

**CERTIFIED ACCOUNTANTS
INVESTMENT COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014**

(COMPANY NUMBER 2240534)

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CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Directors

Alexandra Chin
Certified Nominees Limited

Secretary

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

Registered Office

29 Lincoln's Inn Fields
London
WC2A 3EE

Independent Auditor

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and financial statements for the year ended 31 March 2014.

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 £350,000 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:

Alexandra Chin (appointed 18 September 2013)

Certified Nominees Limited

Martin Paul Turner (resigned 18 September 2013)

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.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

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

A handwritten signature in black ink, appearing to read 'H J Brand', is written over a faint circular stamp.

H J Brand
Director of Certified Nominees Limited
23 May 2014

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

		31 Mar 2014 £	31 Mar 2013 £
Notes			
4	Revenue	560,728	566,336
	Administrative expenses	545,176	536,699
	Other operating expenses	38,777	42,188
		583,953	578,887
5	Loss from operations	(23,225)	(12,551)
6	Income from investments	780,129	644,435
	Profit before tax	756,904	631,884
7	Income tax expense	4,737	4,834
	Profit for the year	752,167	627,050
	Other comprehensive income		
17	Available-for-sale investments	1,345,925	3,430,693
17	Investment property	828,418	735,788
	Total other comprehensive income for the year, net of tax	2,174,343	4,166,481
	Total comprehensive income for the year	2,926,510	4,793,531

All amounts relate to continuing activities.

The accompanying notes to the financial statements, on pages 9 to 20, are an integral part of this statement.

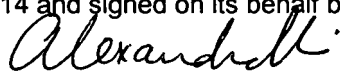
CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 2014

COMPANY NUMBER 2240534

		31 Mar 2014 £	31 Mar 2013 £
Notes			
	ASSETS		
	Non-current assets		
8	Plant and equipment	12,471	17,721
9	Investment property	6,400,000	5,600,000
10	Investments in associated undertakings	2	2
11	Available-for-sale investments	50,507,154	48,134,771
		<u>56,919,627</u>	<u>53,752,494</u>
	Current assets		
12	Receivables and prepayments	—	348,334
13	Cash and cash equivalents	19,817	20,763
		<u>19,817</u>	<u>369,097</u>
	Total assets	<u><u>56,939,444</u></u>	<u><u>54,121,591</u></u>
	EQUITY AND LIABILITIES		
	Capital and reserves		
16	Ordinary shares	100	100
17	Fair value reserves	15,086,339	12,911,996
	Retained earnings	10,158,394	9,406,227
	Total shareholders' equity	<u>25,244,833</u>	<u>22,318,323</u>
	Non-current liabilities		
14	Deferred tax liabilities	<u>1,656,000</u>	<u>1,773,000</u>
	Current liabilities		
15	Trade and other payables	30,034,263	30,025,434
	Current tax liabilities	4,348	4,834
		<u>30,038,611</u>	<u>30,030,268</u>
	Total liabilities	<u>31,694,611</u>	<u>31,803,268</u>
	Total equity and liabilities	<u><u>56,939,444</u></u>	<u><u>54,121,591</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 23 May 2014 and signed on its behalf by:


A Chin, Director

The accompanying notes to the financial statements, on pages 9 to 20, are an integral part of this statement.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £	Retained earnings £	Fair value reserves £	Total £
Balance at 1 April 2012	100	8,779,177	8,745,515	17,524,792
	-----	-----	-----	-----
Comprehensive income				
Profit for the financial year	—	627,050	—	627,050
	-----	-----	-----	-----
Other comprehensive income				
Fair value gains on revaluation				
- available-for-sale investments	—	—	4,183,693	4,183,693
- investment property	—	—	735,788	735,788
Tax on fair value gains on revaluation				
- available-for-sale investments	—	—	(753,000)	(753,000)
	-----	-----	-----	-----
Total other comprehensive income	—	—	4,166,481	4,166,481
	-----	-----	-----	-----
Total comprehensive income	—	627,050	4,166,481	4,793,531
	-----	-----	-----	-----
Balance at 31 March 2013	100	9,406,227	12,911,996	22,318,323
	-----	-----	-----	-----
Comprehensive income				
Profit for the financial year	—	752,167	—	752,167
	-----	-----	-----	-----
Other comprehensive income				
Fair value gains on revaluation				
- available-for-sale investments	—	—	1,228,925	1,228,925
- investment property	—	—	828,418	828,418
Tax on fair value gains on revaluation				
- available-for-sale investments	—	—	117,000	117,000
	-----	-----	-----	-----
Total other comprehensive income	—	—	2,174,343	2,174,343
	-----	-----	-----	-----
Total comprehensive income	—	752,167	2,174,343	2,926,510
	-----	-----	-----	-----
Balance at 31 March 2014	100	10,158,394	15,086,339	25,244,833
	=====	=====	=====	=====

The analysis of fair value reserves is presented in note 17.

The accompanying notes to the financial statements, on pages 9 to 20, are an integral part of this statement.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

		31 Mar 2014 £	31 Mar 2013 £
Notes			
	Cash flows from operating activities		
	Profit before tax	756,904	631,884
	Adjustments for:		
	Interest received	(11)	(31)
	Dividends received	(780,118)	(644,404)
	Depreciation on property, plant and equipment	47,986	41,438
	Changes in working capital:		
	Receivables and prepayments	348,334	108,247
	Trade and other payables	8,829	14,992,246
		<hr/>	<hr/>
	Cash generated from operations	381,924	15,129,380
	Tax paid	(5,223)	(2,118)
		<hr/>	<hr/>
	Net cash generated from operating activities	376,701	15,127,262
	Cash flows from investing activities		
	Acquisition of property, plant and equipment	(14,318)	—
	Acquisition of available-for-sale investments	(1,143,458)	(15,750,945)
	Dividends received	780,118	644,404
	Interest received	11	31
		<hr/>	<hr/>
	Net cash absorbed by investing activities	(377,647)	(15,106,510)
		<hr/>	<hr/>
	Net (decrease)/increase in cash and cash equivalents	(946)	20,752
		<hr/>	<hr/>
	Cash and cash equivalents at beginning of year	20,763	11
		<hr/>	<hr/>
13	Cash and cash equivalents at end of year	19,817	20,763

The accompanying notes to the financial statements, on pages 9 to 20, are an integral part of this statement.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1 Accounting policies

(a) *Accounting convention*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. They have been prepared using the historical cost convention except as disclosed in the accounting policies below.

(b) *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.

(c) *Consolidation*

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of the Association of Chartered Certified Accountants, 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 29 Lincoln's Inn Fields, London WC2A 3EE.

(d) *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.

(e) *Plant and equipment*

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

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1 Accounting policies (continued)

(f) *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.

(g) *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.

(h) *Impairment*

At each balance sheet 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.

(i) *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 balance sheet 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.

(j) *Tax*

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

Full provision for deferred taxation is made, using the balance sheet 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.

(k) *Share capital*

Ordinary shares are classified as equity.

(l) *Investments*

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for impairment.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1 Accounting policies (continued)

(m) *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.

(n) *Financial instruments*

Financial instruments recognised in the balance sheet 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. 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 balance sheet 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.

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 balance sheet 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.

2 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.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

2 Financial risk management (continued)

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.

Market risk

Market risk arises from the company's use of interest bearing, tradable 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 balance sheet date would have resulted in an increase in the fair value reserve of £4.0m (2013: £3.7m), 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.

3 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 balance sheet 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.

4 Revenue

Rental and service charge income

31 Mar 2014 £	31 Mar 2013 £
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560,728	566,336
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The investment property generated rental and service charge income throughout the year. The investment property is leased to ACCA and other entities in the ACCA group. There is no formal lease agreement in place and the expected annual rental income for the foreseeable future is £561,228.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	31 Mar 2014 £	31 Mar 2013 £
5 Loss from operations		
Loss from operations has been arrived at after charging:		
Auditors' remuneration	3,150	3,000
Depreciation	47,986	41,438
Operating costs arising from investment properties	198,176	229,300
Donation to CAET (note 19)	350,000	305,000
	<u>780,118</u>	<u>644,404</u>
The company has no employees other than the directors. None of the directors received any remuneration during the year or the prior year.		
6 Income from investments		
Interest on bank deposits	11	31
Dividends from trading investments	780,118	644,404
	<u>780,129</u>	<u>644,435</u>
7 Income tax expense		
Corporation tax on the profit for the year	4,348	4,834
Underprovision in respect of prior year	389	—
	<u>4,737</u>	<u>4,834</u>
Factors affecting the tax charge for the year		
Profit before tax	756,904	631,884
	<u>756,904</u>	<u>631,884</u>
Profit before tax multiplied by the small company rate of UK Corporation tax of 20% (2013: 20%)	151,381	126,377
	<u>151,381</u>	<u>126,377</u>
Effects of:		
Depreciation	9,597	8,288
Capital allowances	(701)	(950)
Dividend income	(156,024)	(128,881)
Marginal rate adjustment	95	—
Underprovision in respect of prior year	389	—
	<u>(146,644)</u>	<u>(121,543)</u>
Total tax expense	<u>4,737</u>	<u>4,834</u>

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

8 Plant and equipment

	Furniture and office equipment £	Computer systems and equipment £	Total £
Cost			
As at 1 April 2012/2013 and at 31 March 2014	203,870	132,364	336,234
Accumulated depreciation			
As at 1 April 2012	180,499	132,364	312,863
Depreciation charge	5,650	—	5,650
As at 1 April 2013	186,149	132,364	318,513
Depreciation charge	5,250	—	5,250
As at 31 March 2014	191,399	132,364	323,763
Carrying amount			
As at 31 March 2014	12,471	—	12,471
As at 31 March 2013	17,721	—	17,721

9 Investment property

Cost or valuation	
As at 1 April 2012	4,900,000
Revaluation surplus	700,000
As at 1 April 2013	5,600,000
Additions	14,318
Revaluation surplus	785,682
As at 31 March 2014	6,400,000
Accumulated depreciation	
At 1 April 2012	—
Depreciation charge	35,788
Eliminated on revaluation	(35,788)
As at 1 April 2013	—
Depreciation charge	42,736
Eliminated on revaluation	(42,736)
As at 31 March 2014	—
Carrying amount	
As at 31 March 2014	6,400,000
As at 31 March 2013	5,600,000

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

9 Investment property (continued)

The company's freehold property includes land valued at £3,150,000 (2013: £1,450,000), which is not depreciated. The investment property, including the land noted above, was valued at £6,400,000 as at 31 March 2014. The basis of valuation was at open market value for existing use and was prepared by DTZ, an independent firm of chartered surveyors and property consultants, in accordance with the relevant parts of RICS valuation – Professional Standards 2014. The directors have reviewed the market value of the property as at 31 March 2014 and are of the view that the current valuation in the financial statements is appropriate.

The fair value of the property portfolio has been determined using an income capitalisation technique, whereby market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable recent market transactions on arm's length terms. These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property has been classified as Level 3 in the fair value hierarchy. There were no transfers between Levels 1 and 2 or between Levels 2 and 3 in the fair value hierarchy during the year.

	31 Mar 2014 £	31 Mar 2013 £
Cost or valuation comprises freehold property stated at:		
Valuation in 2013	—	5,600,000
Valuation in 2014	6,400,000	—
If stated at historical cost the comparable amounts for the total freehold property would be:		
Cost	4,686,919	4,672,601
Accumulated depreciation	(657,588)	(614,852)
Net book value	4,029,331	4,057,749
10 Investments in associated undertakings		
Cost at 1 April 2013 and 31 March 2014	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 2014 was £33,091 (year ended 31 March 2013: profit of £229,616) and its accumulated losses at 31 March 2014 amounted to £1,241,045 (At 31 March 2013: accumulated losses of £1,274,136).

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	31 Mar 2014 £	31 Mar 2013 £
11 Available-for-sale investments		
At 1 April	48,134,771	28,200,133
Additions	1,143,458	15,750,945
Unrealised investment gains	1,228,925	4,183,693
	<u>50,507,154</u>	<u>48,134,771</u>
At 31 March		
	<u>50,507,154</u>	<u>48,134,771</u>
Historical cost as at 31 March	36,135,484	34,992,026
	<u>36,135,484</u>	<u>34,992,026</u>

Available-for-sale investments, comprising units in Baillie Gifford's Diversified Growth Fund and one of Baillie Gifford's managed funds, are fair valued at the close of business at the balance sheet date. Wherever possible, fair value is determined by reference to Stock Exchange quoted bid prices or to the Fund Manager's quoted prices. Available-for-sale investments are classified as non-current assets unless they are expected to be realised within twelve months of the balance sheet date.

Concentration of available-for-sale investments

UK equities	11,784,678	11,995,906
Overseas equities	17,707,766	15,619,715
UK bonds	3,193,143	2,462,743
Overseas bonds	10,215,698	9,232,169
Cash and deposits	3,202,013	3,790,862
Futures and forward currency contracts	819,283	1,293,846
Overseas index-linked	244,940	678,480
Private/unquoted equities	483,123	678,480
Other	2,856,510	2,382,570
	<u>50,507,154</u>	<u>48,134,771</u>
At 31 March		
	<u>50,507,154</u>	<u>48,134,771</u>

Available-for-sale investments are denominated in the following currencies

UK Pound	31,382,822	29,232,184
US Dollar	8,213,622	4,762,747
Swedish Krona	1,790,855	867,665
Mexican Peso	1,651,007	1,760,354
South Korean Won	1,230,977	398,840
Columbian Peso	1,098,159	743,632
Euro	1,055,901	165,278
Norwegian Krona	597,596	1,170,973
Russian Rouble	416,306	1,501,345
Malaysian Ringitt	355,000	1,496,512
Other currencies	2,714,909	6,035,241
	<u>50,507,154</u>	<u>48,134,771</u>
At 31 March		
	<u>50,507,154</u>	<u>48,134,771</u>

The company monitors its exposures with reference to regular reports from Baillie Gifford who have discretionary management of the investment portfolio.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

11 Available-for-sale investments (continued)

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 (ie as prices) or indirectly (ie 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 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2013				
Quoted equity and cash	48,134,771	—	—	48,134,771
Observable inputs	—	—	—	—
Unobservable inputs	—	—	—	—
Total	48,134,771	—	—	48,134,771
At 31 March 2014				
Quoted equity and cash	50,507,154	—	—	50,507,154
Observable inputs	—	—	—	—
Unobservable inputs	—	—	—	—
Total	50,507,154	—	—	50,507,154

	31 Mar 2014 £	31 Mar 2013 £
12 Receivables and prepayments		
Accrued income	—	348,334
	—	348,334

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

13 Cash and cash equivalents

Cash at bank and in hand	19,817	20,763
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All cash and cash equivalents are held in sterling.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	31 Mar 2014 £	31 Mar 2013 £
14 Deferred tax liabilities		
Deferred tax liabilities are calculated in full on temporary differences under the balance sheet liability method using a principal tax rate of 21% (2013: 23%). The movement on deferred tax liabilities during the year is as follows:		
At 1 April	1,773,000	1,020,000
Tax (credited)/charged to reserves	(117,000)	753,000
At 31 March	<u>1,656,000</u>	<u>1,773,000</u>

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

Fair value reserves		
- available-for-sale investments	<u>(117,000)</u>	<u>753,000</u>

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.

15 Trade and other payables		
Trade creditors	20,132	—
Amounts due to ultimate parent	29,898,658	29,907,748
Other taxes and social security costs	106,019	110,436
Accrued expenses and deferred income	9,454	7,250
	<u>30,034,263</u>	<u>30,025,434</u>

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.

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	31 Mar 2014 £	31 Mar 2013 £
16 Ordinary shares		
<i>Authorised</i>		
500 'A' Ordinary shares of £1 each	500	500
500 'B' Ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
<i>Issued and fully paid</i>		
50 'A' Ordinary shares of £1 each	50	50
50 'B' Ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

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.

17 Fair value reserves

	Property revaluation reserve £	Investment revaluation reserve £	Total revaluation reserve £
Balance at 1 April 2012	806,463	7,939,052	8,745,515
Revaluation – gross	735,788	4,183,693	4,919,481
Revaluation – deferred tax	—	(753,000)	(753,000)
	<u>1,542,251</u>	<u>11,369,745</u>	<u>12,911,996</u>
Balance at 31 March 2013	828,418	1,228,925	2,057,343
Revaluation – gross	—	117,000	117,000
Revaluation – deferred tax	—	—	—
	<u>828,418</u>	<u>1,228,925</u>	<u>2,057,343</u>
At 31 March 2014	<u>2,370,669</u>	<u>12,715,670</u>	<u>15,086,339</u>

	31 Mar 2014 £	31 Mar 2013 £
18 Commitments		
Capital commitments were as follows:		
Amounts contracted for	<u>—</u>	<u>—</u>
Amounts authorised but not contracted for	<u>299,586</u>	<u>256,000</u>

CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

19 Related party transactions

Relationships

Parent company

Association of Chartered Certified Accountants

Fellow subsidiaries

Certified Accountants Educational Trust
 Certified Accountants Educational Trustees Ltd
 Certified Accountants Educational Projects Ltd
 Certified Accountant (Publications) Ltd
 Association of Authorised Public Accountants
 Seacron Ltd
 ACCA Malaysia Sdn. Bhd.
 ACCA Mauritius
 ACCA Pakistan
 ACCA Singapore Pte Ltd
 ACCA South Africa
 Seacron Educational Nigeria Ltd
 ACCA (Shanghai) Consulting Co. Ltd
 ACCA Canada
 ACCA Romania
 ACCA Malawi Ltd
 ACCA Botswana
 ACCA Australia and New Zealand Ltd
 Certified Nominees Ltd

Members of key management

Alexandra Chin (from 18 September 2013)
 Certified Nominees Ltd
 Martin Paul Turner (to 18 September 2013)

	31 Mar 2014 £	31 Mar 2013 £
Related party balances		
Association of Chartered Certified Accountants	Owing 29,898,658	Owing 29,907,748
Related party transactions		
Sales		
Association of Chartered Certified Accountants	307,796	307,794
Certified Accountants Educational Trust	177,632	177,640
Certified Accountants Educational Projects Ltd	51,535	42,091
Certified Accountant (Publications) Ltd	18,641	28,081
Association of Authorised Public Accountants	5,624	5,622

During the year, the company made a donation of £350,000 (year ended 31 March 2013: £305,000) to The Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

20 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.

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 2014 which comprise the statement of comprehensive income, the balance sheet, the cash flow statement, 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.

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 AUDITORS

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 and the directors' report in accordance with the small companies' regime.



Andrew McNamara (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow, United Kingdom
23 May 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).