# CERTIFIED ACCOUNTANTS
# INVESTMENT COMPANY LIMITED

## REPORT AND FINANCIAL STATEMENTS
## YEAR ENDED 31 MARCH 2017

## (COMPANY NUMBER 02240534)

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

**Directors**
Brian Michael McEnery
Certified Nominees Limited

**Secretary**
St James Secretaries Ltd
1 Georges Square
Bath Street
Bristol
BS1 6BA

**Registered Office**
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London
WC2N 6AU

**Independent Auditor**
Grant Thornton UK LLP
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# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and financial statements for the year ended 31 March 2017.

**Directors' responsibilities**
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activity**
The company is an investment holding company. The directors are advised by professional fund managers who administer the investment portfolio.

**Charitable donations**
During the year, the company made a donation of £120,000 (2016 £90,000) to The Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

**Directors**
The directors of the company during the year were:

Brian Michael McEnery
Certified Nominees Limited

No director has any interest in the shares of the company.

**Auditor**
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Grant Thornton UK LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed in accordance with section 485 of the Companies Act at the annual general meeting.

The above report has been prepared in accordance with the provisions of the small companies regime of the Companies Act 2006.

BY ORDER OF THE BOARD

H J Brand
*Director of Certified Nominees Limited*
16 June 2017

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2017

| Notes | | £ | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|---|
| 5 | **Revenue** | | **1,361,582** | 1,892,830 |
| | Administrative expenses | **(75,055)** | | (311,035) |
| | Other operating expenses | **78,008** | | 31,692 |
| | | | **2,953** | (279,343) |
| 6 | **Profit from operations** | | **1,364,535** | 1,613,487 |
| 7 | Finance income | | **—** | 119 |
| | Gain on disposal of property | | **—** | 3,834,528 |
| | **Profit before tax** | | **1,364,535** | 5,448,134 |
| 9 | Income tax expense | | **407,779** | (868,247) |
| | **Profit for the year** | | **1,772,314** | 4,579,887 |
| | **Other comprehensive income** | | | |
| 19 | Available-for-sale investments | | **12,071,214** | (489,452) |
| | Total other comprehensive income for the year, net of tax | | **12,071,214** | (489,452) |
| | **Total comprehensive income for the year** | | **13,843,528** | 4,090,435 |

All amounts relate to continuing activities.

*The accompanying notes to the financial statements, on pages 9 to 21, are an integral part of this statement.*

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017
**COMPANY NUMBER 02240534**

| Notes | | £ | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|---|
| | **ASSETS** | | | |
| | **Non-current assets** | | | |
| 10 | Plant and equipment | | — | — |
| 11 | Investment property | | — | — |
| 12 | Investments in associated undertakings | | 2 | 2 |
| 13 | Available-for-sale investments | | 98,417,634 | 82,726,795 |
| | | | 98,417,636 | 82,726,797 |
| | **Current assets** | | | |
| 14 | Receivables and prepayments | 412,777 | | — |
| 15 | Cash and cash equivalents | 1,777 | | 13,884,340 |
| | | | 414,554 | 13,884,340 |
| | **Total assets** | | 98,832,190 | 96,611,137 |
| | **EQUITY AND LIABILITIES** | | | |
| | **Capital and reserves** | | | |
| 18 | Ordinary shares | | 100 | 100 |
| 19 | Fair value reserves | | 28,756,240 | 16,685,026 |
| 19 | Retained earnings | | 21,260,442 | 19,488,128 |
| | **Total shareholders' equity** | | 50,016,782 | 36,173,254 |
| | **Non-current liabilities** | | | |
| 16 | Deferred tax liabilities | 4,307,000 | | 2,141,000 |
| | **Current liabilities** | | | |
| 17 | Trade and other payables | 44,508,408 | | 57,428,636 |
| | Current tax liabilities | — | | 868,247 |
| | | 44,508,408 | | 58,296,883 |
| | **Total liabilities** | | 48,815,408 | 60,437,883 |
| | **Total equity and liabilities** | | 98,832,190 | 96,611,137 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board of Directors on 16 June 2017 and signed on its behalf by:

Brian M McEnery

Brian M McEnery, Director

*The accompanying notes to the financial statements, on pages 9 to 21, are an integral part of this statement.*

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

| | Share capital £ | Retained earnings £ | Fair value reserves £ | Total £ |
|---|---|---|---|---|
| Balance at 1 April 2015 | 100 | 11,272,937 | 20,809,782 | 32,082,819 |
| Comprehensive income | | | | |
| Profit for the financial year | — | 4,579,887 | — | 4,579,887 |
| Other comprehensive income | | | | |
| Fair value gains on revaluation | | | | |
| - available-for-sale investments | — | — | (895,452) | (895,452) |
| Tax on fair value gains on revaluation | | | | |
| - available-for-sale investments | — | — | 406,000 | 406,000 |
| Total other comprehensive income | — | — | (489,452) | (489,452) |
| Total comprehensive income | — | 4,579,887 | (489,452) | 4,090,435 |
| Transfer to reserves | | | | |
| Realised gain disposal | | | | |
| - investment property | — | 3,761,304 | (3,761,304) | — |
| Tax on realised gain | — | (126,000) | 126,000 | — |
| Balance at 31 March 2016 | 100 | 19,488,128 | 16,685,026 | 36,173,254 |
| Comprehensive income | | | | |
| Profit for the financial year | — | **1,772,314** | — | **1,772,314** |
| Other comprehensive income | | | | |
| Fair value gains on revaluation | | | | |
| - available-for-sale investments | — | — | 14,237,214 | 14,237,214 |
| Tax on fair value gains on revaluation | | | | |
| - available-for-sale investments | — | — | (2,166,000) | (2,166,000) |
| Total other comprehensive income | — | — | **12,071,214** | **12,071,214** |
| Total comprehensive income | — | **1,772,314** | **12,071,214** | **13,843,528** |
| Balance at 31 March 2017 | **100** | **21,260,442** | **28,756,240** | **50,016,782** |

The analysis of fair value reserves is presented in note 19.

*The accompanying notes to the financial statements, on pages 9 to 21, are an integral part of this statement.*

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

| Notes | | | 31 Mar 2017 | 31 Mar 2016 |
|---|---|---|---|---|
| | | £ | £ | £ |
| | **Cash flows from continuing activities** | | | |
| | Profit before tax | | **1,364,535** | 5,448,134 |
| | Adjustments for: | | | |
| | Interest received | | **—** | (119) |
| | Dividends received | | **(1,361,582)** | (1,471,909) |
| | Depreciation on property, plant and equipment | | **—** | 45,536 |
| | Realised gain on disposal of property | | **—** | (3,964,028) |
| | Changes in working capital: | | | |
| | Receivables and prepayments | | **(245)** | 360 |
| | Trade and other payables | | **(12,920,228)** | 2,327,099 |
| | Cash (absorbed by)/generated from operations | | **(12,917,520)** | 2,385,073 |
| | Tax paid | | **(873,000)** | (1,790) |
| | Net cash (absorbed by)/generated from operating activities | | **(13,790,520)** | 2,383,283 |
| | **Cash flows from investing activities** | | | |
| | Acquisition of available-for-sale investments | **(1,453,625)** | | (1,553,234) |
| | Disposal proceeds of property, plant and equipment | **—** | | 11,550,000 |
| | Dividends received | **1,361,582** | | 1,471,909 |
| | Interest received | **—** | | 119 |
| | Net cash (absorbed by)/generated from investing activities | | **(92,043)** | 11,468,794 |
| | **Net (decrease)/increase in cash and cash equivalents** | | **(13,882,563)** | 13,852,077 |
| | Cash and cash equivalents at beginning of year | | **13,884,340** | 32,263 |
| 15 | **Cash and cash equivalents at end of year** | | **1,777** | 13,884,340 |

*The accompanying notes to the financial statements, on pages 9 to 21, are an integral part of this statement.*

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2017

**1 General information**

Certified Accountants Investment Company Limited is a limited liability company incorporated in the UK.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. These financial statements are presented in pounds sterling because that is the company's functional currency.

Changes in accounting policies
There were no new standards adopted during the year.

The following new standards, interpretations and amendments, which have not been applied in these financial statements, may have an effect on the company's future financial statements:

- *IFRS 15 Revenue from contracts with customers*
  IFRS 15 requires the recognition of revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.
- *IFRS 9 Financial Instruments*
  IFRS 9 introduced new requirements for the classification and measurement of financial assets and the classification and measurement requirements for financial liabilities along with the requirements for recognition and derecognising of financial assets and liabilities. IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement in its entirety.
- *Annual improvements to IFRSs (2012-2015)*
  The improvements in these amendments clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.
- *IFRS 12 Disclosure of Interests in Other Entities*
  The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.
- *Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities*
  The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

None of the other new standards, interpretations and amendments are expected to have an effect on company's future financial statements.

**2 Accounting policies**

(a) *Accounting convention*
They have been prepared using the historical cost convention except as disclosed in the accounting policies below.

(b) *Consolidation*
Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of the Association of Chartered Certified Accountants (ACCA), a body incorporated in the UK by Royal Charter. These financial statements therefore present information about the company as an individual undertaking and not about its group. The consolidated financial statements for the ACCA group are available from ACCA at its office at The Adelphi, 1-11 John Adam Street, London WC2N 6AU.

(c) *Going concern*
At the time of approving the financial statements, the directors have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties about the company's ability to continue as a going concern.

**1 Accounting policies (continued)**

(d) *Critical accounting estimates and judgements*

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The financial statements are prepared on the going concern basis. The directors are responsible for ensuring that proper books of account are kept and that internal controls are maintained in order to safeguard the assets and prevent and detect fraud and other irregularities.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

i) Depreciation of property, plant and equipment
Depreciation is provided in the financial statements so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown below in the policy note for depreciation.

ii) Impairment of property, plant and equipment
Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset based on value in use calculations which will involve estimates and assumptions made by the directors.

(e) *Revenue*

Revenue is derived from the continuing principal activities of the company and is stated net of VAT. Rental income is recognised as income in the period to which it relates. Dividend income from investments is recognised when the right to receive payment has been established.

(f) *Plant and equipment*

All plant and equipment are initially recorded at cost and subsequently stated at historic cost less depreciation.

(g) *Investment property*

Investment property is property held to earn rentals and for capital appreciation. In accordance with IAS40, the directors have elected to measure the investment property using the cost model. In addition, under IAS1, the directors have elected to use the UK GAAP valuation of the property at the date of transition to IFRS as the deemed cost for the purposes of the cost model.

Investment property, which includes land and buildings, is shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the asset, and the net amount is restated to the revalued amount of the asset.

(h) *Depreciation*

Depreciation is provided on all property, plant and equipment, other than freehold land which is not depreciated, at rates calculated to write-off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

- investment property - over 50 to 100 years;
- furniture and office equipment - over 4 to 10 years;
- computer systems and equipment - over 4 years.

**2 Accounting policies (continued)**

(i) *Impairment*

At each statement of financial position date, the company reviews the carrying amounts of its tangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) *Available-for-sale investments*

The portfolio of quoted investments, which is managed by professional fund managers, is held for the long term and is classified as "available-for-sale". Investments are initially recorded at cost, including transaction costs. Available-for-sale investments are carried at fair value, stated as market value as at the statement of financial position date, with all changes in fair value recorded in reserves. When the available-for-sale investments are sold, the cumulative gains and losses previously recognised in reserves are recycled through the statement of comprehensive income for the current period.

(k) *Tax*

Tax includes all taxes based upon the taxable profits of the company.

Full provision for deferred taxation is made, using the statement of financial position liability method, on temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax movements in respect of unrealised revaluation surpluses are taken to reserves. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(l) *Share capital*

Ordinary shares are classified as equity.

(m) *Investments*

Investments in associated undertakings are included in the statement of financial position at cost less any provision for impairment.

(n) *Operating leases*

Rentals payable and receivable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

(o) *Financial instruments*

Financial instruments recognised in the statement of financial position include cash and cash equivalents, available-for-sale investments, receivables and prepayments and trade and other payables. Financial instruments are initially valued at fair value in accordance with IAS 39. Financial assets are derecognised when the rights to receive cash flows from the asset have expired. Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

The company assesses at each statement of financial position date whether a financial asset is impaired. Where a financial asset shows an indicator of impairment, it is tested to assess whether it should be specifically impaired. The recoverable amounts of financial assets are calculated by discounting the estimated future cash flows using the original effective interest rate. Where the recoverable amount is less than the carrying value, an impairment loss is recognised. Subsequent to recognising that impairment, the impairment may be recovered if an event occurred that reverses the impairment indicator.

Subsequent to initial recognition, financial instruments are measured as set out below.

**2 Accounting policies (continued)**

(o) *Financial instruments (continued)*

***Trade receivables***

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

***Cash and cash equivalents***

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand or bank overdraft and are subject to insignificant risk of changes in value.

***Trade and other payables***

Trade and other payables are stated at their fair value.

***Gains and losses***

All gains or losses on financial assets and liabilities are recognised in the statement of comprehensive income, apart from fair value gains or losses on available-for-sale investments which are recorded in reserves.

(p) *Exceptional items*

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income and expenditure that have been shown separately due to the significance of their nature or amount.

**3 Financial risk management**

The main financial risks arising from the company's activities are credit risk, liquidity risk and market risk. These are monitored by management on a regular basis.

*Credit risk management*

Credit risk arises principally from the company's trade receivables. Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

*Liquidity risk*

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. ACCA (the ultimate parent) manages the company's liquidity risk by ensuring that it has adequate banking facilities and reserve borrowings. The company receives the majority of its income from rent, service charges and dividends received throughout the period. Surplus cash not required for short-term operating purposes is invested to maximise returns at an agreed level of risk. Liquidity is managed to ensure investments are liquidated in a timely manner to meet operating requirements.

## 3 Financial risk management (continued)

*Market risk*

Market risk arises from the company's use of interest bearing, tradeable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the interest rates (interest rate risk), or other market factors (other price risk).

Interest rate risk relates to the risk of loss due to fluctuations in both cash flows and the fair value of financial assets and liabilities due to change in market interest risk. The parent company invests, on behalf of the company, surplus cash in the short-term and in doing so exposes itself to the fluctuation in interest rates that are inherent in such a market. A movement in the interest rate of 1.5% either way would not have a material effect on the profit reported in the financial statements.

Other price risk relates to the risk in changes in market prices of the available-for-sale investments. The company invests surplus cash in a managed fund operated by Baillie Gifford, who are professional fund managers, and in doing so exposes itself to the fluctuations in price that are inherent in such a market. Baillie Gifford have been given discretionary management of the funds. The effect of a 10% increase in the value of the available-for-sale investments held at the statement of financial position date would have resulted in an increase in the fair value reserve of £8.0m (2016: £6.6m), net of deferred tax. A 10% decrease in their value would, on the same basis, have decreased the fair value reserve by the same amount. ACCA regularly monitors and reviews its exposure with key banking and investment manager suppliers.

*Fair value*

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

## 4 Capital

The company considers its capital to be its ordinary shares in issue, its retained earnings and its fair value reserves. The directors' financial objective is to generate a targeted operating profit, in order to strengthen the statement of financial position and provide for the future continuity of the company. The directors review the financial position of the company at each board meeting. The company is not subject to any externally imposed capital requirements.

## 5 Revenue

| | **31 Mar 2017 £** | 31 Mar 2016 £ |
|---|---|---|
| Rental and service charge income | — | 420,921 |
| Dividends from trading investments | **1,361,582** | 1,471,909 |
| | **1,361,582** | 1,892,830 |

In the previous year the company owned an investment property which generated rental and service charge income from ACCA and other entities in the ACCA group. There was no formal lease agreement in place. ACCA and the other ACCA group entities moved to a new building on 2 January 2016 and the property was sold in March 2016. There will therefore be no future annual rental income. The investment portfolio generated accumulation dividends during the year which were automatically reinvested in the portfolio.

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 6 | **Profit from operations** | | |
| | Profit from operations has been arrived at after charging/(crediting): | | |
| | Auditors' remuneration | **4,088** | 4,000 |
| | Depreciation | **—** | 45,536 |
| | Operating costs arising from investment properties | **(44,945)** | 335,535 |
| | Donation to CAET (note 23) | **120,000** | 90,000 |

The company has no employees other than the directors.
None of the directors received any remuneration during the year or the prior year.

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 7 | **Finance income** | | |
| | Interest on bank deposits | **—** | 119 |
| 8 | **Gain on disposal of property** | | |
| | Realised gain on disposal of property before selling expenses | **—** | 3,964,028 |
| | Selling expenses | **—** | (129,500) |
| | | **—** | 3,834,528 |

On 29 March 2016 the company sold its freehold investment property, which it had rented out to ACCA and other ACCA group companies.

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 9 | **Income tax expense** | | |
| | Corporation tax on the profit for the year | **591** | 868,247 |
| | Overprovision in the previous year | **(408,370)** | — |
| | | **(407,779)** | 868,247 |
| | Factors affecting the tax charge for the year | | |
| | Profit before tax | **1,364,535** | 5,448,134 |
| | Profit before tax multiplied by the company rate of UK Corporation tax of 20% (2016: 20%) | **272,907** | 1,089,627 |
| | Effects of: | | |
| | Depreciation | **—** | 9,107 |
| | Capital allowances | **—** | (2,619) |
| | Non-taxable income | **(272,316)** | (294,382) |
| | Group relief | **(408,370)** | — |
| | Expenditure not deductible for tax purposes | **—** | 71,305 |
| | Utilisation of previously unrecognised tax losses | **—** | (4,791) |
| | | **(680,686)** | (221,380) |
| | Total tax expense | **(407,779)** | 868,247 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2017

### 10 Plant and equipment

| | Furniture and office equipment £ | Computer systems and equipment £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| As at 1 April 2015 | 203,870 | 132,364 | 336,234 |
| Disposals | (203,870) | (132,364) | (336,234) |
| **As at 1 April 2016 and 31 March 2017** | — | — | — |
| **Accumulated depreciation** | | | |
| As at 1 April 2015 | 196,362 | 132,364 | 328,726 |
| Depreciation charge | 4,429 | — | 4,429 |
| Eliminated on disposal | (200,791) | (132,364) | (333,155) |
| **As at 1 April 2016 and 31 March 2017** | — | — | — |
| **Carrying amount** | | | |
| **As at 31 March 2017** | — | — | — |
| As at 31 March 2016 | — | — | — |

### 11 Investment property

| | |
|---|---|
| **Cost or valuation** | |
| As at 1 April 2015 | 7,750,000 |
| Disposals | (7,750,000) |
| **As at 1 April 2016 and 31 March 2017** | — |
| **Accumulated depreciation** | |
| At 1 April 2015 | — |
| Depreciation charge | 41,107 |
| Eliminated on disposal | (41,107) |
| **As at 1 April 2016 and 31 March 2017** | — |
| **Carrying amount** | |
| **As at 31 March 2017** | — |
| As at 31 March 2016 | — |

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 12 | **Investments in associated undertakings** | | |
| | Cost at 1 April 2016 and 31 March 2017 | **2** | 2 |

Details of the investment in the principal related undertaking is as follows:

| | Country of registration | Beneficial holding | Nature of business |
|---|---|---|---|
| Certified Accountants Educational Projects Limited | England & Wales | Ordinary shares 50% | Provider of educational supplies and services |

Its profit for the year ended 31 March 2017 was £219,788 (year ended 31 March 2016: Profit of £157,791) and its accumulated losses at 31 March 2017 amounted to £706,834 (At 31 March 2016: accumulated losses of £926,622).

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 13 | **Available-for-sale investments** | | |
| | At 1 April | **82,726,795** | 82,069,013 |
| | Additions | **1,453,625** | 1,553,234 |
| | Unrealised investment gains/(losses) | **14,237,214** | (895,452) |
| | At 31 March | **98,417,634** | 82,726,795 |
| | Historical cost as at 31 March | **65,354,394** | 63,900,769 |

Available-for-sale investments, comprising units in Baillie Gifford's Diversified Growth Fund and Baillie Gifford's Managed Fund, are fair valued at the close of business at the statement of financial position date. Wherever possible, fair value is determined by reference to Stock Exchange quoted bid prices or to the Fund Manager's closing single price on a swinging price basis. Available-for-sale investments are classified as non-current assets unless they are expected to be realised within twelve months of the statement of financial position date. The company monitors its exposures with reference to regular reports from Baillie Gifford who have discretionary management of the investment portfolio.

| Concentration of available-for-sale investments | | |
|---|---|---|
| UK equities | **20,390,149** | 22,402,332 |
| Overseas equities | **40,009,373** | 34,174,661 |
| Fixed interest government bonds | **6,969,847** | 4,164,908 |
| Fixed interest non-government bonds | **13,668,445** | 8,026,543 |
| Cash and deposits | **9,593,437** | 6,429,874 |
| Inflation-linked bonds | **2,251,228** | 674,202 |
| Other | **5,535,155** | 6,854,275 |
| At 31 March | **98,417,634** | 82,726,795 |

| | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|
| **13 Available-for-sale investments (continued)** | | |
| Available-for-sale investments are denominated in the following currencies | | |
| UK Pound | **57,569,749** | 50,377,190 |
| US Dollar | **14,865,712** | 15,097,386 |
| Swedish Krona | **5,726,607** | 4,804,346 |
| Japanese Yen | **4,517,434** | 5,267,468 |
| Euro | **2,305,249** | 1,439,319 |
| Swiss Franc | **2,088,622** | 1,832,205 |
| Hong Kong Dollar | **1,313,591** | 1,232,153 |
| Danish Krona | **1,206,448** | 803,708 |
| Other currencies | **8,824,222** | 1,873,020 |
| At 31 March | **98,417,634** | 82,726,795 |

Fair value hierarchy

The company classifies financial instruments measured at fair value in available-for-sale investments according to the following hierarchy:

| **Level** | **Fair value input description** | **Financial instruments** |
|---|---|---|
| Level 1 | Quoted prices from active markets | Quoted equity instruments and cash |
| Level 2 | Inputs other than quoted prices in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) | Unquoted equity instruments included in available-for-sale investments |
| Level 3 | Inputs that are not based on observable market data | Unquoted equity instruments included in available-for-sale investments |

The company's available-for-sale investments are classified by the fair value hierarchy as follows:

| | **Level 1 £** | **Level 2 £** | **Level 3 £** | **Total £** |
|---|---|---|---|---|
| At 31 March 2016 | | | | |
| Quoted equity and cash | — | — | — | — |
| Observable inputs | — | 82,726,795 | — | 82,726,795 |
| Unobservable inputs | — | — | — | — |
| Total | — | 82,726,795 | — | 82,726,795 |
| **At 31 March 2017** | | | | |
| Quoted equity and cash | — | — | — | — |
| Observable inputs | — | **98,417,634** | — | **98,417,634** |
| Unobservable inputs | — | — | — | — |
| **Total** | — | **98,417,634** | — | **98,417,634** |

Following a review by Baillie Gifford of the underlying investments in the funds, they have assessed that all of the investments are level 2. Management has assessed and reviewed Baillie Gifford's view of the classification and have judged that the disclosure as level 2 is applicable for 2016 and 2017.

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 14 | **Receivables and prepayments** | | |
| | Corporation tax | **412,532** | — |
| | VAT | **245** | — |
| | At 31 March | **412,777** | — |

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

| | | | |
|---|---|---|---|
| 15 | **Cash and cash equivalents** | | |
| | Cash at bank and in hand | **1,777** | 13,884,340 |

All cash and cash equivalents are held in sterling.

**16 Deferred tax liabilities**

Deferred tax liabilities are calculated in full on temporary differences under the statement of financial position liability method using a principal tax rate of 19% (2016: 20%). The movement on deferred tax liabilities during the year is as follows:

| | | |
|---|---|---|
| At 1 April | **2,141,000** | 2,673,000 |
| Tax charged/(credited) to reserves | **2,166,000** | (532,000) |
| At 31 March | **4,307,000** | 2,141,000 |

The deferred tax charged/(credited) to reserves during the year is as follows:

| | | |
|---|---|---|
| Fair value reserves | | |
| - available-for-sale investments | **2,166,000** | (406,000) |
| - investment property | — | (126,000) |
| | **2,166,000** | (532,000) |

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable.

| | | | |
|---|---|---|---|
| 17 | **Trade and other payables** | | |
| | Amounts due to ultimate parent | **44,505,546** | 54,899,907 |
| | Other taxes and social security costs | — | 2,392,129 |
| | Accrued expenses and deferred income | **2,862** | 136,600 |
| | | **44,508,408** | 57,428,636 |

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The company's normal payment terms are within 30 days. Payment terms may exceed 30 days where the contract provides for extended terms. There are no repayment terms for the amounts due to the ultimate parent. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| 18 | **Ordinary shares** | | |
| | *Authorised* | | |
| | 500 'A' Ordinary shares of £1 each | **500** | 500 |
| | 500 'B' Ordinary shares of £1 each | **500** | 500 |
| | | **1,000** | 1,000 |
| | *Issued and fully paid* | | |
| | 50 'A' Ordinary shares of £1 each | **50** | 50 |
| | 50 'B' Ordinary shares of £1 each | **50** | 50 |
| | | **100** | 100 |

Under the articles, the 'A' and 'B' shares carry identical rights in respect of voting and participation in a winding up. The company may, however, by ordinary resolution declare different rates of dividend for the two classes or may declare a dividend on one but not the other.

### 19 Fair value reserves and retained earnings

| | Property revaluation reserve £ | Investment revaluation reserve £ | Total revaluation reserve £ | Retained earnings £ |
|---|---|---|---|---|
| Balance at 1 April 2015 | 3,635,304 | 17,174,478 | 20,809,782 | 11,272,937 |
| Profit for the year | — | — | — | 4,579,887 |
| Revaluation – gross | — | (895,452) | (895,452) | — |
| Revaluation – deferred tax | — | 406,000 | 406,000 | — |
| Eliminated on disposal | (3,761,304) | — | (3,761,304) | 3,761,304 |
| Eliminated on disposal – deferred tax | 126,000 | — | 126,000 | (126,000) |
| Balance at 31 March 2016 | — | 16,685,026 | 16,685,026 | 19,488,128 |
| Profit for the year | — | — | — | 1,772,314 |
| Revaluation – gross | — | 14,237,214 | 14,237,214 | — |
| Revaluation – deferred tax | — | (2,166,000) | (2,166,000) | — |
| **Balance at 31 March 2017** | **—** | **28,756,240** | **28,756,240** | **21,260,442** |

### 20 Reserves

Called-up share capital represents the nominal value of shares which have been issued.

Retained earnings includes all current and prior period retained profits and losses.

Property revaluation reserve represents the difference between the fair value of the property at the statement of financial position date and its historic cost less any related deferred tax.

Investment revaluation reserve represents the difference between the market value of the available-for-sale investments at the statement of financial position date and their historic cost less any related deferred tax.

| | | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|---|
| **21** | **Commitments** | | |
| | **Capital commitments were as follows:** | | |
| | Amounts contracted for | — | — |
| | Amounts authorised but not contracted for | — | — |

**22 Ultimate parent undertaking**

In the opinion of the directors, the company's parent undertaking and controlling party is the Association of Chartered Certified Accountants, a body incorporated in England and Wales by Royal Charter.

**23 Related party transactions**

**Relationships**

| | |
|---|---|
| Parent company | Association of Chartered Certified Accountants |
| Fellow subsidiaries | Certified Accountants Educational Trust<br>Certified Accountants Educational Trustees Ltd<br>Certified Accountants Educational Projects Ltd<br>Certified Accountant (Publications) Ltd<br>Association of Authorised Public Accountants<br>Seacron Ltd<br>ACCA Malaysia Sdn. Bhd.<br>ACCA Mauritius<br>ACCA Pakistan<br>ACCA Singapore Pte Ltd<br>ACCA South Africa<br>Seacron Educational Nigeria Ltd<br>ACCA (Shanghai) Consulting Co. Ltd<br>ACCA Canada<br>ACCA Romania<br>ACCA Malawi Ltd<br>ACCA Botswana<br>ACCA Australia and New Zealand Ltd<br>ACCA Tanzania<br>Certified Nominees Ltd<br>ACCA Ventures Ltd<br>ACCA Russia Ltd<br>ACCA Turkey Ltd |
| Members of key management | Brian M McEnery<br>Certified Nominees Ltd |

| | 31 Mar 2017 £ | 31 Mar 2016 £ |
|---|---|---|
| **23 Related party transactions (continued)** | | |
| **Related party balances** | **Owing** | Owing |
| Association of Chartered Certified Accountants | **44,505,546** | 54,899,907 |
| **Related party transactions** | | |
| Sales | | |
| Association of Chartered Certified Accountants | — | 230,847 |
| Certified Accountants Educational Trust | — | 133,224 |
| Certified Accountants Educational Projects Ltd | — | 38,651 |
| Certified Accountant (Publications) Ltd | — | 13,981 |
| Association of Authorised Public Accountants | — | 4,218 |

During the year, the company made a donation of £120,000 (year ended 31 March 2016: £90,000) to The Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

We have audited the financial statements of Certified Accountants Investment Company Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flow, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditor**
As explained more fully in the Statement of Directors' Responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have has been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED (Continued)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Glasgow, United Kingdom
16 June 2017