherlands, Belgium, Switzerland, Malta, Italy, mainland China, Hong Kong SAR, Germany, Greece, Mauritius and France.

Our International Capacity Building team completed three major projects - including audit quality initiatives in the Western Balkans and Mongolia, and developing materials for the Institute of Chartered Accountants of Nepal (ICAN). We also secured four new projects for 2026, including first-time engagements in Oman and Saudi Arabia.

ICAEW Middle East hosted a roundtable on ethics and sustainability at the Abu Dhabi Global Market (ADGM), featuring leaders from the International Ethics Standards Board for Accountants (IESBA) and the International Auditing and Assurance Standards Board (IAASB) and which engaged major regulatory stakeholders.

In Europe, we expanded our university partnerships, including through a new degree with the Cyprus University of Technology. Following feedback from

younger members, we launched a new webinar series, *The Bigger Picture*, focusing on career transitions, cross-border collaboration and business trends.

We also reinforced ties across the Asia Pacific region. Our inaugural ASEAN Sustainability Summit in November brought together more than 800 members, stakeholders and experts in person in Kuala Lumpur and online for a day of bold ideas and practical conversations.

This was followed by a series of meetings with leadership from the ASEAN Capital Markets Forum and the Philippines' Securities and Exchange Commission, as part of our commitment to support regional regulatory collaboration.

High-level engagements in Indonesia, Vietnam and mainland China also strengthened ICAEW's visibility and fostered bilateral cooperation, including with the Ministry of Finance in Beijing, participation at the China International Fair for Investment and Trade, and further conversations with government agencies on professional qualifications in Hanoi and Jakarta.

More than **800** people joined our ASEAN Sustainability Summit, in person and online.



Chief Executive, Alan Vallance, with guests and speakers at our ASEAN Sustainability Conference.

Our work in North America continued to gain momentum, supported by initiatives such as the Critical Skills programme, member spotlight videos, strategic insights, and networking through BritishAmerican Business and the Chartered Accountants Worldwide Network USA. We also strengthened our presence in Canada through the Canadian Chamber of Commerce.

We also saw strong engagement in Australia through member events, a Critical Skills & AI series, active committees and increased presence from ICAEW leadership.

WHY NATURE MATTERS TO ACCOUNTANTS

In March, on World Wildlife Day, we launched a practical guide for the Global Accounting Alliance (GAA) on [why nature matters to accountants](#) and how to integrate nature-related issues into business and practice.

Developed by us, the guide supports the GAA's global membership base by explaining the financial implications of nature loss and setting out clear actions accountants can take to build resilience and long-term value, evidenced by real-world case studies.

The launch included a global webinar,

a promotional video and a coordinated outreach programme across traditional and social media and partner networks. Our leadership in driving this initiative received strong endorsement from the other GAA members, as well as organisations including the International Federation of Accountants, Accounting for Sustainability and Capitals Coalition.

The guide reinforces our commitment to supporting global biodiversity goals and embedding nature into financial decision-making.

We continue to support global biodiversity goals and embedding nature into financial decision-making.



Our International Director, Azlina Bulmer, pictured with Peter Wilson CMG, His Majesty's Ambassador to China, played an active role in this year's China International Fair for Investment and Trade (CIFIT) in Xiamen, underlining ICAEW's commitment to supporting international trade, investment and professional collaboration.

STRATEGIC INITIATIVE FIVE

HELP MEMBERS AND MEMBER FIRMS TO MAINTAIN HIGH PROFESSIONAL STANDARDS AND HOLD THEM TO THOSE STANDARDS

We reinforced our commitment to ensuring and promoting ethical behaviour and regulatory compliance. A successful new educational film and reviews of our own ethical and disciplinary guidance are helping members uphold their responsibilities to the public and ensure they remain trusted leaders in business.



Steve joined us on stage at the premiere of our audit training film, *Crossing the Line*, where he reflected on the film's realistic portrayal of the difficulties auditors face in applying professional judgement and scepticism. He highlighted how the film creates a space to evaluate different approaches to challenging management, offering practical learning opportunities that support our aim, as an improvement regulator, of enhancing audit quality across the profession.

Steve Gale FCA

Partner, Head of Audit, Crowe U.K. LLP



2,978
MONITORING
REVIEWS
CARRIED OUT

STRATEGIC INITIATIVE FIVE**HELP MEMBERS AND MEMBER FIRMS TO MAINTAIN HIGH PROFESSIONAL STANDARDS AND HOLD THEM TO THOSE STANDARDS****CROSSING THE LINE**

In May, we launched our most compelling training film yet, [Crossing the Line](#).

The drama brings to life the complex ethical challenges faced by auditors by following two interconnected audit teams, one at a high-growth tech company and the other at a struggling football club recently acquired by the tech company.

As the auditors face mounting pressures, viewers are drawn into a realistic portrayal of the decisions and consequences that define audit quality and professional integrity.

The launch took place to a packed house at Chartered Accountants' Hall, featuring engaging insights from leading voices in the profession.

To underscore our commitment to advancing audit quality, we immediately made the film available free of charge to all ICAEW-registered audit firms for use in training UK-based employees. Global networks and non-registered firms can access the film through licensing arrangements.

We hosted screenings in the UK, Cyprus, Abu Dhabi, Hong Kong SAR, Singapore, Malaysia, the Cayman Islands and Mauritius, with the film being translated into several languages. In addition to the screenings, by the end of 2025, more than 540 firms and educational establishments had accessed the film via the website, with more purchasing licences to use the film themselves.

Feedback has been overwhelmingly positive, with viewers rating the film 4.8 out of 5 as a training resource, and declaring a high likelihood of watching future ICAEW educational films.

ICAEW CODE OF ETHICS

Changes to the [ICAEW Code of Ethics](#) took effect from 1 July, bringing it into alignment with the International Ethics Standards Board for Accountants (IESBA) and incorporating key changes.

Updates included significant revisions across several key areas including technology, role and mindset, and professional behaviour.

Ahead of publication of the new code, we published a range of [supporting guidance](#) and recorded a [webinar](#) to help practitioners understand the changes and what they mean in practice. Our [Ethics CPD Course](#) was also updated to provide an overview of the changes.

This followed a half-day event in March, in collaboration with the IESBA and the International Auditing and Assurance Standards Board (IAASB), to introduce members to the new international assurance and ethics standards. The in-person event received more than 170 registrations and featured a keynote address by Tom Seidenstein, Chair of the IAASB, and presentations from Josephine Jackson, Vice-Chair of the IAASB and Mark Babington, IESBA member.

By the end of the year, more than **540** firms and educational establishments had accessed *Crossing the Line* via the website.



Crossing the Line was launched at a packed Chartered Accountants' Hall in May.

GLOBAL ETHICS DAY

We once again marked [Global Ethics Day](#) with an event: Ethics re-envisioned: Promoting an ethics-based culture in the profession and the workplace.

The half-day hybrid conference attracted 671 delegates from across business and practice, with more than 90% of feedback rating the event “excellent” or “good”.

In her keynote address, the UK Prime Minister’s Anti-Corruption Champion, the Rt. Hon. Baroness Hodge, described accountants as the “army of professionals” best-placed to tackle bad business behaviour, remarking that “few other professionals have that reach, leadership and training”.

Panel sessions focused on areas such as whistleblowing, governance, artificial intelligence, and equity, diversity and inclusion, and featured contributions from the National Audit Office, HSBC and accountancy and law firms. The afternoon closed with a thought-provoking keynote speech from the Chair of the Institute of Business Ethics.

ICAEW DISCIPLINARY SANCTIONS GUIDANCE

To ensure our approach reflects evolving regulatory expectations, supports public confidence and remains proportionate, transparent and fair in its application, we reviewed the ICAEW Guidance on Sanctions.

Following extensive engagement with committee members and specialist staff, as well as a review of similar guidance issued by other professional and regulatory bodies, we split our sanctions guidance into separate documents for disciplinary sanctions and regulatory sanctions.

A full consultation on proposed changes to disciplinary guidance was held between April and June, which sought views on the clarity, proportionality and structure of the revised disciplinary sanctions.

Overall, respondents were supportive of the objectives and direction of the revised guidance, with key themes raised including proportionality and consistency in penalties, distinctions between sanctions for firms and individuals, and calls for supporting materials.

Targeted amendments were made in light of the feedback, including clearer and enhanced wording on several areas, and clarifications and amendments on specific points.

Alongside modernising the structure and language of the guidance, changes include an update to financial penalty levels to maintain deterrence; clearer and expanded definitions of seriousness; clarification on aggravating and mitigating factors; and improved alignment with ICAEW’s Code of Ethics. There are also new sections relating to dishonesty, sexual misconduct, and discrimination, bullying and harassment. The treatment of non-cooperation with ICAEW investigations has also been strengthened.

Following approval by the ICAEW Regulatory Board, the new [ICAEW Disciplinary Sanctions Guidance](#) came into effect on 1 January 2026. The previous Guidance on Sanctions remains effective for regulatory committee decisions. Revised regulatory guidance will be consulted on early in 2026, with publication expected later in the year.



ICAEW member Ololade Adesanya and ICAEW Deputy-President Caroline Smale at our Global Ethics Day event.

OUR PEOPLE

TRANSFORMING OUR WAYS OF WORKING AND SUPPORTING OUR PEOPLE

Our employees continue to be one of our greatest assets. Their commitment, expertise and abilities underpin our success and we want to empower them to thrive, innovate and deliver against our strategy.

During 2025, we have concentrated on aligning our operations for long-term stability in line with our new strategy. "Our Future" is the name we have given to the programme of our most critical change activity which includes both People and Technology initiatives.

ORGANISATIONAL DESIGN

Like any organisation, ICAEW needs to assess its size and shape to ensure it remains competitive and able to achieve sustainable success. A key focus during 2025 has been the creation of a new organisational structure.

Feedback from our 2024 employee survey highlighted a need to become more agile and less siloed to achieve our strategic objectives and better serve our members. In January 2025, we engaged external partners to conduct a review of our operating model and structure. They gathered feedback on key aspects of the organisation and, guided by a set of organisational design principles, helped us devise a new, high-level structure based around nine divisions.

The Executive Team robustly scenario-tested, challenged and questioned the detailed recommendations to develop a detailed, proposed future structure which

aims to embed clear and measurable accountabilities and decision-making at all levels and drive growth, innovation and operational excellence.

A number of roles were placed at risk of redundancy during September as a result of these proposals. We undertook a collective consultation with affected UK employees and following separate processes for non-UK colleagues in accordance with country-specific regulations.

In early 2026 we completed the consultation and moved to the new structure. We remain committed to supporting our people through this period of change and treating everyone with care, fairness, respect and professionalism.

NEW EXECUTIVE TEAM

We have made significant progress this year in reshaping and building a new Executive Team aligned to our nine new divisions.



Executive Team:

Left to right, **Iain Wright** Chief Policy and Communications Officer, **Katie Morgan** Director of CEO's Office, **Laetitia Rennie** Chief Brand and Marketing Officer, **David Franklin** CFO, **Alan Vallance** CEO, **Phil Parry** CIO, **Pamela Harding** Chief People Officer, **Duncan Wiggetts** Chief Officer, Regulation and Conduct, **Louise Coleman** Chief Membership Officer, **Dana Day** Chief Learning Officer.

In April, we announced the appointment of Iain Wright as Chief Policy and Communications Officer and Pamela Harding as Chief People Officer. Then, following external recruitment, Louise Coleman joined us in November 2025 as Chief Membership Officer and, in January 2026, we completed the new C-suite team with the arrivals of Dana Day as Chief Learning Officer and Laetitia Rennie as Chief Brand and Marketing Officer. These appointments will enable the next phase of our strategy to move forward.

YOUR VOICE SURVEY

Following our 2024 Your Voice employee survey, teams began working to enhance our workplace culture, with leadership committing to the following initiatives:

- increasing visibility across all sites, including regular staff lunches;
- building a strong, cohesive and supportive Executive Team, which has shaped our new strategy and operational plan;
- reducing unnecessary bureaucracy through organisational design work, enabling better decision-making and supporting dedicated workstreams; and
- improving transparency in leadership decisions and communication, demonstrated through our Connect Live sessions where we have shared updates openly on our future direction and organisational changes.

Looking ahead, we will conduct annual employee surveys complemented by regular pulse checks throughout the year to ensure continuous feedback and engagement.

ICAEW AS AN INCLUSIVE EMPLOYER

Diversity, inclusion and wellbeing are important areas for ICAEW. Each year we evaluate our performance against other employers in the sector and in categories such as inclusive leadership, talent development, working practices, employee engagement, and wellbeing and belonging. We do this using the framework of Talent Inclusion and Diversity Evaluation conducted by Onvero. Following on from previous success in this area, we were awarded the

Onvero (formerly enei) prestigious Silver Standard in 2025 for our employment practices and were shortlisted for the second consecutive year in the Onvero Inclusivity Excellence Awards 2025 in the category, Wellbeing and Belonging at Work.

In 2025, a number of our employees, members and students proudly participated in Pride in London, further demonstrating ICAEW's ongoing commitment to diversity and inclusion. We also hosted our first Pride Gala Dinner, featuring inspiring keynote speakers dedicated to celebrating and supporting the LGBTQ+ community within our profession. The event was a resounding success and marked an important milestone in our inclusion journey. ICAEW continues to foster strong workplace connections through a range of social and networking communities, including those focused on menopause support, diversity and inclusion, and social committees.

Our benefits offering

We continue to review our employee benefits to ensure they support our goal of attracting and retaining top talent. Our flexible benefits offering remains highly valued, with Holiday Trading consistently ranking as the most popular choice among employees.

Supporting colleague wellbeing

In 2025 we continued to offer a huge range of in-person and online activities and resources to support the wellbeing of ICAEW colleagues. We have a fantastic network of physical and mental health first aiders on hand to support colleagues. We continue to encourage colleagues to engage fully with the mental health, career support and financial assistance services offered by the charity, [caba](#).

GENDER PAY GAP

The gender pay gap represents the difference between the average earnings of men and women within the organisation, measured on the annual snapshot date of 5 April.

In 2025, ICAEW's mean gender pay gap stands at 27.8%, reflecting a 1.5% reduction since 2021, but an increase of

We will continue to conduct annual employee surveys and regular pulse checks throughout the year.

OUR PEOPLE**TRANSFORMING OUR WAYS OF WORKING
AND SUPPORTING OUR PEOPLE****Continued**

4.9 percentage points compared to 2024 (22.9%). This rise largely reflects an increase in our contractor population, where a higher proportion of male contractors were engaged at senior pay levels. Men were overrepresented in senior roles during 2025 due to the number of vacancies in the Executive Team. This imbalance has been addressed through recent senior appointments.

Our mean bonus gap has risen to 47.5%, up from 38.4% in 2024. This increase is primarily due to a reduction in the number of women receiving bonuses during the year exacerbated by the temporary imbalance in the gender split of the Executive Team. ICAEW recognises that achieving pay parity is a long-term commitment. We remain focused on delivering a comprehensive action plan aimed at reducing both the gender pay and bonus gaps year on year.

Ensuring equal pay

We review and benchmark our salaries annually, ensuring that men and women are paid fairly for the same or similar work. In 2025 there were no equal pay issues. We are confident that ICAEW will not have equal pay issues in the future as we further develop the key aspects of our reward framework.

ENHANCING OUR AGILITY

During 2025, following the decommissioning of our old CRM, we initiated a strategic review of our core systems and digital capabilities, supported by a small number of specialist external partners. This work was initiated in

response to the rapidly evolving technology landscape and the need for a clearer understanding of the changes required to better support our members, firms, students and staff over the medium and long term.

In parallel, we began reshaping the technology function towards a more product-centred operating model. This has involved redefining accountabilities and ways of working to improve coordination between technology, operations and the wider business.

We also established the foundations required to deliver the plan, including clearer architectural standards, improved integration and data capabilities, and strengthened focus on resilience, security and the responsible adoption of AI.

Together, these changes will position ICAEW to operate with greater agility, reduce complexity and make more deliberate technology investment decisions in future years.

The Board has considered this work as part of its assessment under Provision 29, including the resilience of critical systems, the execution risks associated with the technology roadmap, and the organisation's capacity to manage these risks while maintaining operational stability. In making this assessment, the Board recognises that progress remains subject to delivery risk, resource availability and the continued need to balance transformation activity with the ongoing operation of essential services.

In 2025, we continued to offer a huge range of in-person and online activities and resources to support the wellbeing of ICAEW colleagues.



Employees, members and students from ICAEW and CIPFA proudly participated in Pride in London.

OUR JOURNEY TO NET ZERO

Sustainability stands as a central pillar of our *Direction 2030* strategy. The year 2025 marks 10 years since ICAEW began significant sustainability initiatives. Back in 2015, the ambition to achieve carbon neutrality was considered pioneering, and successfully attaining carbon neutrality in 2020 for Scope 1 and Scope 2 emissions constituted a major milestone.

PROGRESS TO DATE

We are actively pursuing our net zero strategy, having implemented a range of measures to better track and reduce emissions. These steps include monitoring employee commuting and homeworking habits to calculate the overall carbon footprint, switching to environmentally friendly energy suppliers, upgrading light and kitchen equipment and introducing an electric car scheme for staff.

2025 ACTIVITY

Energy Saving Opportunity Scheme (ESOS)

Early in 2025, we developed an Energy Saving Opportunity Scheme (ESOS) plan to reduce energy use by 2027. ESOS, a mandatory energy assessment initiative in the UK, requires qualifying organisations to undertake energy audits every four years. These audits cover energy consumption in buildings, industrial processes and transport. Our ESOS plan encompasses actions such as replacing internal and external lighting, improving temperature management and reducing heat distribution losses. The first annual update was submitted in December, showing that we are slightly ahead of our 2024-2027 energy-saving goals. These efforts help ensure compliance and lower emissions through reduced energy consumption. Additional initiatives are anticipated before the current ESOS reporting cycle concludes.

Infrastructure Improvements at Chartered Accountants' Hall

Progress has been made with the installation of an additional electric substation at Chartered Accountants' Hall (CAH), supporting future electricity needs. As technology evolves, we plan to replace existing gas boilers with more efficient solutions, further decarbonising CAH.

Carbon Disclosure Project participation

ICAEW actively engages in the Carbon Disclosure Project (CDP), annually reporting and measuring environmental impact. In September, we completed our CDP submission, facilitating benchmarking with other entities. The CDP score improved to B in 2025, up from C in 2024, largely due to improved planning and risk assessment processes that now integrate environmental considerations.

Net Zero Transition Planning

Alongside the initiatives above, we have advanced the development of an evidence-based net zero transition plan throughout 2025. Recognising the importance of Scope 3 emissions - which include supply chain and investments - we dedicated 2025 to developing a net zero delivery plan. The steps undertaken include:

- establishing robust baselines for Scope 1, 2, and 3 emissions;
- developing and agreeing a sustainability strategic plan;
- setting science-based emission targets;
- developing a net zero transition plan; and
- implementing the agreed transition plan.

OUR JOURNEY TO NET ZERO

Continued

Progress in Emissions Baseline and Target Setting

Considerable progress has been made in re-analysing and establishing spend-based emissions baselines, requiring significant recalculations of our emissions for 2023 and 2024 to ensure consistency with the methodology agreed for 2025. This groundwork is vital for setting science-based targets from a solid foundation.

We are committed to formulating a robust climate transition plan to fulfil our net zero pledge. In 2025, we adopted a cross-functional and bottom-up approach, involving workshops with operational areas. This process provided insights into previous and ongoing initiatives, as well as ideas, barriers, opportunities and enabling factors. A gap analysis was conducted, comparing current practices against recommendations from the UK Transition Plan Taskforce (TPT) Disclosure Framework.

An operational review identified the most impactful areas for reducing greenhouse gas emissions: property and operational efficiency, technology and infrastructure for decarbonisation, supply chain and event sustainability, and travel and mobility. Currently, a significant portion of emissions

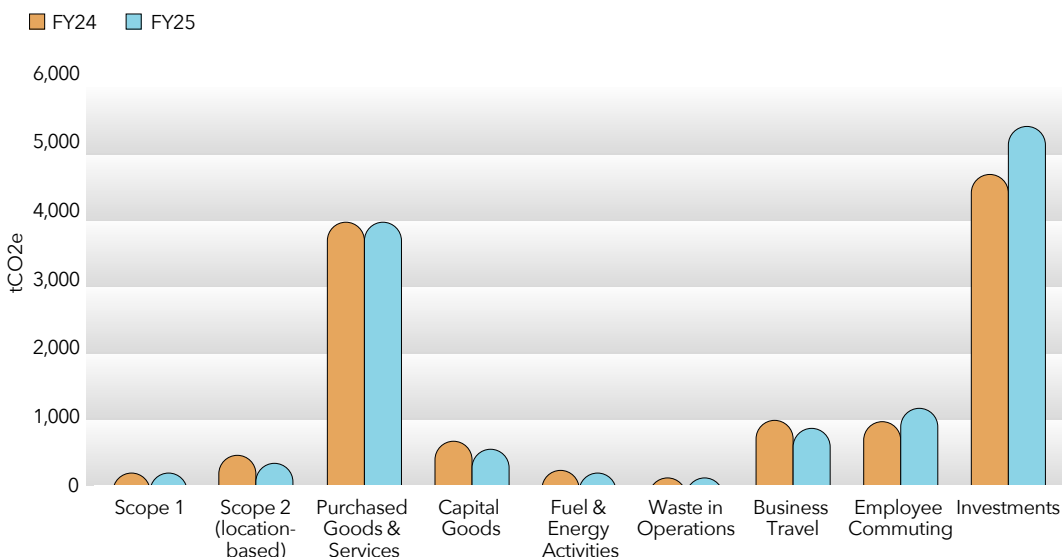
is estimated using spend-based emission factors. A review in 2025 highlighted the need to transition to a hybrid or vendor-based approach before setting science-based targets, with this work planned over the next 12-15 months.

Given the complexity and scale of emissions from our investment portfolio, we will evaluate these through a separate project, supported by the Investment Committee, beginning in 2026.

ANNUAL GREENHOUSE GAS FOOTPRINT

We calculate our Greenhouse Gas (GHG) footprint annually for environmental reporting. In 2025, the spend-based total was 12,162 tCO₂e (tonnes of CO₂ equivalent), up from 11,742 tCO₂e in 2024. Indirect emissions dominate the footprint, with 95% attributable to Scope 3 emissions, which include upstream and downstream organisational activities. The largest Scope 3 categories are emissions from investments and purchased goods and services, related to supply chain spend. A third category combines business travel and employee commuting.

2025 vs 2024 GHG emissions



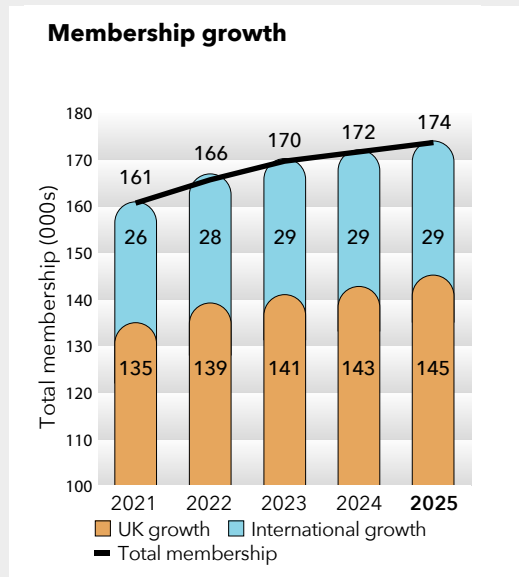
DEFINITIONS OF SCOPE 1, 2 AND 3 EMISSIONS

- **Scope 1:** Direct emissions from sources owned or controlled by ICAEW, including on-site energy use such as natural gas and fuel, refrigerants and emissions from owned or controlled boilers.
- **Scope 2:** Indirect emissions from purchased or acquired energy (electricity, steam, heat or cooling) generated off-site but consumed by ICAEW.
- **Scope 3:** Emissions resulting from activities involving assets not owned or controlled by ICAEW but impacted by the organisation through its value chain.

KEY PERFORMANCE INDICATORS

MEMBERS

At the end of 2025, our global membership of 173,804 represented 0.9% growth on 2024 (2024: 1.5%). While membership admissions and the overall growth have remained stable and the resignations and cessations rate reduced, the number of recorded deaths impacted our overall closing position.



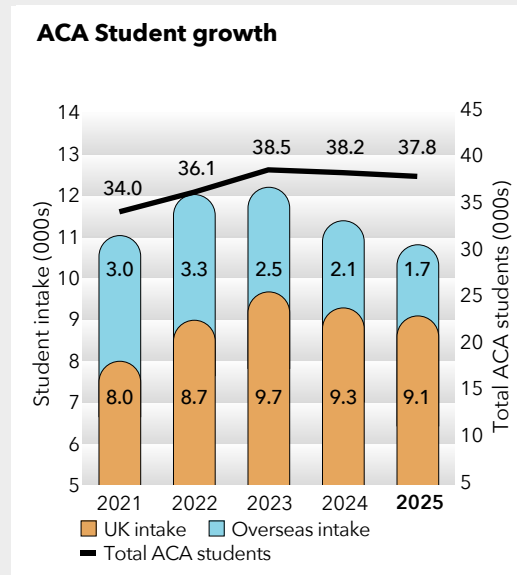
International members represent 16.7% of the total base (16.9% in 2024), with a decline largely driven by increased resignation and cessation levels in specific international regions where the changing political or regulatory landscape impacts the attractiveness of ICAEW membership.

UK membership growth was marginally lower than the previous year, at 1.2% (2024: 1.4%), largely due to an increase in the number of recorded deaths, offset in part by a lower level of resignations.

During the year, we welcomed 5,898 (2024: 6,348) new members into ICAEW, with admissions of 5,124 newly qualified students (2024: 5,194).

STUDENTS

Closing ACA students for 2025 were 37,834, slightly below the year before (2024: 38,199), with UK student numbers higher by 724, more than offset by a reduction in international markets, 1,089 below 2024. Despite a slightly slower rate of intake in 2025, the growth in overall student numbers reflects a proportion of school leavers compared to graduates. School leavers generally sit exams over a longer period of time.



Student intake of 10,750 for 2025 was slightly below that of 2024 (11,489), owing to reduced intakes among the Big Four firms as general economic concerns affected recruitment patterns. Changes to Level 7 apprenticeship funding led many employers, particularly smaller practices and businesses, to increase recruitment or bring forward start dates to 2025 to benefit while funding was still available.

The Top 20 firms recruited a similar number to 2024. The main reduction in international markets was in Southeast Asia and Oceania, 444 below 2024 due to limited in-country engagement.

In addition, 2,369 (2024: 2,502) students signed up for our foundation level Certificate in Finance, Accounting and Business (CFAB).

GOVERNANCE

ICAEW OBJECTS AND ROYAL CHARTER

ICAEW was founded by Royal Charter “for the public benefit” in 1880. Our principal and ancillary objects are 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.

ICAEW operates within regulatory oversight of the Financial Reporting Council, the Financial Conduct Authority, the Office for Professional Body Anti-money Laundering Supervision, the Insolvency Service and the Legal Services Board.

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MESSAGE FROM THE CHAIR OF COUNCIL

“It is a privilege to have served as Chair of Council during the past three years.”

Dr Matthew Stroh FCA
Chair of Council



It is a privilege to have served as Chair of Council during the past three years. It has been a period of great change for ICAEW, with the appointment of a new CEO, finalisation of the ICAEW governance review, and approval of the refreshed strategy.

This paved the way for further progress during 2025, including a key strategic decision for Council as we approved the proposal to pursue a merger with CIPFA. This will help ensure ICAEW remains at the forefront of the profession and is a major step toward us realising our vision to be the pre-eminent global professional body. Council was at its best during these debates, scrutinising the proposals hard before supporting them at our meeting in December.

We also approved the Next Generation ACA proposals, which builds technology, ethics and sustainability technology as the

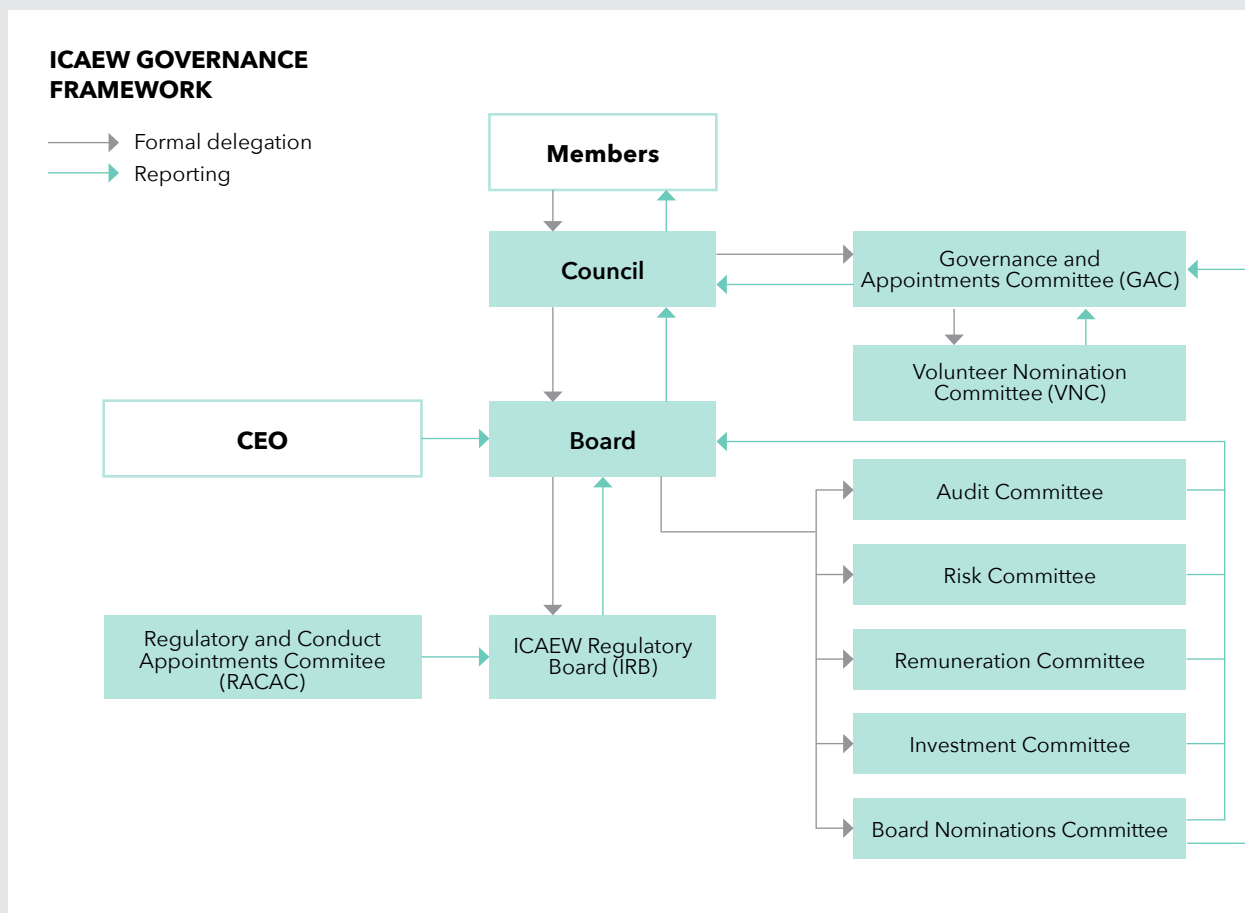
key pillars of its learning outcomes, ensuring members are ready to respond to the demands of business now and in the future.

Council has also been very encouraging of the move to ICAEW speaking with a bolder voice on relevant policy debate, for example on changes to the regulation of tax advisory practitioners, anticipated audit reform and government budget proposals. You will see more of this heading forward, and do please let your local or community Council member know if there are regional or sector-specific issues on which ICAEW should consider engaging.

Council’s role is to ensure that the Board acts in the best interests both of our members and, per the Royal Charter, the wider public benefit, and the range of decision and debate during my period of office has seen plenty of that. It has been an honour to lead Council through a period of transformation, and I know that my successor – with the fantastic support of ICAEW’s Governance Office – will ensure Council continues to lead our Institute to a successful future.

Dr Matthew Stroh FCA
Chair of Council

GOVERNANCE STRUCTURE



Council is ICAEW’s ultimate governing body under the Royal Charter, responsible for ensuring that ICAEW meets its objectives. Council approves our strategy and holds ICAEW Board to account for its efficient and effective implementation. Council represents the breadth and diversity of ICAEW membership, with Council’s strategic discussions informing Board and ICAEW work. Council delegates to the Board, the ICAEW Regulatory Board and the Governance and Appointments Committee through a series of delegated authorities and assurance mechanisms, while ensuring that the views of the profession are heard.

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

It is accountable to and works closely with Council. Board leads on the development and implementation of ICAEW strategy, policy, operational plans and all matters relating to ICAEW resources.

You can find the terms of reference for Council, the Governance and Appointments Committee and ICAEW Board and its committees, plus other governance information [here](#).

The ICAEW Regulatory Board’s work is covered in the [ICAEW Regulation and Conduct Annual Report 2024](#).

ICAEW is committed to good practice in corporate governance and voluntarily seeks to apply the principles of the Financial Reporting Council’s UK Corporate Governance Code where they are relevant and appropriate.

ICAEW Council, Board and their committees work for the public benefit. Their work and decisions are aligned to the objectives conferred to ICAEW in the Royal Charter. Council and Board members consider the long-term impact of their decisions and the public interest, balancing the interests of key stakeholders including the membership, regulatory bodies, employees, suppliers and the wider community.

In previous Annual Reports ICAEW has voluntarily used the S172 statement framework to report on how we engage with stakeholders (section 172 (1) (a) to (f) of the Companies Act). This year we are taking a different approach, highlighting throughout the report how we have engaged with stakeholders in our work.

COUNCIL

Council is representative of the membership of ICAEW and is made up of elected, co-opted and ex-officio Council members. Each Council member brings their individual perspective, experience and knowledge, informed by their networks of ICAEW members.

During 2025, Council's key strategic focus was developing and approving *Direction 2030*. Other Council matters included endorsing plans for the proposed ICAEW CIPFA merger and recommending future Fees and Subscription rates for members to approve at the Annual General Meeting. Council also elects the President, Deputy-President and Vice-President and its own Chair of Council, and co-opts some Council members.

Preparation of these financial statements is delegated by Council to the Board. 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 members who served during 2025 are listed below.

Council member name	Constituency	Attendance in 2025
Robert Adams	Liverpool	3/3
Yvette Allen	Corporate Finance Faculty	2/3
Victoria Andrew	London	4/4
Richard Andrews	Financial Services Faculty	4/4
Anthony Appleton	Corporate Reporting Faculty	1/2
Michael Asare Bediako	London	3/4
Dato' Mohammad Faiz Azmi	Malaysia	4/4
Malcolm Bacchus	Immediate Past President	3/4
Chrissie Bacon	South Eastern	3/4
Michael Baigel	Canada	4/4
Andrew Batty	London	4/4
Anthony Bennewith	South Eastern	2/3
Rebecca Benneyworth	Tax Faculty	2/3
Clare Bewsher	Australia (NSW & ACT)	4/4
Derek Blair	President	4/4
Alex Boulter	Staffs, Salop & Wolverhampton	2/2
Helen Brennan	London	4/4
David Brigham	Humberstone & District	4/4
Kathryn Britten	Governance & Appointments Committee	4/4
Neil Campbell	South Essex	3/4
Martin Cavey	Southern	3/4
Vishesh Chandiok	South Asia	4/4
Martin Clapson	Association of Practising Accountants	4/4
Alan Clarke	Manchester	4/4
Mark Coles	USA (East Coast & the Caribbean)	4/4
David Crackett	Europe & Eurasia	2/2
Neil Cutting	West of England	4/4
Krishna Dahal	Audit & Assurance Faculty	3/3

Council members who served during 2025 continued

Council member name	Constituency	Attendance in 2025
Julian Daly	Beds, Bucks & Herts	4/4
Rachel Davis	West Yorkshire	4/4
Johnathan Dudley	Birmingham & West Midlands	4/4
Graham Durgan	Thames Valley	4/4
Howard Freeman	Sheffield	3/4
Daniel Gaukrodger	Manchester	4/4
William Gee	Tech Faculty	2/3
Pippa Glover	Members & Commercial Board	3/4
Alexandros Hadjivassiliou	Cyprus	3/3
Adnan Haroon	Sustainability & Climate Change Community	3/3
Deborah Harris-Ugbomah	London (to June 2025) Public Sector Community (from June 2025)	3/4
Philip Harrold	Nottingham, Derby & Lincoln	4/4
Della Hudson	West of England	4/4
Sam Hutson	Newly Qualified	3/4
Vineet Jain	Data Analytics (and Excel) Community	3/3
Khuram Javed	Birmingham & West Midlands	3/3
Gareth John	East Anglia	4/4
Dr Ernest Kan	South East Asia (excluding Malaysia)	3/4
Kim Kreutle	Chair, Student Council	3/3
Sotiris Kroustis	Large Firm (PwC)	4/4
James Liu	Greater China	3/3
Hannah Macdonald	Diversity & Inclusion Community	3/3
Mohammad Maqbool	South Asia	4/4
Onneile Maripe	Newly Qualified Member in Business	4/4
David Matthews	Chair, Governance & Appointments Committee	4/4
Andrew McKenzie-Smart	Croydon	2/2
Neil McMillan	Lancashire & South Lakeland	4/4
Andrew Mead	Beds, Bucks & Herts	4/4
Mohammad Memon	London	4/4
Roger Merchant	Leicester & Northants	4/4
Dominic Morgan	Recently Qualified	3/4
Stephen Muncaster	Scotland	3/4
Shah Nawaz Khan	Corporate Governance Community	3/3
John Nolan	Liverpool	3/3
David Norris	South West	4/4
Su Lin Ong	Africa	3/3
Andrew Overs Dowsett	London	4/4
Nick Page	London	3/4
Sophie Parkhouse	Practice Committee	3/4
Paul Phenix	Australasia (excluding NSW & ACT)	3/3
Keith Pickard	London	3/4
Ali Qasim	Newly Qualified Member in Business	3/4
Jas Rayat	Newly Qualified	2/4
Mark Rhys	Past President	3/4
Shauna Robinson	Large Firm Partner (Deloitte)	3/4
Julia Seppä	Europe & Eurasia	4/4
John Sheehan	Beds, Bucks & Herts	4/4
Caroline Smale	Deputy-President	4/4

Council members who served during 2025 continued

Council member name	Constituency	Attendance in 2025
Christopher Soan	Northern	3/3
Nathan Steinberg	London (to June 2025) South Eastern (from June 2025)	4/4
John Stout	Thames Valley	3/4
Matthew Stroh	Chair of Council	4/4
Odysseas Tavros	Personal Financial Planning	2/2
Ricky Thomas	London	3/4
Robert Tindle	Vice-President	4/4
MD Nasir Uddin	South Essex	2/2
Philip Varley	USA (Central & South West Coast & Central & South America)	4/4
Caroline Warburton	South Wales	4/4
Catherine Watson	Crown Dependencies	4/4
Andrew Weir	Greater China	4/4
Gemma Wilks	Southern	4/4
Qun Yang	East Anglia	4/4
Gino Zabeo	Global Trade Community	2/2
Syed Zaman	Middle East	4/4

Retired members as of 2 June 2025

Council member name	Constituency	Attendance in 2025
Ravi Abeywardana	Member working in sustainability	1/1
George Acquah	Member working in business	1/1
Fiyza Awan	Recently Qualified	1/1
Alistair Brew	Corporate Finance Faculty	1/1
Steven Brice	Corporate Reporting Faculty	1/1
Angela Caldera	London	1/1
David Carr	Member working in business and sustainability	1/1
Heather Cheesman	South Eastern	1/1
Dipak Chummun	Africa	1/1
Daniel Clark	Tech Faculty	1/1
Jonathan Downer	Large firm partner (KPMG)	1/1
Joanna Drinkwater	Birmingham & West Midlands	1/1
Mark Ellison	Australasia (Excluding NSW & ACT)	1/1
Alan Hyams	Manchester	1/1
David Isherwood	Audit & Assurance Faculty	1/1
Stuart Lisle	Tax Faculty	1/1
Kate Mathers	Member working in the public sector	1/1
David McBride	London	1/1
Carol McLachlan	Co-opted	1/1
Bindi Palmer	Thames Valley	1/1
Viresh Paul	London	1/1
Julia Penny	Past President	1/1
Matthew Rees	Member working in the public sector	1/1
Brian Ricketts	Liverpool	1/1
Susan Smith	South Eastern	1/1
Philip Tsai	Greater China	1/1

The ICAEW President, Deputy-President and Vice-President are known as the office-holders. They are ambassadors for ICAEW, focusing on relationships with members and promoting the work of ICAEW to members, students and other professional bodies. They work in partnership with the Chief Executive and Chair of the Board, to develop and maintain relationships with our key stakeholders. The President sits on both Board and Council, providing a link between the two.

ICAEW BOARD

ICAEW Board is made up of the Chair, President, six ICAEW members, three 'lay' or non-members, the Chief Executive and the Chief Financial Officer. It met formally 10 times in 2025, with additional informal online meetings as business needs required. Board and Board committee members serving in 2025, along with their meeting attendance records, are listed below.

Name	Board role	Audit committee	Board Nomination Committee	Investment Committee	Remuneration Committee	Risk Committee
Peter Wyman*	Chair 10/10		Chair 2/2		Member 3/3	
Shamshad Ali*	Non-Exec 10/10			Member 4/4		Member 4/4
Alan Vallance*	CEO 10/10					
Malcolm Bacchus*	President 5/5 (to 3 June 2025)					
Liz Barber*	Non-Exec 9/10	Member 8/8				Chair 4/4
Derek Blair*	President 5/5 (from 4 June 2025)	Observer 7/8				
David Franklin*	CFO 10/10					
Mark Freebairn	Non-Exec 10/10		Member 1/2		Chair 3/3	
Nina Hingorani-Crain*	Non-Exec 10/10	Chair 8/8				Member 4/4
Mary Hockaday	Senior Independent Director 10/10					
Richard Nunn*	Non-Exec 10/10		Member 2/2	Member 3/4		
Simon Peacock*	Non-Exec 10/10	Member 8/8		Chair 4/4		
Mary Phibbs*	Non-Exec 9/10	Member 5/5				Member 4/4
Malcolm Wood	Non-Exec 10/10		Member 2/2		Member 1/3	
Ian Newton				Member 4/4		
Victoria Stewart				Member 2/2 (to 30 May)		
Beatrice Chivers					Member 3/3	
Matt Sinnott					Member 3/3	

*ICAEW members

The Deputy-President and Vice-President attend ICAEW Board meetings as observers

Board member biographies and the Board Skills Matrix are published [online](#).

Board members' confirmation

As far as each Board member is aware:

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

Key Board matters in 2025 included:

Developing strategy, agreeing strategic investment and overseeing related projects – reviewing and developing ICAEW strategy, leading to Council approval of *Direction 2030*. As well as close collaboration with Council, the Board drew on the Member Survey feedback to gain member insight. Overseeing plans for the proposed ICAEW CIPFA merger. Board approved investment in a discovery exercise to understand and assess current complex IT systems and develop a technology roadmap. The Centre of Public Interest (CPIA), an independent body created to drive quality, resilience and capacity in the Public Interest Entity audit market reported to the Board as part of its ICAEW funding arrangement with ICAEW.

Holding the Chief Executive to account, reviewing the CEO's report (including KPIs) at each Board meeting and updates on specific projects such as Organisational Design planning and implementation to ensure ICAEW is structured to deliver *Direction 2030*, ensuring feedback from our employee survey was appropriately responded to, updated and action planned.

Maintaining a strategic overview of our operating environment and influencing it to make sure ICAEW remains relevant and responsive to member and wider stakeholder needs. The Board approved overarching policy priorities and positions for 2026, as part of ICAEW's ambition, to lead on conversations that matter to the profession and business and to do so with a bolder voice. The Board supported continuing ICAEW's involvement in the Government's Industrial Strategy and Professional and Business Services Sector Plan, promoting the accountancy profession as a key sub sector for growth potential. Key stakeholders, including leaders from the Financial Reporting Council (FRC), Institute of Directors and National Audit Office attended Board dinners to develop strong working relationships and discuss areas of mutual interest. Towards the end of 2025 a Board effectiveness review concluded, reporting that the Board is performing well. The external review said that the Board is a talented and diverse group of subject matter experts, carefully curated to deliver effective governance and led by an effective Chair. The Board is now considering how to respond to the external reviewer's recommendations to build on this strong performance.

GOVERNANCE AND APPOINTMENTS COMMITTEE (GAC)

GAC ensures ICAEW's governance remains fit for purpose and oversees key governance and advisory group appointments and succession planning, working with the Volunteer Nomination Committee (VNC) and Board Nomination Committee (BNC). GAC membership is reported on our [website](#).

Key GAC business for 2025 included recommending co-options to Council; overseeing Council, Chair of Council and Vice-President elections; endorsing BNC and VNC appointment recommendations; reviewing the outcomes of the Board Effectiveness Review; and feeding into the new Active Member Conduct Procedure (AMCP).

RISK COMMITTEE

The committee actively monitors and annually reviews ICAEW's risk management framework and advises the Board on overall risk appetite, tolerance and strategy and the amount of risk ICAEW is willing to take to achieve its long-term strategic objectives.

In 2025 the committee worked to identify a shared view of our risk appetite, agreeing Board desired and tolerable attitudes to risks over a range of categories.

During 2025 we continued with the risk and control Programme of Work. It has improved risk management and the focus on material controls across the business.

ICAEW PRINCIPAL RISKS

The Board has identified seven risks that could result in events or circumstances that might threaten ICAEW's business model, ability to deliver its strategy, future performance, solvency or liquidity and reputation. These are:

Risk	Description	Risk Rating	Risk Management Activity	Risk Appetite (Approved by Board)
Concentration	ICAEW is too reliant on larger client firms and specific territories for new students and members.	Major	Actively monitored. Further mitigating opportunities being investigated to dilute the concentration risk.	Directly open
Transformation and Innovation - International Operations	In-country operations do not comply with local rules and legislation and lack consistency in delivery to members outside the UK.	Major	Review of local rules and legislation to ensure compliance. A review of international operations to facilitate more efficient operations is underway.	Averse
Transformation and Innovation - IT Operations	Current IT architecture is unable to deliver ICAEW's strategy.	Major	Identify the activities through a discovery phase to support the development of a roadmap to design and implement updated architecture to deliver the strategy. Consider the resources required to support the development and implementation of the roadmap.	Cautious
Data Management & Information Security	Loss of data or sensitive information.	Major	The IT roadmap that is in development will support ICAEW's data retention policy in the management of appropriate data.	Averse
Cyber Security	Cyber threats continue to be a challenge as cyber criminals become increasingly sophisticated.	Major	Risk-based exercises identify and prioritise our key risk remediation actions. A Security Improvement Programme is being developed to further enhance cyber defences.	Averse

Risk	Description	Risk Rating	Risk Management Activity	Risk Appetite (Approved by Board)
Outsourcing & Third-Party Dependencies	Failure of third-party suppliers of business-critical outputs and technology to provide the contracted services.	Major	A centralised procurement function has been established. A review of the use of suppliers including selection, on-boarding, contract management, supplier delivery and procurement processes is underway.	Base Level
People	The Organisational Design (OD) process poses a staff retention risk and a risk in keeping the required focus on business as usual.	Moderate	Representatives have been identified to facilitate the OD process and provide support to staff impacted by the process. Resource concerns to maintain business as usual activity are being continually addressed by the Executive Team.	Cautious

KEY

Risk Appetite				
Averse	Base Level	Cautious	Directly Open	Embrace
ICAEW will primarily look to avoid these risks and associated uncertainty	ICAEW will prefer safer options for these risks and associated uncertainty	ICAEW will accept a degree of uncertainty to deliver objectives (using a risk-based approach)	ICAEW will consider all potential options and may accept uncertainty where the benefits significantly outweigh the risks	ICAEW will seek opportunities by being innovative and outward looking, taking considered advantage of all options for growth and/or gaining efficiencies

Risk Rating	
Major	The risk should be mitigated or managed within appropriate risk thresholds unless the anticipated benefits of the activity outweigh the impacts/costs or consequences of the risk. Regular review of these risks is required and updates should be reported to Board/Risk Committee and Executive Team.
Moderate	The risk may be acceptable if the Planned Net Risk (PNR) rating is set at Moderate. The relevant Executive Officer (owner of the risk) should have oversight of the performance of controls to ensure the risk remains stable. However, if the risk rating remains Moderate (risk rating of 9 or 10) for an ongoing period of time potentially indicating that existing controls may not be working or are not in place, it is recommended that the risk be reported as an emerging risk at senior executive and Risk Committee.

In 2026, the committee will oversee the continuing development of the risk management and control framework and approve risk appetite statements for principal risks in preparation for Provision 29 of the UK Corporate Governance Code reporting.

RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

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

The Internal Auditors' Annual Report on the Effectiveness of Internal Control opined that the financial control framework can continue to be viewed as being effective in managing risks within materiality thresholds. From an operational perspective, 2025 saw a continued focus on identifying where improvements are required to strengthen ICAEW's operational resilience, particularly given changes in the external environment, and facilitated by the strengthening of the Executive Team with a number of senior appointments.

Management remains focused on implementing control recommendations and enhancements identified by internal and external audit. Both the Audit and Risk Committees have a robust focus on material risks and controls and closely monitor the prioritisation and implementation of these recommendations.

BOARD NOMINATION COMMITTEE (BNC)

BNC leads on the appointment, removal and succession planning for Board members and senior management. Its focus in 2025 was on supporting Executive Team recruitment beyond Board executive roles. The BNC is consulted on any role profile, the recruitment process and the preferred candidate prior to appointment for these roles.

The BNC met ahead of appointments of the Chief People Officer, Chief Policy & Communications Officer and Chief Membership Officer. The BNC was briefed on the planning, processes and final candidates for other C-suite roles due to be in post in 2026 as part of the CEO's update to Board. The BNC led the process to respond to future Board vacancies, leading to Council approving the reappointment of Shamshad Ali, Richard Nunn and Mary Phibbs for a second term as non-executive Board members from June 2026 and the reappointment of Peter Wyman for a second term as Chair from October 2026.

A Board effectiveness review was conducted by an external expert in Q4 to assess ICAEW Board performance and arrangements. The Board will agree an action plan to address the expert's recommendations in Q1 2026. The review's findings will be shared with the Governance & Appointments Committee and Council.

AUDIT COMMITTEE

The Audit Committee monitors the integrity of ICAEW's financial reporting, supporting the Board and Council in meeting its responsibilities regarding financial statements, financial reporting systems and controls. It reviews internal financial controls and the internal control and risk management systems and monitors the effectiveness and objectivity of the external and internal audit functions.

Key matters considered in 2025 included the assurance plans and output from Internal and External Auditors, together with ongoing review and consideration of the internal control framework. This work was part of the Audit Committee's overall review of the financial statements. During 2025 Audit Committee also oversaw a competitive tender process for ICAEW external audit services, for recommendation to Board, Council and then members at the 2026 AGM.

External audit assurance

Haysmac LLP are reappointed as ICAEW's external auditor in respect of the year ended 31 December 2025. Current policy is to tender the external audit at least every 10 years.

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

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

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

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

Review of financial statements

Through discussion with management and the external auditor, the Audit Committee determined that the following were key judgement areas in 2025:

- recognition of membership admission fee income;
- FRC Conduct Committee provision;
- defined benefit pension scheme;
- organisational restructuring provision; 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 at the conclusion of the audit of the financial statements.

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

The committee also reviewed key judgements made in the previous financial year relating to pension scheme assumptions and confirmed that those judgements remain valid for the 2025 financial year.

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

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

INVESTMENT COMMITTEE

The Investment Committee has delegated responsibility for ensuring the appropriate investment of ICAEW's investment assets, to seek to meet budgets, capital and liquidity requirements and to generate an appropriate risk-adjusted return.

Key matters for the committee included regular review of Investment Manager reports; consideration of investment performance and risk reports; reviewing investment strategy and making recommendations to the Board; and monitoring ESG matters via an annual sustainability investment report.

REMUNERATION COMMITTEE

The Remuneration Committee, under delegated authority from the ICAEW Board, has responsibility for policy matters relating to remuneration for members of ICAEW staff, boards and committees, and volunteer expenses, and reports to ICAEW Board or the Governance and Appointments Committee with recommendations as required.

Key matters in 2025 included setting and reviewing CEO and Executive Team members' objectives and bonus recommendations; approving 2025 staff salary increase and plans for 2026; approving remuneration for new Executive Team members; and approving the process for reviewing the remuneration rates for the non-executive Board members.

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 intranet. Listening to and consulting with our employees is very important and includes the employee engagement survey, Connect Live town hall events, and the Employee Engagement Forum. These initiatives support our culture and talent management initiatives.

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

Policy	Application
<p>Pay policy 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>The Remuneration Committee is also responsible for approving C-suite remuneration, on the recommendation of the Chief Executive.</p>	<p>We believe that staff should be appropriately rewarded in relation to:</p> <ul style="list-style-type: none"> • the wider economic and commercial environment; • the value placed on comparable jobs in other organisations; • the value placed on comparable jobs within ICAEW; • the contribution they make towards achieving ICAEW’s objectives and to the long-term success of the organisation; and • the results they achieve and the degree to which they meet our behaviours. <p>A key element of the pay policy is to recognise those staff who make a significant and/or consistent contribution to the achievements of ICAEW’s operational plan while at the same time living the ICAEW values and working in a collaborative, agile and innovative manner. This can be recognised by a non-consolidated lump sum discretionary bonus award.</p> <p>All Board members receive an annual amount of £45,000. Chairs of board committees and the Senior Independent Director receive an additional £10,000 to reflect their extra responsibilities. These payments are benchmarked against market rates and approved by the Remuneration Committee.</p> <p>The two external Governance and Appointments Committee members receive a payment of £16,000 per annum. The Chair of the ICAEW Regulatory Board (IRB) is paid £30,000 per annum and lay members of the IRB are paid a day rate for IRB meeting attendance of £385.</p> <p>The Chief Executive’s notice period is 12 months, and the Executive Team notice period is six months. They receive a base salary, and in addition a maximum bonus opportunity of up to 35% of base salary for the CEO and 30% for all the other C-suite positions (this is a non-consolidated payment). Their bonus awards are determined by performance of the corporate objectives set out in the operational plan and business area objectives.</p>
<p>Remuneration framework Employee remuneration is composed principally of fixed and variable elements of reward.</p>	<p>a) Fixed reward:</p> <ul style="list-style-type: none"> • fixed remuneration: base salary • benefits (including pension) <p>b) Variable reward:</p> <ul style="list-style-type: none"> • discretionary or contractual bonus for eligible employees.
<p>Base salary To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the operational plan.</p>	<p>Base salaries are set taking into account a range of factors including:</p> <ul style="list-style-type: none"> • the individual’s skills, performance and experience; • wider workforce salary levels; • external benchmark data; • the size and responsibility of the role; • the complexity of the business and geographical scope; and • economic indicators.

Policy	Application										
<p>Bonus</p> <p>Bonus awards are paid additional to base pay for the CEO and other C-suite level roles and based on performance objectives. Corporate objectives are set by the Board, business area objectives for the CEO are set by the Chair of the Board, and for all other C-suite level roles they are set by the CEO. The Remuneration Committee approves all business area objectives.</p>	<p>A key principle underlying our approach to the executive remuneration policies is that reward should be aligned to the performance outcomes of ICAEW and the competencies, behaviours and values exhibited. The weightings are reviewed annually and the bonus calculation brings together the performance from the following elements.</p> <table border="1"> <thead> <tr> <th>Business area</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td>ICAEW operational plan</td> <td>70%</td> </tr> <tr> <td>Business area objectives</td> <td>30%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> <tr> <td>% salary</td> <td>Total of 30% (C-suite) Total of 35% (CEO)</td> </tr> </tbody> </table>	Business area	Weighting	ICAEW operational plan	70%	Business area objectives	30%	Total	100%	% salary	Total of 30% (C-suite) Total of 35% (CEO)
Business area	Weighting										
ICAEW operational plan	70%										
Business area objectives	30%										
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% salary	Total of 30% (C-suite) Total of 35% (CEO)										
<p>Benefits (including retirement benefit as appropriate)</p>	<p>We offer a comprehensive range of competitive benefits to our employees under a myBenefits system.</p>										
<p>Discretionary or contractual bonus</p> <p>To reward the achievement of performance targets in a range of key performance areas.</p>	<p>The management also has discretion to award one-off payments to staff, where it is recognised that they have gone over and above their objectives.</p>										

EXECUTIVE PAY GAP REPORTING

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

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

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)

Year	CEO	25 th Percentile Total	50 th Percentile Total	75 th Percentile Total	25 th Percentile Ratio	50 th Percentile Ratio	75 th Percentile Ratio	Average
2025	535,033	40,209	66,116	97,187	13:1	8:1	6:1	8:1
2024*	604,201	38,449	56,760	89,479	16:1	11:1	7:1	10:1
2023	646,825	36,511	52,635	82,521	18:1	12:1	8:1	11:1
2022	629,009	32,868	47,434	75,861	19:1	13:1	8:1	12:1
2021	631,602	34,595	49,376	82,113	18:1	13:1	8:1	11:1

* 2024 includes three months pay relating to the previous CEO and nine months relating to the incumbent CEO, inclusive of standard remuneration, deferred variable pay and pension. Additionally, 2024 ratios have been recalculated to reflect total CEO remuneration.

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, 1 Moorgate Place, London EC2R 6EA 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's Executive Team is headed by a Chief Executive Officer and currently comprises nine operating divisions as set out below:

- **Membership:** supports our key audiences of members, member firms and students.
- **Learning:** designs and delivers a lifelong learning journey for students and members through a range of qualifications, the ACA and extensive CPD opportunities.
- **Policy and Communications:** influences policy and engages with key external stakeholders at the highest level. Advocates for the profession by leveraging our member expertise on strategic matters.
- **Professional Standards:** operates as an independent regulator, educating, evaluating and enforcing standards with members and member firms in the public interest.
- **Brand and Marketing:** enables us to enhance our global reputation and market our content, products and services. Leverages our brand to drive student and member engagement, retention and growth.
- **Finance and Business Services:** provides financial, commercial and other enabling business services that optimise revenues, assets and investments and help us manage our costs, risks and major partnerships.
- **Technology:** drives innovation and efficiency and optimises stakeholders' experience through technology, systems, AI, data and digital tools.
- **People:** enables colleagues' experience, growth and performance via a collaborative, engaging and inclusive culture and working environment.
- **Strategic Priorities and Governance:** supports the CEO in leading ICAEW by managing delivery of strategic priorities, business insight, innovation and governance and secretariat functions.

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

GROUP RESULTS

The net result after tax for the year was £2.0m (2024: £7.4m). Net investment gains of £16.6m (2024: £14.9m) and FRC fine income of £6.1m (2024: £0m) were offset by an operating loss of £17.2m (2024: £8.1m) with £7.1m operating costs attributable to the organisational re-design (2024: £1.2m). We have also continued to invest in our service offering, people,

systems, cyber defence and processes during the year. This also reflects investments made into strategic projects, such as the establishment of the Centre for Public Interest Audit (CPIA) and Next Generation ACA.

Operational income was £149.1m (2024: £140.4m) and our operating result was a loss of £17.2m (2024: £8.1m).

Operational expenditure has grown 10% from the prior year to £149.7m (2024: £136.1m) as explained within the Expenditure section below.

Group net assets at the reporting date amounted to £189.4m (2024: £190.4m). The Group's investment portfolio totalled £194.7m (2024: £156.0m), exceeding Group net assets, reflecting the offset of £87.1m of deferred revenue and other net liabilities within the Group. The defined benefit pension scheme is recognised as a net asset of £12.3m (2024: £16.3m), measured in accordance with IAS 19.

The total comprehensive expense of £1.0m (2024: income of £7.3m) comprises the result after tax of £2.0m (2024: £7.4m), offset by other comprehensive expense of £3.0m (2024: expense of £0.1m) arising from the remeasurement of the defined benefit pension scheme, revaluation of property and the associated tax impacts. Further information on the defined benefit pension scheme is included below.

INCOME

Fees and subscriptions have grown slightly compared to the prior year at £65.3m (2024: £63.2m), reflecting steady year-on-year growth in membership numbers together with inflationary increases in pricing.

Income from Learning has grown to £32.7m for the year (2024: £29.1m), reflecting a healthy base of students and future members. The introduction of the Next Generation ACA qualification in September 2025 contributed to a stable level of exam sittings and boosted sales of learning materials.

Regulatory income for the year was £27.4m (2024: £24.3m), with growth driven primarily by fines and penalties.

Other income, including commercial and events, remained stable on the prior year at £12.3m (2024: £12.3m). Growth in income generated from our hospitality and events business at One Moorgate Place has been offset by a reduction in faculties and communities income where the free offering to members has been expanded.

Other operating income from non-core activities totalled £11.4m (2024: £11.5m) principally comprising levy income received from member firms to fund obligations due to the FRC.

A breakdown of operating income is presented within note 5 of these financial statements.

EXPENDITURE

Operational expenditure has increased to £149.7m (2024: £136.1m).

Restructure and transformation costs of £7.1m were incurred during the year (2024: £1.2m) covering redundancy costs, cost of transformation, staff supporting transition and consultancy and legal costs.

Expenditure on non-core activities has increased by £4.2m, primarily driven by FRC Conduct Committee case costs and FRC operational funding increases, together with continuation of grant funding contributions in the year driven by additional commitments for the CPIA.

Staff costs have increased by £2.6m with wage inflation being the main factor.

Irrecoverable VAT of £7.3m (2024: £5.9m) was charged to the income statement, with changes driven by the volume and mix of purchases and lower number of active independent students.

FRC CONDUCT COMMITTEE

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

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

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

FRC Conduct Committee fine income for the year was £6.1m (2024: £0.02m). Cumulative fines received by ICAEW from FRC Conduct Committee Accountancy Scheme cases since inception of the scheme in 2004 are £114.2m (2024: £108.1m).

The impact to the income statement from FRC Conduct Committee case costs and cost recoveries is a net expense of £5.0m (2024: net expense of £1.0m), comprising a positive impact from case cost

recoveries of £1m (2024: £7.2m) offset by case costs charged to the income statement of £6.0m (2024: £8.2m) in the year.

Amounts invoiced by FRC to ICAEW amounted to £6.6m (2024: £6.9m) for case work carried out during the year. These charges related to cases brought forward 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 £99.8m (2024: £93.2m). Case costs recovered during the same period totalled £50.4m (2024: £48.3m).

A total of nine cases concluded in the year, seven of which were under the Audit Enforcement Procedure, one under the Accountancy Scheme and one under Accountancy Scheme Members in Business. The cost recovery rate achieved for the concluded group was 31% - significantly below the cost recovery we have seen in the previous years. Cost recoveries received in the year totalled £2.1m (2024: £2.3m) on a cash basis.

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 £6.0m (2024: £6.3m). Cumulative amounts levied by ICAEW on member firms since inception in 2004 are £81.0m (2024: £75.0m).

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 2025 showed a surplus of £12.3m (2024: £16.3m). 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 £4.9m (2024: gains of £0.1m) are recognised in other comprehensive income. Net interest income on the defined benefit asset was £0.9m (2024: £0.7m).

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

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

The latest triennial actuarial valuation showed a surplus of £3.6m as at 31 March 2025, with a market value of scheme assets of £135.0m and scheme liabilities measured at £131.4m equating to a funding level of 103%. There is no indication that funding levels have shifted significantly since that date.

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

ICAEW's defined contribution scheme 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 £4.3m (2024: £4.1m).

Further details are given in note 23 to the financial statements. Additionally, judgements and estimates are detailed in note 3.

CASH FLOWS

Cash and cash equivalents at the reporting date were £42.4m (2024: £81.4m), reflecting a net cash outflow of £39.0m during the year (2024: £16.8m inflow). The movement was driven by a net cash outflow from operating activities of £10.0m (2024: £15.5m inflow), reflecting working capital movements in the year.

Net cash outflows from investing activities amounted to £28.6m (2024: £1.8m inflow). This largely reflects the increased placement of surplus funds into fixed-term deposits as part of the Group's treasury management strategy. As a result, a greater proportion of the Group's liquidity is held in fixed-term deposits at the year-end (£45.0m) compared with the prior year (£20.0m).

The movement in cash and cash equivalents reflects treasury investment activity, with funds held in fixed-term deposits at the reporting date.

Due to the annual business cycle, cash generation peaks in January and reduces throughout the year.

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.

Total reserves at the year-end amounted to £189.4m (2024: £190.4m). These comprised a revaluation reserve of £14.7m, accumulated

funds of £149.9m, other reserves of £5.4m, and charitable trust funds of £19.4m.

Reserves are considered to be at a healthy level and exceed the minimum required level under the policy at the end of the year.

ICAEW's Board approved a set of financial principles during 2024 which included consideration of how reserves should be used, clarifying that they should be used for financial resilience and strategic investment only and not used to fund day-to-day operational activity.

We are managing our capital investment programme, our pension commitments and our financial position in order to maintain our reserves, support delivery of our strategy and safeguard our long-term viability. 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.

ICAEW FOUNDATION

The Group operates a number of charitable trusts, which are unified under the ICAEW Foundation. Between them, the key aims of the trusts are:

- the advancement of education in accounting and related subjects by operating the ICAEW Library, supporting education and research projects and the funding of bursaries; and
- the advancement of the sciences of accounting and economics through the funding of academic research projects and events.

During the year, ICAEW Foundation has contributed £1.5m (2024: £1.2m) towards charitable activities. This includes £0.5m (2024: £0.4m) funding for grants and bursaries, £0.7m (2024: £0.7m) spent on managing the ICAEW Library and £0.2m (2024: £0.1m) on administrative expenses.

ICAEW Foundation received £0.7m (2024: £0.7m) of Gift Aid donations in the year from ICAEW to provide funding for the operation of the Library and Information Service.

Group financial asset investments held by the charitable trusts of the ICAEW Foundation amounted to £20.8m (2024: £18.6m).

POLITICAL ENGAGEMENT

Our Executive Officers, alongside colleagues across the organisation, engage extensively in public policy with politicians and policymakers. ICAEW organised and participated in numerous conferences and events with political and politically affiliated organisations, including the major party conference events in order to promote the key priorities of the accountancy profession.

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

GOING CONCERN

These financial statements are prepared on a going concern basis, which the Board and Council believe to be appropriate, as described in note 1a of the financial statements.

LONG-TERM VIABILITY

In addition to the shorter-term going concern review, the Board has assessed the viability of ICAEW over a five-year period. A period of five years was selected to take into account the time it takes for students to complete their student to member journey. A five-year period also allows for the assessment of mid to long-term expected changes in membership population on profitability.

A high proportion of income is derived from fees and subscriptions, 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.

ICAEW keeps its strategy under review to ensure the successful achievement of overall objectives as well as ensuring the associated key risks are effectively managed through defined mitigating measures.

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.

Cash and investment reserves are maintained at a level expected to provide protection against plausible unexpected changes in the economic and regulatory environment in which ICAEW operates.

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

On the basis of this analysis, the Board believes that ICAEW and the Group have adequate financial resources to allow management to develop and implement mitigating actions to maintain operational viability.

The Board therefore has a reasonable expectation that ICAEW and the Group have adequate resources to be able to continue in operation and meet liabilities as they fall due for the five years to 31 December 2030.

AUDIT REGULATORY OVERSIGHT

The King's Speech in November 2024 confirmed the introduction of the Draft Audit Reform and Corporate Governance Bill, aimed at strengthening audit practices and corporate governance standards. In July 2025, the UK Government announced that the Bill will not be put forward for pre-legislative scrutiny in the current parliamentary session due to the volume of legislation in process.

The FRC is presently the oversight regulator with respect to ICAEW's role as an RSB and an RQB for statutory audit in the UK and a significant portion of the FRC's funding comes through ICAEW.

ECONOMIC ENVIRONMENT

In 2025, the UK economy grew modestly but steadily, beating expectations thanks to strong trade and industrial production. However, uncertainty before the Budget, high labour costs and ongoing inflation held back investment and spending.

CPI inflation stayed above target at 3.4%-3.8% due to higher energy and service prices. The Bank of England cautiously cut rates to 3.75% by December, limited by persistent inflation.

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

for the year ended 31 December 2025

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 2025 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.

We have audited the financial statements of ICAEW and its subsidiary undertakings (the "Group") for the year ended 31 December 2025, 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; and
- notes to the financial statements, including a summary of significant accounting policies.

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 Auditor's responsibilities for the audit of the financial statements section 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 provide a basis for our opinion.

3. SUMMARY OF OUR AUDIT APPROACH

3.1 Key audit matters

The key audit matters that we identified in the current year were:

- Revenue recognition;
- Valuation of the defined benefit pension scheme liabilities; and
- Valuation of FRC Conduct Committee provision for disciplinary case costs.

3.2 Materiality

When establishing our overall audit strategy, we determine materiality for the financial statements as a whole. The materiality that we used for the ICAEW and Group financial statements was £2.96m (2024: £2.60m). We have detailed in section 5 of this report the basis of the judgements we have made about the size of misstatements that will be considered material.

3.3 Scoping

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. We performed a full-scope audit of ICAEW which represents 99.8% of Group revenue, 92.3% of total assets and 99.0% of Group liabilities. We performed specified audit procedures in relation to financial asset investments held by ICAEW's controlled charitable trusts and analytical procedures on residual balances.

4. 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.

4.1 Revenue recognition

Key audit matter description: ICAEW has a number of significant income streams commensurate with its role as a membership body and professional institute. These income streams include membership fees, services provided to members, trainees and others as well as levies and fines collected in respect of ICAEW's role as a delegated regulator.

Management makes a number of significant judgements and applies estimates that have a significant impact on revenue recognised in its financial statements. This includes arrangements where ICAEW 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 entities. Such arrangements have developed over a period of time as custom or practice rather than by way of legal agreement or obligation. As these judgements can have a significant impact on the quantum and nature of the revenues reported, 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:

- performing a detailed review of the processes and controls in place for each of ICAEW's key income streams;
- carrying out sampling substantive procedures in order to ensure income has been appropriately recorded;
- undertaking work to review and test the robustness of the membership data maintained by ICAEW and extracted and utilised within its own management information reports. Based on the results on this work, we undertook rationalisation and analytical review procedures across ICAEW's membership derived revenue sources;
- reviewing and testing the key estimates utilised by management in amortising historic admission fees; and
- reviewing 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 that revenue is being recognised 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.

4.2 Valuation of the defined benefit pension scheme liabilities

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 the following:

- We assessed the competence, qualifications, expertise, experience, resources and objectivity of ICAEW's appointed actuary in order to ascertain the appropriateness of placing reliance on their IAS 19 valuation report.
- We reviewed the key assumptions agreed with ICAEW's actuary and utilised in preparing the valuation in according with IAS 19 and the underlying terms of the pension deed. We considered the appropriateness of the source data used by the actuary in preparing the valuation. We engaged the services of an external independent actuary to review and provide advice on the appropriateness of the methodology employed by ICAEW's actuary to derive the assumptions used to estimate the pension scheme liabilities.
- We obtained advice from our engaged external independent actuary to consider the reasonableness of the approach and final position, accounting and disclosures presented in ICAEW's 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.
- We reviewed disclosures made in the financial statements in respect of the potential impact of the June 2023 High Court judgment in the case of *Virgin Media vs NTL Pension Trustees II Limited* on the liabilities of the Scheme.

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 2025. Furthermore, we are satisfied that the disclosures made of the uncertainties in respect of the potential impact of the June 2023 High Court judgment in the case of *Virgin Media vs NTL Pension Trustees II Limited* on the liabilities of the Scheme in notes 3, 23(a) and 26 are appropriate.

4.3 Valuation of FRC Conduct Committee provision for disciplinary case costs

Key audit matter description: ICAEW is obliged to fund the costs incurred by the Financial Reporting Council (FRC) Conduct Committee in undertaking investigations or disciplinary actions against ICAEW members of member firms that are registered by ICAEW to carry out audit work. 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. Where recovered, case costs are subsequently reimbursed by the FRC to ICAEW.

As described in notes 3 and 22 to the financial statements, ICAEW accounts for its obligations to fund this arrangement and its right to be reimbursed for the costs by recognising and measuring the case costs to be incurred. This estimate is based on information initially supplied by the FRC and then subject to scrutiny and challenge by ICAEW. ICAEW also estimates and recognises the cost recoveries where these are considered probable. Such cost recoveries are set off against the gross estimated costs to represent ICAEW's net funding obligation at each reporting date. Estimating the future cases costs, and the extent to which such costs will eventually be recovered by ICAEW, requires the use of significant judgement by management and the application of estimates that represent a key source of uncertainty. The costs incurred in respect of each case are dependent on their specific complexities and magnitude. Where the cases under consideration are significant, these make up a larger proportion of estimated case costs and therefore present a significant area of uncertainty. The degree to which case costs are recovered also varies over time and therefore requires careful consideration each year to ensure that this remains appropriate.

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 on a case-by-case basis.

We assessed the reasonableness of these estimates by comparing the accuracy of previous cost estimates recognised to the final costs incurred on similar investigation cases. This included a review of the key facts relating to significant cases, in particular, by validating the case notes made during meetings between ICAEW and FRC staff.

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.

We reviewed and assessed the basis and evidence utilised by management in recognising cost recoveries in respect of both costs incurred and those netted off the case cost 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 financial reporting date. 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 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.

5. OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement that, individually or in aggregate, 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 £2.96m. 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 materiality, namely £2.22m. Our objective in setting this was to ensure that total uncorrected or undetected audit differences did not exceed our materiality level of £2.96m.

We agreed with the Audit Committee that we would report all audit differences in excess of 5% of materiality, being approximately £148,000, 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.

6. 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.

We performed specified audit procedures in relation to financial asset investments held by ICAEW's controlled charitable trusts. In undertaking these procedures we determined a component materiality based on a benchmark relevant to the assets held with the trusts.

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, using Group materiality, for the purpose of forming our opinion on those individual financial statements.

7. CONCLUSIONS RELATION 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 review of management's forecasts of future performance and timing of cash flows, and the ability to meet its liabilities as they fall due in view of its existing available resources.

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.

8. REPORTING ON OTHER INFORMATION

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

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

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

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

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

9. RESPONSIBILITIES OF COUNCIL FOR THE FINANCIAL STATEMENTS

As explained more fully in the Financial Responsibilities of Council statement set out on page 38, Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Council is responsible for assessing the Group's and ICAEW's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Group or ICAEW or to cease operations, or has no realistic alternative but to do so.

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;
- enquiring of management concerning actual and potential litigation and claims;
- evaluating management's controls designed to prevent and detect irregularities;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports;
- identifying and testing journals, in particular journal entries in areas where management is required to exercise significant judgement, that we assessed to 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.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

11. USE OF OUR REPORT

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

HaysMac LLP

16 April 2026

HaysMac LLP

Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

GROUP AND ICAEW INCOME STATEMENT

for the year ended 31 December 2025

	Note	Group 2025 £m	Group 2024 £m	ICAEW 2025 £m	ICAEW 2024 £m
Fees and subscriptions income		65.3	63.2	65.3	63.2
Other operating income		83.8	77.2	83.8	77.3
	5	149.1	140.4	149.1	140.5
Operating expenditure before restructuring costs	6	(142.6)	(134.9)	(142.9)	(135.5)
Restructuring and transformation costs	6	(7.1)	(1.2)	(7.1)	(1.2)
Total Operating Expenditure		(149.7)	(136.1)	(150.0)	(136.7)
FRC Conduct Committee costs (net of cost recoveries)	21	(5.0)	(1.0)	(5.0)	(1.0)
Other professional association activities		(8.5)	(8.0)	(8.5)	(8.0)
Grant funding		(1.6)	(2.2)	(2.3)	(2.9)
Charitable activities		(1.5)	(1.2)	-	-
Operating result		(17.2)	(8.1)	(16.7)	(8.1)
FRC Conduct Committee fine income		6.1	-	6.1	-
Investment returns	7	16.6	14.9	15.0	13.2
Profit on disposal of investment in associate	16	-	2.8	-	2.4
Results before taxation		5.5	9.6	4.4	7.5
Taxation		(3.5)	(2.2)	(3.5)	(2.2)
Net result after taxation for the year		2.0	7.4	0.9	5.3

GROUP AND ICAEW STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

	Note	Group		ICAEW	
		2025 £m	2024 £m	2025 £m	2024 £m
Net result after tax		2.0	7.4	0.9	5.3
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Gains / (losses) on revaluation of property, plant and equipment	13	1.8	(0.3)	1.8	(0.3)
Actuarial (losses) / gains recognised in the year	23	(4.9)	0.1	(4.9)	0.1
Deferred tax arising on above items	11	0.1	0.1	0.1	0.1
Other comprehensive expense		(3.0)	(0.1)	(3.0)	(0.1)
Total comprehensive (expenditure) / income		(1.0)	7.3	(2.1)	5.2

GROUP STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2025

	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Charitable trusts £m	Total £m
Reserves at 1 January 2024	13.2	147.9	5.2	16.8	183.1
Net result after tax	-	5.7	0.2	1.5	7.4
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	(0.3)	-	-	-	(0.3)
Actuarial gains recognised in year on defined benefit pension scheme	-	0.1	-	-	0.1
Deferred tax arising on above items	-	0.1	-	-	0.1
Total other comprehensive expense	(0.3)	0.2	-	-	(0.1)
Total comprehensive income	(0.3)	5.9	0.2	1.5	7.3
Reserves at 31 December 2024	12.9	153.8	5.4	18.3	190.4
Reserves at 1 January 2025	12.9	153.8	5.4	18.3	190.4
Net result after tax	-	0.9	-	1.1	2.0
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	1.8	-	-	-	1.8
Actuarial losses recognised in year on defined benefit pension scheme	-	(4.9)	-	-	(4.9)
Deferred tax arising on above items	-	0.1	-	-	0.1
Total other comprehensive expense	1.8	(4.8)	-	-	(3.0)
Total comprehensive expense	1.8	(3.9)	-	1.1	(1.0)
Reserves at 31 December 2025	14.7	149.9	5.4	19.4	189.4

ICAEW STATEMENT OF CHANGES TO RESERVES

for the year ended 31 December 2025


	Revaluation reserve £m	Accumulated fund £m	Other reserves £m	Total £m
Reserves at 1 January 2024	13.2	146.6	3.2	163.0
Net result after tax	-	5.3	-	5.3
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment	(0.3)	-	-	(0.3)
Actuarial gains recognised in year on defined benefit pension scheme	-	0.1	-	0.1
Deferred tax arising on above items	-	0.1	-	0.1
Total other comprehensive expense	(0.3)	0.2	-	(0.1)
Total comprehensive income	(0.3)	5.5	-	5.2
Reserves at 31 December 2024	12.9	152.1	3.2	168.2
Reserves at 1 January 2025	12.9	152.1	3.2	168.2
Net result after tax	-	0.9	-	0.9
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment	1.8	-	-	1.8
Actuarial losses recognised in year on defined benefit pension scheme	-	(4.9)	-	(4.9)
Deferred tax arising on above items	-	0.1	-	0.1
Total other comprehensive expense	1.8	(4.8)	-	(3.0)
Total comprehensive expense	1.8	(3.9)	-	(2.1)
Reserves at 31 December 2025	14.7	148.2	3.2	166.1

GROUP AND ICAEW STATEMENTS OF FINANCIAL POSITION

as at 31 December 2025

	Note	Group		ICAEW	
		2025 £m	2024 £m	2025 £m	2024 £m
Assets					
Non-current assets					
Property, plant and equipment	13	28.5	27.7	28.5	27.7
Right-of-use assets	14	0.9	1.3	0.8	1.2
Intangible assets	15	19.3	22.0	19.3	22.0
Investments in subsidiaries and associates	16	0.1	0.1	-	-
Investment property	12	1.5	1.4	1.5	1.4
Financial asset investments	17	149.7	136.0	128.9	117.4
Net pension asset	23	12.3	16.3	12.3	16.3
		212.3	204.8	191.3	186.0
Current assets					
Intangible assets	15	1.0	0.6	1.0	0.6
Trade and other receivables	18	35.2	31.9	40.7	33.0
Taxation receivable		0.8	-	0.8	-
Financial asset investments	17	45.0	20.0	45.0	20.0
Cash and cash equivalents	19	42.4	81.4	36.9	79.7
		124.4	133.9	124.4	133.3
Total assets		336.7	338.7	315.7	319.3
Liabilities					
Current liabilities					
Trade and other payables	20	(94.2)	(96.7)	(96.7)	(99.5)
Current tax liabilities		-	(1.8)	-	(1.8)
FRC Conduct Committee provision	21	(2.8)	(2.9)	(2.8)	(2.9)
		(97.0)	(101.4)	(99.5)	(104.2)
Non-current liabilities					
Payables due after more than one year	20	(42.1)	(40.5)	(41.9)	(40.5)
Provisions	22	(1.1)	(1.1)	(1.1)	(1.1)
Deferred tax liability	11	(7.1)	(5.3)	(7.1)	(5.3)
		(50.3)	(46.9)	(50.1)	(46.9)
Total liabilities		(147.3)	(148.3)	(149.6)	(151.1)
Total net assets		189.4	190.4	166.1	168.2
Reserves					
Revaluation reserve	25	14.7	12.9	14.7	12.9
Accumulated fund	25	149.9	153.8	148.2	152.1
Other reserves	25	5.4	5.4	3.2	3.2
Charitable trust funds	25	19.4	18.3	-	-
Total reserves		189.4	190.4	166.1	168.2

Approved on behalf of Council and authorised for issue



Peter Wyman, Chair of the Board
16 April 2026



Alan Vallance, Chief Executive
16 April 2026

GROUP AND ICAEW STATEMENTS OF CASH FLOWS

for the year ended 31 December 2025

	Note	Group		ICAEW	
		2025 £m	2024 £m	2025 £m	2024 £m
Cash flows from operating activities					
Result after tax		2.0	7.4	0.9	5.3
Adjustments for:					
Depreciation and amortisation	13,14,15	9.2	7.8	9.3	7.8
FRC Conduct Committee cost recoveries credited to income statement	21	5.0	1.0	5.0	1.0
Profit on sale of investment in associates		-	(2.8)		(2.4)
Investment income and fair value gains and losses	7	(16.6)	(14.9)	(15.1)	(13.2)
Interest on lease liabilities	14	0.1	0.1	0.1	0.1
Tax expense		3.5	2.2	3.5	2.2
Non-cash movement in provisions		(0.9)	(0.5)	(0.9)	(0.5)
Cash flows from operating activities before movements in working capital		2.3	0.3	2.8	0.3
Movements in working capital					
(Increase)/decrease in trade and other receivables excluding FRC Conduct Committee cost recoveries		(5.7)	6.9	(10.1)	10.8
(Decrease)/increase in trade and other payables		(2.7)	14.2	(3.0)	15.4
Increase/(decrease) in non-current payables		1.9	(1.3)	1.9	(1.3)
Cash (used in)/ generated from operating activities after movements in working capital		(4.2)	20.1	(8.4)	25.2
Cash flows on provisions					
Tax paid		(2.0)	-	(2.0)	-
FRC Conduct Committee cost recoveries received	21	2.9	2.3	2.9	2.3
FRC Conduct Committee case costs paid	21	(6.7)	(6.9)	(6.7)	(6.9)
Net cash (used in)/ generated from operating activities		(10.0)	15.5	(14.2)	20.6
Cash flows from investing activities					
Purchase of property, plant and equipment	14	(3.0)	(1.2)	(3.0)	(1.2)
Purchase of intangible assets	15	(4.0)	(6.8)	(4.0)	(6.8)
Proceeds from sale of investment in associates		-	3.2	-	3.2
Purchase of financial asset investments	17	(248.8)	(142.2)	(245.3)	(138.9)
Proceeds from sale of financial asset investments	17	221.7	145.0	218.3	141.8
Investment income received		5.5	3.8	5.6	3.6
Net cash inflow/ (outflow) from investing activities		(28.6)	1.8	(28.4)	1.7
Repayment of lease liabilities	14	(0.4)	(0.5)	(0.4)	(0.4)
Net cash (outflow)/ inflow from financing activities		(0.4)	(0.5)	(0.4)	(0.4)
Net (decrease)/ increase in cash and cash equivalents		(39.0)	16.8	(43.0)	21.9
Cash and cash equivalents at 1 January		81.4	64.6	79.7	57.8
Cash and cash equivalents at 31 December 2025	19	42.4	81.4	36.7	79.7

GROUP AND ICAEW NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

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

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

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

Taking into account these factors, the 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 accounting standards

The International Accounting Standards Board has issued a number of new IFRSs and minor amendments to IFRSs that became effective from 1 January 2025 or subsequent years, some of which have not yet been endorsed for use in the UK. With the exception of IFRS 18, as set out below, 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 2025 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 18 *Presentation and Disclosure in Financial Statements* was issued by the International Accounting Standards Board on 9 April 2024 and has been endorsed for use in the UK on 30 January 2026. IFRS 18 is expected to be effective from 1 January 2027, replacing IAS 1 *Presentation of Financial Statements*, and retrospective application will be required. IFRS 18 introduces new requirements to improve the comparability, relevance and transparency of financial performance information. While it does not affect recognition or measurement, it is expected to have a significant impact on presentation and disclosure, particularly in the statement of profit or loss and other comprehensive income and the inclusion of management defined performance measures.

Management is currently assessing the impact of IFRS 18 on the Group's consolidated financial statements. Based on a high level preliminary assessment, the following potential impacts have been identified.

- The adoption of IFRS 18 is not expected to have an impact on the Group's net profit. However, the introduction of new categories in the statement of profit or loss is expected to affect the presentation of income and expenses and, in particular, the calculation and presentation of operating profit.
- The application of the "useful structured summary" concept, together with enhanced principles on aggregation and disaggregation, may result in changes to the line items presented in the primary financial statements. While the Group does not expect significant changes to the overall information currently disclosed in the notes, the grouping and disaggregation of information may change.
- IFRS 18 also introduces new disclosure requirements, including disclosures of management defined performance measures and, in the first year of application, reconciliations for each line item in the statement of profit or loss between amounts presented under IFRS 18 and those previously presented under IAS 1.
- The statement of cash flows will be affected, as interest paid will be presented within financing activities and interest received within investing activities, rather than operating activities.

The Group will apply IFRS 18 from its mandatory effective date of 1 January 2027. The standard will be applied retrospectively and comparative information for the year ended 31 December 2026 will be restated accordingly.

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 fees and subscriptions, 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 that the registration covers.
- Examination fees are recognised in the period in which the examination sitting took place.
- Income generated from the sale of learning materials is recognised at the point the learning materials are delivered or made available to the customer.
- Income generated from the granting of film licences and accreditation of software through trademark licences is recognised over the term of the contract.
- Other income, including commercial income and income from consulting services, is recognised in the period in which the services are provided. For long-term capacity building contracts, income is recognised by reference to the stage of completion of the individual contract.
- ICAEW invoices charges to its members on behalf of the Financial Reporting Council (FRC) in relation to audit quality reviews. ICAEW recognises no income where ICAEW is considered to be acting as agent in these instances.

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

- ICAEW pays fees to various regulatory bodies and ICAEW charges these on to its member firms as levies. Income from levies on member firms is recognised in the same period as the regulatory fee expense to which it relates.
- Income from professional conduct (disciplinary) fines is recognised when the decision has been made and is final after any appeal, to the extent that it is considered recoverable.

- In accordance with IAS 20 *Government Grants*, the Group recognises government grant income only when there is reasonable assurance that any conditions attached to the grant have been satisfied and the grant will be received. Grant income is recognised over the period necessary to match income with the related costs for which they are intended to fund.
- Insurance revenue is accounted for under the accounting policy for insurance contracts as set out in note 3n below.

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 used. 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.

2. ACCOUNTING POLICIES continued

d) Deferred tax continued

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 used.

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) Investment property

Investment property is defined as property held to earn rentals or for capital appreciation. It is not used for carrying out administration activities, the production or supply of goods or services, or held for sale in the ordinary course of business.

Investment property is held at fair value. Changes in fair value of investment property are recognised in the income statement.

f) Property, plant and equipment

i) Freehold properties

Freehold properties comprise our registered office at Chartered Accountants' Hall in Moorgate.

Freehold property that is not accounted for as investment property is recognised initially at cost and revalued periodically. Values are reviewed annually and, should circumstances dictate, an open market valuation by independent professionally qualified valuers is conducted. Freehold properties are included in the statements of financial position at their revalued amounts derived from observable market data of comparable buildings in a similar location. Surpluses on revaluations are transferred to the revaluation reserve. Deficits on revaluations are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to the income statement.

Depreciation is provided on the plant and equipment elements within the freehold property. Certain major items of fixed plant and equipment that are considered to be significant by management are identified separately and are depreciated over their individual estimated useful economic lives. Depreciation is not charged on freehold land. Depreciation is charged on the revalued amount of freehold buildings at 2% per year. Significant component parts and major refurbishments are predominantly depreciated on a straight-line basis over a useful life of 5 to 20 years.

ii) Silver and antiques collections

Silver collection and antiques are recognised at cost and subsequently revalued to fair value. The historical cost of ICAEW's silver collection and antiques represents only the cost of items bought by ICAEW. The valuations of these collections also include substantial donations and bequests. The collections have been reviewed by management and are still considered to be level 2 assets as defined by IFRS 13 *Fair Value Measurement* and are revalued annually by independent, professionally-qualified valuers. They are stated at estimated open market values that are derived from observed prices for recent market transactions on similar items.

Surpluses on revaluation, including surpluses arising from donations of items to the collections, are transferred to the revaluation reserve. Deficits on revaluation are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to the income statement.

In view of the nature of these assets, the estimated residual value is equal to the carrying amount and no depreciation is provided.

iii) Leasehold improvements

Improvements to leasehold properties are capitalised at cost and are depreciated on a straight-line basis over the shorter of their estimated useful economic lives and the remaining lease term.

iv) Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and impairments. Depreciation is charged on a straight-line basis over the estimated useful economic lives of the assets as follows:

IT equipment:	3 to 8 years
Fittings:	10 to 15 years
Furniture and other equipment:	5 to 8 years

g) Leases

As lessee

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 re-values its freehold property that is presented within property, plant and equipment, it has chosen not to do so for right-of-use assets.

As lessor

The Group leases out a portion of its head office to a third party. Leases entered into as a lessor are classified as either an operating lease or a finance lease. The existing lease is classified as an operating lease as it does not transfer substantially all the risks and rewards of ownership to the lessee.

For operating leases, lease income is recognised on a straight-line basis over the lease term. Variable lease payments are only included in the income statement where the conditions have been satisfied to trigger those payments.

2. ACCOUNTING POLICIES continued

h) Intangible assets

Intangible assets comprise software, stated at cost less accumulated amortisation as well as intellectual property pertaining to electronic learning materials.

An internally generated intangible asset arising from development is recognised as an intangible asset if, and only if, all the following conditions have been satisfied:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset is expected to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs on research activities, and costs arising before 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.

Intangible assets are presented within current assets when the associated economic benefits are expected to be received within one year. Otherwise, intangible assets are presented as non-current assets.

i) Impairment of assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is taken as the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that have previously been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Investments in associates

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

In the separate financial statements of ICAEW, investments in associates are accounted for at cost, less any provision for impairment.

k) Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently at either amortised cost or fair value depending on the classification of the financial instruments as described below.

i) Classification of financial assets

Debt instruments that meet both the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Additionally, on initial recognition, an irrevocable election may be made to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Group and ICAEW have no financial assets measured as FVTOCI.

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.

2. ACCOUNTING POLICIES continued

k) Financial assets continued

ii) Impairment of financial assets

IFRS 9 established an approach for the impairment of loans and trade receivables, the expected credit loss model, which focuses on the risk that a debt will default rather than when a loss has been incurred. Under the expected credit loss model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring.

ICAEW has opted to use the simplified approach measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. For trade and other receivables, ICAEW is not exposed to any significant credit risk to any single counterparty or group of counterparties. ICAEW continuously monitors defaults of counterparties and incorporates this information into its credit risk controls relating to non-member customers.

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.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and investments in money market instruments representing short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value. Investments are considered highly liquid only when the maturity date is three months or less from the date of acquisition. Also included in cash and cash equivalents are cash in transit balances relating to credit card payments, due from merchant acquirers. These are settled on very short terms and are not subject to significant risk of change in value.

Only funds held for the purpose of meeting short-term cash commitments are classified as cash and cash equivalents. Funds held for longer-term investment gain are classified as financial asset investments.

m) Financial liabilities

i) Classification of financial liabilities

All financial liabilities are classified as measured at amortised cost using the effective interest method, or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains and losses on derecognition are recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the amortised cost of a financial liability.

ii) Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligations under that liability are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

n) Insurance contracts

Insurance contracts are defined as contracts under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

ICAEW participates in two compensation schemes of last resort, the Probate Compensation Scheme and the Chartered Accountants Compensation Scheme. Under these schemes, firms authorised by ICAEW to carry out certain regulated business activities are charged a levy by ICAEW to meet the running costs of these schemes and to build reserves from which any future claims against those firms resulting from malpractice or fraud can be met.

Management have made the judgement that these compensation schemes fall within the scope of IFRS 17 *Insurance Contracts*.

The Group accounts for these compensation schemes using the simplified Premium Allocation Approach as permitted under IFRS 17 where the coverage period is one year or less and there is a reasonable expectation that this simplification will produce a measurement of the liability for the remaining coverage not materially different from that which would be produced otherwise under IFRS 17.

Insurance revenue represents insurance premiums received by the entity and is recognised in the period of coverage to which the revenue relates.

The liability for remaining coverage is measured on initial recognition as premiums received, minus insurance acquisition cash flows, plus or minus amounts arising on derecognition of insurance asset or liabilities.

At the end of each reporting period, carrying amount of the liability is measured as the carrying amount at the start of the reporting period plus premiums received in the period, minus amounts recognised as insurance revenue in the period.

o) Provisions for liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

2. ACCOUNTING POLICIES continued

o) Provisions for liabilities continued

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.

p) FRC Conduct Committee

ICAEW has a statutory obligation to reimburse the FRC for costs resulting from investigations and disciplinary actions brought by the FRC Conduct Committee against ICAEW members or member firms that are registered by ICAEW to carry out regulated work.

FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled or referred to the next stage, finally culminating in a tribunal if the case is not concluded at an earlier stage.

Where FRC Conduct Committee cases are concluded in favour of the FRC, the FRC seeks to recover the associated case costs from the member or member firm subject to the investigation. Recovered case costs are reimbursed by the FRC to ICAEW.

A provision is recognised for the estimated costs of completing the current stage of each open investigation or disciplinary case as at the reporting date, net of the estimated proportion of costs relating to the current stage that are expected to be recovered in the future from the ICAEW members or member firms subject to the investigation on conclusion of cases.

Provisions in respect of FRC Conduct Committee case costs are derecognised at the point the costs are invoiced or, where costs are notified but not yet invoiced, recognised in accruals. Expected cost recoveries relating to case costs already paid by ICAEW are presented in other receivables.

A contingent liability is disclosed in relation to the possible obligation that may arise if cases proceed further than the current stage.

q) Pension benefits

i) Defined benefit pension scheme

Retirement benefits are accounted for under IAS 19 *Employee Benefits*. The net asset on the defined benefit scheme is the fair value of the scheme assets less the present value of the defined benefit liabilities at the end of the reporting period.

Refunds of a surplus are not considered to be available if the right to a surplus depends on the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. The rights of third parties such as trustees are considered in assessing the extent to which a surplus can be recognised.

Scheme liabilities are measured by qualified independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash flows derived from yields of high-quality corporate bonds that have terms to maturity which approximate to the terms of the related pension liability.

Scheme assets which are held in a separate trustee-administered fund are measured at fair value. Scheme assets may include equities, bonds and cash together with qualifying insurance policies.

Net interest is charged or credited to the income statement and is measured by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains and losses are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

ii) Defined contribution pension scheme

A defined contribution arrangement is one into which the Group and the employee pay contributions, without any further obligation to pay additional contributions in the future. Payments to defined contribution schemes are charged to the income statement as they fall due.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In order to prepare the Group’s financial statements in accordance with IFRS, management must make judgements and estimates when applying accounting policies that affect the reported amounts of assets, liabilities, income and expense. The estimates are based on historical experience and assumptions that management believes are reasonable taking into account relevant available information. Actual results may differ from those on which management’s estimates are based.

Critical accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods.

The following are critical judgements that management have made in the process of applying the Group’s accounting policies and key sources of estimation uncertainty.

Accounting area	Critical judgement	Key sources of estimation uncertainty
Recognition of membership admission fee income	<p>Admission fees are collected from members on admission to membership, and from members who take up life membership later in life in return for reduced annual membership charges thereafter.</p> <p>Under IFRS 15, multiple contracts need to be combined and accounted for as 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>Management have 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 and life membership.</p>	None
FRC Conduct Committee	<p>FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in a tribunal if the case is not concluded at an earlier stage. Due to the individual circumstances surrounding each case, it is generally difficult to predict the likelihood of a case proceeding past the current stage.</p> <p>Management have made the judgement that there is no present obligation in relation to potential future stages of cases and therefore it is appropriate to provide for costs as far as the current stage only. There is a possible obligation in relation to future stages, contingent on factors outside the control of ICAEW. Therefore, a provision is recognised for the estimated costs, net of estimated cost recoveries, of completing the current stage of each open investigation or disciplinary case as at the reporting date and a contingent liability is disclosed in relation to the possible obligation that may arise if cases proceed further than the current stage.</p> <p>Further information is disclosed in note 21.</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 21.</p>

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

Accounting area	Critical judgement	Key sources of estimation uncertainty
Defined benefit pension scheme	<p>Management have carefully considered the extent to which a pension asset should be recognised under IAS 19 and IFRIC 14, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling, defined to be the present value of economic benefits available in the form of refunds from the scheme or reductions to future contributions. Under IFRIC 14, a refund is available to an entity if the entity has an unconditional right to a refund.</p> <p>Management have taken legal advice to understand the circumstances under which any surplus assets might not be refunded to ICAEW and have made the judgement that the possible circumstances under which any scheme surplus might not be refunded to ICAEW, such as wind-up of the scheme, augmentation of benefits, amendment to scheme rules, are within the control of ICAEW. Therefore, it is considered that ICAEW has an unconditional right to a refund assuming the gradual settlement of scheme liabilities over time until all members have left the scheme and as such, it is appropriate to recognise the full surplus as measured under IAS 19 as a pension asset in the statement of financial position.</p>	<p>The measurement of the defined benefit pension obligation and net interest income of ICAEW's defined benefit pension schemes depends on certain assumptions which include the discount rate, rate of pension increases, inflation rate and mortality.</p> <p>Further information regarding the assumptions made and sensitivities to these assumptions is disclosed in note 23.</p> <p>In 2024, the <i>Virgin Media Ltd v NTL Pension Trustees II Ltd</i> court case also raised questions as to the legal validity of scheme amendments made in previous years where actuarial certificates cannot be traced. Given the uncertainty over the scope and application of the rulings and the period over which any potential liability may arise, the impact on ICAEW's defined benefit pension scheme cannot be reliably measured. Although proposed legislation published in September 2025 is expected to permit retrospective actuarial confirmations once enacted in 2026, no provision has been recognised as at the reporting date and the matter is treated as a contingent liability in accordance with IAS 37, with further disclosure included in note 26.</p>
Fair value of property, plant and equipment and investment property	None	<p>ICAEW measures freehold property and investment 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 and investment 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 the reporting date.</p> <p>The valuation methodology follows a comparative method with regard to recent vacant possession sales and the capital rate achieved, adjusted to reflect specific characteristics of the property. An assumption has been made concerning the capital value per unit area of the building, which is derived using an income weighted average equivalent yield.</p> <p>The valuation of £18.9m (2024: £18.9m) has been calculated using an equivalent yield of 5.99% (2024: 5.97%). If an equivalent yield of 5.50% was assumed, the estimated fair value of the building would have been £21.4m (2024: £21.3m), whereas an equivalent yield of 6.25% would result in a fair value measurement of £17.7m (2024: £17.5m).</p>

4. FINANCIAL RISK MANAGEMENT

Senior management directly controls day-to-day policies and operations. Financial risk management issues are covered by ICAEW's risk management process as set out in the Governance section. Board members are informed of any significant issues relating to financial and non-financial risk management. Financial risks to which the Group is exposed are summarised below.

a) Market risk

The Group holds a significant level of reserves within a strategic investment portfolio and, as a result, is exposed to price risks arising from these investments.

The Group's investment portfolio is held for strategic purposes, to provide additional returns over the long term rather than to support short-term financial objectives. The investments portfolio is managed in line with defined risk appetite; however, market valuations can be subject to volatility as a result of changes in the economic environment.

b) Currency risk

The majority of ICAEW's transactions are carried out in sterling. To the extent possible, ICAEW uses the income received from services provided in other currencies to hedge any exposures on payments made. ICAEW operates international regional offices and is exposed to foreign currency exchange risk on the transfer of foreign currency to its international offices. Where appropriate, forward purchases are used to mitigate foreign exchange risk. In addition, ICAEW holds accounts in US Dollars, Hong Kong Dollars, Singapore Dollars and Euros. Overseas Group entities hold bank accounts in the local operating currencies and Pound Sterling.

c) Credit risk

Working capital and longer-term funds are held in interest-bearing investments and in listed equity securities for investment purposes through independent custodians.

The credit risk for investments and cash and cash equivalents is monitored regularly. In the current economic climate, extra attention has been given to the agreed limited list of counterparties, which are all reputable banks with a high-quality external credit rating of at least AA- or which have been judged to have systemic importance.

The maximum exposure to credit risk at the year-end date is represented by the carrying value of financial instruments and management considers that all the financial assets not impaired or have exceeded given credit terms are still considered to be of good credit quality and recoverable.

d) Liquidity and interest rate risk

ICAEW policy is to maintain a relatively high level of cash and investment balances and therefore it does not have significant exposure to liquidity risk. ICAEW manages its liquidity risk by monitoring its net cash and cash equivalent flows. Liquidity needs are monitored on a day-to-day and monthly basis for short-term needs. Excess funds are invested as appropriate, depending on the forecast working capital cash flow needs, on short-term interest-bearing deposits. As a result of its holding of short-term interest-bearing deposits with financial institutions, ICAEW does have exposure to interest rate fluctuations. These investments are invested by our agents in high-quality, liquid deposits, with a range of counterparties in such a way as to avoid an excessive concentration of our investment with any specific counterparty and are monitored on a regular basis.

e) Concentration risk

The Group is exposed to concentration risk arising from its reliance on a relatively small number of large training firms for a significant proportion of its UK student intake. A reduction in training activity by one or more of these firms could result in lower student numbers, leading to a decline in examination, learning and future membership subscription income.

A sustained reduction in income could adversely affect operating surpluses and may require the use of reserves to support ongoing activities.

ICAEW monitors this risk through regular review of income trends and student pipeline data and seeks to mitigate the exposure by broadening routes to qualification, diversifying income streams and expanding activity in international markets. At the reporting date, no impairment of assets or provisions were required as a result of concentration risk.

f) Cyber risk

The Group is exposed to cyber risk as a result of its reliance on information systems to deliver services, process transactions and store personal and confidential data. A significant cyber incident could result in operational disruption, loss or corruption of data, delayed income collection, additional remediation and recovery costs, regulatory penalties and reputational damage.

Such an event could have an adverse impact on the Group's financial performance and cash flows in the period of occurrence and may give rise to additional costs or liabilities.

ICAEW mitigates this risk through the maintenance of appropriate technical controls, incident response and business continuity arrangements, regular monitoring and staff awareness, and the use of cyber insurance. At the reporting date, no material losses, impairments or provisions have been recognised in relation to cyber incidents.

5. OPERATING INCOME

Operating income comprises the following:

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Fees and subscriptions				
Admission fee income	2.0	1.9	2.0	1.9
Annual membership	58.6	56.9	58.6	56.9
Practising certificate fees	4.2	4.0	4.2	4.0
Life membership fee income	0.5	0.4	0.5	0.4
Total subscriptions and fees income	65.3	63.2	65.3	63.2
Other operating income:				
Learning income				
Exam fees	18.8	16.9	18.8	16.9
Sale of learning materials	8.3	7.1	8.3	7.1
Student fees and charges	5.6	5.1	5.6	5.1
	32.7	29.1	32.7	29.1
Professional standards				
Regulatory registration fees and levies	19.3	19.2	19.3	19.3
Regulatory fines and penalties	5.5	3.0	5.5	3.0
Quality assurance, film licensing and commercial income	2.6	2.0	2.6	2.0
Insurance revenue	-	0.1	-	0.1
	27.4	24.3	27.4	24.4
Other income				
Commercial, events and sponsorship income	10.9	10.8	10.9	10.8
Faculty subscription fees	1.2	1.2	1.2	1.2
Grant and other income	0.2	0.3	0.2	0.3
	12.3	12.3	12.3	12.3
FRC Levies				
Levy income - FRC Conduct Committee case costs	6.0	6.3	6.0	6.3
Levy income - FRC operating costs	5.4	5.2	5.4	5.2
	11.4	11.5	11.4	11.5
Total other operating income	83.8	77.2	83.8	77.3
Total operating income	149.1	140.4	149.1	140.5

Membership admission fee income is recognised over the estimated membership period, being 35 years, as this is the period over which performance obligations are satisfied. Similarly, life membership fees are recognised over a period of 15 years.

While the nature and source of revenues remain unchanged, categorisation of Operating income subsections has been updated for 2025 to reflect the new divisional structure and delivery accountabilities implemented during the financial year.

Education and Training income has been renamed Learning income and now includes the sale of learning materials, which were previously reported under Belonging and Supporting. Other income now comprises income streams previously reported under Belonging and Supporting and Reputation and Influence. To better reflect the nature of FRC income and improve transparency, Other professional associations income has been reclassified as Levy income - FRC operating costs.

6. OPERATING EXPENDITURE

The Group and ICAEW operating expenditure comprises the following:

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Staff costs (see note 8)	65.0	62.3	62.3	59.3
Exam running costs	12.7	12.0	12.7	12.0
IT maintenance, support and software	11.3	7.6	11.3	7.6
Property maintenance	4.2	3.6	3.9	3.6
Professional fees and consultancy	10.0	13.2	9.5	13.2
Travel and subsistence	1.8	2.1	1.6	2.1
Irrecoverable VAT	7.3	5.9	7.3	5.9
Print and publishing	3.2	3.5	3.2	3.5
Marketing	2.3	2.4	1.6	2.4
Hospitality and catering	3.7	3.5	3.7	3.5
Bad and doubtful debt	-	0.2	-	0.2
Finance charges	1.0	0.8	1.0	0.8
Depreciation on owned property, plant and equipment (note 13)	2.6	2.9	2.6	2.9
Depreciation on right-of-use assets (note 14)	0.3	0.3	0.3	0.3
Amortisation of intangible assets (note 15)	5.4	4.6	5.4	4.6
Loss on disposal of property plant and equipment and intangible assets	-	-	-	-
Other operating expenditure	11.8	10.0	16.5	13.6
Restructuring and transformation costs	7.1	1.2	7.1	1.2
Total operating expenditure	149.7	136.1	150.0	136.7

Included in other operating expenditure above are fees payable of £132,000 (2024: £120,000) to ICAEW's auditor for the audit of the financial statements.

Following a review of the underlying nature of costs, £3.0m was reclassified during 2025 from professional fees and consultancy to IT maintenance and support.

Non-recurring restructuring, organisational re-design and technology discovery costs of £7.1m were incurred during the year (2024: £1.2m).

	Group and ICAEW	
	2025 £m	2024 £m
Restructuring - staff costs	4.8	1.1
Recruitment and temporary staff costs	0.8	-
Consultancy and legal costs	0.9	0.1
IT Discovery costs	0.4	-
Other costs	0.2	-
	7.1	1.2

7. INVESTMENT INCOME AND EXPENDITURE

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Income				
Interest receivable on cash at bank	0.3	0.5	0.3	0.5
Returns on financial investments classified as FVTPL	16.3	14.4	14.3	12.5
	16.6	14.9	14.6	13.0
Dividends receivable from subsidiary undertakings	-	-	0.4	0.2
Total investment income	16.6	14.9	15.0	13.2

8. STAFF COSTS

Average number of staff employed during the year	Group		ICAEW	
	2025	2024	2025	2024
Total employees	891	882	846	828
Full-time equivalents	855	840	812	788

Employment costs	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Wages and salaries	54.3	52.9	51.7	50.0
Employer's social security costs	6.4	5.3	6.4	5.3
Employer's pension costs	4.3	4.1	4.2	4.0
	65.0	62.3	62.3	59.3

9. KEY MANAGEMENT REMUNERATION

The Board of ICAEW and the other members of ICAEW Executive Team are ICAEW's key management as they have collective authority and responsibility for planning, directing and controlling the business.

	Salary 2025 £m	Bonus 2025 £m	Total 2025 £m	Salary 2024 £m	Bonus 2024 £m	Total 2024 £m
Remuneration						
Executive team	1.6	0.4	2.0	1.7	0.3	2.0
Chair and non-executive directors	0.5	-	0.5	0.4	-	0.4
	2.1	0.4	2.5	2.1	0.3	2.4

The remuneration disclosed above represents amounts earned during the period in which the relevant individuals served as key management personnel. Bonus is payable to Executive Team members based on performance and is agreed by the Remuneration Committee.

The Team was established during 2025 and includes the following positions: Chief Executive, Chief Financial Officer, Chief Information Officer, Chief People Officer, Chief Membership Officer, Chief Learning Officer, Chief Marketing & Brand Officer, Chief Policy and Communications Officer and Chief Officer Professional Standards. The CEO and CFO serve on the ICAEW Board.

Due to the ongoing restructure, the costs of the Executive Team for 2025 and 2024 are transitional and therefore not fully reflective of expected business as usual future position. The Chief Membership Officer joined ICAEW in November 2025 and the Learning and Marketing & Brand Officers in January 2026. The Chief People Officer joined midway in 2024 and the Chief Information Officer in November 2024. 2024 comparative numbers include the Chief Operating Officer and Chief of Staff who left on 30 November 2024. The Chief Operating Officer and Chief of Staff positions were retired from the structure.

Executive Board members are remunerated through a total reward package, which includes base salary, core benefits such as pension, holiday entitlement and private medical insurance, and a variable element in the form of an annual bonus.

In addition to the amounts disclosed above, ICAEW incurred employment discontinuation expenses of £0 (2024: £0.6m) in the year relating to key management personnel. Also, pension costs of £0.1m (2024: £0.1m) were incurred in respect of key management personnel.

National insurance costs incurred on the above key management remuneration totalled £0.3m (2024: £0.4m).

10. TAX

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Current tax on profits for the year	1.7	1.8	1.7	1.8
Deferred tax expense:				
Origination and reversal of timing differences	1.8	0.4	1.8	0.4
Total deferred tax expense:	1.8	0.4	1.8	0.4
Tax expense for the year	3.5	2.2	3.5	2.2

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.

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Factors affecting the tax charge for the year				
Result before tax	5.5	9.6	4.4	7.5
Add back: result on transactions with members	6.7	4.3	7.8	6.4
Net result before tax on transactions with non-members	12.2	13.9	12.2	13.9
Corporation tax expense at standard rate of 25% (2024: 25%)	3.2	3.5	3.2	3.5
Effects of:				
Items not chargeable/deductible for tax purposes	(0.1)	(0.8)	(0.1)	(0.8)
Adjustments in respect of prior years	0.4	0.1	0.4	0.1
Profit on sale of investment in associate	-	(0.6)	-	(0.6)
Tax expense for the year	3.5	2.2	3.5	2.2

11. DEFERRED TAX

	Gains and losses on financial asset investments £m	Revaluation of properties and historical collections £m	Defined benefit pension asset £m	Net £m
Liability at 1 January 2024	4.0	0.7	0.3	5.0
Amounts charged to the income statement	0.4	-	-	0.4
Amounts credited to other comprehensive income	-	-	(0.1)	(0.1)
Liability at 1 January 2025	4.4	0.7	0.2	5.3
Amounts charged to the income statement	1.7	-	-	1.7
Amounts credited to other comprehensive income	-	0.2	(0.1)	0.1
Liability at 31 December 2025	6.1	0.9	0.1	7.1

Deferred tax balances are calculated at a rate of 25% (2024: 25%). Deferred tax relating to the defined benefit pension scheme is calculated at 25% (2024: 25%) in line with the relevant legislation concerning the taxation of authorised surplus payments. From April 2024, the tax rate applicable to authorised pension scheme surplus payments was changed from 35% to 25%.

ICAEW is outside the scope of the OECD Pillar Two model rules and therefore these are not considered to impact on ICAEW's measurement of deferred tax assets and liabilities.

12. INVESTMENT PROPERTY

	Group and ICAEW	
	2025 £m	2024 £m
Carrying amount		
At 1 January	1.4	-
Prior-year transfer from property, plant and equipment - cost allocation true up	(1.0)	1.4
Revaluation adjustment	1.1	-
At 31 December	1.5	1.4

Investment property relates to a single floor of Chartered Accountants' Hall which was leased out to a third party under an operating lease during the previous year and therefore was transferred to investment property. Previously this property was classified as property, plant and equipment.

A professional valuation of Chartered Accountants' Hall was carried out as at the reporting date, resulting in a valuation of £18.9m (2024: £18.9m) of which £17.4m relates to the owner-occupied part of the building, presented as property, plant and equipment, and £1.5m (2024: £1.4m) relates to the single floor classified as investment property.

Lease income during the year was £nil (2024: £nil). The lease term is 5 years, with a break-clause at 3 years and a 12-month rent-free period. Thereafter, the maximum annual lease income of £145,000 may be reduced by 50% or 100%, subject to certain variable factors. As at the reporting date, the conditions have not been satisfied to trigger any income from the lease.

13. PROPERTY, PLANT AND EQUIPMENT

Group and ICAEW	Freehold property £m	Leasehold improvements £m	Rare books, silverware and antiques £m	Furniture, fittings and IT equipment £m	Total £m
Cost or valuation					
At 1 January 2024	35.5	3.0	5.8	15.7	60.0
Additions	0.4	-	-	0.8	1.2
Disposals at cost or valuation	-	-	-	(0.3)	(0.3)
Revaluation	(0.9)	-	0.6	-	(0.3)
Transfer to investment property	(1.9)	-	-	-	(1.9)
At 1 January 2025	33.1	3.0	6.4	16.2	58.7
Additions	0.9	-	-	1.4	2.3
Disposals at cost or valuation	-	-	-	(0.5)	(0.5)
Revaluation	0.3	-	0.5	-	0.8
Prior-year transfer to investment property - cost allocation true-up	0.9	-	-	-	0.9
Transfer to operating expenses	(0.6)	-	-	-	(0.6)
At 31 December 2025	34.6	3.0	6.9	17.1	61.6
Accumulated depreciation					
At 1 January 2024	14.5	2.9	-	11.5	28.9
Depreciation for the year	1.6	-	-	1.3	2.9
Depreciation eliminated on disposals	-	-	-	(0.3)	(0.3)
Prior-year transfer to investment property - cost allocation true-up	(0.5)	-	-	-	(0.5)
At 1 January 2025	15.6	2.9	-	12.5	31.0
Depreciation for the year	1.6	-	-	1.0	2.6
Depreciation eliminated on disposals	-	-	-	(0.5)	(0.5)
Transfer to investment property	-	-	-	-	-
At 31 December 2025	17.2	2.9	-	13.0	33.1
Carrying amount					
At 31 December 2025	17.4	0.1	6.9	4.1	28.5
At 31 December 2024	17.5	0.1	6.4	3.7	27.7

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 23). A professional valuation of Chartered Accountants' Hall was carried out as at the reporting date, resulting in a valuation of £18.9m (2024: £18.9m) of which £17.4m (2024: £17.5m) is presented as property, plant and equipment above, and £1.5m (2024: £1.4m) is presented within investment property (note 12).

Freehold property includes significant component parts with aggregate cost totalling £22.9m (2024: £23.6m) which are depreciated on a straight-line basis over a useful life of 5 to 20 years.

Valuations of the rare books, silverware and antiques were carried out by independent professional valuers at the reporting date, resulting in a total increase in value of £0.5m in the year to £6.9m as at 31 December 2025.

At 31 December 2025 there were no contracts for capital expenditure not provided for in these financial statements (2024: £nil).

14. LEASES

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

Right-of-use assets	Group £m	ICAEW £m
Cost		
At 1 January 2024	8.4	8.3
Additions	0.1	-
At 1 January 2025	8.5	8.3
Additions	-	-
Disposals and reclassification to short-term leasehold	(0.1)	-
At 31 December 2025	8.4	8.3
Accumulated depreciation		
At 1 January 2024	6.9	6.8
Depreciation for the year	0.3	0.3
At 1 January 2025	7.2	7.1
Depreciation for the year	0.3	0.4
At 31 December 2025	7.5	7.5
Carrying amount		
At 31 December 2025	0.9	0.8
At 31 December 2024	1.3	1.2

Lease liabilities

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

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
At 1 January	1.3	1.6	1.3	1.6
New leases	-	0.1	-	-
Interest charged	0.1	0.1	0.1	0.1
Lease payments	(0.4)	(0.5)	(0.4)	(0.4)
At 31 December	1.0	1.3	1.0	1.3

Lease additions have been calculated using an estimated borrowing rate of 5.00% (2024: 5.00%). This has been determined using an equivalent market borrowing rate.

14. LEASES continued

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

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Current	0.5	0.3	0.5	0.3
Non-current	0.5	1.0	0.5	1.0
	1.0	1.3	1.0	1.3

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

Short lease commitments

At 31 December 2025 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	
	2025 £m	2024 £m	2025 £m	2024 £m
Minimum lease payments due:				
Within one year	0.2	0.2	-	-
	0.2	0.2	-	-

15. INTANGIBLE ASSETS

	Group and ICAEW		
	Computer software Assets £m	Other intangible Assets £m	Total £m
Cost			
At 1 January	46.8	0.3	47.1
Additions	1.4	2.6	4.0
Reclassification	(0.6)	0.6	-
Disposals	(3.8)	-	(3.8)
At 31 December	43.8	3.5	47.3
Accumulated amortisation			
At 1 January	24.8	(0.3)	24.5
Amortisation for the year	5.3	1.0	6.3
Reclassification	(0.6)	0.6	-
Disposals	(3.8)	-	(3.8)
At 31 December	25.7	1.3	27.0
Carrying amount at 31 December 2025	18.1	2.2	20.3
Carrying amount at 31 December 2024	22.0	0.6	22.6
Of which presented within		2025 £m	2024 £m
Current assets		1.0	0.6
Non-current assets		19.3	22.0
Total Intangible assets		20.3	22.6

Current intangible assets comprise intellectual property pertaining to electronic learning materials to which ICAEW sells access to students.

Non-current intangible assets comprise principally of software for ICAEW's internal systems, with amortisation charges allocated across ICAEW functions on the basis of system use. Additionally, in the current year, intangible assets pertaining to learning materials and the Next Generation ACA syllabus and platform were reclassified.

No indications of impairment of intangible assets have arisen during the year.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

a) Subsidiary undertakings

The following entities, all registered in England and Wales, are subsidiary undertakings, included within the consolidated Group financial statements on the basis that ICAEW has control as it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns:

Trust	Activity
ICAEW Foundation	Makes charitable donations of particular interest to ICAEW. Administers a number of charitable trusts under the authority of a uniting direction from the Charity Commission.
ICAEW Limited	Provides marketing support services for ICAEW through its subsidiary undertakings in Malaysia, Indonesia, Vietnam, the Middle East, Southeast Asia and Europe. Additionally, ICAEW Limited is the parent of ICAEW Legal Services Compensation Scheme Limited.
The charitable trusts administered by ICAEW Foundation are as follows:	
PD Leake Trust	Provides grants for accountancy research, conferences, publications and post graduate bursaries.
Chartered Accountants' Permanent Education Trust	Provides exam prizes.
Chartered Accountants' Trust for Education and Research	Owns and operates the ICAEW library.
Chartered Accountants' Library Limited	Dormant subsidiary of Chartered Accountants' Trust for Education and Research.
Chartered Accountants' Charitable Investment Pool	Common investment fund managing the investments of the other charitable trusts.
ICAEW Limited owns 100% interest in the share capital of the following subsidiary companies:	
ICAEW Europe Limited ICAEW Malaysia Limited ICAEW Middle East Limited ICAEW China Limited* ICAEW South East Asia Limited	International subsidiaries provide marketing support services for ICAEW in overseas territories.
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.

* ICAEW China Limited ceased trading activities on 31 December 2023.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES continued**b) Investments in associates**

The following related entities, all with their principal place of business in the UK, have been treated as associates in these financial statements. In each case, and notwithstanding the majority ownership of CCAB Limited and the Chartered Accountants' Compensation Scheme Limited, ICAEW exercises significant influence through its representation on the board of directors, participation in the management process and through the existence of material transactions between the company and ICAEW, but ICAEW does not control the companies.

Entity	Activity
The Joint Insolvency Examination Board (JIEB) – a company limited by guarantee	Conducts exams in insolvency practice to meet the education requirements of the Insolvency Act 1986. ICAEW is one of seven subscribers, each of whom has guaranteed £1 in the event of the company being wound up. ICAEW provides exam services. JIEB has a year-end date of 30 June.
Fraud Advisory Panel (FAP) – a company limited by guarantee	Registered charity which carries out research into, and education in, all aspects of fraud prevention, detection, prosecution and deterrence. ICAEW has the right to appoint up to one third of the directors of the company. ICAEW provides grant funding together with administration services.
CCAB Limited (CCAB)	The Consultative Committee of Accountancy Bodies 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's 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's 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.
Centre for Public Interest Audit (CPIA)	The Centre for Public Interest Audit (CPIA) is a policy and research institute formed to improve audit quality across the profession. CPIA was established in 2024 and ICAEW provides an annual grant to support CPIA's activities. Although ICAEW has representation on CPIA's Board, CPIA is an independent organisation.

The above entities operate on a not-for-profit basis.

Financial information relating to the associates is summarised below:

	JIEB 2025 £m	FAP 2025 £m	CCAB 2025 £m	CACS 2025 £m	CAW 2025 £m	CPIA 2025 £m	Total 2025 £m	Total 2024 £m
Assets	0.5	0.5	3.5	0.2	0.7	1.7	7.1	6.5
Liabilities	-	-	(3.5)	(0.2)	(0.6)	-	(4.3)	(4.2)
Net assets	0.5	0.5	-	-	0.1	1.7	2.8	2.3
Group share of net assets	-	0.1	-	-	-	-	0.1	0.1
Goodwill	-	-	-	-	-	-	-	-
Carrying value in consolidated financial statements	-	0.1	-	-	-	-	0.1	0.1
Revenue	0.2	0.1	13.3	0.1	0.6	2.1	16.4	14.1
Profit / (loss) from continuing operations and total comprehensive income	-	-	-	-	-	-	-	-

None of the above companies had any discontinued operations in the year or previous year.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES continued

b) Investments in associates continued

Movements in investments in subsidiaries and associates:	Group £m	ICAEW £m
At 1 January 2024	0.5	0.8
Disposals	(0.5)	(0.8)
At 1 January 2025	-	-
Acquisitions	-	-
At 31 December 2025	-	-

Disposals in the prior year relate entirely to the investment in Engine B Limited. Through this investment, ICAEW has achieved its aim of representing the needs of the accountancy profession, particularly smaller audit firms, regarding the digital technology being developed by Engine B.

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	Equities and unit trusts	Total 2025	Interest-bearing investments	Equities and unit trusts	Total 2024
	2025	2025		2024	2024	
	£m	£m	£m	£m	£m	£m
Fair value						
At 1 January	22.7	133.3	156.0	25.0	122.7	147.7
Additions	229.3	19.5	248.8	96.4	45.8	142.2
Disposals	(172.3)	(49.4)	(221.7)	(101.2)	(43.8)	(145.0)
Fair value gains recognised in income statement	0.8	10.8	11.6	2.5	8.6	11.1
At 31 December	80.5	114.2	194.7	22.7	133.3	156.0
Presented within current assets	45.0	-	45.0	20.0	-	20.0
Presented within non-current assets	35.5	114.2	149.7	2.7	133.3	136.0
Total financial asset investments	80.5	114.2	194.7	22.7	133.3	156.0

ICAEW	Interest-bearing investments	Equities and unit trusts	Total 2025	Interest-bearing investments	Equities and unit trusts	Total 2024
	2025	2025		2024	2024	
	£m	£m	£m	£m	£m	£m
Fair value						
At 1 January	20.0	117.4	137.4	22.5	108.2	130.7
Additions	228.2	17.1	245.3	95.0	43.9	138.9
Disposals	(171.4)	(46.9)	(218.3)	(99.9)	(41.9)	(141.8)
Fair value gains recognised in income statement	0.6	8.9	9.5	2.4	7.2	9.6
At 31 December	77.4	96.5	173.9	20.0	117.4	137.4
Presented within current assets	45.0	-	45.0	20.0	-	20.0
Presented within non-current assets	32.4	96.5	128.9	-	117.4	117.4
Total financial asset investments	77.4	96.5	173.9	20.0	117.4	137.4

Within Group investments are charitable trust funds of £20.8m (2024: £18.6m) for which the trustee sets investment policies and monitors performance.

18. TRADE AND OTHER RECEIVABLES

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade receivables and other receivables	12.7	12.2	13.4	12.3
Amounts owed by subsidiary companies	-	-	4.8	1.0
Amounts owed by associates	0.4	0.5	0.4	0.5
Prepayments	6.0	5.1	6.0	5.1
FRC Conduct Committee case cost recoveries receivable	10.5	11.9	10.5	11.9
Other accrued income	6.3	2.9	6.3	2.9
	35.9	32.6	41.4	33.7
Less: provision for impairment of trade and other receivables	(0.7)	(0.7)	(0.7)	(0.7)
	35.2	31.9	40.7	33.0

Provisions for expected credit losses on trade and other receivables at year-end were £0.7m (2024: £0.7m). The movement in the provision for expected credit losses on trade and other receivables is as follows:

	ICAEW and Group	
	2025 £m	2024 £m
At 1 January	0.7	0.6
Provision utilised in year	-	-
Impairment losses recognised during the year	-	0.1
At 31 December	0.7	0.7

Some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	ICAEW and Group	
	2025 £m	2024 £m
More than one month but not more than three months	0.9	0.9

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Cash at bank and in hand	36.4	75.6	30.9	73.9
Amounts held on short-term money market deposits	6.0	5.8	6.0	5.8
	42.4	81.4	36.9	79.7

Cash at bank and in hand includes £2.3m (2024: £2.5m) due on credit card transactions from merchant acquirers.

20. TRADE AND OTHER PAYABLES

	Group		ICAEW	
	2025 £m	2024 £m	2025 £m	2024 £m
Amounts due within one year:				
Deferred income	45.7	50.2	45.7	50.2
Amounts owed to subsidiaries	-	-	3.7	3.2
Trade payables	8.5	4.1	7.4	4.0
Other payables	20.2	25.0	20.4	25.3
Lease liabilities	0.5	0.3	0.5	0.3
Other tax and social security	2.9	3.5	2.9	3.5
Accruals	16.4	13.6	16.1	13.0
	94.2	96.7	96.7	99.5
Amounts due in more than one year:				
Deferred income	41.4	39.5	41.4	39.5
Lease liabilities	0.5	1.0	0.5	1.0
Grants payable	0.2	-	-	-
	42.1	40.5	41.9	40.5

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 £50.2m (2024: £43.9m) included within the deferred income balance at the beginning of the reporting period.

Non-current deferred income relates to admission fees and life membership which are deferred over the expected period of membership.

21. FRC CONDUCT COMMITTEE

The FRC Conduct Committee is part of the Financial Reporting Council (FRC) and is responsible for operating and administering two independent disciplinary schemes: the Audit Enforcement Procedure (AEP, from June 2016) and the Accountancy Scheme. These disciplinary schemes cover members of ICAEW as well as a number of other accountancy bodies in the UK and Ireland.

ICAEW has a statutory obligation to reimburse the FRC for costs resulting from investigations and disciplinary actions brought by the FRC Conduct Committee against ICAEW members or member firms that are registered by ICAEW to carry out regulated work. FRC Conduct Committee cases are carried out over a number of formal stages. At the end of each stage, the case may either be closed, settled, or referred to the next stage, finally culminating in formal findings and, if relevant, sanctions being issued. A further tribunal stage can be required if the respondent lodges an appeal.

Where FRC Conduct Committee cases are concluded in favour of the FRC, the FRC seeks to recover the associated case costs from the respondent. Recovered case costs are reimbursed by the FRC to ICAEW.

ICAEW levies charges on its member firms to partially finance the costs of FRC Conduct Committee cases as they fall due.

Under the Accountancy Scheme, any fines levied are remitted by the FRC to ICAEW. Under the AEP, fines are remitted by the FRC to HM Treasury.

A provision is recognised for the estimated costs of completing the current stage of each open investigation or disciplinary case as at the reporting date, net of the estimated proportion of those costs that are expected to be recovered from the case respondents on conclusion of those cases.

Due to the individual circumstances surrounding each case, the likelihood of a case proceeding past the current stage is highly uncertain and outside the control of ICAEW. Therefore, a provision is recognised in respect of the current stage of open cases, and a contingent liability is disclosed in respect of the possible obligation that may arise as a result of cases proceeding into subsequent stages before they are concluded (note 26).

Provisions in respect of FRC Conduct Committee case costs are derecognised at the point the costs are confirmed and recognised within trade and other payables. Expected cost recoveries relating to case costs already paid by the ICAEW are presented in other receivables.

At the reporting date, the provision covers a total of 27 (2024: 30) open cases involving ICAEW members and member firms. As the provision covers the current stage of investigation, it is likely that the material proportion of the provision will be used within one year. The provision value is affected both by the number of cases open at the reporting date, size and complexity and the progression of those cases through the various stages, with earlier stages tending to bear lower costs than latter 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.

21. FRC CONDUCT COMMITTEE continued**a) 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 £4.4m to £10.7m net asset position (2024: £4.5m to £12.5m net asset position). This compares to the best estimate recognised in the financial statements of £9.6m (2024: £9.0m) 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.

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 18) £m
Liability / (asset) at 1 January 2024	6.1	(3.5)	2.6	(8.0)
Amounts utilised in the year	(6.9)	-	(6.9)	-
Case cost recoveries transferred to other receivables	-	-	-	-
Previously accrued case cost recoveries realised in year	-	-	-	2.3
Amounts charged / (credited) to income statement in year	8.2	(1.0)	7.2	(6.2)
Liability / (asset) at 1 January 2025	7.4	(4.5)	2.9	(11.9)
Amounts utilised in the year	(6.7)	-	(6.7)	-
Previously accrued case cost recoveries realised in year	-	-	-	2.9
Other rounding differences	-	0.1	0.1	-
Amounts charged / (credited) to income statement in year	6.0	0.5	6.5	(1.5)
Liability / (asset) at 31 December 2025	6.7	(3.9)	2.8	(10.5)

Included in accruals (see note 20) are liabilities of £1.6m (2024: £1.9m) in relation to costs confirmed with the FRC but not yet invoiced. Amounts recognised in accruals are derecognised from the FRC Conduct Committee case cost provision as amounts used in the year in the table above.

c) Income statement

Amounts charged / (credited) to the income statement in relation to FRC Conduct Committee related income and expenditure were as follows:

	2025 £m	2024 £m
Income:		
Levies collected from member firms	6.0	6.3
Fine income	6.1	-
Expenditure:		
Amounts provided in the year for FRC Conduct Committee case costs	6.0	8.2
Estimated future recoveries of case costs recognised in the provision in year	0.5	(1.0)
Estimated future recoveries of case costs already realised, recognised in other receivables in year	(1.5)	(6.2)
Total case costs expense / (credit)	5.0	1.0

22. PROVISIONS FOR LIABILITIES

	Group and ICAEW		Total £m
	Dilapidation provision £m	Restructuring provision £m	
At 1 January 2024	0.9	-	0.9
Amounts utilised	-	-	-
Amounts charged to income statement in year	0.2	-	0.2
At 1 January 2025	1.1	-	1.1
Amounts utilised	-	-	-
Amounts charged to income statement in year	-	2.9	2.9
At 31 December 2025	1.1	2.9	4.0

Of which presented within	2025 £m	2024 £m
Current liabilities	2.9	-
Non-current liabilities	1.1	1.1
Total provisions	4.0	1.1

Total provision amount comprises of dilapidation provision and restructuring provision. Full amount of the restructuring provision (presented within current liabilities) is expected to be utilised within 2026.

The provision for dilapidations relates to two leased properties and is expected to be used on termination of those leases, which is expected to be in 2028. The actual outflows will vary dependent upon any subsequent agreements with the landlord.

23. PENSION BENEFITS

a) Defined benefit scheme

ICAEW operates a defined benefit pension scheme (the scheme) which provides participating members of staff with retirement benefits based on their pensionable service and final pensionable salary. The assets of the scheme are held under separate trust and as such, the trustee is responsible for operating the scheme and has a statutory responsibility to act in accordance with the scheme's Trust Deed and Rules, in the best interest of the beneficiaries of the scheme, and in accordance with UK law. The scheme was closed to future accrual on 30 June 2010 and, as such, current service costs no longer arise in the income statement.

The most recent actuarial valuation, prepared on a technical provisions basis, showed a surplus of £3.6m as at 31 March 2025, with a market value of scheme assets of £135.0m and scheme liabilities of £131.4m equating to a funding level of 103%.

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 was in surplus at the latest actuarial valuation, a Recovery Plan is not required.

ICAEW has not been required to pay any contributions during the year or in the prior year in line with the Schedule of Contributions.

In conjunction with the latest triennial valuation of the scheme, ICAEW agreed to the continuation of a charge over its freehold property, Chartered Accountants' Hall. The fair value of this property is £18.9m (2024: £18.9m) as at the reporting date (note 13).

In preparing these financial statements, the scheme has been valued under IAS 19 by a qualified actuary based on assumptions which management feel are most appropriate. Because of changing market and economic conditions, the expenses and liabilities arising under the scheme in the future may differ materially from the estimates made on the basis of the actuarial assumptions. The effects of any change to these assumptions are accounted for in the next financial year within other comprehensive income.

ICAEW considers that it has an unconditional right to a refund of surplus contributions in accordance with IFRIC 14, assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme. Management have made the judgement that these amounts meet the requirements of recoverability and a surplus of £12.3m (2024: £16.3m) has been recognised as a pension asset in the statement of financial position.

There is a possible impact on the scheme resulting from the High Court ruling during 2024 in the case of *Virgin Media Ltd v NTL Pension Trustees II Ltd*, in relation Section 37 of the Pensions Act 1993. On 1 September 2025, the government issued an amendment to the 2025 Pensions Bill. The amendment, expected to take effect in 2026, introduces the ability for pension schemes to secure retrospective actuarial confirmation that past benefit changes were implemented in line with the relevant statutory requirements.

No additional provision has been included for Section 37 liabilities within the measurement of the defined benefit liability, however further information on the contingent liability is included within note 26d.

23. PENSION BENEFITS continued

The defined benefit pension scheme typically exposes ICAEW to a level of financial risk including investment risk, inflation risk, interest risk and mortality risk. A description of these risks is provided below.

Investment risk	The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on scheme assets is below this rate, a deficit is created. Currently the scheme has a relatively high proportion of scheme assets invested in insurance contracts which exactly hedge risk on insured liabilities.
Inflation risk	The majority of the benefits under the fund are subject to inflationary increases year on year and therefore changes in the inflation rate will affect the value of the scheme liabilities.
Interest risk	A decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return on the scheme's debt investments.
Mortality risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the liability.

The assumptions made in valuing the scheme under IAS 19 were as follows:

	2025	2024
Discount rate	5.50%	5.45%
Pension increase rate per annum	2.75%	2.95%
Rate of inflation (RPI)	2.85%	3.10%

The longevity assumptions used are as follows:

	2025		2024	
	Males	Females	Males	Females
Base table	2024 Club Vita tables	2024 Club Vita tables	2021 Club Vita tables	2021 Club Vita tables
Future improvements	CMI 2024 model with a long-term improvement rate of 1.5% p.a. and "A" parameter of 0.3%, a half life of 1 and no overlay	CMI 2024 model with a long-term improvement rate of 1.5% p.a. and "A" parameter of 0.3%, a half life of 1 and no overlay	CMI 2023 model with 15% weighting on 2022/23 experience, long-term improvement rate of 1.5% p.a. and "A" parameter of 0.25%	CMI 2023 model with 15% weighting on 2022/23 experience, long-term improvement rate of 1.5% p.a. and "A" parameter of 0.5%

The mortality assumptions used to calculate the pension liabilities reflect expected future life expectancies as follows:

	2025 Years	2024 Years
Pensioner male - age 65	23.1	22.6
Pensioner female - age 65	25.0	24.9
Non-pensioner male	23.8	23.9
Non-pensioner female	26.4	26.3

23. PENSION BENEFITS continued

The approximate average duration of scheme liabilities is 11 years, and a single flat rate discount has been calculated with reference to a suitable corporate AA bond yield curve, based on cashflows for a scheme with liabilities of broadly that duration.

The table below summarises the split of defined benefit obligation between deferred members and pensioners. There are no active members.

2025	Liability split	Duration (Years)
Deferred members	25.2%	14.9
Pensioners	74.8%	9.3
Total/weighted average	100.0%	11.0

2024	Liability split	Duration (Years)
Deferred members	33.7%	14.6
Pensioners	66.3%	9.4
Total/weighted average	100.0%	11.2

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.

2025	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 £1.1m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 4%	(Decrease) / increase by £4.2m
Mortality	Increase by 1 year	Increase by 4%	Decrease by £4.7m

2024	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 £6.5m
Rate of inflation	Increase/(decrease) by 0.5% pa	Increase/(decrease) by 4%	(Decrease) / increase by £4.2m
Mortality	Increase by 1 year	Increase by 4%	Decrease by £4.7m

The amounts recognised in the statement of financial position arising from the Group's obligations in respect of its defined benefit scheme are as follows:

	2025 £m	2024 £m
Present value of defined benefit obligations	(117.2)	(117.7)
Fair value of plan assets	129.5	134.0
Net pension asset	12.3	16.3
Defined benefit obligations		
Opening defined benefit obligation	117.7	132.4
Interest on defined benefit obligation	6.2	5.8
Actuarial gains and losses arising from changes in assumptions:		
Changes in demographic assumptions	(0.6)	(0.4)
Changes in financial assumptions	(2.9)	(12.9)
Experience losses / (gains)	4.8	0.6
Benefits paid	(8.0)	(7.8)
Closing defined benefit obligation	117.2	117.7

23. PENSION BENEFITS continued

	2025 £m	2024 £m
Fair value of plan assets		
Opening fair value of plan assets	134.0	147.9
Interest income on scheme assets	7.1	6.5
Return on scheme assets excluding amounts included in net interest	(3.6)	(12.6)
Benefits paid	(8.0)	(7.8)
Closing fair value of plan assets	129.5	134.0

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 £0.2m (2024: £0.7m) were borne directly by ICAEW, the year-on-year decrease being primarily due to consultation concerning GMP equalisation in the prior year.

Plan assets are categorised as follows:

	2025		2024	
	£m	%	£m	%
Quoted investments				
Debt securities - government bonds	20.2	16%	20.7	15%
Absolute return bond	-	-	20.6	15%
Asset backed securities	-	-	13.1	10%
Cash and cash equivalents	49.6	38%	17.4	13%
Unquoted investments				
Cash and cash equivalents	1.2	1%	0.8	1%
Insurance contracts	58.5	45%	61.4	46%
	129.5	100%	134.0	100%

The trustee has purchased a number of buy-in annuity insurance contracts to fund 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.

Amounts recognised in the income statement within staff costs are as follows:

	2025 £m	2024 £m
Interest income on plan assets	7.1	6.5
Interest on defined benefit obligation	(6.2)	(5.8)
Total net interest	0.9	0.7

Amounts recognised as other comprehensive income:

	2025 £m	2024 £m
Return on scheme assets (excluding amounts included in net interest)	(3.6)	(12.6)
Actuarial gain on changes in demographic assumptions	0.6	0.4
Actuarial gain on changes in financial assumptions	2.9	12.9
Experience losses	(4.8)	(0.6)
Actuarial gain / (loss) recognised in other comprehensive income	(4.9)	0.1

b) Defined contribution scheme

The defined contribution scheme provides benefits based upon contributions paid and investment returns achieved. The assets of the scheme are held in a separate trustee fund. ICAEW contributes 9% of pensionable earnings for participating employees. Employees contribute a minimum of 4%. The amount charged to the income statement during the year for these schemes was £4.3m (2024: £4.1m). Employer and employee contributions payable to the scheme at the reporting date totalled £0.7m (2024: £0.7m).

24. RELATED PARTY TRANSACTIONS

a) Transactions with subsidiary undertakings

There is an agreement between the ICAEW Foundation and ICAEW to provide administrative services to the Foundation's trusts. The total value received by ICAEW in relation to administrative services provided to ICAEW Foundation was £0.3m (2024: £0.3m). At the year-end, the ICAEW Foundation owed ICAEW £nil (2024: £nil).

ICAEW made payments of £0.7m (2024: £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 ICAEW's library and education in the field of accountancy and related subjects.

The value of international marketing support services received by ICAEW from other Group companies during 2025 was £5.3m (2024: £5.6m).

At the year-end £3.7m (2024: £3.2m) was owed by ICAEW to other Group companies and £4.8m (2024: £1.0m) was owed to ICAEW.

Dividends of £0.4m (2024: £0.2m) were declared in the year by subsidiary undertaking ICAEW Limited payable to ICAEW.

24. RELATED PARTY TRANSACTIONS

b) Transactions with associates

	JIEB 2025 £m	FAP 2025 £m	CCAB 2025 £m	CACS 2025 £m	CAW 2025 £m	CPIA 2025 £m	Total 2025 £m	Total 2024 £m
Value of services and grant funding payments provided by ICAEW	0.1	-	0.1	-	-	2.1	2.3	2.3
Value of services provided to ICAEW	-	-	-	-	-	-	-	0.1
Balances receivable from associates at 31 December	-	0.2	0.2	0.2	-	-	0.6	0.6

In addition to the above, amounts totalling £6.5m (2024: £6.5m) were payable by ICAEW to CCAB for the year relating to operational costs of the FRC which are apportioned between the members of CCAB.

c) Transactions with other related parties

Transactions with key management personnel are set out in note 9.

Scheme administration costs of £0.2m (2024: £0.7m) relating to the defined benefit pensions scheme were borne directly by ICAEW in the year.

The Group and ICAEW operating results include reimbursement of members' expenses on ICAEW activities and payments on a normal commercial basis to members and member firms for services. During the year these payments in aggregate amounted to £4.7m (2024: £3.6m). Of this, £1.2m (2024: £0.8m) 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 £0.2m (2024: £0.2m) in total.

25. 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. Reserves are considered to be at a healthy level and exceed the minimum required level under the policy at the end of the year.

Reserves comprise the following:

a) Revaluation reserve

Represents the excess of the open market valuation over the depreciated historical cost of ICAEW's historic collections and properties, net of deferred tax.

b) Accumulated fund and other reserves

Represents the retained result of the Group and ICAEW activities and comprises the accumulated fund, Chartered Accountants' Compensation Scheme and charitable trust reserve funds. In calculating the result to be taken to these reserves, account has been taken of a share of central activities costs and other indirect costs and an allocation of investment income where appropriate.

Included within other reserves of ICAEW is £3.2m (2024: £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 potential 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.

Additionally, the Group's other reserves include £2.0m which is held to meet any potential future claims approved by the Probate Compensation Scheme as described in note 26 (b) below.

26. CONTINGENT LIABILITIES

a) 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 under that scheme. 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.

b) Probate Compensation Scheme

ICAEW participates in the Probate Compensation Scheme, a scheme of last resort to provide a fund to compensate end customers of firms authorised by ICAEW to carry out probate business in cases of malpractice or fraud. Under the rules of the scheme, compensation awards are limited to a total of £5.0m annually. No liability is recognised in the Group or ICAEW financial statements in relation to potential or actual claims as management are not aware of any claims that are considered likely to be approved. Additionally, no payouts have historically been required under the scheme. However there remains a possible obligation in relation to future payouts under this scheme.

c) FRC Conduct Committee case costs

As a recognised supervisory body, ICAEW has a statutory obligation to reimburse the FRC for the costs incurred in relation to investigations and disciplinary action against an ICAEW member, or member firms registered by ICAEW to conduct audit work under the Audit Enforcement Procedure and the Accountancy Scheme. This obligation continues to the end of a case but the decision to progress a case to the next stage is made by the FRC on completion of the current stage of an investigation.

The estimated cost of completing the current stage of each case has been recognised in the FRC case cost provision (note 22). However, it is possible that a number of the current cases could progress to subsequent stages, and this will be determined by the FRC at the end of each stage.

During the year, the methodology used to determine the contingent liability relating to FRC matters was refined to ensure consistency with the underlying assessment of potential cost of future investigation stages. This resulted in an update to the contingent liability disclosure to align it more closely with the basis on which such potential obligations are identified and measured.

The contingent liability could arise should all or some of cases open at the reporting date proceed either into the next stage of the investigation process or through all remaining stages of the disciplinary procedure. This cost has been estimated to be in the range of £3.8m to £14.9m (2024: £24m to £34m). This is before any recovery of case costs relating to future stages from the case respondents. Based on past averages, the net contingent liability after allowing for an estimation of cost recoveries would be between £2.3m and £9.1m (2024: £9.0m to £13.0m).

ICAEW levies charges on its member firms in order to partially finance the costs of FRC Conduct Committee cases as they fall due.

d) High Court judgement regarding Section 37 Pensions Act 1993 liabilities

ICAEW operates a defined benefit pension scheme for its employees. The scheme was contracted out of the State Earnings-Related Pension Scheme (SERPS) from 6 April 1997 until the scheme's closure to future accrual on 30 June 2010, in accordance with the provisions of the Pension Schemes Act 1993.

Under Section 37 of the Pensions Act 1993, any amendments to the rules of a contracted-out defined benefit pension scheme that affect Section 9(2B) rights must be accompanied by a written actuarial confirmation (commonly referred to as a "Section 37 certificate"). This confirmation ensures that the scheme continues to meet the statutory standards for contracting out.

In the recent case of *Virgin Media Ltd v NTL Pension Trustees II Ltd*, the High Court ruled that any amendments made to the rules of a contracted-out defined benefit pension scheme without the required Section 37 certificate are void.

ICAEW has carried out a review of deeds making amendments to the trust deed and rules governing the scheme, to check whether prior actuarial confirmation was obtained. The review covers the period from 6 April 1997 to the most recent amendment in 2015. Three amendments have been identified which are not fully covered by a Section 37 certificate.

Following recent court decisions, including the Court of Appeal's decision in August 2024 to uphold the Virgin Media ruling, uncertainty exists in relation to the validity of certain historic amendments to defined benefit pension schemes and whether a Section 37 actuarial certificate should have been obtained at the time those amendments were made.

Significant uncertainty remains as to the scope of the rulings and their application in practice, including the period over which any potential liability, if applicable, would be assessed. On 1 September 2025, the UK Government published an amendment to the Pensions Bill 2025 which, once enacted, is expected to permit pension schemes to obtain retrospective written actuarial confirmations that historic benefit changes met the relevant statutory requirements. The legislation is expected to come into force in 2026.

Pending enactment of the proposed legislation and any further clarification from the courts or the UK Department for Work and Pensions, ICAEW is unable to conclude whether its defined benefit pension scheme is affected by the rulings. Accordingly, no provision has been recognised as at the reporting date, as the existence and amount of any obligation cannot be reliably measured. The matter is therefore treated as a contingent liability in accordance with IAS 37.

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 211,600 members and students around the world. 81 of the top 100 global brands employ ICAEW Chartered Accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor around 11,500 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is working towards becoming net zero, demonstrating our commitment to tackle climate change and supporting the UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in around 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

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* includes parent companies. Source: ICAEW member data
March 2026, Interbrand, Best Global Brands 2025