# Consolidated Financial Statements 2023

# ICAS Annual Report and Consolidated Financial Statements

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# Annual Report

## Governance

As a Chartered Body, the Institute of Chartered Accountants of Scotland (ICAS) governance arrangements are set out in its Royal Charter and Rules.  Although the FRC's UK Corporate Governance Code (The Code) does not apply to ICAS, Council is committed to good practice in corporate governance and seeks to apply the principles of The Code where they are relevant and proportionate to a professional membership body.

ICAS is governed by Council which has responsibility for ensuring that the objectives set out in the Royal Charter are achieved and also for setting the strategic direction of ICAS.  In September 2022, ICAS Council approved a new bold and ambitious strategy, underpinned by a 5-year business plan launched in April 2023. Implementation has progressed throughout 2023 and will continue through to 2025.

Council's vision for ICAS to be recognised and respected as a world leader in the future of finance professionals and the advancement of the profession remains unchanged.

In the ICAS business model, the principal activities of ICAS during 2023 continued to be the training and examination of chartered accountancy students, the regulation of Members, Affiliates, CA Student Members and Firms, the provision of practice support and other services to Members and contributing to the development of the profession and business environment in the public interest.  This is in line with the ICAS objectives that are set out in the Royal Charter.

Council is supported in its leadership of ICAS and delivery of the strategy by the boards and
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committees to whom it has delegated authority. The Oversight Board, Audit and Risk Committee, Regulation Board and Qualifications Board are the bodies responsible for monitoring and overseeing the key activities of ICAS.  The day-to-day management of ICAS business is delegated to the Executive Team, which is led by the Chief Executive, Bruce Cartwright CA.

Council meetings followed the usual schedule and members of Council either attended remotely by Microsoft Teams or, a combination of in person and by Teams. ICAS boards and committees also continued to operate throughout the year.

There were no changes to the rules or general regulations during 2023 that required the approval of ICAS members in general meeting.

For the 8-month period commencing from the AGM, the composition of Council comprised 3 Office Bearers, 12 electoral area seats, 6 open seats, 4 co-opted seats and 5 Public Interest Members (PIMs).

The Public Interest Members of Council ("PIMs") are non-accountants whose function is to ensure that ICAS complies with its public interest responsibilities, set out within its founding Royal Charter.  The PIMs publish an annual report, which is available on the ICAS website.  In addition, a number of other public interest or lay members also support boards and committees across ICAS.

Equality, inclusion and diversity of ideas, skills, regional and industry experience, knowledge, ethnicity and gender, both in terms of staff recruitment, and in relation to appointments to Council and its boards and committees, underpins ICAS activity and business strategy

# Annual Report

## Statement of Council responsibilities

Council is responsible for preparing the Annual Report and Financial Statements in accordance with UK adopted international accounting standards. In preparing these financial statements, the members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that ICAS will continue in business.

Council is responsible for keeping accounting records that adequately show and explain ICAS transactions and disclose with reasonable accuracy at any time the financial position of ICAS. They are also responsible for safeguarding the assets of ICAS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the ICAS.com website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. Council is responsible for the ongoing integrity of the financial statements contained therein. The maintenance and integrity of the website is the responsibility of the Executive Team.

## Risk

ICAS operates a system of risk management to identify and assess risks and to ensure appropriate mitigating actions are put in place in line with the risk appetite. Council closely monitors the status of the principal risks and any mitigating actions. During 2023 the Audit & Risk Committee continued to evolve the maturity of its risk management arrangements and reported on its activity to Council to assist Council in discharging its duty to manage risk. Council reviewed and approved risk appetite during 2023 and reviewed the principal risks.

### A new strategy to meet the changing needs of the profession

In April, we launched a new strategy which sets out an ambitious vision to create a bold future for ICAS. We've redefined who we are and what we stand for, allowing us to navigate challenges and embrace opportunities. We will continue to adapt and embrace positive change, with a renewed focus on always delivering value for our membership and wider society.

Our strategy will help us to respond in extraordinary times, and to meet the evolving needs of our members, firms and students. It will enable us to prosper as a professional body, regulator, educator, awarding body and employer.

We've identified the five strategic pillars that will deliver our vision, bring our brand themes to life, and fulfil the purpose of ICAS.

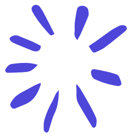
**ICAS Advantage**: By delivering a new, enhanced CA syllabus we'll address the war for talent. With electives and alternative pathways, it will keep pace with advances in tech, data and sustainability. By embracing digital technology we'll deliver flexible, career long learning opportunities for our students and members. We'll inspire the next generation and encourage diversity in our student intake. Our high-quality teaching will equip our students for future success, and by developing new qualifications and creating opportunities for social change, we'll create new opportunities to diversify our membership base.

**Sustainability at our core**: We'll lead on key sustainability issues within the profession and embed sustainability across our syllabus and training courses, including new electives and new continuing professional development (CPD). We'll embrace our net zero future and place equality, diversity and inclusion at the heart of everything we do. We'll drive social change in the profession, by supporting talent from less-advantaged backgrounds and growing the reach and capability of the ICAS Foundation. We'll create a sustainable, future-looking, 21st century professional body that continues to invest in our vision and the profession.

**Leading-edge customer experience**: Whether they're in practice, business or industry, we'll delight and inspire our members to be proud of their ICAS membership and to recognise the value of their qualification.

We'll create strong and sustainable relationships and networks for our members to help them thrive. By listening to our members and students we'll deliver the products and services they want and need. We'll support our membership from studying through to retirement, providing a career-lifespan of connections, support, value and assistance. And we'll revolutionise the student experience, creating a single touchpoint with ICAS.

**Trusted regulation**: We'll promote trust in the profession through excellence in regulation and by fulfilling our Royal Charter obligations to act in the public interest. We'll continue to demand the highest standards of those we regulate. Our regulatory processes will evolve and become more efficient through better use of technology, without sacrificing their effectiveness, and always ensuring that our focus is risk-based and proportionate. Through thought leadership and influence, we'll shape the future regulation of the profession. And we'll do so across all regulatory frameworks, ensuring that oversight arrangements are proportionate, sustainable, future-ready and reflect the principles of modern regulation.



**Ethical Leadership**: We'll be bold in our influence and ensure that our voice is strong, respected, valued and sought by stakeholders. Everything we do will be in the public interest and deliver on the commitments defined by our Royal Charter obligations. We'll continue to build a strong and valued brand for ICAS and our CA qualification. We'll ensure that we're globally trusted to set and enforce consistent standards for the profession. And by speaking out on the issues that matter to our members, we'll champion positive change.

We have set robust KPIs to monitor the delivery and impact of the strategy and built a five-year business plan to allow us to deliver on our ambitious goals, all of which are monitored and scrutinised by ICAS Council and Oversight Board.

## Principal Risks

ICAS' principal risks are set out in the table below. Council continued to give consideration to the changing landscape throughout 2023 in assessing the risks. This included the impact of the changing professional landscape and the market in which we operate, the risk presented by cyber security and the implementation of the 2030 Strategy programme.

| Challenge | Risks | Mitigation and Link to ICAS Strategy |
|---|---|---|
| **Maintaining Public Trust** | – There is a risk of public mistrust of the profession in the wake of high profile company failures and political and regulatory challenges affecting the profession.<br>– The regulatory landscape continues to undergo significant change and consolidation.<br>– There is a need for the profession to lead on the most significant global challenges facing society and business, including equality, diversity & inclusion and climate change. | The ICAS strategy sets out an approach to build public trust in business and the profession. It seeks to ensure that the ICAS voice delivers impact, in the public interest, on the areas of most importance.<br><br>ICAS continues to play a key role in the changes to the profession and responding to the impacts for members. |
| **Supporting and remaining relevant to a global membership in a rapidly changing profession** | – If relevance is not maintained and we fail to be a leading voice on key issues, then there is a risk to satisfaction levels and retention amongst the membership. It is increasingly important to ICAS' ongoing relevance that we make a positive contribution in relation to wider societal and environmental aims.<br>– Challenges arise from the growing diversity of members' career paths, the potential impacts of technology and the importance of ensuring global mobility. | The ICAS strategic goals seek to directly address this risk with a focus on delivering value to members in how we can advise and connect through the ICAS network. We look to grow our voice on the issues that matter to our members and be a leader in the future of finance professionals.<br><br>Our new strategy places significant emphasis on an organisation wide strategic focus on Sustainability goals and harnessing our resources to make a positive impact. |
| **Risks arising from the impact of rapid change in the Learning market and professional environment.** | – A range of interrelated risks impact the learning activities of ICAS. The changing profession, economic pressures, the impact of technology and changes in the marketplace could have the effect of fewer students seeking to train as Chartered Accountants. The nature of the profession also results in the concentration of student training revenue from a relatively small number of firms and suppliers.<br>– Operationally the learning landscape drives risks arising from the fast pace of technology change and delivery models alongside the importance of the regulatory landscape. We need to continue to innovate to stay relevant. | The Covid-19 pandemic and hybrid working has accelerated the adoption of digital learning, introducing innovative ways for students to continue to learn and progress through their training.<br><br>The ICAS strategy seeks to ensure that the syllabus and its delivery are modern and relevant to today's employers. We continue to explore new routes to entry and widen our portfolio. We take great care with our key relationships and are constantly working to expand the group of employers who train with us. |

## Principal Risks (continued)

| | | |
|---|---|---|
| **Financial risks of unpredictable events** | – ICAS faces financial risks arising from the potentially high and volatile costs associated with public interest discipline and also from the inherent long term risks of the closed Defined Benefit Retirement Benefits Plan. There is a risk this could impact the future robustness of the balance sheet.<br>– There is a risk we continue to face inflationary pressures in our cost base which puts pressure on our income. | The ICAS strategy targets maintenance of sufficient liquid reserves to provide resilience against unpredictable financial risks. ICAS also has power to levy members in respect of public interest discipline costs – currently no levy has been raised since 2012.<br><br>ICAS works closely with the Retirement Scheme Trustees to ensure the risks of the scheme are managed and is committed to continuing discussions on the long term strategy under the evolving funding regime.<br><br>ICAS monitors inflation closely and seeks to mitigate the impact of cost increases across the organisation. |
| **IT Systems, Cyber Security & Data Protection** | – The risk that there is a failure or breach of physical or cyber security systems, or of data management events such as the handling of client/member/student data, or breakdown of CA assessment process or procedure. The resulting damage could be to our reputation, operations or both.<br>– There is an implementation risk post migration to new finance system alongside carrying residual risks of legacy system. | Regular assessment of Cyber Security & Data Protection is undertaken internally and further assurance provided by specialist external assessment. Regular business continuity plan test scenarios are undertaken.<br><br>The Finance System implementation has been monitored closely by the Audit & Risk Committee and external assurance has been provided pre and post implementation. The new finance system has operated throughout the year with no significant issues. |
| **Delivery of Strategy fails to deliver anticipated benefits** | – The risk is that the new 2030 Strategy programme fails to deliver the business, strategic and competitive benefits anticipated from the investment<br>– There is a risk that the current business model is unsustainable in the medium/long term. | The Strategic Governance Group has been set up by Council to oversee implementation of the new Strategy. It meets regularly to ensure emerging risks are quickly highlighted and mitigations are put in place and to review progress against plan and budget.<br><br>Quarterly update reports are reviewed by Council and Oversight Board. |
| **Anticipating and effectively managing our people risks** | – A combination of high inflation, a buoyant labour market and the re-evaluation of career priorities by employees has increased the risk of staff turnover and the cost of recruitment.<br>– We need to ensure that ICAS attracts a diverse pool of talent into the organisation. | We have conducted a full salary benchmark exercise across all roles and assessed benefits; developed a new competency framework and career paths; refreshed the recruitment strategy to include new employee value proposition; enhanced the employee experience through continuous improvement of processes & practices; and conducted succession planning and talent management exercises. |

## Financial Performance 2023

The overall Group loss of £1,499k compares to a profit of £185k for 2022.

The most significant reason for the loss in 2023 was the planned investment in the 2030 strategic programme at a total cost of £2,180k, which was £1,507k higher than the strategic programme spend in 2022.

The profit before the strategic programme costs was £681k in 2023 compared to £857k in 2022.

Total revenues grew by £1,381k to £20,634k in 2023. Learning revenues increased by £833k, mainly due to price increases, a strong student intake and a recovery in TPS level student numbers. Regulation revenues decreased by £207k as a result of fewer discipline cases and Audit Regulation income lower than expected. Subscription revenues continue to grow as planned due to the subscription fee increases and strong membership renewal rates.

Group employment costs are £11,288k in 2023 which is £1,323k higher than 2022 driven by a combination of 2030 strategy costs, a lower vacancy rate, some additional headcount and pay rates that reflect the inflationary environment.

Other operating costs are £1,966k higher in 2023 at £11,088k. The main driver is the 2030 strategy investment costs.

Group net assets at the end of 2023 are £7,979k which is a decrease of £1,406k compared to £9,385k at the end of 2022 which reflects the annual results and the investment in the 2030 strategy programme.

The ICAS Foundation has £1,830k (2022: £1,702k) total net assets and has set out a clear reserves policy statement in relation to these funds.

## Going Concern and Long-Term Viability

Council has taken into consideration the potential impacts of any reasonably foreseeable downside risks and has assessed the on-going viability of ICAS using a 3-year model of future cash flows and has a reasonable expectation, at the time of approving the financial statements and for the 12 months following, that ICAS has adequate resources to continue its operations and meet its liabilities as they fall due over the 3-year period assessed.

Council has no reason to believe that ICAS will not be viable over a longer period and a 3-year period reflects the cycle and outlook of key financial inputs, primarily the typical life cycle of a student cohort. For this reason, it continues to adopt the going concern basis in preparing these financial statements.

The viability assessment is informed by ICAS resources (cash, investments and fixed term deposits at 31st December 2023 of £15,132k) and a detailed forecast of revenue, expenditure and cash flow and an assessment of the principal risks facing ICAS.

## Audit & Risk Committee Report

Council has established an Audit & Risk Committee to assist in discharging its duties. The Audit & Risk Committee membership includes a range of financial, risk, control and commercial expertise. The Audit & Risk Committee met three times during the year and both the external and internal auditors attended its meetings and had direct access to the Chair. The Committee discharged and reviewed its Terms of Reference during 2023 and reviews its own effectiveness annually.

The Committee has responsibility for making recommendations to Council on the appointment of the External Auditors, determining their independence from the group and its management, and agreeing the scope and fee for the audit.

During 2023 the Audit & Risk Committee received reports on a series of risk based internal audits from Azets, replacing Henderson Loggie, who reported to the Audit & Risk Committee on the control environment. The Committee approved an annual internal audit plan with coverage of key areas on a rotational basis.

The Audit & Risk Committee spent considerable time reviewing the risk management and reporting arrangements, including ongoing monitoring of risk performance against appetite, and continuing the evolution of the risk management framework and met on rotation with the principal risk owners for Regulation, Learning and Member Engagement.

The Audit & Risk Committee considered the financial statements and received interim and final reports from the external auditor on their audit of the financial statements. The Committee challenged the assumptions and disclosures included in the financial statements. The most significant matters considered by the Audit & Risk Committee were:

- The Committee explored the work undertaken by the auditor in relation to revenue recognition and reviewed information provided by the Finance Director to support the judgements made and noted the work of the External Auditor.
- The valuation and disclosure of the retirement benefits plan obligation, which is significant to the financial statements. The Committee reviewed the assumptions and the judgements made in valuation and recognition of the pension obligation, including reviewing advice from the Actuary, and considered the work of the External Auditor including their comparison of the assumptions to benchmarks.
- The progress and implementation of the new finance system.

The Audit & Risk Committee reported its observations to Council on the Annual Report and Consolidated Financial Statements for Council to consider in discharging its duty to ensure the financial statements taken as a whole are fair, balanced and understandable.

## Provision of Information to the Auditor

Each of the persons who are members of Council at the time when the Annual Report is approved has confirmed that:

So far as that they are aware, there is no relevant audit information of which the ICAS auditor is unaware, and that Council has taken all the steps that ought to have been taken in order to be aware of any relevant audit information and to establish that the ICAS auditor is aware of that information.

# Independent auditor's report to Council of the Institute of Chartered Accountants of Scotland

**Opinion on the financial statements**

In our opinion the financial statements:

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

We have audited the financial statements of the Institute of Chartered Accountants of Scotland ('ICAS') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Group and ICAS Income Statements, the Group and ICAS Statements of Comprehensive Income, the Group and ICAS Disclosure of Tax Effects Relating to Each Component of Comprehensive Income, the Group and ICAS Statements of Financial Position, the Group and ICAS Statements of Changes to Reserves, the Group and ICAS Statements of Cash Flow 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remain independent of the Group and ICAS 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of Council's assessment of the Group and ICAS' ability to continue to adopt the going concern basis of accounting included:

- Evaluation of the Council's assessment in respect to their ability to continue as a going concern for at least twelve months from the date of approval of this Consolidated Financial Report. This included checking the mathematical accuracy of the models used;
- Evaluation and challenge of the Council's key assumptions, cash flow projections and judgements made in respect to their going concern assumption. We did this by considering the appropriateness of the assumptions and judgements made by Council, based on our understanding of the business, and challenging the Council as to the accuracy of these assumptions and judgements relative to the equivalent metrics actually achieved in the recent history of ICAS and the Group's performance. We challenged these based on our understanding of the business in respect of member numbers, ability to deliver services within agreed timeframes and the probability of the cash flows materialising. We evaluated sensitivity analysis for appropriateness and performed our own sensitivity analysis based on our own assumptions and judgements comparing results to the Council's outcomes;
- We performed stress tests to identify key areas that would cause ICAS and the Group to fail and assessed the likelihood of these. We performed these sensitivities by identifying what key indicators such as revenue, cash and profit would need to reduce by before the Group would no longer have the ability to repay their debts as they became due. We considered loss of members and new training contracts to be some of the main assumptions made by the Council and duly sensitised these by assuming much reduced trading profit to determine whether the Group had sufficient cash and reserves to absorb any such reasonable downside scenarios;
- We performed ratio analysis to identify key risk areas in relation to going concern and sought additional corroborative evidence to support our understanding and so direct our testing accordingly;

- We performed procedures to identify unrecorded liabilities that may exist in the Group. These procedures included inspection of meeting minutes, post year end payments and invoice sampling, inspection of correspondence with the Council's legal advisors including obtaining confirmation of no material claims or litigations of which we were not aware of, as well as challenging new contracts taken out in the year to identify any unrecorded liabilities or conditions not otherwise met by the Group. This included testing the ability to forecast by comparing previous forecasts to actual outturns and current year forecasts to post year end positions achieved and corroborating evidence such as quoted costs, especially in relation to strategic investments to identify any potentially material forecasting errors.

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 the Group or ICAS' ability to continue as a going concern for a period of at least twelve 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.

**Overview**

<table>
<tr><td>Coverage</td><td colspan="3">100% (2022: 100%) of Group profit before tax<br>99% (2022: 99%) of Group revenue<br>100% (2022: 100%) of Group total assets</td></tr>
<tr><td rowspan="3">Key audit matters</td><td></td><td><u>2023</u></td><td><u>2022</u></td></tr>
<tr><td>Revenue recognition including deferred revenue</td><td>✓</td><td>✓</td></tr>
<tr><td>Valuation of the retirement benefit scheme obligation</td><td>✓</td><td>✓</td></tr>
<tr><td>Materiality</td><td colspan="3">Group financial statements as a whole<br><br>£390,000 (2022: £330,000) based on 2% (2022: 1.7%) of revenue at the planning stage of the audit.</td></tr>
</table>

**An overview of the scope of our audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Council that may have represented a risk of material misstatement.

The Group comprises one significant component, being ICAS, and one component, ICAS Foundation, which has been assessed as insignificant to the Group financial statements. The significant component, ICAS, has been subject to full audit procedures by the Group audit team. For the non-significant component, ICAS Foundation, the Group audit team performed specified audit procedures over listed investments and cash balances.

*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) that we identified, including those which had the greatest effect on: the 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. We identified the following key audit matters.

| Key audit matter | | How the scope of our audit addressed the key audit matter |
|---|---|---|
| **Revenue recognition (note 4, significant accounting policies note 1) including Deferred Revenue (note 20)** | Revenue is considered to be the principal consideration in assessing the financial performance of ICAS and the Group.<br><br>As detailed in the summary of significant accounting policies of the Group financial statements, revenue consists primarily of learning, member, standards, business services, customer experience and ICAS Foundation revenue.<br><br>Given the nature and significance of revenue and its importance to the activities of the Group, we considered there to be a significant risk arising in respect of the accuracy and existence of learning, standards and customer experience revenue as shown in note 4.<br><br>For Learning (incl. admission fees), standards and customer experience revenue, determining the appropriate period of recognition (cut-off) requires the Council to identify separate performance obligations and estimate variable consideration that best predicts the amount of revenue that ICAS and the Group will ultimately be entitled to and so a fraud risk was identified over this.<br><br>We also considered there to be a significant risk over deferred revenue of admission fees as these fees involves significant judgement by management in relation to the average membership life of a Chartered Accountant (CA). | In response to the key audit matter, our audit work included, but was not limited to:<br><br>Reviewing the accounting policies and practices for consistency of judgements, such as the average tenure of members and dropout rates, applied and accuracy in calculating the deferral of admission fees in line with IFRS 15.<br><br>Testing the admission fee (Learning Income) recognition and cut-off by agreeing the recognition and accurate deferral of admission fees charged to bank statements and invoices and considering the basis of any recognition estimates by reference to historic membership data to ensure that admission fees are recognised over the correct period.<br><br>Testing the standards and customer experience revenue recognition and cut-off by agreeing the recognition and accurate deferral of standards and customer experience revenue by agreeing to invoices and cash receipts and considering the basis of any recognition estimates.<br><br>Performing an independent recalculation of membership fee revenue (customer experience) using published fee rates and detailed membership data and comparing that to what has been recognised. We tested the accuracy and completeness of the underlying membership date by agreeing a sample of existing members to supporting documentation.<br><br>Checking a sample of learning, standards and customer experience revenue to sales invoice, attendee lists and payment confirmation to gain assurance over the existence and accuracy of reported revenue.<br><br>Testing the operational effectiveness of control procedures, specifically over the authorisation of practicing certificates relating to standards revenue to obtain an understanding of the design and effectiveness of the control. We also performed an independent recalculation of practising certificate (standards) revenue using confirmed fee rates and member data (on which we tested the completeness and accuracy of the list by agreeing a sample of |

| | | |
|---|---|---|
| | As a result, we consider revenue recognition to be a key audit matter. | member information to supporting documentation).<br><br>Checking a sample of learning revenue to class lists to confirm the student in question had attended (and in the correct year of recognition) and performing an independent recalculation of student training revenue using published fee rates and detailed student member data.<br><br>Key observations<br><br>Based on our audit work performed we have not identified any indicators to suggest that revenue recognised is not appropriate. |
| **Valuation of the retirement defined benefit scheme obligation (note 22)** | ICAS and the Group has a defined benefit pension scheme.<br><br>The pension obligation valuation is dependent on market conditions and key assumptions made by ICAS and Group, relating to investment markets, discount rates, inflation expectations and life expectancy assumptions.<br><br>This area represented a key audit matter given that the setting of these assumptions is complex and requires the exercise of significant judgement with the support of third party actuaries. | In response to the key audit matter, our audit work included, but was not limited to:<br><br>Utilisation of external pension actuarial experts to review the key actuarial assumptions used, both financial and demographic, and in conjunction with these experts considered the appropriateness of the methodology utilised to derive these assumptions.<br><br>Benchmarked the scheme assumptions against publicly available published data. Specifically, we challenged the discount rate, inflation and mortality assumptions applied in the calculation by using pension experts to benchmark the assumptions applied against comparable third-party data and assessed the appropriateness of the assumptions in the context of ICAS and the Group's own position. We performed sensitivity analysis on the assumptions determined by ICAS and the Group.<br><br>We checked the competence, independence, and ability to perform the work of the third-party actuaries used by management by obtaining independence confirmations as well as checking that they are qualified actuaries.<br><br>Key observations<br><br>Based on the work performed we consider the assumptions used in the valuation of the defined benefit pension scheme obligations to be in line with expectations. |

**Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| | **Group financial statements** | | **ICAS financial statements** | |
| --- | --- | --- | --- | --- |
| | 2023<br>£ | 2022<br>£ | 2023<br>£ | 2022<br>£ |
| **Materiality** | 390,000 | 330,000 | 384,000 | 325,000 |
| **Basis for determining materiality** | 2% of revenue at the planning stage of the audit. | 1.7% of revenue at the planning stage of the audit. | 2% of revenue at the planning stage of the audit. | 1.7% of revenue at the planning stage of the audit. |
| **Rationale for the benchmark applied** | Revenue is considered to be the principal consideration for users of the financial statements in assessing the financial performance of the Group. | Revenue is considered to be the principal consideration for users of the financial statements in assessing the financial performance of the Group. | Revenue is considered to be the principal consideration for users of the financial statements in assessing the financial performance of ICAS. | Revenue is considered to be the principal consideration for users of the financial statements in assessing the financial performance of ICAS. |
| **Performance materiality** | 273,000 | 231,000 | 268,000 | 228,000 |
| **Basis for determining performance materiality** | 70% of materiality | 70% of materiality | 70% of materiality | 70% of materiality |
| | In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the group's internal controls and the council's attitude towards proposed adjustments. | | In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of ICAS internal controls and the council's attitude towards proposed adjustments. | |

*Reporting threshold*

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £15,600 (2022: £13,200) for the Group and £15,000 (2022: £13,000) for ICAS.  We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

**Other information**

The Council are responsible for the other information. The other information comprises the information included in the Consolidated Financial Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**Responsibilities of Council**

As explained more fully in the Statement of Council's Responsibilities, the members of Council are 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 the members of Council determine 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, the members of Council are responsible for assessing the Group's and ICAS' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or ICAS or to cease operations, or have no realistic alternative but to do so.

**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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

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:

*Non-compliance with laws and regulations*

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory frameworks applicable to the group and ICAS, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group.
- Enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:

    - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK corporate tax, FRC regulations, VAT and employment tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Health and Safety legislation and FCA rules.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Discussions with in-house regulatory teams in order to identify any non-compliance.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls by posting inappropriate journals and bias in developing estimates in significant risk areas such as revenue (including accrued and deferred income), and improper revenue recognition associated with year-end cut-off.

Our procedures in respect of the above included:

- Discussing among the engagement team regarding how and where fraud or non-compliance might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition relating to cut-off which is discussed above within "Key audit matters" and the risk of management override of controls.
- Agreement of the financial statement disclosures to underlying supporting documentation;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the recognition of revenue, the assumptions and estimates used in the valuation of the defined pension benefit scheme (for more information on how we audited these areas, refer to the "Key audit matters" section above).
- We sought to identify any areas of management bias by corroborating significant estimates and judgements and challenging management as to their appropriateness based on third party empirical evidence, recalculating management's estimate, following up on information in relation to estimates to the date of approval as well as in some cases developing our own estimate range and comparing this to management's estimate;
- Focussing on revenue year end cut-off procedures and the inclusion of revenue in the correct accounting periods (see KAM description above);
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FRC; and
- Testing the appropriateness of journal entries based on a set of pre-determined risk criteria, such as journals by user, journals to significant risk areas such as revenue cut-off and material journals, as well as other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any transactions that would otherwise be considered outside normal operations or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the ICAS council, as a body, in accordance with the terms of our engagement letter dated 7 November 2023. Our audit work has been undertaken so that we might state to ICAS Council those matters 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 the ICAS Council as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

BDO LLP

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**Martin Gill**
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh, UK
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

22 March 2024

# Group & ICAS Income Statements for the year ended 31 December 2023

| | Notes | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Subscriptions and operating income | 4 | **20,634** | **20,454** | 19,253 | 19,085 |
| Employment costs | 4,5 | **(11,288)** | **(11,149)** | (9,965) | (9,839) |
| Other operating charges | 4,6 | **(11,160)** | **(11,123)** | (9,122) | (9,070) |
| **(Loss)/profit from operations** | 4 | **(1,814)** | **(1,818)** | 166 | 176 |
| Gain/(loss) on sale of investments | | **6** | **3** | (84) | (49) |
| Gain/(loss) on sale of fixed assets | | **5** | **5** | (9) | (9) |
| Finance income | 7 | **379** | **330** | 136 | 106 |
| Finance expense | 23 | **(45)** | **(45)** | (9) | (9) |
| **(Loss)/profit before tax** | | **(1,469)** | **(1,525)** | 200 | 215 |
| Taxation | 9 | **(30)** | **(30)** | (15) | (15) |
| **(Loss)/profit for the year** | | **(1,499)** | **(1,555)** | 185 | 200 |

# Group & ICAS Statements of Comprehensive Income for the year ended 31 December 2023

| | Notes | 2023 Group | 2023 ICAS | 2022 Group | 2022 ICAS |
|---|---|---|---|---|---|
| (Loss)/profit for the year | | **(1,499)** | **(1,555)** | **185** | **200** |
| **Other Comprehensive Income** | | | | | |
| **Items that will not be reclassified to income statement:** | | | | | |
| Actuarial (loss) recognised in the retirement benefit plan | 20 | **(128)** | **(128)** | (406) | (406) |
| Tax on items that will not be reclassified | 19 | **(3)** | **(3)** | (7) | (7) |
| | | **(131)** | **(131)** | (413) | (413) |
| **Items that may be reclassified subsequently to income statement:** | | | | | |
| Valuation gain/(loss) on fair value through other comprehensive income equity investments | 13 | **225** | **154** | (406) | (291) |
| Realised gain/(loss) on disposal of investments | | **1** | **1** | (67) | (67) |
| Tax on items that may be reclassified | 19 | **(3)** | **(3)** | 100 | 100 |
| | | **223** | **152** | (373) | (258) |
| **Other comprehensive gain/(loss) for the year after tax** | | **92** | **21** | (786) | (671) |
| **Total comprehensive (expense) for the year** | | **(1,407)** | **(1,534)** | (601) | (471) |

# Group disclosure of tax effects relating to each component of comprehensive income

| | 2023 Before Tax Amount £'000 | 2023 Tax Benefit/ (Expense) £'000 | 2023 Net of Tax Amount £'000 | 2022 Before Tax Amount £'000 | 2022 Tax Benefit/ (Expense) £'000 | 2022 Net of Tax Amount £'000 |
|---|---|---|---|---|---|---|
| Actuarial (loss) /gain recognised in the Retirement Benefit Plan | **(128)** | **(3)** | **(131)** | (406) | (7) | (413) |
| Valuation (loss)/ gain on fair value through other comprehensive income equity investments | **225** | **(3)** | **222** | (406) | 100 | (306) |
| (Loss) on revaluation of investments which is recycled to Income Statement | **1** | **-** | **1** | (67) | - | (67) |
| | **98** | **(6)** | **92** | (879) | 93 | (786) |

# Group & ICAS Statements of Financial Position as at 31 December 2023

| | Notes | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment (PPE) | 10 | 5,819 | 5,819 | 6,040 | 6,040 |
| Right of use assets | 23 | 301 | 301 | 415 | 415 |
| Intangible assets | 11 | - | - | 70 | 70 |
| Listed investments | 13 | 4,234 | 3,172 | 3,973 | 3,022 |
| Other non-current assets held at fair value | 14 | 712 | 712 | 712 | 712 |
| | | 11,066 | 10,004 | 11,210 | 10,259 |
| **Current assets** | | | | | |
| Trade and other receivables | 15 | 1,928 | 1,854 | 2,128 | 2,078 |
| Fixed term deposits | 16 | 811 | 132 | 503 | 131 |
| Cash and cash equivalents | 16 | 12,219 | 11,828 | 11,995 | 11,300 |
| | | 14,958 | 13,814 | 14,626 | 13,509 |
| **Total Assets** | | 26,024 | 23,818 | 25,836 | 23,768 |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | (3,204) | (3,041) | (2,496) | (2,331) |
| Lease liabilities | 23 | (102) | (102) | (77) | (77) |
| Deferred revenue | 18 | (6,000) | (6,000) | (5,116) | (5,116) |
| | | (9,306) | (9,143) | (7,689) | (7,524) |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 17 | (213) | - | (201) | - |
| Lease Liabilities | 23 | (261) | (261) | (355) | (355) |
| Deferred revenue | 18 | (5,755) | (5,755) | (5,796) | (5,796) |
| Deferred tax | 19 | (659) | (659) | (664) | (664) |
| Retirement benefit obligation | 20 | (1,851) | (1,851) | (1,746) | (1,746) |
| | | (8,739) | (8,526) | (8,762) | (8,561) |
| **Total liabilities** | | (18,045) | (17,669) | (16,451) | (16,085) |
| **Net assets** | | 7,979 | 6,149 | 9,385 | 7,683 |
| **Reserves** | | | | | |
| General funds: | | | | | |
| - General funds | | 3,790 | 3,790 | 5,189 | 5,189 |
| - Relating to the retirement benefit obligation | | (1,851) | (1,851) | (1,746) | (1,746) |
| Property revaluation reserve | | 3,258 | 3,258 | 3,357 | 3,357 |
| Investment revaluation reserve | | 952 | 952 | 883 | 883 |
| ICAS Foundation general fund | | 837 | - | 780 | - |
| ICAS Foundation restricted fund | | 993 | - | 922 | - |
| | | 7,979 | 6,149 | 9,385 | 7,683 |

The financial statements set out on pages 17 to 50 were approved and authorised for issue by Council on 21st March 2024 and signed on its behalf by

**President** **Chief Executive**

# Group & ICAS Statements of Changes to Reserves for the year ended 31 December 2023

| **Group** | **General fund** | **Retirement Benefit Obligation** | **Property revaluation reserve** | **Investment revaluation reserve** | **ICAS Foundation General Fund** | **ICAS Foundation Restricted Fund** | **Total** |
|---|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Balance as at 1 January 2022 | 4,949 | (1,613) | 3,455 | 1,363 | 912 | 911 | 9,977 |
| Surplus for year | 416 | (216) | - | - | (9) | 30 | 221 |
| 2022 timing adjustment | - | - | - | - | - | 9 | 9 |
| Actuarial loss in the retirement benefit plan | - | (406) | - | - | - | - | (406) |
| Contribution to DB Pension Scheme | (489) | 489 | - | - | - | - | - |
| Transfer of revaluation depreciation | 98 | | (98) | - | - | - | - |
| Unrealised loss on investment revaluation | - | - | - | (291) | (123) | (28) | (442) |
| Deferred tax attributable to above | (7) | - | - | 100 | - | - | 93 |
| Realised gain/(loss) on investment disposal | 222 | - | - | (289) | - | - | (67) |
| Total comprehensive income/ (expense) | 240 | (133) | (98) | (480) | (132) | 11 | (601) |
| **Balance as at 31 December 2022** | **5,189** | **(1,746)** | **3,357** | **883** | **780** | **922** | **9,385** |
| Surplus for year | **(1,293)** | **(262)** | **-** | **-** | **4** | **55** | **(1,496)** |
| Actuarial loss in the retirement benefit plan | **-** | **(128)** | **-** | **-** | **-** | **-** | **(128)** |
| Unrealised gain on investment revaluation | **-** | **-** | **-** | **154** | **53** | **16** | **223** |
| Contribution to DB Pension Scheme | **(285)** | **285** | **-** | **-** | **-** | **-** | **-** |
| Realised loss on investment disposal | **83** | **-** | **-** | **(82)** | **-** | **-** | **1** |
| Transfer of revaluation depreciation | **99** | **-** | **(99)** | **-** | **-** | **-** | **-** |
| Deferred tax attributable to above | **(3)** | **-** | **-** | **(3)** | **-** | **-** | **(6)** |
| Total comprehensive income/ (expense) | **(1,399)** | **(105)** | **(99)** | **69** | **57** | **71** | **(1,406)** |
| **Balance as at 31 December 2023** | **3,790** | **(1,851)** | **3,258** | **952** | **837** | **993** | **7,979** |

| **ICAS** | **General fund** | **Retirement Benefit Obligation** | **Property revaluation reserve** | **Investment revaluation reserve** | **ICAS Foundation General Fund** | **ICAS Foundation Restricted Fund** | **Total** |
|---|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Balance as at 1 January 2022 | 4,949 | (1,613) | 3,455 | 1,363 | - | - | 8,154 |
| Surplus for year | 416 | (216) | - | - | - | - | 200 |
| Actuarial loss in the retirement benefit plan | - | (406) | - | - | - | - | (406) |
| Unrealised loss on investment revaluation | - | - | - | (291) | - | - | (291) |
| Contribution to DB Pension Scheme | (489) | 489 | - | | | | - |
| Realised loss on investment disposal | 222 | - | - | (289) | - | - | (67) |
| Transfer of revaluation depreciation | 98 | - | (98) | - | - | - | - |
| Deferred tax attributable to above | (7) | - | - | 100 | - | - | 93 |
| Total comprehensive income/ (expense) | 240 | (133) | (98) | (480) | - | - | (471) |
| **Balance as at 31 December 2022** | **5,189** | **(1,746)** | **3,357** | **883** | **-** | **-** | **7,683** |
| Surplus for year | **(1,293)** | **(262)** | **-** | **-** | **-** | **-** | **(1,555)** |
| Actuarial loss in the retirement benefit plan | **-** | **(128)** | **-** | **-** | **-** | **-** | **(128)** |
| Unrealised gain on investment revaluation | **-** | **-** | **-** | **154** | **-** | **-** | **154** |
| Contribution to DB Pension Scheme | **(285)** | **285** | **-** | **-** | **-** | **-** | **-** |
| Realised loss on investment disposal | **83** | **-** | **-** | **(82)** | **-** | **-** | **1** |
| Transfer of revaluation depreciation | **99** | **-** | **(99)** | **-** | **-** | **-** | **-** |
| Deferred tax attributable to above | **(3)** | **-** | **-** | **(3)** | **-** | **-** | **(6)** |
| Total comprehensive income/ (expense) | **(1,399)** | **(105)** | **(99)** | **69** | **-** | **-** | **(1,534)** |
| **Balance as at 31 December 2023** | **3,790** | **(1,851)** | **3,258** | **952** | **-** | **-** | **6,149** |

# Group & ICAS Statements of Cash Flow for the year ended 31 December 2023

| | Notes | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit /(Loss) for the year before tax | | **(1,469)** | **(1,525)** | 200 | 215 |
| Adjusted for: | | | | | |
| Depreciation – historical | **10** | **221** | **221** | 193 | 193 |
| Depreciation – revaluation | **10** | **98** | **98** | 121 | 121 |
| Amortisation – intangible assets | **11** | **69** | **69** | 151 | 151 |
| Amortisation – Right of use assets | **23** | **114** | **114** | 110 | 110 |
| (Gain)/loss on sale of investments | | **(6)** | **(3)** | 83 | 49 |
| Interest and dividend income | **7** | **(379)** | **(330)** | (136) | (106) |
| (Gain)/loss on sale of Fixed assets | | **(5)** | **(5)** | 9 | 9 |
| Interest expense on finance leases | **23** | **45** | **45** | 9 | 9 |
| Retirement Benefit Plan payments | **20** | **(285)** | **(285)** | (489) | (489) |
| Pension expenses included in employment costs | **20** | **262** | **262** | 216 | 216 |
| | | **(1,335)** | **(1,339)** | 467 | 478 |
| **Changes in working capital:** | | | | | |
| Decrease/ (increase) in inventories | | **-** | **-** | 156 | 156 |
| Decrease/ (increase) in trade and other receivables | **15** | **200** | **225** | 875 | 894 |
| Increase/ (decrease) in deferred revenue | **18** | **843** | **843** | 308 | 308 |
| Increase/ (decrease) in trade and other payables | **17** | **720** | **710** | 39 | 44 |
| (Decrease) in provisions | | **-** | **-** | (118) | (118) |
| | | **1,763** | **1,778** | 1,260 | 1,284 |
| Cash generated from operations | | **428** | **439** | 1,727 | 1,762 |
| Tax paid in the year | | **(30)** | **(30)** | (15) | (15) |
| **Net cash flows generated from operations** | | **398** | **409** | 1,712 | 1,747 |
| **Cash flows from financing activities** | | | | | |
| Principal paid on lease liabilities | | **(68)** | **(68)** | (84) | (84) |
| Interest paid on lease liabilities | **23** | **(45)** | **(45)** | (9) | (9) |
| **Net cash flows used in financing activities** | | **(113)** | **(113)** | (93) | (93) |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | **10** | **(98)** | **(98)** | (119) | (119) |
| Purchase of listed investments | **13** | **(1,427)** | **(436)** | (1,501) | (1,293) |
| Investment in fixed term deposits | | **(679)** | **-** | (1,850) | (1,750) |
| Proceeds from disposal of listed investments | **13** | **1,391** | **442** | 1,266 | 1,081 |
| Proceeds from disposal of fixed term deposits | | **371** | **-** | 2,096 | 1,750 |
| Proceeds from disposal of PPE | **10** | **5** | **5** | 2 | 2 |
| Interest received | | **277** | **248** | 42 | 42 |
| Dividends received | | **99** | **71** | 85 | 63 |
| **Net cash flows (used in)/ generated from investing activities** | | **(61)** | **232** | 21 | (224) |
| **Net increase in cash and cash equivalents** | | **224** | **528** | 1,640 | 1,430 |
| Cash in bank and on hand at 1 January 2022 | | **11,995** | **11,300** | 10,355 | 9,870 |
| **Cash in bank and on hand at 31 December 2023** | **16** | **12,219** | **11,828** | 11,995 | 11,300 |

# Notes to the Financial Statements

**1. General Information**
ICAS is a professional body incorporated in the United Kingdom by Royal Charter in 1854. The principal office is located at:

CA House
21 Haymarket Yards
Edinburgh
EH12 5BH

The nature of the Group's operations and its principal activities are set out in page 3. These Consolidated Financial Statements are presented in Sterling which is ICAS' functional currency. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise indicated.

**2. Significant Accounting Policies**
The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

**Basis of Accounting**
These financial statements have been prepared in accordance with UK adopted international accounting standards.

The financial statements have been prepared on the historical cost basis, except for the revaluation of Land & Buildings, Art and Silverwork, Investments and the Defined Retirement Benefit Plan, which are held at fair value. The policies adopted are set out below.

**Adoption of New and Revised Standards**
The following standards that came into effect in the financial year ended 31 December 2023, but had no material impact on the financial statements:

IFRS 17 Insurance contracts

**New standards, interpretations and amendments not yet effective**
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early, unless stated otherwise).

The following amendments are effective for the period beginning 1 January 2023:
Amendments to IAS 8 - Definition of Accounting Estimates;
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies;
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information; and
Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules.

The following amendments are effective for the period beginning 1 January 2024:
Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback; and
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements.

The following amendment is effective for the period beginning 1 January 2025:
Amendments to IAS 21 – Lack of Exchangeability

The Group and ICAS does not expect any of these standards issued by the IASB, but not yet effective, to have a material impact on the Group and ICAS.

## 2. Significant Accounting Policies (continued)

**Going Concern**
Council has a reasonable expectation, at the time of approving the financial statements, that ICAS has adequate resources to continue its operations and meet its liabilities as they fall due over the three-year period assessed. Council has no reason to believe that ICAS will not be viable over a longer period and a three-year period reflects the cycle and outlook of key financial inputs, primarily the life cycle of a student cohort. For this reason, it continues to adopt the going concern basis in preparing these financial statements.

**Basis of Consolidation**
The Consolidated Financial Statements incorporate the financial statements of ICAS and its associated Charitable Trust, the ICAS Foundation. Whilst the Trustees of the ICAS Foundation act independently of ICAS in fulfilling the charitable objectives of the Trust, ICAS has provided funding and considerable support for the administration and fundraising of the charity in 2023 and prior years. The effect of the detailed requirements of IFRS is to require consolidation of the ICAS Foundation into the financial statements of ICAS, based on an assessment of indicators of control. All intra-group transactions, balances, revenue and expenses are eliminated on consolidation.

The ICAS Foundation has £1,829k of net assets including investments of £1,063k, cash and cash equivalents of £1,070k and creditors of £383k representing research grants and bursaries payable. In addition to in kind support, ICAS donated £147k to the ICAS Foundation in 2023 (2022 - £185k).

**Revenue Recognition**
Revenue is recognised in a number of ways. Revenue recognition by income stream is detailed below. The main operating revenue streams are recognised as follows:

**Subscriptions**
All performance obligations relating to this income are discharged in the period covered by the membership fee. There is a fixed unit price for subscriptions, therefore, there is no judgement involved in allocating the price to each unit ordered in such contracts or services.

Subscriptions are recognised in the year when they fall due and only when the payment is received. Revenue received in advance is carried forward and included in liabilities as deferred revenue.

**Regulation**
There is limited judgement needed in identifying the point control passes as once delivery of the services to the agreed parties has occurred, ICAS usually will have a present right to payment. For most agreements, there is a fixed unit price for each product or service sold. Therefore, there is no judgement involved in allocating the price to each unit ordered in such contracts or services. Where a customer orders more than one product or service, the Group is able to determine the split of the total contract price between each product or service by reference to each product or services' standalone selling price (products or services are capable of being, and are, sold separately).

There is a fixed unit price for regulation fees, therefore, there is no judgement involved in allocating the price to each unit ordered in such contracts or services. Regulation fees cover Insolvency Practitioner, Practising Certificate and other associated fees.

Regulation fees are recognised in the year when they fall due and only when the payment is received. Revenue received in advance is carried forward and included in liabilities as deferred revenue.

**Member & Other**
There is limited judgement needed in identifying the point control passes as once delivery of the services to the agreed parties has occurred, ICAS usually will have a present right to payment. For most agreements, there is a fixed unit price for each product or service sold. Therefore, there is no judgement involved in allocating the price to each unit ordered in such contracts or services.

Where a customer orders more than one product or service, the Group is able to determine the split of the total contract price between each product or service by reference to each product or services' standalone selling price (products or services are capable of being, and are, sold separately).

## 2. Significant Accounting Policies (continued)

**Member & Other (continued)**

Magazine sales and advertising revenue is recognised in the month of publication.
ICAS member events, conferences, and business course revenue, including sponsorship, is recognised at the date of the event.
CA jobs revenue is invoiced in advance and revenue is recognised over the period of the advertising contract.
Commission revenue is recognised annually based on the BPP business course revenue in the previous year.
Charitable donations and revenue in the ICAS Foundation are recognised when they are received.

**Tuition**
There is limited judgement needed in identifying the point control passes as once delivery of the services to the agreed parties has occurred, ICAS usually will have a present right to payment. For most agreements, there is a fixed unit price for each product or service sold. Therefore, there is no judgement involved in allocating the price to each unit ordered in such contracts or services. Where a customer orders more than one product or service, the Group is able to determine the split of the total contract price between each product or service by reference to each product or services' standalone selling price (products or services are capable of being, and are, sold separately).

Class fees are recognised when a class starts, and exam fees are recognised at the date of the exam.
Income from fully on-line classes is recognised when log in details are made available to students
Training contract registration fees are received in advance for the full period of the training contract which is between 3 and 5 years. These are released evenly over the life of the training contract. An adjustment is made to recognise income immediately for students who do not complete their training contract.
Revenue received in advance is carried forward and included in liabilities as deferred revenue.
Education class fees received prior to the year end, for classes for the following year, are deferred into the following year.

**Admission**
Admission fees are initially received when a student is admitted to membership and are deferred and released to income when the goods or services relating to the admission fees have been performed, as it is determined that the performance obligation is spread over time (34 years). Admission fees also include amounts in respect of performance obligations which occur at a specific point in time with such amounts recognised in the year of admission.

Non-refundable admission fees charged to new members are recognised on commencement of membership over the expected average period of active membership, net of performance obligations provided at the point of admission.
Revenue received in advance is carried forward and included in liabilities as deferred revenue.
Admission fees where the income received prior to the year end is released over the average period of active membership.

**Investment income**
Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.
Interest accrued is recognised on a daily basis.

**Expenditure Recognition**

Expenditure is recognised at a point in time when control of the goods has transferred to the Group. Where orders are more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each to the standalone purchase price.
Expenditure related to a specific period of time or service is recognised in that period. Goods or services delivered, for which the invoice has not been received, are accrued in the accounting period that they are received.
ICAS Foundation expenditure is recognised on an accruals basis. Grants and bursaries are recognised when the recipient receives notification that they will receive the grant and any conditions attached to the grant are outside the control of the ICAS Foundation.

## 2. Significant Accounting Policies (continued)

**Leases**
The majority of the Group's accounting policies for leases are set out in Note 23.

**Identifying Leases**
The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset.
(b) The Group obtains substantially all the economic benefits from use of the asset.
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

**Property, Plant & Equipment (PPE)**
In determining whether the Group obtains substantially all of the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

Land and buildings are carried at Council's estimate of fair value, based on valuations conducted every 3-years by professional valuers, with subsequent additions at cost. Surpluses on revaluation 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. Depreciation is not charged on land. Buildings are depreciated over 50 years on the revalued amount. A valuation of the land and buildings was made as at 31 December 2021 in line with the 3-year revaluation cycle.

Improvements to Right of Use properties, which are included within the buildings category at Note 10, are capitalised at cost and are depreciated on a straight line basis over the shorter of their estimated useful lives and the remaining lease term.

Other equipment, comprising IT hardware and furnishings are depreciated on a straight-line basis over the estimated useful lives of the assets ranging from 2 to 10 years.

Grants received on capital expenditure are deducted in arriving at the carrying amount of the asset purchased when the criteria for retention have been satisfied and are netted against the asset purchased.

**Intangible Assets**
All intangible assets, both internal and external, have finite useful lives. Intangible assets comprise both purchased and internally generated software and are stated at cost. Costs to develop software internally are capitalised after the research phase and when it has been established that the project is technically feasible and ICAS has both the intention and ability to use the completed asset. The costs of internally generated software relate to external contractor and internal staffing costs in the development phase and are stated at cost. Amortisation is charged on a straight-line basis over the estimated useful life of the software of 3 to 5 years.

**Right of use assets**
In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

**2. Significant Accounting Policies (continued)**

**Depreciation and Amortisation**
Depreciation and amortisation are charged to write off the cost or valuation of the assets, other than land, over their estimated useful lives and assume nil residual values. The estimated useful lives, residual values and depreciation or amortisation method are reviewed by class of asset at each year end, with any changes in estimate accounted for in current and future years. The amortisation charge is included in other operating charges.

**Impairment of PPE, Intangible Assets and Right of Use Assets**
At each period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any revaluation surplus recognised in reserves. An external valuation of CA House is carried out every 3 years with an impairment review in alternate years.

The recoverable amount is the higher of fair value less realisation costs and value in use. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out (FIFO) basis. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation. An allowance is recorded for obsolescence, where appropriate.

**Financial Assets**
The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

*Amortised cost*
These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

## 2. Significant Accounting Policies (continued)

*Fair value through other comprehensive income*
The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to general fund and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount. Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Interest bearing investments, equities and unit trusts held for the purposes of generating long-term investment income are treated as non-current investments and are included at bid price at the year-end date. Equity investments classified as financial assets under IAS 39 have been classified as being at Fair Value through Other Comprehensive Income (FVTOCI) under IFRS 9. All fair value gains in respect of those assets are recognised in other comprehensive income and accumulated in the equity investment reserve, and these are not recycled to profit or loss.

**Financial Liabilities**
The Group classifies its financial liabilities into one category of amortised cost. The Group's accounting policy for the category is as follows:

*Trade and other payables*
Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

**Other non-current assets**
This is artwork and silverware held as an investment at fair value based on valuations by an expert third party conducted on a regular basis. Surpluses on revaluation 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.

**Taxation**
Corporation tax arises on ICAS chargeable gains, investment income less any charitable donations, and trading profits.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted. The amount of the asset or liability is determine using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recognised as a component of tax expense in other comprehensive income, in which case the related deferred tax is also recognised in other comprehensive income.

## 2. Significant Accounting Policies (continued)

**Retirement Benefits**
*Defined Benefit Plan*
The Group operates an externally managed contributory Retirement Benefit Plan for permanent staff (the Plan was closed to new members on 31 March 2003 and to future accrual on 30 September 2010). The expected costs of providing pensions under this Plan are calculated by qualified actuaries using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income as they are incurred.

The retirement benefit asset or obligation recognised in the statement of financial position represents the net of the present value of the defined benefit obligation and the fair value of Plan assets. Where the fair value of the Plan assets exceeds the present value of the obligation, the asset recognised in the statement of financial position is measured as the lower of the net asset value and any cumulative unrecognised net actuarial losses and past service cost plus the present value of any economic benefits available in the form of refunds from the Plan or reductions in future contributions to the Plan.

*Defined Contribution Plan*
The Group has established a Defined Contribution Pension Plan for staff. Contributions to the Plan are charged to the Income Statement as they are incurred.

## 3. Critical Accounting Judgements & Key Sources of Estimation

The preparation of the financial statements requires ICAS to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. Council members base their estimates on historical experience and other assumptions that they believe are appropriate under the circumstances, the results of which form the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may ultimately differ from those estimates.

Critical accounting judgements and key sources of estimation uncertainty relate to the interpretation of the Defined Benefit Retirement Benefit Plan rules and the pension actuarial assumptions (Note 21), cost of internally generated intangible assets (Note 11), and the application of IFRS 15 to deferral of income (Note 18).

**Judgements**
The cost of internally generated intangible assets (Note 11) is categorised as capital or revenue expenditure following the standard IAS38. In broad terms, the discovery phase which includes evaluation of alternatives and final selection, is expensed. The delivery phase, including design of process, software configuration, coding, hardware installation and testing, is capitalised. The post implementation phase, including end user training and on-going maintenance, is expensed.

**Estimations**
In relation to IFRS 15, Council considered appropriate critical accounting estimates relevant to income streams, the outcome of which is noted in the accounting policy relating to income.

*Admission fees*
The deferral of income relating to admission fees period requires key estimates, including assessing the period over which the membership benefits are delivered based on observed average durations and historic information. The deferral period used is 34 years. This is based on the average period of working years' membership – derived from membership statistics evidencing an average joining age of 25, the age at which retirement is applied for all members of 65, and averages of resignations and deaths over that period.

A review of the deferral period is carried out annually and would require a significant change in that period to have a material impact upon the accounts. The review in 2023 indicated no material change to the deferral period.

## 3. Critical Accounting Judgements & Key Sources of Estimation (continued)

Income is deferred, net of the costs of the admissions ceremony, and is then released on a straight-line basis over the remaining period. The remaining period is reviewed annually and is currently 34 years. The release profile of the deferred admissions income is:

| | **2023 Group and ICAS £'000** | 2022 Group and ICAS £'000 |
|---|---|---|
| Not later than one year | **287** | 279 |
| Later than 1 year but not later than 2 years | **283** | 276 |
| Later than 2 years but not later than 5 years | **816** | 800 |
| Later than 5 years | **4,294** | 4,239 |
| | **5,680** | 5,594 |

*Retirement Benefit Obligation*
In the process of applying the Group's accounting policies, which are described in Note 2, Council has provided the Actuary with key assumptions required to calculate the retirement benefit obligation. The assumptions, which were agreed after taking expert, professional advice, are listed at Note 20.

Lease discount rate
Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (Note 23) and the corresponding right-of-use assets (Note 23).

The IFRS 16 discount rate of 6% has been established with reference to the notional borrowing rate that ICAS could expect to achieve in the market. ICAS have adopted this rate from 2022, as this would be charged on any future borrowing.

A 0.5% decrease in the rate would cause the lease liability to increase by £4k with a corresponding movement in the 'cost' of the right-of-use asset which would increase the associated amortisation.

A 0.5% increase in the rate would cause the lease liability to decrease by £4k with a corresponding movement in the 'cost' of the right-of-use asset which would decrease the associated amortisation.

## 4. Segmental Information

All segments of operational activity are continuing and based in the UK. For management purposes, the Group was organised into 6 (2022: 6) strategic business units based on the different products and services offered. The segmental information reflects the management structure for decision-making. The individual segments do not include any allocation of the central Business Services costs.

The principal activities are as follows:

*Learning*
Learning comprises training and examination of students leading to the CA qualification, and the ICAS Tax Qualification. Costs of the operational delivery of education (e.g. examination administration), including staff costs are recharged to this segment.

*Member Engagement and Communications*
This segment comprises the member and student events, Marketing (including PR and digital marketing) and Professional Development. It also includes CA Dinners, Conferences, and the CA Magazine. This unit now also includes the Policy and Practice Support Teams.

*Regulation*
This segment comprises the ICAS involvement in the issue and control of practising certificates, insolvency permits and audit registration, participation in the FRC Public Discipline Scheme, quality review and in-house ethical, investigation, disciplinary and other legal issues.

*Business Services*
This segment comprises the ICAS support services of Finance, Facilities, Human Resources and Data Insights, and also includes the Executive group. The net cost of this segment is not reallocated for business reporting purposes. This segment provides central services for all the other segments.

*Customer Experience*
This segment comprises of Digital, the delivery of the operational support of education (i.e. examinations), the administration of the student and members' database and a Channels team established to deal with all customer enquiries to ICAS. Subscription fee revenues are included in this section as are the costs of the operational delivery of education while the associated staffing costs have been recharged to Learning.

*ICAS Foundation*
The ICAS Foundation is shown as a separate segment.

| **Group** | **2023** | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Revenue** | **Employment Costs** | **Operating Charges** | **Operating profit/(loss)** | Revenue | Employment Costs | Operating Charges | Operating profit/(loss) |
| | **£'000** | **£'000** | **£'000** | **£'000** | £'000 | £'000 | £'000 | £'000 |
| Learning | **8,411** | **(3,829)** | **(625)** | **3,957** | 7,578 | (2,834) | (2,203) | 2,541 |
| Members | **350** | **(2,141)** | **(1,880)** | **(3,671)** | 228 | (2,056) | (1,266) | (3,094) |
| Regulation | **2,349** | **(1,149)** | **(668)** | **532** | 2,556 | (844) | (609) | 1,103 |
| Business Services | **125** | **(2,598)** | **(3,657)** | **(6,130)** | 8 | (2,377) | (3,456) | (5,825) |
| Customer Experience | **9,219** | **(1,432)** | **(4,293)** | **3,494** | 8,716 | (1,728) | (1,536) | 5,452 |
| ICAS Foundation | **180** | **(139)** | **(37)** | **4** | 167 | (126) | (52) | (11) |
| Total | **20,634** | **(11,288)** | **(11,160)** | **(1,814)** | 19,253 | (9,965) | (9,122) | 166 |

**4. Segmental Information (continued)**

| ICAS | 2023 Revenue | 2023 Employment Costs | 2023 Operating Charges | 2023 Operating profit/(loss) | 2022 Revenue | 2022 Employment Costs | 2022 Operating Charges | 2022 Operating profit/(loss) |
|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Learning | 8,411 | (3,829) | (625) | 3,957 | 7,578 | (2,834) | (2,203) | 2,541 |
| Members | 350 | (2,141) | (1,880) | (3,671) | 228 | (2,056) | (1,266) | (3,094) |
| Regulation | 2,349 | (1,149) | (668) | 532 | 2,556 | (844) | (609) | 1,103 |
| Business Services | 125 | (2,598) | (3,657) | (6,130) | 8 | (2,377) | (3,456) | (5,825) |
| Customer Experience | 9,219 | (1,432) | (4,293) | 3,494 | 8,716 | (1,728) | (1,536) | 5,452 |
| **Total** | **20,454** | **(11,149)** | **(11,123)** | **(1,818)** | 19,085 | (9,839) | (9,070) | 176 |

In 2023 and 2022, inter-segment transactions related to ICAS providing funding for the ICAS Foundation.

For ICAS only, total revenues amounted to £20,454k (2022: £19,085k). Revenues from the 4 largest customers are disclosed in Note 22. The disaggregation of ICAS revenue is as above for the group excluding ICAS Foundation revenue.

The majority of revenue is UK generated with the exception of members based worldwide and consultancy provided by Education and Professional Standards outside the UK. Information on major customers is detailed in Note 22 on Financial Risk Management.

The Group has disaggregated revenue into various categories in the tables below, which is intended to depict the nature, amount, timing and uncertainty of revenue and cash flows and enable users to understand the relationship with revenue segment information.

| **Group – 2023** | **Subscriptions** | **Regulation** | **Member & Other** | **Tuition** | **Admission** | **Total** |
|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Learning | **-** | **-** | **-** | **8,053** | **358** | **8,411** |
| Members | **-** | **-** | **350** | **-** | **-** | **350** |
| Regulation | **-** | **2,349** | **-** | **-** | **-** | **2,349** |
| Business Services | **-** | **-** | **125** | **-** | **-** | **125** |
| Customer Experience | **9,219** | **-** | **-** | **-** | **-** | **9,219** |
| ICAS Foundation | **-** | **-** | **180** | **-** | **-** | **180** |
| **Total** | **9,219** | **2,349** | **655** | **8,053** | **358** | **20,634** |

| Group – 2022 | Subscriptions | Regulation | Member & Other | Tuition | Admission | Total |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Learning | - | - | - | 7,221 | 357 | 7,578 |
| Members | - | - | 228 | - | - | 228 |
| Regulation | - | 2,467 | 89 | - | - | 2,556 |
| Business Services | - | - | 8 | - | - | 8 |
| Customer Experience | 8,716 | - | - | - | - | 8,716 |
| ICAS Foundation | - | - | 167 | - | - | 167 |
| Total | 8,716 | 2,467 | 492 | 7,221 | 357 | 19,253 |

## 5. Employment Costs

| | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|
| Salaries | **9,211** | **9,092** | 8,149 | 8,043 |
| Social Security costs | **1,009** | **998** | 903 | 892 |
| Pension costs – Defined Benefit Plan | **280** | **271** | 225 | 216 |
| Pension costs – Defined Contribution Plan | **788** | **788** | 688 | 688 |
| | **11,288** | **11,149** | 9,965 | 9,839 |

All contracts of employment have a notice period of one year or less including the contracts of the Chief Executive and Executive Directors. The Executive Directors are considered to be the key management personnel of ICAS.

The Chief Executive receives a reward package that, in addition to salary, includes ICAS core and flexible benefits, car allowance, private health care and an annual bonus at the discretion of the Remuneration Committee based on performance. The Chief Executive is not a member of either the Defined Benefit Plan or the Defined Contribution Plan. Bonus payments to the Executive are at the discretion of the Remuneration Committee based on an evaluation of individual performance.

### Remuneration of the Executive Team

The remuneration of the Chief Executive and Executive Directors is disclosed below:

| | Executive Directors (excluding Chief Executive) | | Chief Executive | |
|---|---|---|---|---|
| | **2023 £'000** | 2022 £'000 | **2023 £'000** | 2022 £'000 |
| Salary | **634** | 586 | **268** | 268 |
| Social security costs | **90** | 87 | **45** | 42 |
| Bonus | **105** | 80 | **77** | 60 |
| Other Allowances | **40** | 41 | **10** | 10 |
| Pension costs | **57** | 55 | **-** | - |
| | **926** | 849 | **400** | 380 |

The bonus amount disclosed in this table are the amounts approved by the Remuneration Committee. They are not the same as the bonus costs included in the employment costs table, which include adjustments for previous year accruals and payments.

### Employees

The number of full time equivalent (FTE) employees at 31 December 2023 was 178 (2022: 162) and the average number of employees during the year was 176 (2022: 168), made up as follows:

| | 2023 Group No. | 2023 ICAS No. | 2022 Group No. | 2022 ICAS No. |
|---|---|---|---|---|
| Learning | **60** | **60** | 47 | 47 |
| Members | **34** | **34** | 39 | 39 |
| Regulation | **16** | **16** | 13 | 13 |
| Business Services | **35** | **35** | 35 | 35 |
| Customer Experience | **29** | **29** | 31 | 31 |
| ICAS Foundation | **2** | **-** | 3 | - |
| | **176** | **174** | 168 | 165 |

## 6. Other operating charges

| | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|
| Education external contractors | **2,740** | **2,740** | 1,749 | 1,749 |
| Professional fees | **1,040** | **1,035** | 888 | 880 |
| Rent & venue hire | **59** | **59** | 94 | 94 |
| Paper, print & magazine production | **686** | **686** | 674 | 674 |
| Staff & committee travel & accommodation | **332** | **332** | 219 | 219 |
| Member events and hospitality | **512** | **512** | 315 | 315 |
| Training, recruitment & other related costs | **769** | **769** | 851 | 851 |
| Depreciation and amortisation | **498** | **498** | 575 | 575 |
| Apprentice Levy | **29** | **29** | 25 | 25 |
| Subscription charges | **1,080** | **1,080** | 972 | 972 |
| Property costs including rates | **731** | **731** | 536 | 536 |
| Postage | **17** | **17** | 33 | 33 |
| Advertising & promotion | **392** | **392** | 194 | 194 |
| Digital maintenance | **949** | **949** | 690 | 690 |
| Unrecovered VAT | **221** | **221** | 300 | 300 |
| Telephone | **112** | **112** | 131 | 131 |
| Donation to ICAS Foundation | **-** | **161** | - | 185 |
| ICAS research and initiatives | **123** | **123** | 104 | 104 |
| Bursaries awarded | **171** | **-** | 189 | - |
| Regulatory costs | **237** | **237** | 115 | 115 |
| Equipment Hire | **83** | **83** | 92 | 92 |
| Bank and Credit Card Charges | **175** | **175** | 188 | 188 |
| Other | **204** | **182** | 188 | 148 |
| | **11,160** | **11,123** | 9,122 | 9,070 |

## 7. Finance income

| | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|
| **Interest income** | | | | |
| Current account | **36** | **36** | 6 | 6 |
| Deposit account | **244** | **223** | 44 | 37 |
| | **280** | **259** | 50 | 43 |
| **Dividend income** | **99** | **71** | 86 | 63 |
| **Total finance income** | **379** | **330** | 136 | 106 |

## 8. Profit/ (loss) from operations

Profit/ (loss) from operations is arrived at after charging:

| | 2023 Group £'000 | 2023 ICAS £'000 | 2022 Group £'000 | 2022 ICAS £'000 |
|---|---|---|---|---|
| Depreciation (Note 10) | **319** | **319** | 314 | 314 |
| Amortisation of Intangible assets (Note 11) | **69** | **69** | 151 | 151 |
| Amortisation of Right of Use assets (Note 23) | **114** | **114** | 110 | 110 |
| Employment costs (Note 5) | **11,288** | **11,149** | 9,965 | 9,839 |
| Auditor remuneration (see below) | **54** | **49** | 50 | 46 |
| Non-audit services (see below) | **9** | **9** | 6 | 6 |
| Bursaries awarded | **171** | **-** | 189 | - |
| Charges related to low value leases | **128** | **128** | 92 | 92 |

## 8. Profit/ (loss) from operations (continued)

A more detailed analysis of auditor's remuneration is provided below:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | £'000 | % | £'000 | % |
| Audit service – ICAS | 49 | 78% | 46 | 82% |
| Audit service – ICAS Foundation | 5 | 8% | 4 | 7% |
| Tax compliance services | 9 | 14% | 6 | 11% |
| | 63 | 100% | 56 | 100% |

## 9. Taxation

Profit /(loss) from operations is arrived at after charging:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Group £'000 | ICAS £'000 | Group £'000 | ICAS £'000 |
| **Current tax** | | | | |
| Current UK Corporation Tax | 41 | 41 | - | - |
| **Deferred tax** | | | | |
| Current year (Note 19) | (11) | (11) | 15 | 15 |
| **Taxation** | 30 | 30 | 15 | 15 |

In addition to the amount charged to the Income Statement for accelerated depreciation, net deferred tax relating to the revaluation of ICAS' listed investments and other assets (net of allowances for indexation), the Retirement Benefit funding obligation and the Retirement Benefit asset amounting to a debit of £367k (2022: debit of £367k) has been recognised in Other Comprehensive Income.

The credit for the year can be reconciled to the profit/ (loss) in the Income Statement as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Profit/(loss) before tax for the Group | (1,398) | 200 |
| Tax at the UK corporation tax rate of 19% (2022: 19%) | (266) | 38 |
| Deferred tax charge | 11 | (15) |
| Tax effect of mutual activity* | 225 | (38) |
| **Tax charge for the year** | (30) | (15) |

*ICAS is not required to pay tax on its membership and educational activities which HMRC regard as mutual activities.

## 10. Property, Plant & Equipment

| Group & ICAS: | Land (Fair Value) £'000 | Buildings (Fair Value) £'000 | IT Equipment (Cost) £'000 | Furniture (Cost) £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost or valuation:** | | | | | |
| 1 January 2022 | 1,200 | 5,055 | 522 | 394 | 7,171 |
| Additions | - | - | 46 | 73 | 119 |
| Disposals | - | - | - | (21) | (21) |
| At 31 December 2022 | 1,200 | 5,055 | 568 | 446 | 7,269 |
| **Accumulated depreciation:** | | | | | |
| 1 January 2022 | - | (178) | (498) | (249) | (925) |
| Provided in year – historical | - | (140) | (16) | (37) | (193) |
| Provided in year – revaluation | - | (121) | - | - | (121) |
| Disposals | - | - | - | 11 | 11 |
| At 31 December 2022 | - | (439) | (514) | (276) | (1,229) |
| **Carrying Value at 31 December 2022** | **1,200** | **4,616** | **54** | **170** | **6,040** |
| **Cost or valuation:** | | | | | |
| 1 January 2023 | **1,200** | **5,055** | **568** | **446** | **7,269** |
| Additions | **-** | **46** | **-** | **52** | **98** |
| Disposals | **-** | **-** | **-** | **-** | **-** |
| At 31 December 2023 | **1,200** | **5,101** | **568** | **498** | **7,367** |
| **Accumulated depreciation:** | | | | | |
| 1 January 2023 | **-** | **(439)** | **(514)** | **(276)** | **(1,229)** |
| Provided in year – historical | **-** | **(149)** | **(29)** | **(43)** | **(221)** |
| Provided in year – revaluation | **-** | **(98)** | **-** | **-** | **(98)** |
| Disposals | **-** | **-** | **-** | **-** | **-** |
| At 31 December 2023 | **-** | **(686)** | **(543)** | **(319)** | **(1,548)** |
| **Carrying Value at 31 December 2023** | **1,200** | **4,415** | **25** | **179** | **5,819** |

**Group & ICAS:**
ICAS land and buildings are valued at fair value. Under IFRS 13 Fair Value Measurement the assets are defined as level 2. The following sets out the valuation techniques used in the determination of fair values within level 2 including the key observable inputs (such as market data of comparable buildings in a similar location) and the relationship between that to fair value.

A valuation was carried out as at 31 December 2021 by Jones Lang LaSalle per the scheduled three-year revaluation. The valuation was in accordance with the RICS Appraisal and Valuation. Standards, published by The Royal Institution of Chartered Surveyors on the basis of market value. Valuations are performed with sufficient regularity such that the carrying amount does not differ. Therefore, council do not consider there to be a material change to the valuation in 2023.

The land and property value, excluding leasehold property, at 31 December 2023 was £5,588k (2022: £5,807k).

Leasehold improvements included within buildings above amount to a NBV of £28k (cost £234k, depreciation £206k).

### 10. Property, Plant & Equipment (continued)

The fair value of land and buildings is a level 2 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

| | £'000 |
|---|---|
| At 1 January 2023 | **5,809** |
| Additions | **20** |
| Depreciation charge | **(241)** |
| **At 31 December 2023** | **5,588** |

At 31 December 2023, had the land and buildings been carried at historical cost less accumulated depreciation, their carrying value would have been £2,421k (2022: £2,575k). The historical cost of CA House is stated net of a grant of £1,800k received from The Scottish Chartered Accountants' Trust for Education (SCATE), now part of the ICAS Foundation. The main condition of this grant was for ICAS to maintain a certain level of involvement in education and research in accountancy, finance and management.

Included in the gross value of property, plant and equipment are fully depreciated assets of £1,857k (2022: £1,795k).

The ICAS collection of Antiquarian Books, dating from 1494, which have been acquired by or donated to ICAS has a net book value of £nil. There are restrictions over ICAS' rights regarding the collection, which is on deposit at the National Library of Scotland and is accessible to the public on request.

### 11. Intangible Assets

| **Group & ICAS:** | **Externally purchased £'000** | **Internally generated £'000** | **Total £'000** |
|---|---|---|---|
| **Cost:** | | | |
| 1 January 2022 | 167 | 805 | 972 |
| At 31 December 2022 | 167 | 805 | 972 |
| **Amortisation:** | | | |
| 1 January 2022 | (118) | (634) | (752) |
| Provided in year | (27) | (124) | (151) |
| At 31 December 2022 | (145) | (758) | (903) |
| **Carrying value at 31 December 2022** | 22 | 47 | 69 |
| **Cost:** | | | |
| 1 January 2023 | **167** | **805** | **972** |
| At 31 December 2023 | **167** | **805** | **972** |
| **Amortisation:** | | | |
| 1 January 2023 | **(145)** | **(758)** | **(902)** |
| Provided in year | **(22)** | **(47)** | **(69)** |
| At 31 December 2023 | **(167)** | **(805)** | **(972)** |
| **Carrying value at 31 December 2023** | **-** | **-** | **-** |

Intangible assets relate to purchased software and associated consultancy costs and internally generated software which comprises external consultancy and internal staffing costs incurred in developing ICAS information and reporting systems. Such assets are amortised over their expected useful lives.

## 12. Investments in Associated Bodies

Profit from operations is arrived at after charging:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Shareholding %** | **Cost £** | Shareholding % | Cost £ |
| **CCAB Limited** | **8.6** | **86** | 8.6 | 86 |
| **Chartered Accountants Compensation Scheme Limited** | **10** | **100** | 10 | 100 |
| | | **186** | | 186 |

**Consultative Committee of Accountancy Bodies (CCAB)**
The CCAB undertakes activities of mutual interest to the five major accountancy bodies in the British Isles.

**Chartered Accountants Compensation Scheme Limited**
Administers and evaluates claims for compensation arising from the obligations of the three Institutes of Chartered Accountants as a Designated Professional Body under the Financial Services & Markets Act 2000.

Council considers that the fair value of unlisted investments is equal to cost. ICAS does not hold any financial investment in the Charitable Trust noted at Note 2, Basis of Consolidation.

## 13. Investments

| | 2023 | | 2022 | |
|---|---|---|---|---|
| **Listed Investments** | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| **Investments at fair value** | | | | |
| As at 1 January | **3,973** | **3,022** | 4,269 | 3,212 |
| Additions | **1,427** | **436** | 1,468 | 1,243 |
| Disposals | **(1,391)** | **(440)** | (1,358) | (1,142) |
| (Loss)/gain on fair value through other comprehensive income | **225** | **154** | (406) | (291) |
| **At 31 December** | **4,234** | **3,172** | 3,973 | 3,022 |

The listed investments are valued monthly to market value (bid price). A security to the value of £633k is held over ICAS' investment portfolio in favour of the Retirement Benefit Plan.

All listed investments are held at fair value through the OCI, and the Group value is £4,232k (2022: £3,973k). The fair value of quoted investments is based on published market prices. Investments are broken down as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Bonds/Fixed Interest | **935** | **935** | 948 | 831 |
| Equities | **1,902** | **1,902** | 2,793 | 2,014 |
| Alternatives/Cash Products | **335** | **335** | 232 | 177 |
| Hedge Funds/Target Absolute Return | **1,062** | **-** | - | - |
| **At 31 December** | **4,234** | **3,172** | 3,973 | 3,022 |

### 14. Other Non-Current Assets

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Art and Silverwork at fair value | **712** | **712** | 712 | 712 |
| | **712** | **712** | 712 | 712 |

Artwork and Silverwork are valued at fair value. Under IFRS 13 Fair Value Measurement the assets are defined as level 2. The following sets out the valuation techniques used in the determination of fair values within level 2 including the key observable inputs (such as market data of comparable pieces) and the relationship between that to fair value.

The art and silverwork were donated to ICAS by former members. The Group obtained a formal valuation of the painting by Sotheby's and silverwork by Lyon & Turnbull in December 2021 and the next formal valuation will be December 2024. Valuations will be performed with sufficient regularity such that the carrying amount should not differ materially from that which would be determined using fair values at the period end date.

### 15. Trade and Other Receivables

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Amount receivable for the sale of goods and services | **1,079** | **1,064** | 1,600 | 1,596 |
| Other receivables | **234** | **191** | 124 | 81 |
| Prepayments | **615** | **599** | 404 | 401 |
| | **1,928** | **1,854** | 2,128 | 2,078 |

Receivables for goods and services provided at the period end date represent an average credit period of 34 days (2022: 42 days). No interest is charged on the receivable amounts. Included in the Group's trade receivable balance are overdue balances totalling £325k (2022: £113k). Aged debt is monitored by the ICAS Credit Controller, with overdue balances followed up on a timely basis. £17k has been provided against doubtful debts at the period end date (2022: £10k).

Ageing of past due but unimpaired receivables:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| 30 – 60 days | **201** | **201** | 147 | 147 |
| 60 – 90 days | **28** | **28** | 12 | 12 |
| 90 – 120 days | **77** | **77** | (54) | (54) |
| 120+ days | **19** | **19** | 8 | 0 |
| | **325** | **325** | 113 | 105 |

Of the trade receivables balance at the year end, £514k (2022: £1,295k) is due from the 4 largest customers. There are no other customers who represent more than 5% (2022: 4.88%) of the total balance of trade receivables.

The Group applies the IFRS 9 simplified approach to 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 ageing.

### 15. Trade and Other Receivables (continued)

The expected loss rates are based on the Group's historical credit losses experienced over a three-year period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

### 16. Cash and Fixed Term Deposits

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| **Cash and cash equivalents** | **12,219** | **11,828** | 11,995 | 11,300 |
| **Fixed term deposits** | **811** | **132** | 503 | 131 |

Cash and cash equivalents comprise cash held with banks and money market deposits up to 90 days. Fixed term deposits are cash on deposit for more than 90 days. They do not include interest-bearing investments held for the longer term.

### 17. Trade and other payables

Trade and other payables at the period end date comprise amounts outstanding for trade purchases and on-going costs. Trade payables at the year-end represent an average of nil days' purchases (2022: nil days). The Council considers that the carrying amount of trade payables approximates to their fair value.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| **Current:** | | | | |
| Trade payables | **374** | **374** | - | - |
| Bursaries payable | **156** | **-** | 163 | - |
| Taxation and social security costs | **878** | **878** | 850 | 850 |
| Amounts held on behalf of Members | **21** | **21** | 22 | 21 |
| Accruals and other creditors | **1,775** | **1,768** | 1,461 | 1,460 |
| | **3,204** | **3,041** | 2,496 | 2,331 |
| **Non-Current:** | | | | |
| Bursaries payable | **213** | **-** | 201 | - |
| | **213** | **-** | 201 | - |

Bursaries payable are payments due by the ICAS Foundation under bursary awards notified prior to the year end.

### 18. Deferred Revenue

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Fees in advance: | | | | |
| Subscriptions | **4,246** | **4,246** | 3,807 | 3,807 |
| Admission fees | **5,680** | **5,680** | 5,594 | 5,594 |
| Class fees and training contracts | **1,069** | **1,069** | 930 | 930 |
| Regulation fees | **707** | **707** | 551 | 551 |
| Other deferred revenue | **53** | **53** | 30 | 30 |
| | **11,755** | **11,755** | 10,912 | 10,912 |

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Analysed as follows: | | | | |
| Current | **6,000** | **6,000** | 5,116 | 5,116 |
| Non-Current | **5,755** | **5,755** | 5,796 | 5,796 |
| | **11,755** | **11,755** | 10,912 | 10,912 |

Movement on contract balances are summarised below in accordance with IFRS 15:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Class fees & training contracts £'000** | **Member admission £'000** | Class fees & training contracts £'000 | Member admission £'000 |
| At 1 January | **930** | **5,594** | 878 | 5,626 |
| Received in year | **716** | **365** | 737 | 325 |
| Released in year | **(577)** | **(279)** | (685) | (357) |
| At 31 December | **1,069** | **5,680** | 930 | 5,594 |

"Received in the year" in respect of contract liabilities represents cash received in advance of performance and not recognised as revenue in the period. "Released in the year" in respect of contract liabilities represents revenue recognised in the period that was included in the contract liability at the beginning of the period.

Contract liabilities for subscriptions and regulation fees received in advance at each reporting date are recognised as revenue in the following year.

## 19. Deferred Tax

| Group & ICAS: | Accelerated Tax Depreciation | Revaluation of Other Assets | Revaluation of Investments | Retirement Benefit Plan | Total |
|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| At 1 January 2022 | 17 | 426 | 321 | (22) | 742 |
| Release to income (Note 9) | 15 | - | - | - | 15 |
| Charge/(credit) to Other Comprehensive Income | - | - | (100) | 7 | (93) |
| At 1 January 2023 | 32 | 426 | 221 | (15) | 664 |
| Release to income (Note 9) | **(11)** | **-** | **-** | **-** | **(11)** |
| Charge to Other Comprehensive Income | **-** | **-** | **3** | **3** | **6** |
| **At 31 December 2023** | **21** | **426** | **224** | **(12)** | **659** |

## 20. Retirement Benefit Obligation

As at 31 December 2023, ICAS operated two pension plans for the benefits of its employees, a Defined Contribution Plan and a Defined Benefit Plan.

**Defined Contribution Plan**
ICAS established a Defined Contribution Pension Plan in 2003, which is available to all staff. Contributions to this Plan are charged to the Income Statement as they are incurred. Defined contribution pension costs for the Group in 2023 were £748k (2022: £688k).

**Defined Benefit Plan**
The Group operates a Plan providing retirement benefits based on years of service and a 3-year average of pensionable salary at retirement. As a result of significantly increased pension servicing costs and contribution levels, it was decided to close the Plan to new members of staff as at 31 March 2003 and to future accrual from 30 September 2010. Defined benefit pension costs in 2023 were £262k (2022: £302k).

The Plan is managed by a Board of Trustees which has responsibility for administering the Plan within the regulatory framework of the Trust Deed and the relevant legislation. The Trustees have responsibility for the Plan investment strategy. ICAS is responsible for making contributions to support the Plan as required under the Schedule of Contributions, and for paying the Plan expenses and PPF Levy. In 2023, ICAS made plan deficit contributions of £100k (2022 deficit contributions £200k) and funded £185k (2022: £289k) for plan expenses. Pension obligations are valued separately for accounting and funding purposes, with IAS19 being based on best estimates and funding valuations on prudent assumptions.

**Details of the Group's Defined Benefit Plan are as follows:**

*Reconciliation to consolidated statement of financial position*

| | **2023 Group & ICAS £'000** | 2022 Group & ICAS £'000 |
|---|---|---|
| Fair value of Plan assets | **22,024** | 21,830 |
| Present value of funded obligations | **(23,875)** | (23,576) |
| Net liabilities | **(1,851)** | (1,746) |

**20. Retirement Benefit Obligation (continued)**

The level of contribution required to fund the Plan is determined by a qualified actuary on a triennial basis using the projected unit method. The Triennial Valuation is prepared for funding purposes on a prudent basis and therefore uses different assumptions from those used in the IAS19 valuation.

The latest triennial valuation is currently being prepared as at 1 January 2023 but will not be available in time for these accounts. The outcome will inform the valuation in the 2024 accounts.

Investment expenses are currently paid directly by ICAS. It was agreed that these would be borne by the Scheme going forward and taken into account in the Trustee's new Investment Strategy. In order to cover these expenses ICAS will pay contributions of £100k each December from December 2021 to December 2024.

In common with other plans the Trustees also receive an estimate from the actuary of the cost to buy out the liabilities of the plan, which at the date of the last triennial valuation was £17.56 million, however, wind up of the plan cannot be triggered without the employer's consent and ICAS continues to be committed to funding the plan on an affordable ongoing basis

*Reconciliation to Plan assets*

| | **2023 Group & ICAS £'000** | 2022 Group & ICAS £'000 |
|---|---|---|
| At 1 January | **21,830** | 33,428 |
| Interest income | **1,027** | 648 |
| Current services costs | **(185)** | (189) |
| Contributions by employer including costs of managing plan assets | **285** | 489 |
| Benefits paid | **(1,155)** | (835) |
| Actuarial (loss)/ gain | **222** | (11,711) |
| At 31 December | **22,024** | 21,830 |

*Composition of Plan assets*

| | **Fair value of assets** | |
|---|---|---|
| | **2023 Group & ICAS £'000** | 2022 Group & ICAS £'000 |
| Matching Funds | **7,798** | 6,356 |
| Liquidity Fund | **-** | 2,485 |
| Diversified Fund | **3,352** | 2,103 |
| Equity Funds | **4,161** | 4,055 |
| JPM Unconstrained Bond Fund | **2,995** | 1,941 |
| M&G Alpha Opportunities Fund | **3,376** | 3,317 |
| Cash | **342** | 1,573 |
| At 31 December | **22,024** | 21,830 |

The Plan has no investments in ICAS as part of the Plan assets.

## 20. Retirement Benefit Obligation (continued)

*Reconciliation to plan liabilities*

| | **2023 Group & ICAS £'000** | 2022 Group & ICAS £'000 |
|---|---|---|
| At 1 January | **(23,576)** | (35,041) |
| Interest cost | **(1,104)** | (675) |
| Benefits paid | **1,155** | 835 |
| Actuarial gain | **(350)** | 11,305 |
| At 31 December | **(23,875)** | (23,576) |

Uncertainty surrounding future mortality improvements and the impact of this allowance on funding levels and contribution rates can be significant. Unexpected increases in life expectancy will increase the costs of providing the benefits. An additional one year of life expectancy could be expected to increase liabilities by around 2% to 4%.

*Cumulative actuarial losses recognised in other comprehensive income*

| | **2023 Group & ICAS £'000** | 2022 Group & ICAS £'000 |
|---|---|---|
| At 1 January | **(9,857)** | (9,451) |
| Actual return less expected return on assets | **222** | (11,711) |
| Experience gains on the benefit obligation | **1,051** | (1,910) |
| Effect of change in demographics assumptions | **(182)** | 23 |
| Effect of change in financial assumptions | **(1,219)** | 13,192 |
| At 31 December | **(9,985)** | (9,857) |

There are no unrecognised past service costs.

The amounts recognised within the Group Income Statement, within employment costs, in respect of the Defined Benefit Pension Plan are as follows:

*Pension expenses included in employment costs*

| | **2023 Group & ICAS £'000** | 2022 Group & ICAS £'000 |
|---|---|---|
| Expected return on plan assets | **(1,027)** | (648) |
| Unwinding of discount on plan liabilities (interest cost) | **1,104** | 675 |
| Administration costs | **185** | 189 |
| | **262** | 216 |

The actual return on plan assets was a gain of £299k (2022: loss £11,734k). This represents the difference between the expected return on plan assets of £77k (2022: loss £23k) and the actuarial gain on those assets arising during the period of £222k (2022: loss £11,711k).

## 20. Retirement Benefit Obligation (continued)

| *Principal actuarial assumptions* <br> *Key assumptions used at the period end date are as follows*: | **2023** | 2022 |
|---|---|---|
| Discount rate on Plan liabilities | **4.35%** | 4.80% |
| Expected increase in deferred pensions (RPI) | **3.00%** | 3.20% |
| Expected increase in deferred pensions (CPI) | **2.50%** | 2.40% |
| Inflation rate (RPI) | **3.15%** | 3.05% |
| *Expected future lifespan for members now aged 65* | | |
| - Male | **20.8** | 20.9 |
| - Female | **23.2** | 23.4 |

The weighted average duration of the defined benefit obligation remains at approximately 13 years (2022 13 years).

The mortality assumptions for the current year end follow the table known as S3PA with medium cohort mortality improvements subject to a 1.25% minimum to the annual improvements.

| | **2023** <br> **£'000** | 2022 <br> £'000 | 2021 <br> £'000 | 2020 <br> £'000 | 2019 <br> £'000 |
|---|---|---|---|---|---|
| Plan assets | **22,024** | 21,830 | 33,428 | 30,968 | 29,695 |
| Plan liabilities | **(23,875)** | (23,576) | (35,041) | (36,500) | (33,469) |
| (Deficit) in the Plan | **(1,851)** | (1,746) | (1,613) | (5,532) | (3,774) |
| Experience adjustments on liabilities | **1,051** | (1,910) | 51 | 18 | 301 |
| As a % of Plan liabilities | **(4.4)%** | (8.1)% | 0.15% | 0.05% | 0.90% |
| Experience (losses)/ gains | **222** | (11,711) | 2,494 | 1,578 | 1,722 |
| % of Plan assets | **1.01%** | (53.65)% | 7.46% | 5.10% | 5.80% |

*Sensitivity of assumption*

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Assumption Change** | **Change in Obligation £'000** | Assumption Change | Change in Obligation £'000 |
| Discount Rate | **-0.25%** | **782** | -0.25% | 745 |
| RPI | **0.25%** | **29** | 0.25% | 30 |
| CPI | **0.25%** | **509** | 0.25% | 590 |
| Longevity of members | **+1 year** | **727** | +1 year | 669 |

## 21. Reserves

**General Funds**
The General Fund of £3,790k (2022: £5,188k) includes £1,500k (2022: £1,500k) earmarked for the specific purpose of FRC costs, £400k (2022: £400k) for other non-PIE disciplinary costs and a security of £633k has been granted over the ICAS investment portfolio in favour of the Defined Benefit Retirement Benefit Plan. The General Fund represents profits or losses for the year, adjusted for transfers to/(from) other reserves. The pension obligation fund of £1,851k (2022: £1,746k) represents the defined benefit obligation due at the year end.

**Other Reserves**
The Property revaluation reserve is used to process revaluation adjustments to land and buildings.

The Investment revaluation reserve is used to process revaluation adjustments to investments.

The ICAS Foundation has two restricted funds, with one for financial assistance to university students from the Dumfries & Galloway area seeking to study accountancy or finance, and the other for bursaries to students who are in financial hardship but wish to study accountancy.

## 22. Financial Risk Management

Financial risk management issues are covered by the ICAS risk management process and Council members are regularly updated on any significant issues relating to financial risk management. The Treasury Policy has been established which sets out the financial objectives of the Group. The Executive Team monitors and manages the financial risks relating to the operations of the Group through internal management reports.

The financial risks to which ICAS is exposed are summarised below:

***Liquidity risk management***
The capital structure of the Group consists of cash and cash equivalents, as disclosed in Note 16. The Group has no debt. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern.

Ultimate responsibility for liquidity risk management rests with Council. The Group monitors liquidity risk by maintaining both short and long-term cash flow forecasts. ICAS' business model, with subscriptions and fees falling due on 1 January and education training contracts and conference revenue being due in advance of events, means working capital requirements should be funded in advance. This results in high levels of cash on deposit especially at the start of the financial year.

***Interest rate risk***
As a result of holding cash on deposit with financial institutions, ICAS does have exposure to interest rate fluctuations. Interest rates are reviewed regularly as part of the Treasury Policy. Interest revenue is budgeted prudently and is not significant to the ICAS budget.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Impact of 0.5% interest rate increase on Group bank balances | **65** | **60** | 62 | 57 |

***Currency risk***
The majority of ICAS transactions are carried out in Sterling and ICAS does not have bank accounts in other currencies. ICAS has a small number of trade commitments in other currencies, and thus has some exposure to currency movements, but the risk is minimal.

**22. Financial Risk Management (continued)**

***Credit risk***
The Group's credit risk is primarily attributable to its trade receivables and cash at bank. The Group holds £13,030k (2022: £12,498k) in cash at bank and fixed term deposits. The Group holds £1,928k (2022: £2,122k) as trade debt and other receivables.

The financial risk on liquid funds is mitigated by the spreading of deposits over a range of major clearing banks. Cash is held across a range of counterparties who are reputable banks with high-quality external credit rating and held across a minimum of four banks in order to avoid excessive concentration of cash with any specific counterparty.

Trade credit is mainly attributable to advertising and sponsorship and education revenue. Risk is managed by assessment of all significant new customers prior to agreement to trade and regular review of overdue debt by operational management. Trade receivables consist of a large number of customers principally based in the UK. Credit risk is considered to be low overall due to the financial standing and reputation of the organisations concerned, combined with historical trading experience. Before accepting any significant new customer, ICAS uses an external credit scoring system to assess the potential customer's credit rating and defines credit limits by customer.

Due to the nature of the business, ICAS' largest customers are the 4 largest accountancy firms. Revenues from the 4 largest customers are shown in the table below. The values relate to activities in the education and member engagement segments. The pattern that ICAS invoices firms has changed with the introduction of the Apprenticeship scheme. ICAS does not perceive these customers as a credit risk.

**ICAS and Group**

| | **2023 £'000** | **% of Revenue** | 2022 £'000 | % of Revenue |
|---|---|---|---|---|
| EY | **3,154** | **15%** | 2,622 | 14% |
| PWC | **1,246** | **6%** | 1,052 | 6% |
| Deloitte | **938** | **5%** | - | - |
| KPMG | **751** | **4%** | 826 | 5% |
| RSM | **-** | **-** | 741 | 4% |

***Investment risk***
Longer term funds are held in equities, investment trusts and corporate bonds for investment purposes through independent custodians. The Group is exposed to investment risk arising from the changes in market value of these investments. The portfolio of investments has been diversified in order to minimise fluctuations in value. These investments present the Group the opportunity for return through dividend income and trading gains. Investments designated as non-current assets are held for strategic rather than trading purposes.

**Investment risk sensitivity analysis**

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| Impact of 5% price movement on Group investments | **211** | **159** | 199 | 151 |

**23. Obligations under leases**

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case an estimate of ICAS' incremental borrowing rate on commencement of the lease is used. ICAS has 1 fixed payment lease and no variable payment leases.

On initial recognition, the carrying value of the lease liability also includes:
Amounts expected to be payable under any residual value guarantee.
The exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option.
Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
Lease payments made at or before commencement of the lease.
Initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

**Nature of leasing activities (in the capacity as lessee)**
ICAS leases one property in Glasgow. Rentals comprise of fixed rental payments with periodic reviews of the rental cost. There is no provision for rentals to increase each year.

ICAS also leases certain items of IT equipment, comprised of fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Lease Contracts Number** | **Fixed Payments %** | Lease Contracts Number | Fixed Payments % |
| Property leases with periodic uplifts to market rentals | **1** | **100%** | 1 | 100% |
| Leases of IT Equipment | **-** | **-** | - | - |
| | **1** | **100%** | 4 | 100% |

ICAS may negotiate break clauses in any future property leases. On a case-by-case basis, ICAS will consider whether the absence of a break clause would expose ICAS to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:
The length of the lease term.
The economic stability of the environment in which the property is located; and
Whether the location represents a new area of operations for the group.

The property lease has a residual value guarantee of £101k which was treated as a provision prior to the adoption of IFRS 16.

## 23. Obligations under leases (continued)

### Right of use assets

| | Land & Buildings £'000 | IT Equipment £'000 | Group & ICAS Total £'000 |
|---|---|---|---|
| As at 1 January 2022 | 54 | 13 | 67 |
| Additions | 458 | | 458 |
| Amortisation | (97) | (13) | (110) |
| As at 31 December 2022 | 415 | - | 415 |
| **As at 1 January 2023** | **415** | **-** | **415** |
| Amortisation | **(114)** | **-** | **(114)** |
| **As at 31 December 2023** | **301** | **-** | **301** |

Land & Buildings represents rentals payable by ICAS for its Glasgow property. IT Equipment leases represented rental paid for printers and servers, which expired this year.

### Lease Liabilities

| | Land & Buildings £'000 | IT Equipment £'000 | Group & ICAS Total £'000 |
|---|---|---|---|
| As at 1 January 2022 | 44 | 14 | 58 |
| Additions | 457 | - | 457 |
| Interest Charge | 8 | 1 | 9 |
| Lease Payments | (77) | (15) | (92) |
| As at 31 December 2022 | 432 | - | 432 |
| **As at 1 January 2023** | **432** | **-** | **432** |
| Interest Charge | **45** | **-** | **45** |
| Lease Payments | **(113)** | **-** | **(113)** |
| **As at 31 December 2023** | **364** | **-** | **364** |
| **Maturity profile of lease liability is:** | | | |
| **As at 31 December 2023** | | | |
| Not later than one year | **102** | **-** | **102** |
| Later than 1 year and not later than 2 years | **102** | **-** | **102** |
| Not later than 5 years | **159** | **-** | **159** |
| | **363** | **-** | **363** |
| Maturity profile of lease liability is: | | | |
| **As at 31 December 2022** | | | |
| Not later than one year | 77 | - | 77 |
| Later than 1 year and not later than 2 years | 191 | - | 191 |
| Not later than 5 years | 164 | - | 164 |
| | 432 | - | 432 |

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

### Cash Flow

Cash repayments from financing activities in 2023 amounted to £68k of lease principal (2022: £83k) and £45k of lease interest (2022: £9k).

## 24. Capital Commitments

The Group and ICAS has capital commitments of £nil (2022: £nil).

## 25. Contingent Liabilities

ICAS, together with The Institute of Chartered Accountants in England and Wales (ICAEW) and The Institute of Chartered Accountants Ireland (CAI), has a commitment to the Chartered Accountants Compensation Scheme Limited (CACSL) in respect of its agreed 6.61% share of claims for compensation and administration costs of amounts up to, but not exceeding, £10m in any one year. ICAS and the other participants in CACSL have entered into an agreement with the bankers of CACSL to guarantee a facility, which would enable CACSL to meet its obligations in respect of the first £2.5m. Payments for individual claims are limited to a maximum of £50k. The ICAS share of the costs of the Scheme and agreed claims is recovered from those who are authorised by ICAS under the Financial Services and Markets Act 2000.

ICAS is, from time to time, in receipt of or threatened with legal action from Members who are, or have recently been, the subject of investigation or disciplinary matters. Legal advice is routinely sought in connection with these cases and the prospect of success assessed on a case by case basis. ICAS did not receive intimation of any formal legal proceedings during 2023.

ICAS has entered into a case cost agreement with the Financial Reporting Council whereby ICAS indemnifies the FRC for any costs incurred in the course of an investigation or disciplinary action against an ICAS Member, or firm registered by ICAS to conduct audit work. Any such costs would be allocated from the General Fund.

ICAS granted a security to the value of £633k over ICAS investment assets during 2009 in favour of the Defined Benefit Retirement Benefit Plan. The grant of security remains part of the recovery plan agreed with the Trustees following the latest Triennial Valuation.

## 26. Related Parties

***Group***

As ICAS pays the annual administration costs of the Scottish Chartered Accountants' Benevolent Fund (SCABA) it is deemed to be a related party. The administration costs in 2023 are £22k (2022: £22k). Donations from members to SCABA of £46k (2022: £46k) and the ICAS Foundation £71k (2022: £64k) are collected via the annual membership return and transferred periodically to SCABA and the ICAS Foundation. At the period end date ICAS held £8k (2022: £8k) payable to SCABA, and £13k (2022: £13k) payable to the ICAS Foundation.

Members of Council, or their firms, are required to pay annual subscriptions, course fees and training fees, etc., which are charged on the same basis as all other Members of ICAS. Due to the nature of ICAS' activities, such transactions with individual members of Council, or their firm, have not been disclosed. One member of Council received £3.7k (2022 £2k) for being an Academic Member of the TPE Assessment Board. No other member of Council, except Public Interest Members, who as a group received £23k per annum, has received any payment in respect of service to Council other than by way of reimbursement of expenses incurred. All markers and lecturing services operate under the standard contractual arrangement and rate.

Members of Council or their firms, also make donations to SCABA and ICAS Foundation as part of the annual renewal process, at ICAS Foundation fundraising events, and other events held by ICAS. During the year donations of £5k (2022: £1k) were made that could be attributed to Council members and their firms. Donations that cannot be attributed to a specific individual or firm are not included in this total.

## 27. Financial Instruments

A number of assets included in the Group's financial statements require measurement or disclosure of fair value.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Group £'000** | **ICAS £'000** | Group £'000 | ICAS £'000 |
| **Financial Assets** | | | | |
| Financial assets at fair value through OCI | **4,946** | **3,884** | 4,685 | 3,734 |
| Financial assets measured at amortised cost | **14,343** | **13,215** | 14,217 | 13,107 |
| **Financial Liabilities** | | | | |
| Financial liabilities measured at amortised cost | **2,539** | **2,163** | 1,847 | 1,481 |

Financial assets measured at fair value through OCI comprise listed investments and artwork. Financial assets measured at amortised cost comprise cash and cash equivalents, fixed term deposits, amounts receivable for the sale of goods and services and other receivables. The fair value of financial assets at amortised cost is equivalent to the carrying value.

Financial liabilities measured at amortised cost comprise trade payables, bursaries payable, amounts held on behalf of members and accruals.

The fair value measurement of the Group's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted).
Level 2: Observable direct or indirect inputs other than Level 1 inputs.
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:
Revalued land and buildings - Property, Plant and Equipment (Note 10).
Equity investments (Note 13).
Assets and liabilities classified as other (Note 14).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

**27. Financial Instruments (continued)**

The fair value hierarchy of financial instruments measured at fair value is provided below:

**As at 31 December 2023**

| | Group £'000 Level 1 | ICAS £'000 Level 1 | Group £'000 Level 2 | ICAS £'000 Level 2 | Group £'000 Level 3 | ICAS £'000 Level 3 |
|---|---|---|---|---|---|---|
| **Assets measured at fair value through OCI** | **4,234** | **3,172** | **712** | **712** | **-** | **-** |

**As at 31 December 2022**

| | Group £'000 Level 1 | ICAS £'000 Level 1 | Group £'000 Level 2 | ICAS £'000 Level 2 | Group £'000 Level 3 | ICAS £'000 Level 3 |
|---|---|---|---|---|---|---|
| Assets measured at fair value through OCI | 3,973 | 3,022 | 712 | 712 | - | - |

There were no transfers between levels during the period. The level 1 assets encompass bonds/fixed interest products, equities, alternative/cash products, hedge funds/target absolute return products and property.

**28. Post Balance sheet events**

There are no post balance sheet events to report.

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