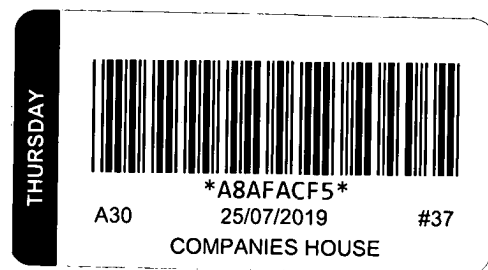


5
REGISTERED NUMBER: 02240534 (England and Wales)

Certified Accountants Investment Company
Limited

Report of the Directors and

Audited Financial Statements for the Year Ended 31 March 2019



Certified Accountants Investment Company
Limited

Contents of the Financial Statements
for the Year Ended 31 March 2019

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Certified Accountants Investment Company
Limited

Company Information
for the Year Ended 31 March 2019

DIRECTORS:	H J Brand M Millar
SECRETARY:	St James Secretaries Limited
REGISTERED OFFICE:	The Adelphi 1-11 John Adam Street London WC2N 6AU
REGISTERED NUMBER:	02240534 (England and Wales)
SENIOR STATUTORY AUDITOR:	Andrew Howie
AUDITOR:	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Level 8 110 Queen Street Glasgow G1 3BX

Certified Accountants Investment Company
Limited (Registered number: 02240534)

Report of the Directors
for the Year Ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an investment holding company. The directors are advised by professional fund managers who administer the investment portfolio.

DIRECTORS

H J Brand has held office during the whole of the period from 1 April 2018 to the date of this report.

Other changes in directors holding office are as follows:

M Millar was appointed as a director after 31 March 2019 but prior to the date of this report.

C M Lee ceased to be a director after 31 March 2019 but prior to the date of this report.

THIRD PARTY INDEMNITY

The ultimate parent company, Association of Chartered Certified Accountants, has granted an indemnity to the company directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Certified Accountants Investment Company
Limited (Registered number: 02240534)

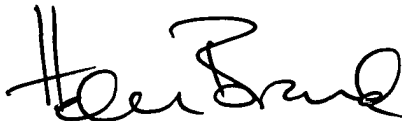
Report of the Directors
for the Year Ended 31 March 2019

AUDITOR

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.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD:

A handwritten signature in black ink, appearing to read 'H J Brand', is written over a horizontal line.

H J Brand - Director

21 June 2019

Independent Auditor's Report to the Members of
Certified Accountants Investment Company
Limited

Opinion

We have audited the financial statements of Certified Accountants Investment Company Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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.

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of
Certified Accountants Investment Company
Limited

Opinions 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 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page two, the directors 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 directors 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

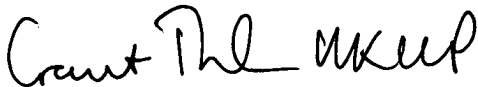
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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

Independent Auditor's Report to the Members of
Certified Accountants Investment Company
Limited

Use of our report

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.

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP'.

Andrew Howie Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

21 June 2019

Certified Accountants Investment Company
Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue		898,470	562,085
Administrative expenses		126,117	140,252
Exceptional items	5	2,573,858	33,804,458
Finance costs	6	(1,108,856)	(36,128)
PROFIT BEFORE INCOME TAX	7	2,489,589	34,470,667
Income tax	8	962,293	(3,058,035)
PROFIT FOR THE YEAR		3,451,882	31,412,632
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified to profit or loss:			
Reclassification to profit and loss		-	(31,296,833)
Income tax relating to items that will not be reclassified to profit or loss		-	4,218,643
		-	(27,078,190)
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on revaluation		-	4,502,882
Income tax relating to items that may be reclassified subsequently to profit or loss		-	(346,183)
		-	4,156,699
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		-	(22,921,491)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,451,882	8,491,141

The notes on pages 12 to 27 form part of these financial statements

Certified Accountants Investment Company
Limited (Registered number: 02240534)

Statement of Financial Position
31 March 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Investments	11	99,268,249	106,096,168
Loans and other financial assets	12	1	1
		<u>99,268,250</u>	<u>106,096,169</u>
CURRENT ASSETS			
Trade and other receivables	13	-	3,954
Tax receivable		246,314	-
Cash and cash equivalents	14	317	2,392
		<u>246,631</u>	<u>6,346</u>
TOTAL ASSETS		<u><u>99,514,881</u></u>	<u><u>106,102,515</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	100	100
Investment revaluation reserve	16	-	5,834,749
Retained earnings	16	61,959,705	52,673,074
TOTAL EQUITY		<u><u>61,959,805</u></u>	<u><u>58,507,923</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	18	299,368	434,540
CURRENT LIABILITIES			
Trade and other payables	17	37,255,708	44,179,136
Tax payable		-	2,980,916
		<u>37,255,708</u>	<u>47,160,052</u>
TOTAL LIABILITIES		<u><u>37,555,076</u></u>	<u><u>47,594,592</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>99,514,881</u></u>	<u><u>106,102,515</u></u>

The notes on pages 12 to 27 form part of these financial statements

Certified Accountants Investment Company
Limited (Registered number: 02240534)

Statement of Financial Position - continued
31 March 2019

The financial statements were approved and authorised for issue by the Board of Directors on 21 June 2019 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'H J Brand', written in a cursive style.

H J Brand - Director

The notes on pages 12 to 27 form part of these financial statements

Certified Accountants Investment Company
Limited

Statement of Changes in Equity
for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Investment revaluation reserve £	Total equity £
Balance at 1 April 2017	100	21,260,442	28,756,240	50,016,782
Changes in equity				
Total comprehensive income	-	31,412,632	(22,921,491)	8,491,141
Balance at 31 March 2018	100	52,673,074	5,834,749	58,507,923
Changes in equity				
Total comprehensive income	-	9,286,631	(5,834,749)	3,451,882
Balance at 31 March 2019	100	61,959,705	-	61,959,805

The notes on pages 12 to 27 form part of these financial statements

Certified Accountants Investment Company
Limited

Statement of Cash Flows
for the Year Ended 31 March 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	23	130,844	137,209
Interest paid		-	(36,128)
Tax paid		(2,400,109)	335,413
Net cash from operating activities		(2,269,265)	436,494
Cash flows from investing activities			
Purchase of fixed asset investments		(3,411,495)	(83,337,745)
Sale of fixed asset investments		11,704,415	82,669,719
Dividends received		898,470	562,085
Net cash from investing activities		9,191,390	(105,941)
Cash flows from financing activities			
Amounts owed to/by ultimate parent		(6,924,200)	(329,938)
Net cash from financing activities		(6,924,200)	(329,938)
(Decrease)/increase in cash and cash equivalents		(2,075)	615
Cash and cash equivalents at beginning of year	24	2,392	1,777
Cash and cash equivalents at end of year	24	317	2,392

The notes on pages 12 to 27 form part of these financial statements

Certified Accountants Investment Company
Limited

Notes to the Financial Statements
for the Year Ended 31 March 2019

1. STATUTORY INFORMATION

Certified Accountants Investment Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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.

Share capital

Ordinary shares are classified as equity.

Investments

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

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.

Preparation of consolidated financial statements

The financial statements contain information about Certified Accountants Investment Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, the Association of Chartered Certified Accountants, .

The consolidated financial statements for the ACCA group are available from ACCA at it's office at The Adelphi, 1-11 John Adam Street, London, WC2N 6AU

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Changes in accounting policies

During the year the company adopted the following new standards:

- 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.
- Clarifications to IFRS 15: Revenue from Contracts with Customers
The amendments include clarification of how companies identify a performance obligation in a contract and determine whether the revenue from granting a licence should be recognised at a point in time or over time

IFRS 15: 'Revenue from contracts with customers' was issued in May 2014 and has an effective date of 1 January 2018. Certified Accountants Investment Company Limited has adopted IFRS 15 retrospectively in its financial statements for the year ending 31 March 2019. After completion of an assessment of IFRS 15 Certified Accountants Investment Company Limited has not identified any material differences between its previous revenue recognition policy and the requirements of IFRS 15.

- 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.
- Amendments to IFRS 9: Prepayment features with negative compensation
The amendments address the concerns about how IFRS 9: Financial Instruments classifies particular prepayable financial assets

The following new standards, interpretations and amendments, which have not been applied in these financial statements, may have an effect on Certified Accountants Investment Company Limited's future financial statements:

- IFRS 16: Leases
IFRS 16 requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments
- IFRIC Interpretation 22: Foreign currency transactions and advance considerations
IFRIC 22 clarifies which exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency
- IFRS 14: Regulatory Deferral Accounts
IFRS 14 Regulatory Deferral Accounts specifies the reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments
The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over Income Tax Treatments
- Amendments to IFRS 10 and IAS 28

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

The amendments clarify the accounting for transactions where a parent loses control of a subsidiary that does not constitute a business as defined in IFRS 3: Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method.

- Annual improvements to IFRSs (2015-2017)
The improvements in these amendments clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs.
- Amendments to IAS 40: Transfers of investment property
The amendments clarify the treatment of transfers to or from investment property
- Amendments to IFRS 2: Classification and Measurement Share-based Payment Transactions
- Amendments to References to the Conceptual Framework in IFRS Standards
The amendments support transition to the revised Conceptual Framework for companies that develop accounting policies when no IFRS Standard applies to a particular transaction

Revenue recognition

Certified Accountants Investment Company Limited's revenue relates to dividend income from investments which are recognised when the right to receive payment has been established. Revenue recognition for this activity remains unchanged under IFRS 15.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

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.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

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

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

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.

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 profit and loss.

3. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

There are no estimates in these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

4. EMPLOYEES AND DIRECTORS

The company has no employees other than the directors.

None of the directors received any remuneration during the year or the prior year.

	2019	2018
	£	£
Directors' remuneration	-	-
	<u> </u>	<u> </u>

5. EXCEPTIONAL ITEMS

As part of the change in investment strategy the company realised gains on the sale of fixed asset investments of £2.6m (2018 £33m.)

These gains were subsequently reinvested in other investment portfolios during the year.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

6. NET FINANCE COSTS

	2019 £	2018 £
Finance costs:		
Gain/loss on revaluation of assets	1,108,856	-
Interest paid	-	36,128
	<u>1,108,856</u>	<u>36,128</u>

7. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2019 £	2018 £
Auditors' remuneration	<u>4,300</u>	<u>5,612</u>

8. INCOME TAX

Analysis of tax (income)/expense

	2019 £	2018 £
Current tax:		
Tax	-	3,058,035
Prior year adjustment	<u>(827,121)</u>	<u>-</u>
Total current tax	<u>(827,121)</u>	<u>3,058,035</u>
Deferred tax	<u>(135,172)</u>	<u>-</u>
Total tax (income)/expense in statement of profit or loss and other comprehensive income	<u>(962,293)</u>	<u>3,058,035</u>

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. **INCOME TAX - continued**

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.
The difference is explained below:

	2019 £	2018 £
Profit before income tax	2,489,589	34,470,667
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	473,022	6,549,427
Effects of:		
Deferred tax	(135,172)	-
Capital Gains	436,091	4,615,157
Dividend income	(170,709)	(106,796)
Gains on investment disposal	(278,350)	(6,422,847)
Prior year adjustment	(827,121)	77,119
Group relief	(460,054)	(1,654,025)
Tax (income)/expense	(962,293)	3,058,035

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

9. 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.

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 of changes in market prices of the available-for-sale investments and the investments held by the defined benefit pension schemes. ACCA invests in a variety of funds operated by different investment managers and in doing so exposes itself to the fluctuations in price that are inherent in such a market. The effect of a 10% increase in the value of the non-current available-for-sale investments held at the balance sheet date would have resulted in an increase in the fair value reserve of £10.4m (2018 : £8.0m) 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.

Fair value

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

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

10. 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.

11. INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
COST OR VALUATION			
At 1 April 2018	1	106,096,167	106,096,168
Additions	-	3,411,495	3,411,495
Disposals	-	(9,130,559)	(9,130,559)
Revaluation	-	(1,108,855)	(1,108,855)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	1	99,268,248	99,268,249
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2019	1	99,268,248	99,268,249
	<hr/>	<hr/>	<hr/>
At 31 March 2018	1	106,096,167	106,096,168
	<hr/>	<hr/>	<hr/>

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

11. INVESTMENTS - continued

During the prior year, in conjunction with external investment consultants, the company implemented a new investment strategy which resulted in the disposal of investments held in one of Baillie Gifford's Managed Fund and the partial disposal of units held in Baillie Gifford's Diversified Growth Fund. The new strategy is intended to further diversify the portfolio and reduce the levels of volatility. Available-for-sale investments, comprising units in Baillie Gifford's Diversified Growth Fund, Baillie Gifford's Global Select Fund, Adept Investment Management's Absolute Return and Fixed Income Funds and GreenOak's UK Debt II Property Fund, are fair valued annually at the close of business on the balance sheet 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 single 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 balance sheet date.

	2019	2018
Concentration of available-for-sale investments		
UK equities	3,503,733	4,309,462
Overseas equities	25,990,520	32,171,894
Fixed interest government bonds	588,285	1,463,166
Fixed interest non-government bonds	5,924,194	5,495,949
Cash and deposits	3,060,142	1,808,022
Inflation-linked bonds	13,318,572	15,305,566
Absolute Return	37,871,369	41,166,867
Property	7,552,746	3,164,201
Other inc hedge funds	1,458,687	1,211,040
	<hr/>	<hr/>
At 31 March	99,268,248	106,096,167
	<hr/>	<hr/>

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

UK Pound	82,634,083	82,595,347
US Dollar	13,114,769	12,875,236
Japanese Yen	3,247,300	3,086,343
Hong Kong Dollar	1,111,824	1,376,058
Swiss Franc	668,606	1,542,488
Other currencies	(1,508,334)	4,620,695
	<hr/>	<hr/>
At 31 March	99,268,248	106,096,167
	<hr/>	<hr/>

The negative value shown above for other currencies include the net value of negative positions which the Funds have taken in relation to forward currency contracts and options.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

11. 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
	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 2	Inputs that are not based on observable market data.	Unquoted equity instruments included in available-for-sale investments
Level 3		

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

	Level 1	Level 2	Level 3	Level 4
At 2018				
Quoted equity and cash	29,255,163	21,360,082	-	50,615,245
Observable inputs	-	53,337,732	-	53,337,732
Unobservable inputs	-	-	2,143,189	2,143,189
Total	<u>29,255,163</u>	<u>74,697,814</u>	<u>2,143,189</u>	<u>106,096,166</u>
At 2019				
Quoted equity and cash	-	-	-	-
Observable inputs	-	95,651,611	-	95,651,611
Unobservable inputs	-	-	3,616,637	3,616,637
	<u>-</u>	<u>95,651,611</u>	<u>3,616,637</u>	<u>99,268,248</u>

The investment managers have provided information as to which classifications each of the investment funds fall into. Following a review by Baillie Gifford, they have confirmed that both investment funds in which the company is invested are classified as level 2. This is a change to what they advised last year. Council has reviewed and assessed those views of the classifications and judged that the disclosures are applicable. Council has relied on the investment managers' expertise as being well-respected investment fund managers to be able to provide that view of the classification of these investments.

Commitments

As part of the change in investment strategy the company has invested in a property fund managed by GreenOak. Investments are made on a piecemeal basis and council has approved investment of up to £10m in property funds directly. At the balance sheet date the company had a commitment to invest a further £6.4m in the GreenOak property fund.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

11. INVESTMENTS - continued

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Certified Accountants Educational Projects Limited

Registered office: United Kingdom

Nature of business: Provider of educational supplies and services

	%	
Class of shares:	holding	
Ordinary shares	1.00	

	2019	2018
	£	£
Aggregate capital and reserves	746,818	432,938
Profit for the year	<u>313,880</u>	<u>159,770</u>

12. LOANS AND OTHER FINANCIAL ASSETS

	Loans to group undertakings £
At 1 April 2018 and 31 March 2019	<u>1</u>

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	£	£
Current:		
Prepayments and accrued income	<u>-</u>	<u>3,954</u>

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

14. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Bank accounts	<u>317</u>	<u>2,392</u>

All cash and cash equivalents are held in sterling.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 £
Number:	Class:			
50	"A" Ordinary shares	1	50	50
50	"B" Ordinary shares	1	50	50
			100	100
			100	100

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

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.

16. RESERVES

	Retained earnings £	Investment revaluation reserve £	Totals £
At 1 April 2018	52,673,074	5,834,749	58,507,823
Profit for the year	3,451,882		3,451,882
IFRS 9 Reclassification to PL	5,834,749	(5,834,749)	-
At 31 March 2019	61,959,705	-	61,959,705

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

In accordance with the adoption of IFRS 9 effective for accounting periods beginning on or after 31st January 2018 the company reviewed its current classification and treatment of fair value gains and losses on available-for-sale investments and made the one time election to change the recognition from fair value through other comprehensive income to fair value through profit and loss.

The balance held in the Fair value reserve at 31st March 2018 was reclassified to the Retained earnings reserves.

In the previous year the Fair value reserve represented 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.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

17. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Current:		
Amounts owed to group undertakings	37,251,408	44,175,608
Accrued expenses	4,300	3,528
	<u>37,255,708</u>	<u>44,179,136</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.

18. DEFERRED TAX

	2019 £	2018 £
Balance at 1 April	434,540	4,307,000
Tax charged /(credited) to reserves		
Current year provision on investments	56,183	346,183
Release of provision on realised gains	(191,355)	(4,218,643)
	<u>299,368</u>	<u>434,540</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.

19. ULTIMATE PARENT COMPANY

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.

20. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	<u>6,384,219</u>	<u>7,835,470</u>

As part of the change in investment strategy the company has invested in a property fund managed by GreenOak. Investments are made on a piecemeal basis and Council has approved investment of up to £10m in property funds directly.

At the balance sheet date the company had a commitment to invest a further £6.4m (2018 £7.9m) in the GreenOak property fund.

Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

21. RELATED PARTY DISCLOSURES

Relationships

Parent company Association of Chartered Certified Accountants

Fellow subsidiaries

Certified Accountants Educational Trust
Certified Accountants Educational Trustees Ltd
Certified Accountant (Publications) Ltd
Certified Accountants Educational Projects Ltd
Association of Authorised Public Accountants
Seacron Ltd
ACCA Ventures 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
ACCA Russia Ltd
ACCA Tanzania
ACCA Turkey Ltd
Certified Nominees Ltd

Members of key management

Mr CM Lee
Ms HJ Brand

2019	2018
£	£

Related party balances

Association of Chartered Certified Accountants	(37,251,408)	(44,175,608)
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Certified Accountants Investment Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2019 £	2018 £
Profit for the financial year	3,451,882	31,412,632
Other comprehensive income relating to the year (net)	-	(22,921,491)
Net addition to shareholders' funds	3,451,882	8,491,141
Opening shareholders' funds	58,507,923	50,016,782
Closing shareholders' funds	61,959,805	58,507,923

23. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit before income tax	2,489,589	34,470,667
Profit on disposal of fixed assets	(2,573,857)	(33,804,458)
Loss on revaluation of fixed assets	1,108,856	-
Dividends received	(898,470)	(562,085)
Finance costs	-	36,128
	126,118	140,252
Decrease/(increase) in trade and other receivables	3,954	(3,709)
Increase in trade and other payables	772	666
Cash generated from operations	130,844	137,209

24. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	317	2,392

Year ended 31 March 2018

	31.3.18 £	1.4.17 £
Cash and cash equivalents	2,392	1,777