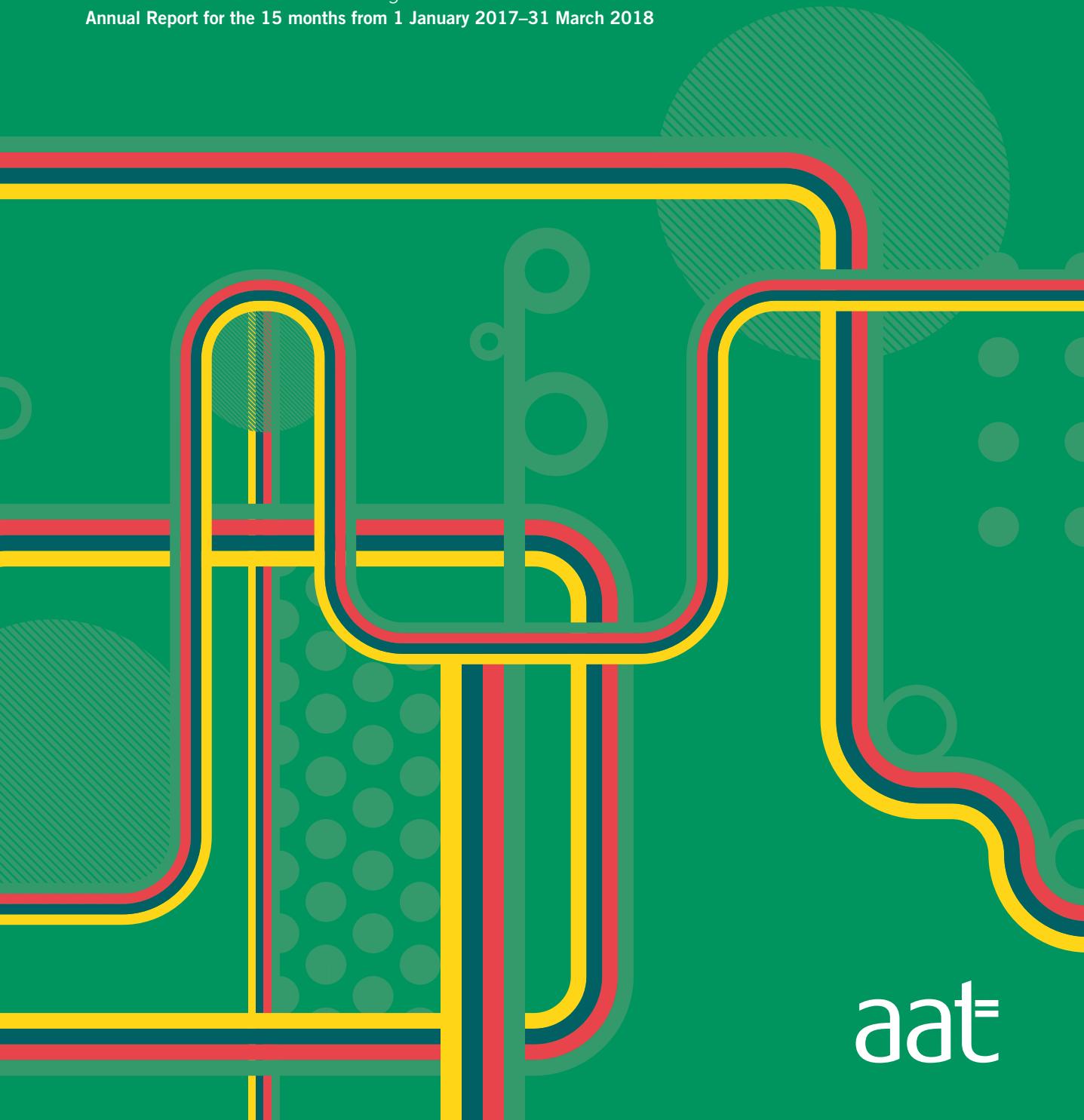


CREATING PROGRESSION

The Association of Accounting Technicians
Annual Report for the 15 months from 1 January 2017–31 March 2018



aat

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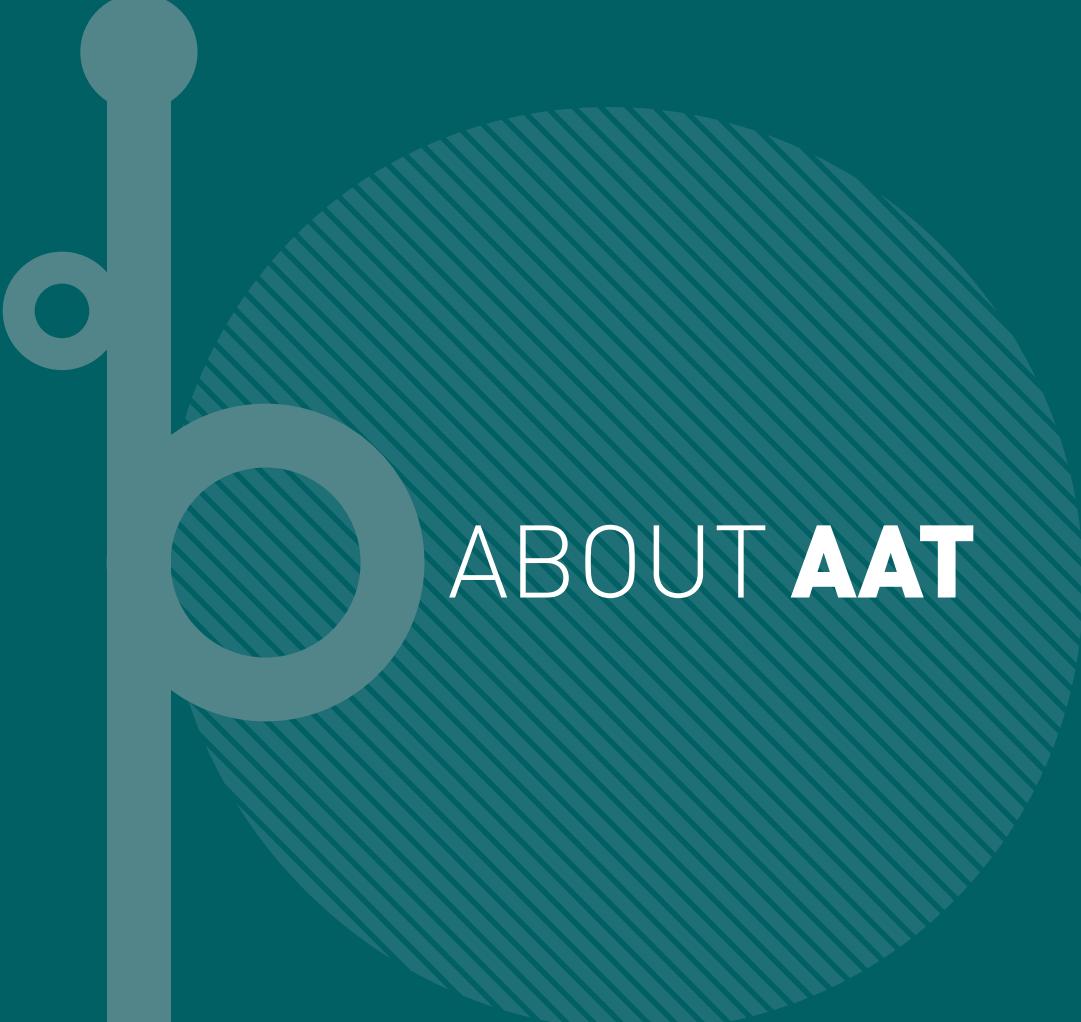
The Association of Accounting Technicians Trustees are pleased to present the Trustees' report together with the consolidated financial statements of the Charity and its subsidiary for the 15 months ending 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act 2006 purposes.



“AAT enabled me to go from being a finance apprentice to studying certified chartered accountancy without going to university and getting into debt.”

Rebecca Fay MAAT
Trainee Accountant
Streets Chartered Accountants





ABOUT **AAT**

“WE’VE **GROWN
STEADILY**
TO BECOME AN INTEGRAL PART OF
THE ACCOUNTANCY PROFESSION”

WHY WE’RE HERE

The Association of Accounting Technicians, or AAT, is the world’s leading professional body for accounting technicians.

AAT’s charitable objects which benefit the public are:

1. to advance public education and promote the study of the practice, theory and techniques of accountancy; and
2. (a) to prevent crime; and
(b) to promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct amongst those engaged in accountancy, monitoring and supervising their compliance with money laundering legislation.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the Charity’s aims and objectives and the planning of future activities.

Our charitable objects underpin our business model and strategy.

We were born out of a simple truth – that every organisation, large or small, needs professionally trained people to manage its finances. AAT was created in 1980 to meet that need.

We’re also a registered charity, fulfilling an important role in promoting the theory and practice of accountancy and in advancing public accountancy education.

Over the last 38 years we’ve grown steadily in influence and impact to become an integral part of the accountancy profession, both in the UK and globally.

This annual report reflects our work over the past 15 months to 31 March 2018 and describes where we intend to take the organisation in the future.

It shows our members what AAT does on their behalf. It explains to our stakeholders how we contribute to the accountancy profession and to the communities in which we operate. It also demonstrates how, through supporting people throughout their careers, we continually change lives for the better.

AT A GLANCE

Starting strong...

We launched a new suite of **Access (Level 1) qualifications** and developed **Trailblazer apprenticeships**, opening up more opportunities for people to step on to the career ladder.



We **won awards** for our AAT Annual Conference and *Accounting Technician*, our membership magazine.



We launched a **livechat facility** so our customers can be in contact with us more easily.



We conducted a major review and introduced **more robust controls and oversight** following significant technical issues impacting on the delivery of our synoptic assessments.



We **amplified our voice** amongst politicians and regulators to better influence policy that affects our members and the wider business community.



We deepened engagement with members through the **AAT Green Room research platform**.

...finishing stronger.



We helped UK employers navigate the apprenticeship changes through an **advertising campaign**.



We launched the **AAT Professional Member Awards**, which recognise a broad range of members including individuals in the early years of their careers, those who demonstrate innovation in business and people who help AAT branches to succeed.



We made our services more accessible with the launch of **Find a Training Provider** and **Find an Assessment Venue** searches.

We supported the **Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD)**. We'll provide our members with direction and support that will accelerate the widespread adoption of its recommendations.



Our CEO and Head of Qualifications were appointed to the UK Department for Education's panel of industry experts developing the **legal, financial and accounting T level technical equivalent of A levels for 16–19 year olds**.



Our AAT Professional Diploma in Accounting was approved for **The Malaysian Institute of Certified Public Accountants (MICPA) membership**.



“We support our staff through AAT because we believe having highly skilled employees benefits our business.”

Karen Lowen Employer
Director
Doddle Corporation Ltd



WHAT WE DO

AAT provides open access skills-based accounting and finance qualifications and membership of a professional body.

When a student successfully completes our qualifications, they will have gained the right practical skills to become an accountancy and finance professional.

It's then possible to move into management; to become self-employed; or to study further to become a chartered or certified accountant. People with AAT qualifications work in all sectors of the economy in businesses small and large.

We offer professional membership of AAT for both accountants and bookkeepers. This gives professional recognition to qualified individuals, supports their ongoing career development and gives them the opportunity to apply for a licence to set up their own accountancy or bookkeeping practice.

What distinguishes AAT is that with persistence and ambition, anyone – with or without academic qualifications or work experience – can start a qualification and begin a career that can significantly change their life for the better.

In this way we help people achieve their full potential.

AAT accounting qualifications

AAT Foundation Certificate in Accounting (Level 2)

AAT Foundation Diploma in Accounting and Business (Level 2)

AAT Advanced Diploma in Accounting (Level 3)

AAT Professional Diploma in Accounting (Level 4)

AAT bookkeeping qualifications

AAT Access Award in Bookkeeping (Level 1)

AAT Access Award in Accounting Software (Level 1)

AAT Foundation Award in Accounting Software (Level 2)

AAT Foundation Certificate in Bookkeeping (Level 2)

AAT Advanced Certificate in Bookkeeping (Level 3)

AAT business skills qualification

AAT Access Award in Business Skills (Level 1)

THE WAY WE WORK

All AAT's activities are driven by the desire to help anyone who really wants it **gain a successful finance career**.

This crystallised into our vision, which is to **lead the development of open access practical financial skills**. These sit at the heart of a strong finance team, underpin the finance profession and are integral to organisational success.

To that end we aim to:

- make AAT essential for people, businesses and organisations
- offer qualifications of a high standard that reflect the skills needed to work in accountancy and related fields
- promote awareness of AAT and the skills of our students and members
- offer anyone involved with us appropriate support, information and resources
- help students and members achieve their potential through training and continuing professional development.

Moreover, we are:

- transparent in the way we work
- open to everyone interested in the opportunities we offer
- intent on setting and raising standards in the accountancy profession
- responsive to new ideas
- always looking for new ways to offer support.

THE VALUES THAT DRIVE US

How we work is important to us.

As a result, we're **CUSTOMER FOCUSED**.

Our customers are the people we serve. We want them to know that we **understand them**, we **care about them** and that we will **do our best for them**.



THE LIVES WE TOUCH

 **131,177**

members worldwide

 **592**

approved
training
providers

72,813

 students



51,267

members

49% 

of MPs surveyed
are aware of AAT

8,960

 taking short
qualifications

256

 staff



176,275

 engaging with
AAT's social platforms

246,948

visits to Informi, our small
business advice website



“I had a very serious accident which involved a number of operations and I needed to completely change my life. I studied AAT via distance-learning during my recovery and already have my first job.”

Peter Freeman MAAT AATQB
AAT Tutor



HOW WE CREATE VALUE



STAKEHOLDER ENGAGEMENT

Our value creation model begins with robust and systematic stakeholder engagement. This informs everything we do by helping us understand what our stakeholders want from us and how we can meet those needs.

We conduct regular stakeholder engagement to shape our qualifications and services. We hold network meetings with training providers to gain feedback on qualifications so we can shape them to meet market requirements.

We design accountancy apprenticeship standards by working with employers through the Trailblazer programme (see page 21). Through this we're ensuring apprentices are given the right skills and knowledge to add value to their employer straight away.

We gain insights into how AAT's products and services meet the needs of the membership and carry out focus groups and quantitative research. We have also developed AAT Green Room, an online facility where a member panel offers feedback on a range of issues relating to AAT and the accountancy profession.

Our staff has an Employee Representative Group to discuss how to make AAT a better working environment.

We believe working in partnership is key to the success of AAT.

Creating social value by combating criminality

Our members are on the front line when it comes to identifying, preventing and reporting money laundering in the UK.

Government and regulators see money laundering and associated tax evasion as high priority targets. AAT thus recognises the need to ensure our members have the necessary training and skills to deal with this threat.

In combating money laundering we contribute to the eradication of the socially destructive criminal activities which rely on money laundering, such as drug trafficking, human trafficking and modern slavery.

OUR VALUE CREATION MODEL

Societal inputs

Regulatory and educational framework.

Demand for accounting technicians.

Individuals and businesses seeking to change their lives for the better.

“

RESPONSIBLE BUSINESS

We ensure our suppliers and communities benefit from our actions as well as us.

”

Societal impacts

Our work contributes to increased public trust and confidence in the probity of businesses, charities and public sector bodies.

We are enabling businesses to be sustainable through good financial management.

We provide the opportunity for students to acquire a fulfilling career that they might not otherwise have had.

Head office and IT infrastructure	We enable innovation by investing in IT infrastructure and the space for creativity and collaboration.	We produce market leading products and services supporting accountants at every stage of their career journey.	People and businesses are given opportunities to develop and grow regardless of previous experience and academic qualifications.
AAT brand	We increase brand awareness through our credible expert voice.	We have a well-recognised and trusted brand.	More people are given career opportunities because businesses trust they have the right skills and the professional/ethical behaviours to succeed.
Employees	We invest in our people through providing training, development and wellbeing programmes.	We have a high performing and engaged workforce.	Our highly productive workforce creates innovative products and services enabling people and businesses to succeed.
Stakeholders	We engage with stakeholders to understand and respond to their needs.	We develop products and services in line with market needs.	People have the right skills and abilities to work in a rapidly changing economy, and by employing our members, businesses benefit from their impact and outputs.
Responsible business	We recognise how AAT impacts on the supply chain and beyond.	We ensure our suppliers and communities benefit from our actions as well as us.	Society and the environment benefit through working collaboratively with us and with our supply chain towards the shared goals of positive societal change.
Financial	We manage our financial resources effectively.	We develop initiatives that meet our charitable objects and business plan objectives.	Our continual investment in initiatives ensures that people and businesses can benefit from our products and services in perpetuity.
Environment	We understand our usage of natural resources.	We drive improvement through reporting on usage of natural resources.	Organisational practices are amended and adopted to reduce our consumption of natural resources.

A close-up photograph of a man with a beard and short hair, wearing a blue blazer over a striped shirt and a yellow lanyard. He is gesturing with his hands while speaking. The background is blurred.

**“Without preparation,
a kid in a school
becomes a kid in an
office. But supported
apprenticeships can
literally change the lives
of young people and give
them work-ready skills.”**

Pete Ward
Deputy CEO
Leadership Through Sport & Business



UNLOCKING THE DOOR TO OPPORTUNITY

AAT is actively engaged in promoting greater opportunity for all. In particular, we see apprenticeships as a fantastic mechanism for enabling social mobility.

Consequently, we helped develop two new 'Trailblazer' apprenticeships, a new type of apprenticeship designed by employers to give them more flexibility on how to spend funding. Trailblazers consist of on-programme learning and an 'End Point Assessment' (EPA). AAT will be supporting the delivery of our two Trailblazer apprenticeships and has also been assessed as suitable to conduct independent End Point Assessments of accountancy apprentices, making us an End Point Assessment Organisation (EPAO).

In 2017, we also convened a pan-industry workgroup to examine how businesses of all sizes could improve engagement with apprenticeship schemes to help UK social mobility. Concurrently, we produced a white paper with five recommendations. These included calls for schools to improve their careers advice; for apprenticeship schemes to implement completion targets rather than focus on starts; and for the delivery of work-ready skills across all schemes that are appropriate to all industries.

We asked Government to consider these suggestions as they look to improve apprenticeship start figures and high-quality apprenticeships that will genuinely add value both to individual apprentices and to UK plc.



ACHIEVEMENTS AND **PERFORMANCE**



PRESIDENT'S AND CEO'S REPORT

Overview

AAT is about helping businesses, charities and public sector organisations maintain and build their financial disciplines. This matters because financial management is often key to the success or failure of organisations.

We also increase people's effectiveness, efficiency and productivity. This presents AAT with a huge opportunity. At a time when businesses need to be more efficient we can raise the standard of financial management skills – playing our part in improving UK productivity.

And importantly AAT is open to all. No matter where people are from we give them the chance to do something with their lives and to achieve their personal potential. AAT provides a different pathway and a lot of rungs on the ladder into the accountancy profession. Moreover, people with our qualifications bring practical knowledge and skills that conventional graduates – with higher salary expectations – may lack.

The phrase “social mobility” seems to imply that there’s an immutable social order. While not necessarily being comfortable with that expression, AAT does help people go places they might not otherwise have gone. It might be into accountancy or to be chartered. It might be to open their own small business: a garage, a digital agency, or an accountancy practice. It’s about upskilling and reskilling people at different stages in their careers. AAT creates value through people, at the same time changing lives for the better.

We also have the luxury of not needing to be short-termist in finding dividends for shareholders. It allows us to build value for the medium and long term for all our stakeholders.

In review

Overall, the past 15 months to 31 March 2018 were positive for AAT. We successfully diversified our activities in order to extend AAT's visibility and build relationships beyond the traditional membership footprint. For instance, we refreshed our short qualifications which expanded the training provider base. As a result, the UK Department for Work and Pensions (DWP) is now putting our qualifications in front of jobseekers, which didn't happen before.

We pursued our public affairs agenda more systematically than ever to deepen important relationships with regulators, legislators and influencers. This further raised our profile in Parliament and led to us being invited to engage directly with the First Secretary to the Treasury and the Chairman of HMRC.

We also ran a forum with the then Small Business Minister, Margot James MP. This is all part of our ambition to get a better share of voice for AAT members, particularly on things like taxation and business regulation. Making Tax Digital (MTD) is a good example of where we’re trying to influence policy, particularly as it relates to small businesses. We agree with the principle of going digital, however, there are SMEs who need more time to do it and we’ve had some success with that argument.

We diversified our membership base by deepening our interactions with qualification completers and by introducing a new associate member category for qualified bookkeepers. AATQB membership has grown very healthily over the 15 month period.

We invested in mechanisms to increase engagement with members. We introduced ‘Green Room’ for ad hoc market research and more importantly, plan to set up a new Members’ Assembly which will meet twice a year to feed members’ thoughts and views into AAT’s strategic thinking.

We extended our international footprint. We already have a global reach, particularly in southern African nations, Southeast Asia and Gulf states. We are a recognised international brand and a full member of IFAC.¹

We ran our third roundtable with a group of invitees from the international community on the role of accounting technicians worldwide – representatives from IFAC and the World Bank attended. In this way, we're taking a lead in trying to change the way that accountancy technicians are viewed and recognised globally.

We further extended our digital footprint. Informi – a web portal for start-ups and small businesses that we launched in 2016 – gained increasing visits and attention. The ambition is not explicitly to grow student or membership numbers. It's about helping to build skills in every business and increase brand awareness in new areas. We also launched a new 'Find a Training Provider' service allowing people to search for physical or distance-learning providers to help them get into the system.

Reconfiguring governance

A major success was in reconfiguring AAT's governance regime. This came to fruition at the AGM, where members approved some significant changes to the shape of our council and associated boards. The purpose is to bring more agility to our governance structure in a fast-changing and complex world.

Alongside that we gained approval to put our relationship with the chartered bodies onto a new basis. We were originally set up with them as our 'sponsoring bodies' – but the useful life of that terminology has expired. We continue to have a strong and healthy relationship with them, but wanted to reflect the reality in our governance structures. We also wanted to take the opportunity to diversify the Trustees sitting on council to bring in some different skill sets. It's also streamlined the council, making it more strategic and less operationally focused. We wanted it to be more responsive to opportunities. This will enable that.

WE UNDERSTAND THAT WINNING THE DIGITAL FUTURE

is about being agile, responsive, open and aware. This is what we're planning to be.

Mark Farrar
Chief Executive, AAT

¹ IFAC is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over 175 members and associates in more than 130 countries and jurisdictions, representing almost 3 million accountants.

Setbacks

Meanwhile, a setback outside of our control was that the UK Government launched a new apprenticeship levy. This caused a lot of uncertainty among businesses, leading to a 60% drop in apprenticeship starts in the spring and a 20% drop in September. Around 20% of our students are on apprenticeships – so the change brought a significant drop in our apprenticeship numbers. It's been a tough challenge for many sectors, not just us. That said, we also lobbied successfully for government to revisit the idea that apprenticeships should only be Level 3 or above. This was a significant achievement and a big win for the future. We're now working on developing Level 2 apprenticeships with employers.

The other setback was that we launched a new suite of qualifications which ran into some well documented technical issues with their endpoint computer-based synoptic assessments. We subsequently put in place new processes and a new regime of controls, and learned from this experience.

All in all, it was an interesting year of challenge and change, but one in which we still met our targets and achieved what we set out to do.

Future opportunities

Looking forward, it's clear that the digital agenda will be the big change coming through every sector, not least ours. We think it is an exciting prospect because technicians and those driving technology will have a key place in this future.

We foresee that accounting will be less about "bean-counting" and more about conducting analysis and playing advisory roles. That accountants will become much more proactive and central in the business management of organisations. No one truly knows where it will take us but we think technicians will have a significant role to play. There are opportunities to explore.

AAT's role will be to continue looking after people already in their careers as well as new entrants. Our challenge is to find our way successfully and then help them find theirs. But we do believe there's a real opportunity for the whole sector which will surely change as technology propels continued developments in things like the gig economy and smart working. We understand that winning the digital future is about being agile, responsive, open and aware. This is what we are planning to be.

It only remains for us to thank all the staff who as ever pulled together and delivered in a busy year. On a personal note we'd also like to thank outgoing President Mark McBride for his invaluable help and guidance in the year. Finally, we want to thank the membership for the positivity, warmth, engagement and enthusiasm they contribute to our AAT family.

Professional bodies may have been a bit staid in the past. But the world is changing quickly. We need to build agility into everything we do in response. We embedded a heightened capacity to change policy, structures and mind-sets more quickly. We became more robust as an organisation. We aim that in an increasingly volatile environment AAT should be ready for the future, so we can grasp its opportunities.



Nicky Fisher
President
FIPA FABRP FMAAT



Mark Farrar
Chief Executive

THE WIDER ENVIRONMENT

No organisation operates in isolation and that's particularly true of AAT. We function within a network of stakeholders and are subject to the vagaries of a volatile external environment. In this section, we've identified the key external factors that could impact our operations and the successful delivery of our plans, and note how we deal with these issues.

BREXIT

Brexit will continue to cause uncertainty in the short term, as well as impacts on exchange rates, interest rates and inflation.

A potentially large impact on AAT because of our members in Europe, and the wider potential impact on regulation and operation in the accountancy sector. Among the 800 small business owning members who we surveyed, 40% were optimistic while 36% were pessimistic about Brexit's impact on their business.

We maintain a watching brief and intend to give our members as much information as possible. We work to ensure the voice of our sector is heard. We remain optimistic about the new opportunities that might well be created.

Further education

The further education (FE) sector has been experiencing lots of change. Area reviews and the subsequent merging of training providers has impacted on AAT provision in some places. Changes in funding have meant there is less available for further education, however there is more available for apprenticeships.

Medium impact on AAT, particularly in the short term while changes settle down.

We pay close attention to developments within the FE sector and are in regular communication with our training provider network to assess and respond to changes.

Apprenticeship levy

Levy funding has caused apprenticeship starts across all sectors to drop while the new system beds in.

High impact in the short to medium term as employers and training providers learn to navigate the new funding system.

We are providing guidance to employers and training providers on how best to access funding. We are continuing to highlight to Government that the apprenticeship levy should be broadened out into a skills levy and monies should also be able to be spent on traineeships and other forms of high quality training.

Changes in technology

Smart technology is revolutionising how finance departments operate and is set to have an increasingly large impact. In particular automation is changing data entry, bookkeeping and compliance work. Artificial intelligence may well change the landscape in ways that are as yet unclear.

A high impact on AAT – both in terms of training delivery mechanisms and its impact on the work that accountancy technicians will do, which our qualifications will need to reflect.

We watch developments closely and continually seek a well-informed understanding of what's changing and its impact. But broadly we see automation as offering a great opportunity to escape repetitive tasks and free people up to add greater value elsewhere.

HMRC – Making Tax Digital

Making Tax Digital will bring a fundamental change to the way millions of businesses and their agents interact with HMRC.

A high impact on AAT members especially in the SME space.

We launched a new online portal. It includes HMRC guides and documents, details of MTD-related AAT events, our consultation responses and additional information, such as guidance on the steps accountants need to take and what bookkeepers need to know. This is now helping people understand and prepare for MTD's implementation.

Cyber security

Cyber security is a growing issue with a 'category one' attack becoming almost inevitable in the next couple of years, against a background of dangerous complacency in many parts of the accountancy sector.

A medium/high impact on AAT operationally, affecting the delivery of key essential services to customers.

We continually monitor evolving threats and act to minimise our exposure, at the same time advising our stakeholders to do the same.

GDPR

The General Data Protection Regulation came into force in May 2018. Organisations which fail to comply will lay themselves open to severe financial and reputational penalties.

A medium impact on AAT operationally, but may have a high impact on some stakeholders.

Plans and preparations are well in hand to comply with the regulation's requirements.

How our members feel about automation

The majority of AAT's members surveyed in June 2017 say that they see technology as an opportunity and not a threat. Members think invoice processing, administering payroll and bookkeeping will be the main elements of accounting that will become automated within the next decade, while auditing financial information, tax planning and advising senior management will not. We believe there will always be a strong requirement for human accountants and technology will enable them to add greater value.

WHAT WE AIMED TO ACHIEVE

Our mission is to empower people and enable businesses to achieve their potential by promoting practical financial skills.

At the same time we're operating in a rapidly changing landscape, one in which technology is already having an impact with developments like cloud computing and predictive software. Meanwhile, a new generation is entering the workforce with different expectations that will change traditional employment models.

It all means that AAT has to step up to meet the challenges we face by becoming:

- bigger – in our ambitions and growth
- better – in all that we do to support our stakeholders
- bolder – in our planning and in our influence within the profession and beyond.

With this in mind, our strategic priorities were to develop in the following areas in order to support our growth aspirations, extend our influence and deepen our impact:

- 1 **Customers** – grow by building stronger relationships with our new and existing customers, putting them at the centre of everything we do and seeking new groups of people who would benefit from a relationship with AAT.
- 2 **Products** – develop and maintain a strong product portfolio meeting the needs of targeted customer groups, helping them, either as existing professionals or the professionals of the future, to develop new and existing skills. Extending our influence by exploiting new market opportunities.
- 3 **Delivery** – deliver excellent customer service and be agile in identifying and meeting customer needs.
- 4 **Our people** – develop and maintain an engaged and capable team, investing in people as our most valuable asset.
- 5 **Governance** – adapt our model for the new opportunities which face us.

“I've connected with so many people through the AAT branch network. It helps me keep my skills up to date and my confidence has grown at the same time.”

Stella Pickering MAAT and Licensed Accountant
Owner
Accounting by Stella



HOW WE DID – OUR PERFORMANCE

Strategic objective

Grow membership and other customer relationships

Aim

Increase number of highly skilled accounting technicians and bookkeepers

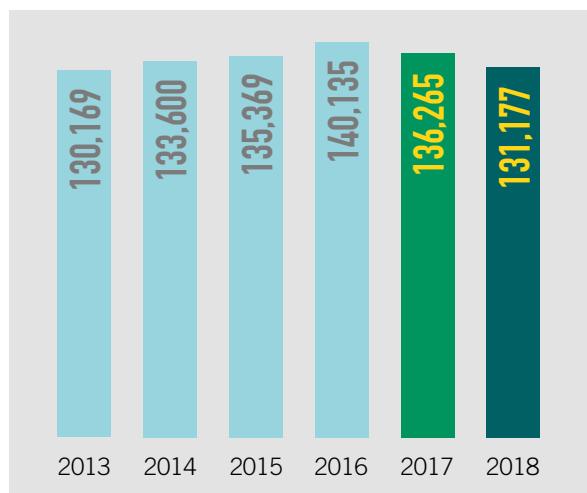
Measure

- Total number of accounting technicians and qualified bookkeepers
- New student registrations

Why: we create value by enabling people to develop and grow. These measures allow us to determine the appeal of AAT's core offering.

Progress

Total core membership

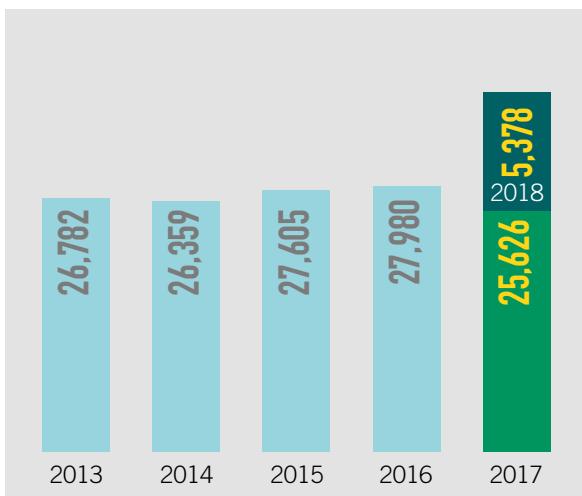


COMMENTARY

We've seen an increase in interest from employers around apprenticeships with larger employers like KPMG, Grant Thornton, and the Civil Service now recruiting greater numbers of school leavers as apprentices and using the AAT qualification.

The 2018 membership figure reflects the change in year-end from December to March, where the March membership is normally lower than December.

New core students



Overall, numbers have been adversely impacted by ongoing budget cuts in the FE sector as well as by the uncertainty generated by Brexit.

However, we had a 15% growth in new students internationally. In particular, we gained 300 new students in Myanmar and further developed new markets in Malaysia, UAE and the Cayman Islands.

AAT collaborated with CIPFA (The Chartered Institute of Public Finance and Accountancy) to develop an integrated apprenticeship programme for all aspiring public sector finance professionals. This pathway takes students through AAT's Advanced (Level 3) and Professional (Level 4) Diplomas in Accounting and then all the way through CIPFA's established public sector finance professional qualifications. Students will benefit from having all their classes taught by a CIPFA qualified tutor with public sector finance experience. This is helping deliver highly-skilled accounting professionals into the public sector.

It is another example of how AAT is at the heart of providing a training solution that will benefit a significant part of the accountancy sector.

Strategic objective

Education and skills

Aim

Develop accountancy skills for members and the business community

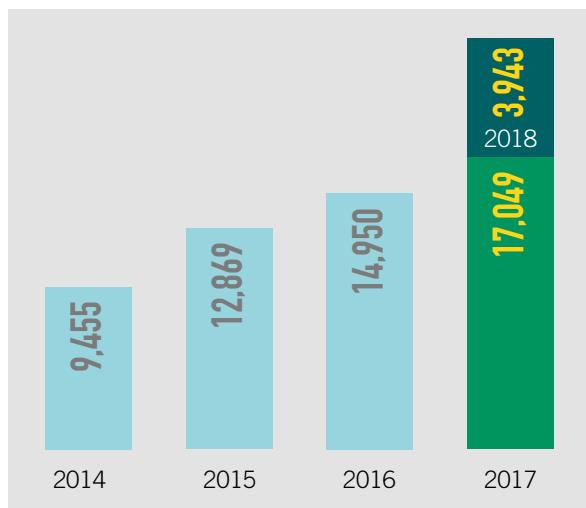
Measure

- Wider relationships

Why: we create value through providing the right practical skills and knowledge for people and business to succeed. These metrics look at how well-received these products are in the market.

Progress

New wider relationships



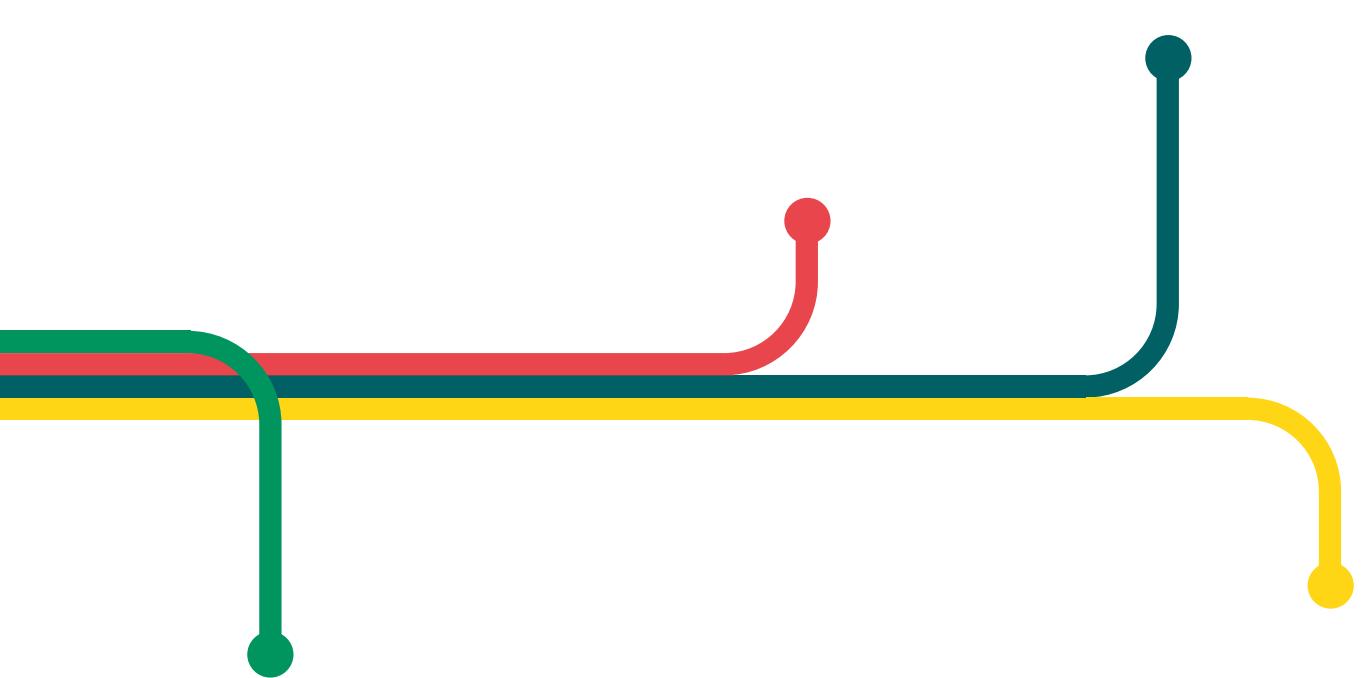
COMMENTARY

In 2017 new wider relationships grew by 14%.

Key highlights were:

- 3,550 registrations (27% increase) for our Level Access programme which attracts many unemployed people using the course to return to the workplace.
- 8,510 registrations across all three levels of our bookkeeping qualifications or 58% growth.

During 2017 we exited the agreements we had with the AAT South Africa joint venture with SAICA. As a result, the total 2,557 wider relationships from these in 2016 have not been counted in the 2017 wider relationship numbers.



“

AAT launched **three new Access qualifications** in January 2018 replacing the previous Level 1 qualifications. The Access qualifications cover **bookkeeping, accounting software** and **business skills** and sit alongside our Foundation, Advanced and Professional accounting and bookkeeping qualifications.

ONE OF
AAT'S CORE
OBJECTIVES
IS TO

INCREASE DIVERSITY

IN THE FINANCE PROFESSION
AND PROVIDE PEOPLE WITH
THE OPPORTUNITY TO REACH
THEIR POTENTIAL.

These shorter, focused qualifications enable students to learn the basics, preparing them to take their first steps with AAT and on to a future career.

”

Strategic objective

Professional development

Aim

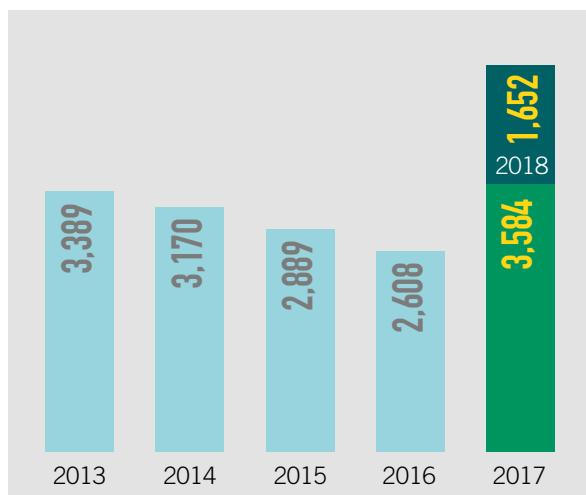
Develop accountancy skills for members and the business community

Measure

- New full members and bookkeepers

Why: we create value by developing opportunities for members and business to develop and grow. This measure allows us to track the value membership is seen in.

Progress

New full members and bookkeepers**COMMENTARY**

The new members total for 2017 grew by 37% including 649 AAT Qualified Bookkeepers.

“ AAT'S ANNUAL CONFERENCE GIVES US THE CHANCE TO

TALK

to members in depth and give them **real value**.

OUR 2017 ANNUAL CONFERENCE WAS THE LARGEST EVER WITH

297
ATTENDEES

AND FEATURED
24 CPD
WORKSHOPS

3
KEYNOTE
SPEECHES

AND A
BUSY
EXHIBITION AREA

AAT Annual Conference

Topics covered included:

- updates on tax, payroll and financial reporting
- cloud accounting, employment law, cyber security, networking and managing change.

The AAT Professional Members Awards were also launched at the annual conference. The Awards recognise a broad range of members from individuals in the early years of their career, to licensed members demonstrating innovation, to those who help AAT regional branches succeed.

Strategic objective

Customer service

Aim

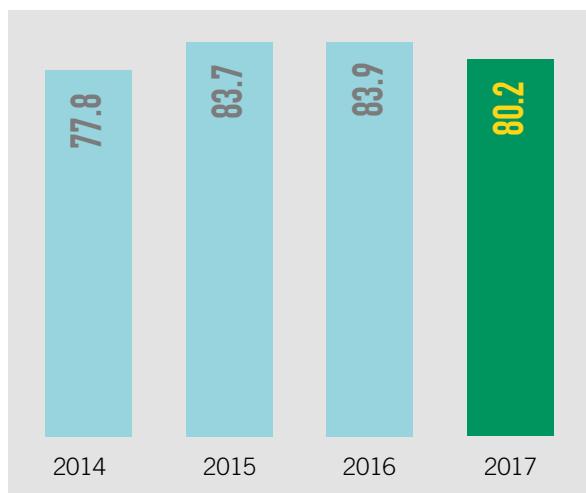
Deliver excellent customer service

Measure

- UK Customer Service Index target

Why: we create value by ensuring we are delivering the best possible customer experience enabling our membership to focus on their career development.

Progress

UK Customer Service Index**Annual Satisfaction Survey**

In 2017, students' satisfaction was 82% against a target of 90%.

- This was down 7% on the satisfaction achieved in 2016 and can be attributed to issues around synoptic assessments.
- Meanwhile, members' satisfaction rose slightly from 78% in 2016 to 79% in 2017 against a target of 80%.

COMMENTARY

We exceeded our UK Customer Service Index target of 80 with a score of 80.2.

- Customer satisfaction rate delivered through real time monthly surveys was 92% (against the 95% target).
- Livechat service launched in June 2017 (currently used to support potential applicants for membership) achieved a satisfaction rate of 98.2%.
- 9.2% increase in the attendees at AAT CPD events, with average attendance per event up by 46.6%.
- Due to AQ2016 assessment issues and transfer queries there was an increase in complaint related enquiries from 171 in 2016 to 360 in 2017.

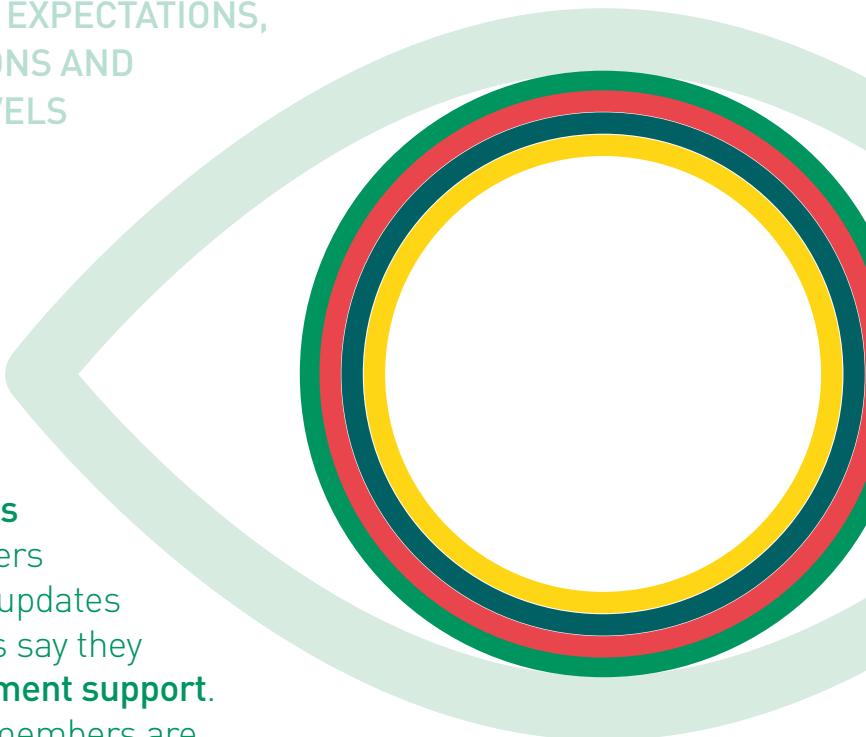
“ OUR ANNUAL MEMBER SURVEY
SEEKS TO GAIN INVALUABLE

INSIGHT

ABOUT MEMBERS' EXPECTATIONS,
NEEDS, MOTIVATIONS AND
SATISFACTION LEVELS
AT ALL STAGES OF
THE MEMBERSHIP
JOURNEY.

From the **3,674**
responses
received in 2017,
we found that
more than **four fifths**
(83%) of our members
value our technical updates
and 93% of students say they
value **AAT's assessment support**.
This indicates that members are
gaining a healthy level of value
from their association with AAT.

”



Strategic objective

Financial performance

Aim

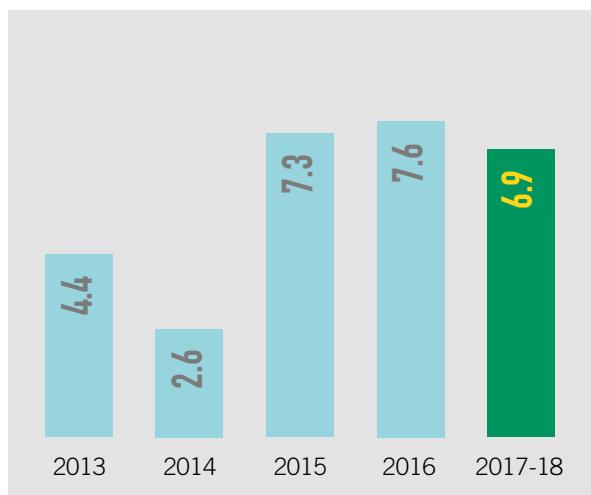
Sound financial management

Measure

- Operating surplus %age on recurring income

Why: we create value through sound financial management and the ability to innovate.

Progress

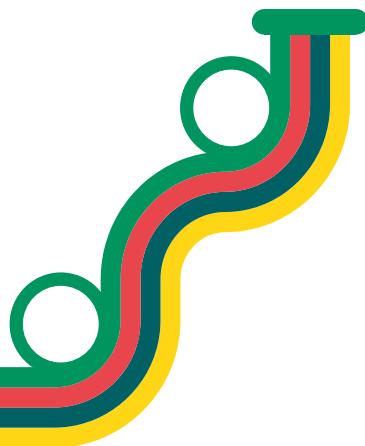
Surplus % of recurring activities**COMMENTARY**

At 6.9%, AAT's surplus on recurring activities for the 15 months to March 2018 was 1.9% more than the 5% target set by Council.



We create value through sound financial management and the ability to

INSPIRING
TEAMWORK
RISK SOLUTION
KEY PERFORMANCE
INNOVATE,
WORKS COMMUNICATION,,
NEW BUSINESS
CREATIVE
GOALS IMAGINATION
THINKBIG
PLANNING BRAND
IDEAS
CONCEPT
BRAINSTORM
STRATEGY
PROCESS







“It's a journey that I'm very glad I started on. AAT gave me a qualification as well as additional skills such as good attention to detail, which I use in my day-to-day role.”

Charles Aidoo MAAT
Management Accountant
Dennis Publishing

ENGAGING WITH INFLUENCERS AND REGULATORS

AAT's Public Affairs & Public Policy team protects and promotes members' interests by raising our profile through external engagement and lobbying activity.

MPs and Peers

Individually engaged with 140 MPs and peers on issues ranging from the gig economy, Stamp Duty and VAT to corporate governance and Making Tax Digital.

Public consultation

Responded to 66 public consultations from over 20 different sources including HMRC, Treasury, the Financial Reporting Council, Charity Commission, Office for Tax Simplification and Low Pay Commission.

Branch liaison

Visited 10 AAT branches to raise awareness of the Public Affairs & Public Policy team and undertook other member and staff awareness raising activities.

PR liaison

Worked closely with the AAT PR team to help deliver national, regional and trade media coverage on numerous public affairs and public policy topics.

Engagement and lobbying activity

Party conferences

Represented AAT at the Conservative Party Conference which included hosting an event on SMEs with the Minister for Small Business. Also represented AAT at the Labour Party Conference attending over 20 fringe events.

Public Policy Group

Set up a Public Affairs & Public Policy Group to meet quarterly and discuss policy and lobbying activities of mutual interest with CIMA, CIPFA, ACCA, ICAEW and ICAS.

Giving evidence

Gave evidence to a range of committees, commissions and APPGs on issues of importance to AAT members such as Apprenticeships, Making Tax Digital and Older Workers.

HMRC forums

Successfully represented AAT at numerous HMRC forums on communications, tax free childcare, inheritance tax, cyber security and savings policy.

Public policy liaison

Liaised with dozens of non-political organisations to protect and/or promote members' interests such as trade associations, think tanks, FTSE 100 companies, charitable organisations, building societies and others.

Outcome: Awareness of AAT among MPs and Peers grew from 32% in 2016 to 49% in 2017

OUR PEOPLE

Reward and benefit

Throughout the year everyone focused on our organisation-wide targets, which triggered an organisation bonus payment in 2018. Given the challenges that we faced in 2017 we're very proud of how well everyone has pulled together to deliver these targets.

Wellbeing

Wellbeing has been a big focus for us and our programme has been very well received by colleagues. We have continued with our health checks, which are always over-subscribed, as well as having a couple of team 'step' competitions to encourage colleagues to stay active. In addition we have introduced on-site yoga sessions which take place once a month, as well as providing some healthy snacks through our partner Gems At Work.

Gender pay

Gender Pay Reporting Regulations were introduced in 2017, something that we reported on prior to the regulations coming into force and on which we continue to place importance. We are proud of our diverse workforce and this is reflected in our gender representation with over half of our workforce identifying as female. We have a commitment to improving our gender diversity at senior levels of the organisation and in support of this commitment we signed up to the Women in Finance Charter, setting a target of having 40% females in senior management by 2022.

We also support equality through fair pay and our job evaluation framework has ensured that males and females at AAT receive equal pay for work of equal value. However, an increase in the proportion of males at senior levels throughout 2016/2017 has created a bigger gender pay gap. AAT is a small to medium sized organisation and small changes at senior management levels have a big impact on our gap. The gender pay gap is defined as the difference between the mean or median hourly rate of pay that male and female colleagues receive and the mean and median gap at AAT for 2017 was 13%.

AAT is an inclusive workplace, however we want to make it even more so and have set up a group of Equality, Diversity and Inclusivity champions from throughout the business. The group has been working towards defining their role and terms of reference, and will be launching a number of different initiatives throughout 2018 which raise awareness of a range of topics under the Equality, Diversity and Inclusivity heading. A key priority in early 2018 will be to roll out unconscious bias training across the business. We have also become a corporate member of the Employers Network for Equality and Inclusivity who are supporting us in this area.

Disabled employees

AAT is committed to Equal Opportunities and as such gives full consideration to applications for employment for candidates who have any protected characteristics under the Equality Act 2010, including disability, where the candidate's aptitudes and abilities are consistent with the requirements of the job they are applying for. Opportunities are available to all colleagues, including those with disabilities, for training, career development and promotion, and reasonable adjustments are made during both the application process and once someone starts work at AAT.

Where existing employees become disabled AAT will continue to provide employment wherever practicable, in the same or an alternative position and will provide appropriate training where necessary.

OUR PEOPLE

Employee involvement

We have an elected Employee Representative Group (ERG) at AAT who play an active role in any formal consultations that we run, and complies with the requirements of the Information and Consultation of Employees Regulations 2004. Colleagues have been kept up to date through both formal and informal means of communication throughout the year, and have been actively encouraged to feed any suggestions or views back through the ERG so they can be raised with senior management. Regular meetings take place with the ERG and senior managers. Colleagues are rewarded in the success of AAT through an organisation wide bonus which is paid to colleagues on the successful delivery of most of AAT's targets.

Some of our diversity statistics are as follows:

- Average age: 37 years, 5 months (rounded up)
- Age distribution: the majority of employees fall in the 30-34 years bracket: 27%; 0.8% of staff fall into the 60-64 age bracket.
- 2.7% of staff reported having a disability (seven staff).

Our ethnic make-up is as follows:

Asian / Asian British	31	11.92%
Black African / Caribbean / Black British	27	10.38%
Mixed / multiple ethnic groups	5	1.92%
Other ethnic group	10	3.85%
Undefined	9	3.46%
White	178	68.46%



A photograph of a man and a woman standing in a modern office lobby. The man is on the left, wearing a blue sweater and dark trousers, looking towards the woman. The woman is on the right, wearing a dark green jacket and blue jeans, looking towards the man. They are standing on a light-colored floor, with a large window in the background showing a blue sky with clouds. Two large, white, teardrop-shaped pendant lights hang from the ceiling above them.

“We implemented a wellbeing programme, which has been very well-received by staff. We recognise the importance of taking care of our people and want them to feel supported at work.”

Olivia Hill
Chief HR Officer
AAT

AAT AS A RESPONSIBLE BUSINESS

It is fundamentally important to AAT that we work in a responsible way. We ask our members to adhere to a strict code of ethics and it is essential for us as an organisation to behave with an integrity.

We work with a number of suppliers across all sectors of the economy and want to ensure our supply chain and the communities they work in benefit from our actions. We have updated our contracts taking this into account and have asked suppliers to commit to paying the Living Wage and comply with the Modern Slavery Act, as well as Child Labour Law and the Equality Act.

In 2016, AAT became a signatory of the Prompt Payment Code (PPC). The code, administered by the Chartered Institute of Credit Management, was developed on behalf of the Department for Business, Energy and Industrial Strategy (BEIS) with all signatories pledging to pay their suppliers on time, give clear guidance to suppliers and encourage good practice. In addition, signatory companies undertake to pay suppliers within a maximum of 60 days and work towards adopting 30 days in normal circumstances, and avoiding practices that adversely affect the supply chain.

From October 2017, large organisations have a statutory duty to report on their business payment practices and performance. Although AAT does not qualify as a large organisation, we feel strongly about the importance of prompt payments and so have provided the information below, which complies with the guidance published by BEIS.

**15 months to 12 months to
31 March 2018 31 December 2016**

The percentage of payments which were paid:

In 30 days or fewer	82%	78%
Between 31 and 60 days	12%	15%
In 61 days or longer	6%	7%

We are also taking steps to monitor the impact that we have on the environment, and to take appropriate actions to reduce our carbon footprint wherever possible.

For example, we have:

- set up tracking systems for monitoring and communicating CO2 emissions generated through the air flights which AAT takes to operate its international business and to engage with IFAC. In 2017, the CO2 emissions generated from air flights reduced by 14% from 422k kilos in 2016 to 363k kilos
- reduced our electricity consumption by fitting LED lights in AAT's offices
- reduced our consumption of plastic materials
- gained from our landlord, Land Securities, monthly updates on the percentage of all materials used which are recycled, which was 79% for 2017, the same as in 2016
- engaged with A4S, Accounting for Sustainability, on how best to implement the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

We also became a signatory to the United Nations (UN) Global Compact and have undertaken a programme of change and development to align ourselves with relevant UN Sustainable Development Goals (SDGs). We must recognise our limitations, but also make the most of our position of influence through showing leadership in our profession. In particular, AAT has identified four SDGs which are core to our work and we will be concentrating our engagement on supporting them. These are:

- Quality education (SDG 4).
- Reduced inequalities (SDG 5).
- Partnerships for the Goals (SDG 17).
- Gender Equality (SDG 10).

Future annual reports will begin to reflect this work. We will report not only achievements and financial data, but also highlight where we have contributed to the SDGs and where we have created value, whether that is measured on an economic, organisational or social and human basis.

For more information on AAT's work in this area, please visit aat.org.uk/about-aat/responsible-business-strategy

PLANS FOR THE FUTURE



Changes in the external market have already influenced our strategy and business model. We diversified from offering a single route to membership through the core AAT Accounting Qualification to adding a wider range of qualifications and offering a licensed bookkeeping membership status.

We recognise we need to further embrace opportunities for change and make further decisions about what the development focus needs to be. This may require redeploying resources away from current activities to develop new products and services for the future which are focused on the ever changing requirements of both existing and new audiences.

With that in mind, our focus for 2018/19 centres on making changes to our systems and processes to allow the efficient pursuit of new opportunities, as well as a talent development programme across mid-level management to give them the right skills to lead and embed change.

THE STRATEGIC RISKS WE FACE

Risk	Impact	Risk appetite	Mitigation
 <p>Changing marketplace dynamics make AAT, and the role occupied by AAT members and by professional membership bodies in general, less relevant</p>	<p>Decline in membership numbers across all stages of the membership journey</p>		<p>Monitoring of market trends and competitive activity, and understanding of the impact on AAT. Longer term horizon scanning. Developing our engagement strategy</p>
 <p>Greater public funding cuts and reduction in available training provision following Government review, plus the new apprenticeship levy initiative from Government taking longer to have an impact</p>	<p>Reduced scope for students to engage with AAT qualifications, leading to a potential decline in the AAT student population. Fewer apprentices in general, and for AAT in particular</p>		<p>Evaluation of the training provider market and seeking to influence training providers and employers. Active engagement with the Institute for Apprentices</p>
 <p>Government policy development puts legislation in place that adversely impacts on AAT's portfolio of qualifications</p>	<p>Increased research and development resource and expense to ensure ongoing relevance and/or regulatory compliance</p>		<p>Monitoring of proposed changes to Government policy and/or regulatory requirements, actively engaging and lobbying where appropriate</p>
 <p>Decline of influence with external stakeholders</p>	<p>Reduced satisfaction levels amongst members with the way they are being represented</p>		<p>Active engagement with external stakeholders through the Public Affairs and Public Policy team</p>
 <p>ICT systems are subjected to a sustained cyber attack</p>	<p>Disruption to operations and resultant impact on service delivery; reputational damage; and remedial resource requirement</p>		<p>ICT infrastructure fully hosted, managed and monitored by an ISO/IEC 27001 certified G cloud provider; regular internal and external system penetration testing; quarterly PCI compliance testing; active monitoring of access control lists; Cyber Essentials Plus (CEP) accredited</p>
 <p>AAT's reserves are hit if macro-economic conditions worsen</p>	<p>Reduced scope for development activities and investments and for further enhancing service levels to all stakeholders</p>		<p>Regular monitoring of financial performance and market conditions vs budgets and forecasts. Implementation of risk management strategies with AAT's Investment Managers and the AAT Retirement Benefits Pension Scheme Trustees</p>
 <p>AAT does not grow its income fast enough to fund investments required in the organisation</p>	<p>Developments restricted. Insufficient funds available to develop new products and services</p>		<p>New product and service sets being researched. Cost controls in operation to ensure sufficient surpluses delivered</p>
 <p>Moderate – moderate levels of risk exposure, preferring acceptable albeit possibly ambiguous output</p>	 <p>Cautious – accept some low risks, assured delivery route, restricted reward</p>		<p>Averse – accept as little risk as reasonably possible, strongly assured options, low chance of adverse outcome, but limited reward</p>

RISK AND DEVELOPMENT RESERVES TARGET

Council sets target income reserve levels (income reserves) of at least 30% but no more than 40% and that there should be flexibility over the plan cycle to flex the Income Reserves level between 30% and 40%, depending on the view of risk and of the investment needs of the business.

Council considers this range as appropriate to cover the risk and development needs of AAT. These levels are considered in line with good financial governance.

This approach should ensure a level of risk reserves sufficient for AAT to restructure its finances to manage the ongoing effect of a significant change in its fortunes, and provide accessible funding for the major developments planned.

Income reserves level

The two calculation methods arrive at the same reserves levels of £11,219,000 at 31 March 2018, or 37.6% (31 December 2016: £10,429,000 or 36.6%) of gross annual revenue expenditure. This was within the target level set by Council of between 30% and 40% (2016: 30% and 40%), or £8,928,000 to £11,904,000 of gross annual revenue expenditure. The plans for 2018/19 are for income reserves to remain within the 30% to 40% range.

AAT Group's total unrestricted income funds as at 31 March 2018 were £12,606,000 (31 December 2016: £12,646,000), after allowing for a reduction in reserves of £3,290,000 (31 December 2016: £3,565,000), which arose from the deficit in our final salary pension scheme as calculated under FRS 102. The repayment plan agreed with the Pension Scheme Trustees is explained on page 53.

Key performance indicator:

LEVELS OF INCOME RESERVES

KPI levels of income reserves

2017	£11.2m
2016	£10.4m

Principal funding sources and how expenditure in the year has supported AAT's objectives

We receive our funding primarily from our membership – mostly through subscriptions and assessment fees. We also receive other income from our qualifications, for example through events or fees for CPD courses organised for our members. We use this income to provide our assessments, offer member services and ensure our qualifications are widely recognised and of high quality. This also helps fund appropriate and up to date technology to support our assessments. In addition, we use the funding to provide e-learning material to support our students throughout different stages of their studies.

Our expenses include staff costs for employees directly involved in providing or supporting our activities. This excludes costs for non-executive Trustees (Council members), who do not receive remuneration.

By providing member services, we incur costs in human resources, finance, marketing, information and communication technology, office accommodation, administration, compliance and facilities, as well as for our website and magazines. All these areas are key in enabling other teams to improve and provide their services, and assist in achieving AAT's objectives.

Going concern

Having reviewed the strategic risks facing AAT and the Group, as well as the three year business plan and the expected level of cash and investments, the Trustees consider there are sufficient reserves held at 31 March 2018 to manage those risks and achieve the business plan. The Trustees believe that AAT and the Group have adequate resources to fund their activities for the foreseeable future. Accordingly, the Trustees are of the view that AAT and the Group are a going concern.

FINANCIAL REVIEW

Review of our financial position for the 15 months to 31 March 2018

At its meeting in November 2016, Council decided to change the year-end of AAT from December to March with effect from March 2018. These financial statements are for the 15 months to March 2018, with the comparatives being for the 12 months to December 2016. The change in year-end followed the changes in the governance structure, explained on page 59, and reflected the need for improvements to estimates used in business planning by avoiding the need for forecast judgments to be made during marked seasonal spikes in activity in the Autumn, notably driven by the educational year in schools and colleges.

Despite a general slowdown in growth for the UK and global economies and continuing uncertainties on Brexit, AAT has maintained a strong financial position. This will allow us to continue to invest income reserves in initiatives that meet our charitable objects and business plan objectives, while ensuring we maintain risk reserves at a prudent level.

The financial statements on pages 69 to 96 are based on the results of the AAT Group. The Statement of Financial Activities on page 70 shows a level of net income before other recognised gains and losses of £(33,000) (12 months to 31 December 2016: £2,174,000), or (0.0%) (12 months to 31 December 2016: 7.5%) of total income. This year's net income is lower than the prior year, due primarily to investment losses of £223,000 (12 months to 31 December 2016: investment gains of £1,720,000).

The net movement in the unrestricted income funds of the AAT group, after the deduction of the pension reserve arising under FRS 102, was a reduction of £40,000 (12 months to 31 December 2016: increase of £213,000).

Key performance indicator:

Surplus of recurring income over expenditure

2016	£2,156,000 or 7.6%
2017–18	£2,518,000 or 6.9%

The surplus of recurring income over expenditure measures income and expenditure for recurring core charitable activities, and excludes any expenditure relating to development activities. During the period, we did more work on development projects, with net development expenditure of £2,341,000 (12 months to 31 December 2016: £1,702,000). This was with a view to developing new products and services, improving internal efficiencies, addressing the new regulatory requirements such as the General Data Protection Regulation (GDPR), upgrading current systems and offering improved customer services.

In addition to spending more resources on development projects, the income growth has led us to continue to invest in extra staff and systems, to maintain and improve the services we provide, and to deal with the increasing demand from our members and other parties. Expenditure on recurring activities was £34,042,000 (12 months to 31 December 2016: £26,289,000).

The statement of financial activities on page 70 shows a net income of £(33,000) (12 months to 31 December 2016: £2,174,000) or (0.0%) (12 months to 31 December 2016: 7.5%) of total income.

Sale of AAT's 50% share of AAT South Africa

In July 2017 AAT sold its 50% share of AAT South Africa for £107,000. This followed a settlement agreement with SAICA, the South African Institute of Chartered Accountants. AAT is still operating until March 2020 a licensing agreement with SAICA, where AAT licenses to SAICA the use of the AQ2010 qualification in South Africa, plus the use of the CRM and assessment systems used by AAT.

Review of AAT's Final Salary Pension Scheme

An actuarial deficit valuation of £4.5 million, made on 1 January 2016, was used as the basis to calculate a new repayment plan to pay off the deficit. A payment of £900,000 was made in December 2016, and future payments of £400,000 per annum were agreed for April of each year from 2017 to 2026. One payment of £400,000 was made in April 2017 in the 15 months to 31 March 2018.

In response to the repayment plan, the scheme Trustees agreed to take reduced investment risk in future, so as to reduce the deficit volatility experienced in recent years, which was implemented in 2017. The next full triennial valuation was previously due on 1 January 2019, but because of the change in year-end, this has been brought forward to 1 April 2018, as there is a requirement that a full actuarial valuation must be completed at least once every three years.

For the purposes of financial reporting, we used the projected unit credit method to carry out the actuarial valuation of the scheme. The accounting actuarial valuation of our defined benefit pension scheme under FRS 102 showed a liability of £3.3 million (31 December 2016: £3.6 million), affected by a rise in scheme assets, partially offset by a fall in bond yields increasing scheme liabilities. We provide further details in note 1 to the accounts.

Investment policy and objectives

Statement of investment principles and treasury policy

The Investment Panel, comprising members with a finance background, is responsible for the effective management of AAT's investments, although the day to day management of surplus cash held by AAT is delegated to the Executive team. The Investment Panel appointed Ruffer LLP, in May 2009, to manage our non-cash assets and achieve our investment objectives on page 54.

The investment objectives focus on ensuring that we have invested medium to long term funds in an 'absolute return' strategy, to seek more consistent returns and to reduce volatility. In absolute return strategies, the manager does not track the market as such, but uses a range of asset classes to minimise market volatility and target a long-term real return. In summary, the overall objective of this strategy is to preserve capital and prevent any loss of money, on a rolling 12-month basis. It also aims to achieve consistent positive returns significantly greater than the return on cash.

We continue to invest surplus cash in non-cash deposits. We do this after careful consideration of our three year business plan. We also take into account the free cash resources needed to fund the business plan and cover any risks likely to create financial impact over the business planning period.

FINANCIAL REVIEW

Based on AAT's treasury policy, which was updated in 2017, the investment objective for surplus short term cash (over a period of up to a year) is to maximise the level of interest income, while ensuring AAT's capital is preserved and we meet working capital requirements.

The treasury policy states that any excess cash should be placed in short term deposits with A- (but preferably higher) credit rated institutions. UK Government-backed institutions are preferred. We have also spread our financial risk by holding our surplus funds in different institutions, where possible.

We have an ethical screening policy which prevents investment in tobacco and armaments.

Investment performance

The Investment Panel meets with Ruffer LLP, AAT's investment managers, after the end of each calendar quarter, to review the portfolio's most recent quarterly performance under its management. The regular meetings also enable the panel to maintain a good understanding of Ruffer's strategic approach. The Ruffer valuation is monitored on a weekly basis.

As of 31 March 2018, AAT held £19.5 million (31 December 2016: £19.7m) of investments with Ruffer LLP. The portfolio made £223,000 of investment losses during the 15 months to 31 March 2018 (12 months to 31 December 2016: investment gains of £1,720,000) and there was no new investment of surplus funds during the year (31 December 2016: £1.0 million).

The positive momentum of Q4 2016 carried on into the early parts of 2017 before fading as the market became concerned over President Trump's ability to pass through tax reform. Bond yields fell on the back of this, with defensive equities benefitting. This turned towards the end of 2017; the world appeared to be exhibiting synchronised growth for the first time since 2008 and US tax reform was successfully passed. As a result bond yields moved sharply higher which benefited financial equities. As equity markets moved higher through the year, protective assets acted as a drag on performance.

At the start of 2018 markets continued to move higher. In response to strong US wage growth data released in early February, inflationary fears took hold and interest rate expectations shot up. Equity markets fell sharply with traditional defensive assets, such as bonds and gold, falling too as the VIX, a measure of equity market volatility, spiked sharply to a level not seen since 2015.



GOVERNANCE



GOVERNANCE

Reference and administrative details of the AAT Group

The full name of the parent charity is 'The Association of Accounting Technicians', referred to throughout this report as AAT. AAT is registered as a company limited by guarantee with Companies House in England and Wales (no. 1518983), and registered as a charity with the Charity Commission for England and Wales (no. 1050724).

AAT's trading subsidiary, 'Accounting Technicians (Services) Limited' (ATSL) is a private limited company registered with Companies House in England and Wales (no. 03116873).

There are currently three Directors of ATSL: two appointments from among the Directors of AAT, and the Chief Executive of AAT.

ATSL has also formed a wholly owned subsidiary 'Accounting Technicians Enterprises Ltd' (ATEL), a private limited company registered with Companies House in England and Wales (no. 11272946). The directors of the company are the same as those of ATSL.

The registered office for AAT, ATSL and ATEL is 140 Aldersgate Street, London EC1A 4HY.

The AAT Group included a 50:50 share in AAT South Africa NPC (AAT(SA)), a joint venture with the South African Institute of Chartered Accountants (SAICA). AAT(SA); a non-profit company incorporated under the Companies Act No. 71 of 2008 (no. 2008/023530/08) until 16 May 2017 when proceedings to unwind the joint venture were completed. An operational agreement remains in place.

During this time the Board of AAT(SA) was formed of staff from both AAT and SAICA and two independent non-executive directors.

A new subsidiary company and office of AAT has been formed in Botswana in order to meet new regulatory requirements imposed by the Botswana Qualifications Authority. AAT Botswana (Proprietary) Limited is registered in Botswana (no. CO2017/23770). There are three Directors: two appointments from AAT's Executive Team and, as is required, one director who is resident in Botswana.





“ The Trustees are responsible for ensuring the Group acts solely to further AAT’s

**CHARITABLE
OBJECTS**

”

Organisation and control

AAT’s governing body is its Council. All members of Council are both Trustees and non-executive Directors of AAT. Day to day management is delegated to AAT’s Chief Executive and other senior members of staff.

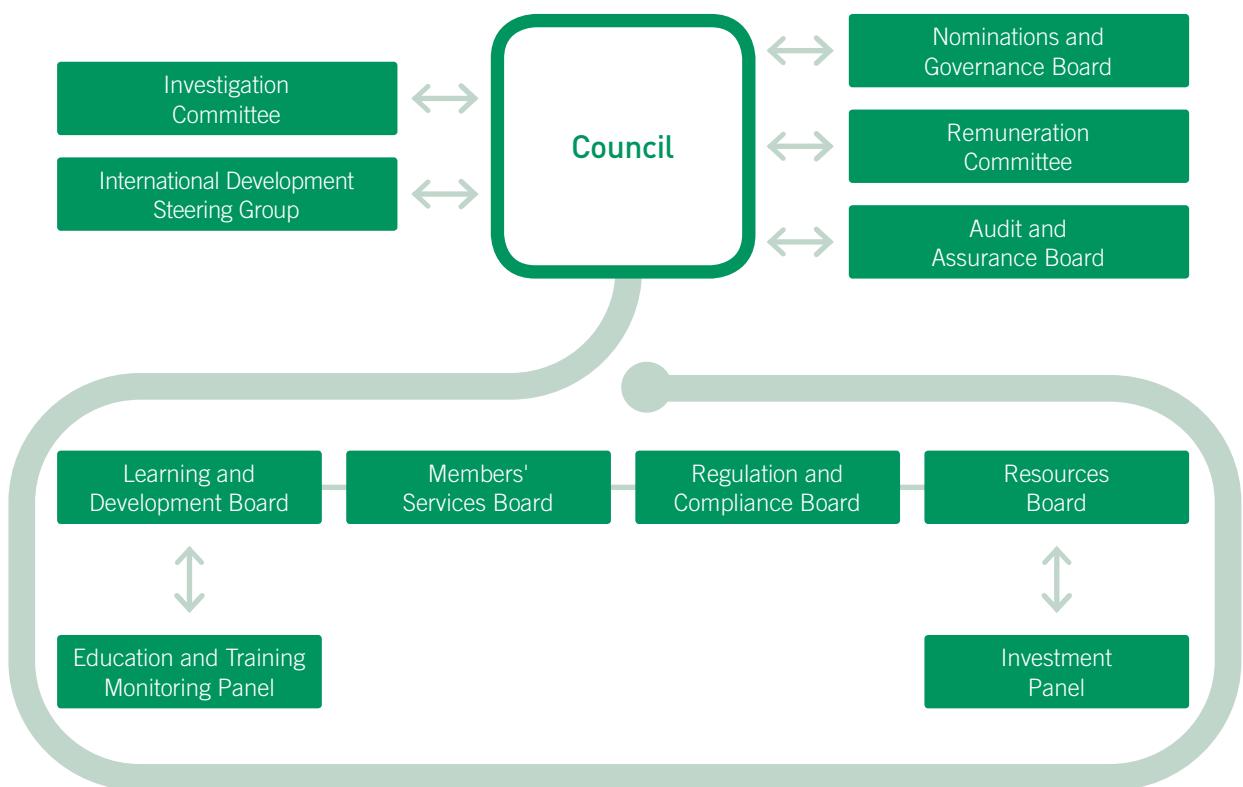
The Trustees are responsible for ensuring the Group acts solely to further AAT’s charitable objects. Please see page 97 for the names of the Trustees and Directors as well as the name of AAT’s Chief Executive and Executive Team.

Organisational structure of the AAT Group (how decisions are made)

Council is responsible for certain specific functions which it does not delegate. However, it also oversees a framework of delegation, with clear levels of authority, which enables other matters to be dealt with by relevant supporting boards and panels and the Executive. Under this structure the policy boards are accountable to Council and implement policy within a set framework. Council reviews the terms of reference of all boards and panels together with the scheme of delegation at least annually.

The four main policy boards are Learning and Development, Members' Services, Regulation and Compliance and Resources. Together with the Audit and Assurance Board and Nominations and Governance Board they form the core of AAT's decision-making process, enabling Council to govern effectively.

Relationship of the boards and panels to Council



Following a comprehensive review of AAT's governance in 2016, approval of significant changes was received at the AGM in May 2017, with members adopting new Articles of Association. There were three key elements to the review resulting in:

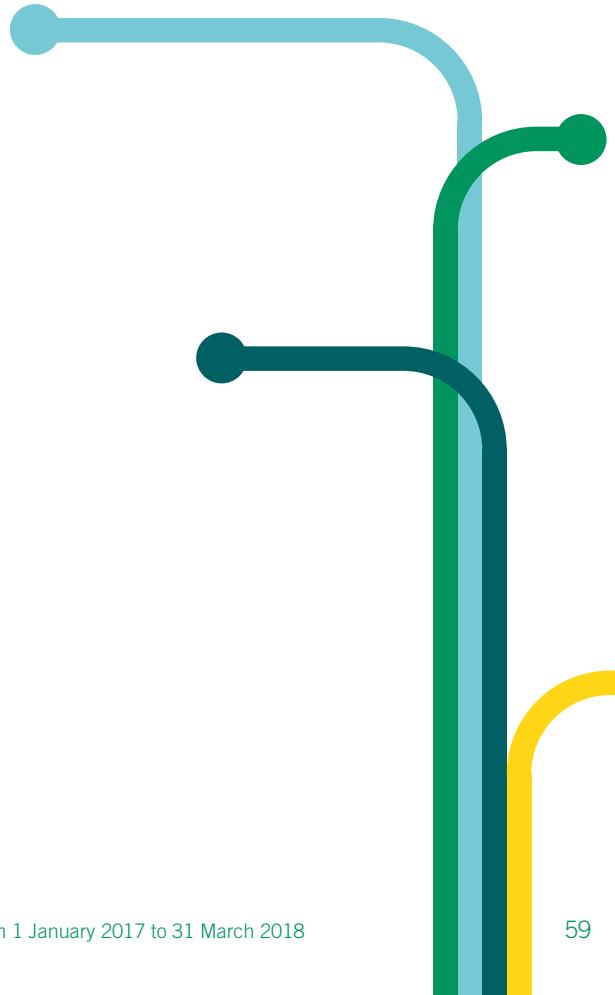
- A change of relationship with the sponsoring bodies recognising that the basis on which these relationships had been founded was much less relevant now than when originally established. The changes were considered in collaboration with the sponsoring bodies and acknowledged the increased competitive nature across the sector and substantive change within the profession. From the close of the AGM, sponsoring body status and representation on AAT's Council was withdrawn.
- A change to the financial year-end from 31 December to 31 March.
- New governance arrangements, which will largely take effect from September 2018. This will include a new governance structure to support the delivery of short and longer term business objectives and provide for greater agility and responsiveness. AAT Council will be smaller in number but will comprise of both elected and independent members, broadening the mix of skills and experience and providing the basis for greater diversity. Council will be supported by a Management Board, Audit, Nominations and Governance and Remuneration Boards and an Independent Regulatory function. There will also be greater opportunity for AAT members to become involved including the introduction of a Members' Assembly.

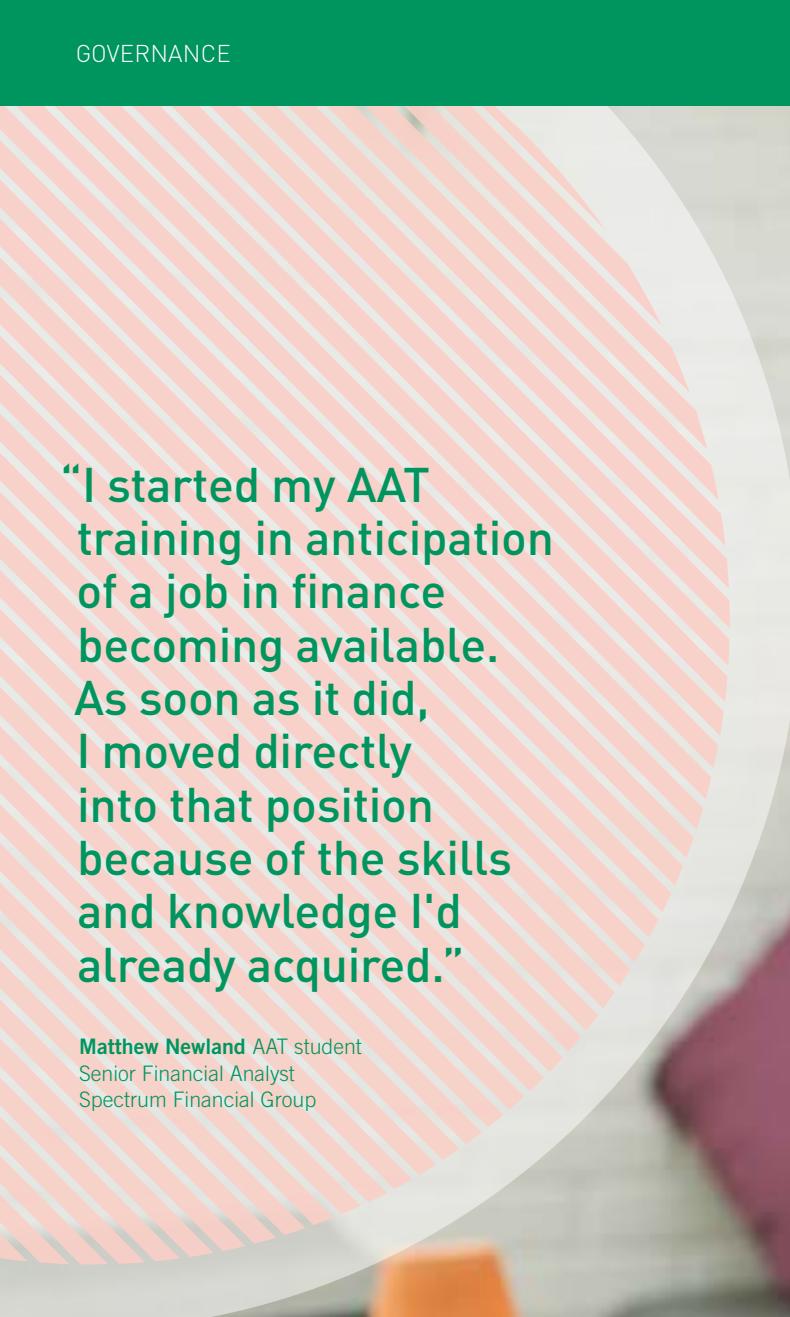
All decisions taken by the Board of ATSL, AAT's trading subsidiary, are in line with the parent charity's objects, and any conflicts of interest are managed and addressed within the Group's best interest.

Governance and internal control

AAT continues to pursue high standards of governance, based on the Charity Governance Code for larger charities and the UK Corporate Governance Code. Where applicable, this guidance is taken into account in managing the affairs of AAT.

As an important component of good governance, AAT has in place a Code of Conduct for Council members, which Trustees are required to sign up to on appointment. In addition, AAT holds a register of all Council members' interests to ensure clarity and openness, and to uphold the integrity of AAT.





“I started my AAT training in anticipation of a job in finance becoming available. As soon as it did, I moved directly into that position because of the skills and knowledge I’d already acquired.”

Matthew Newland AAT student
Senior Financial Analyst
Spectrum Financial Group



Audit and Assurance Board, and Internal Audit

AAT's Audit and Assurance Board acts independently of the policy boards and reports directly to Council. The Board's terms of reference are based on guidance issued by the Financial Reporting Council, and an independent member serves on the Board.

The Audit and Assurance Board's responsibilities include internal control and risk assessment, as well as reviewing (and challenging, where necessary) the annual report and financial statements of AAT and its subsidiaries. This is done with particular focus on compliance with accounting policies and relevant standards, clarity of disclosures and adjustments resulting from the audit. The Board's activities involve dealing directly, on Council's behalf, with the external auditors regarding conduct of the audit.

Key focus areas for the Board during 2017 were the ongoing development of AAT's risk management process and review of risk appetite, championing and contributing to a review of AAT's reserves policy and surplus level, internal audit and dealing with the impact and implications of AAT's governance changes in relation to the Board's activities.

At the AGM in May 2017, Members approved the appointment of new auditors RSM UK Audit LLP, following a tender exercise undertaken by the Board the previous year.

AAT's Internal Audit function is provided by an external resource, Moore Stephens LLP, which acts independently of the external auditors. This function undertakes a programme of internal control reviews and reports to the Audit and Assurance Board on the effectiveness of these controls and associated risk management on a regular basis.

The consideration of risk is embedded within our business planning process, and the Audit and Assurance Board reports to Council at each of its meetings on AAT's key strategic risks.

Effectiveness

Recruitment and appointment of new Trustees

Following the adoption of new Articles of Association in May 2017, which provided for a transitional period through to September 2018 when new governance arrangements will take effect, Council has comprised of 15 elected members, 7 independent members (formerly nominated by the sponsoring bodies) and 4 ex-officio members – the President, Vice President and the two most recent Past Presidents. The Vice President of AAT is elected by members of Council in line with a formal process approved in 2007.

Commitment

AAT Trustees commit to serving as a member of Council and a member of at least one other board or panel. The Council year begins at the AGM in May (from 2018 this will change to September) and members meet four times a year. Boards and panels typically have three meeting cycles. Trustees are expected to attend all meetings, and the Articles of Association require that at least 50% of Council meetings are attended.

Members of Council play an important role in representing AAT to the public and, as such, are encouraged to attend a variety of events in their ambassadorial role.

Members can serve on Council for a total of nine years before they are required to take a break.

Development

We have a framework in place for Council members' induction, learning and development. This provides all members with the opportunity to develop their skills and knowledge, and help them contribute effectively to the work of AAT. An annual learning and development day helps to facilitate continued learning and specialist training sessions for boards and panels are also held throughout the year.

AAT Council strategy day

In July, Council members gathered in Eastbourne for an annual strategy day. The informal forum incorporated activity-based working and open discussion of key strategic issues: digital transformation, risk and risk appetite, responsible business, equality, diversity and inclusivity and widening relationships.

Information and support

Under the leadership of the Chief Executive, members of the Executive provide help, advice and support to the Council and its boards and panels.

Diversity

For the Council year 2017–18, Council comprised of 26 Trustees, 13 (50%) of whom were male and 13 (50%) female. Of the total full and fellow membership 37% are male and 63% female.

Other matters

Details of AAT's advisers

The names and addresses of the third parties who were the main advisers to the AAT Group during 2017–2018 are as follows:

Bankers

Lloyds Banking Group, Thavies Inn House, 6 Holborn Circus, London EC1N 2HP

Aberdeen Asset Investments Limited, 5th Floor, Edinburgh One, Morrison Street, Edinburgh EH3 8BE

Solicitors

Edwin Coe LLP, 2 Stone Buildings, Lincoln's Inn, London WC2A 3TH

Auditors

Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP (to 19 May 2017)

RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB (from 19 May 2017)

Investment managers

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

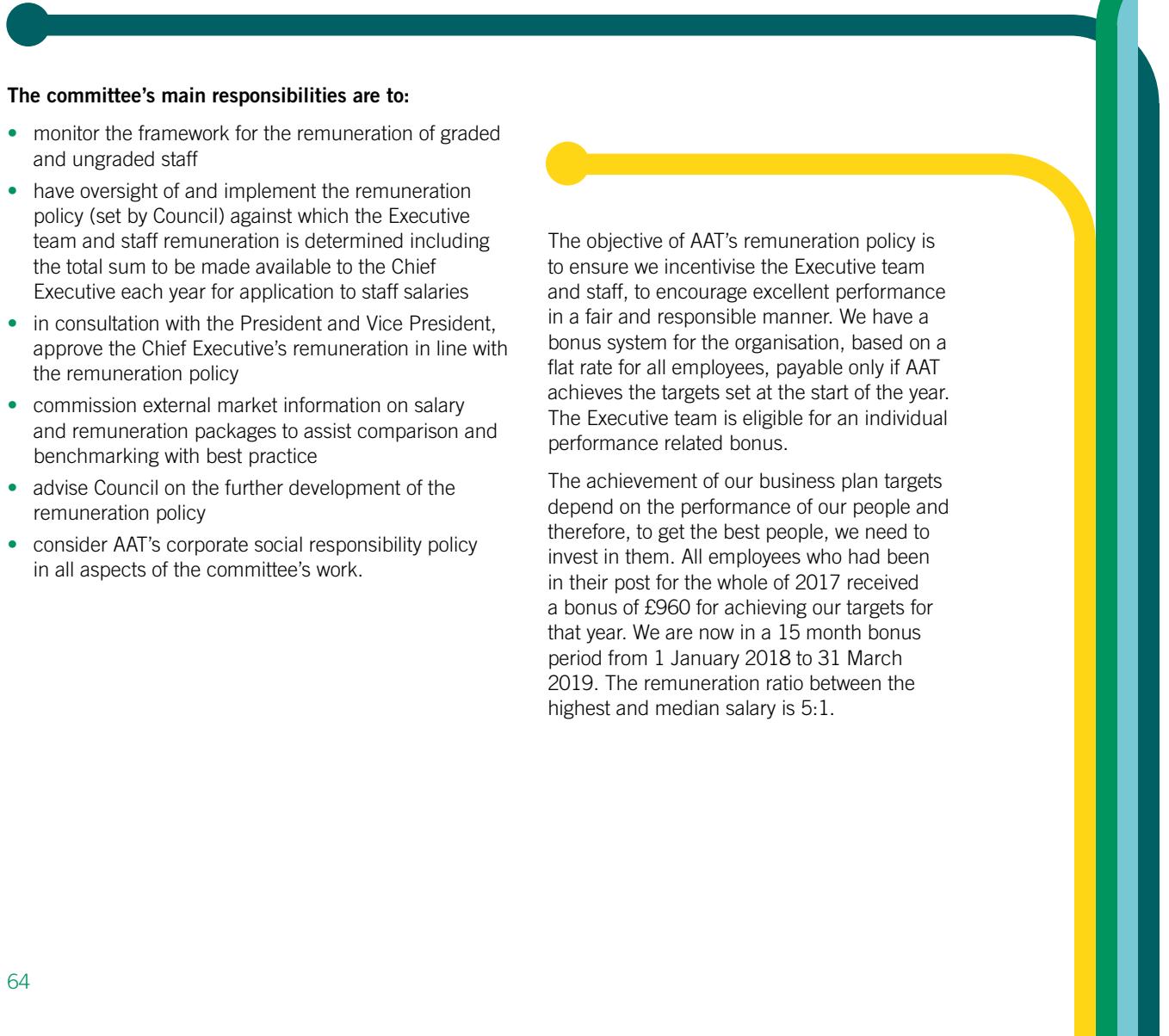
ANNUAL REMUNERATION STATEMENT

AAT provides fair pay and benefits for employees, which ensures that we attract and retain the right skills to achieve our charitable objectives.

Our remuneration committee meets at least twice a year, comprising the AAT President and Vice President, along with the Chair and Vice Chair of the Resources Board. The committee also has a pay and reward specialist as an independent adviser.

The committee's main responsibilities are to:

- monitor the framework for the remuneration of graded and ungraded staff
- have oversight of and implement the remuneration policy (set by Council) against which the Executive team and staff remuneration is determined including the total sum to be made available to the Chief Executive each year for application to staff salaries
- in consultation with the President and Vice President, approve the Chief Executive's remuneration in line with the remuneration policy
- commission external market information on salary and remuneration packages to assist comparison and benchmarking with best practice
- advise Council on the further development of the remuneration policy
- consider AAT's corporate social responsibility policy in all aspects of the committee's work.



The objective of AAT's remuneration policy is to ensure we incentivise the Executive team and staff, to encourage excellent performance in a fair and responsible manner. We have a bonus system for the organisation, based on a flat rate for all employees, payable only if AAT achieves the targets set at the start of the year. The Executive team is eligible for an individual performance related bonus.

The achievement of our business plan targets depend on the performance of our people and therefore, to get the best people, we need to invest in them. All employees who had been in their post for the whole of 2017 received a bonus of £960 for achieving our targets for that year. We are now in a 15 month bonus period from 1 January 2018 to 31 March 2019. The remuneration ratio between the highest and median salary is 5:1.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of The Association of Accounting Technicians for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards 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 charitable Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees confirm that in approving the Trustees' Report they are also confirming the Strategic Report in their capacity as Directors of the charitable company.

By order of the Council



John Thornton
Director and Trustee
Chairman, Resources Board
London
5 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ASSOCIATION OF ACCOUNTING TECHNICIANS

Opinion

We have audited the financial statements of the Association of Accounting Technicians (the 'parent charitable company') and its subsidiaries (the 'Group') for the period ended 31 March 2018 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice 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 group and parent charitable 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 Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable 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 Trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

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 Trustees' Report and the incorporated Strategic Report prepared for the purpose of company law for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 65, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the group's and parent charitable 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 Trustees either intend to liquidate the group or parent charitable 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 provided on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP

Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

5 July 2018

FINANCIAL STATEMENTS



STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE 15 MONTHS ENDED 31 MARCH 2018

Income and expenditure account	Notes	15 mths to 31 Mar 2018	Total funds £'000	Restated 12 mths to 31 Dec 2016	Total funds £'000
Income from:					
Charitable activities – subscriptions and fees	3	20,024	15,602		
Charitable activities – assessments		15,118	11,653		
Events		463	450		
Other		602	532		
Other trading activities	22(i)	639	605		
Investments	2	246	207		
Gain on sale of joint venture undertaking	23	107	-		
Total income		37,199	29,049		
Expenditure on:					
Raising funds					
Pension scheme finance costs	7	(118)	(94)		
Investment management costs		(255)	(192)		
Trading activities expenses	22(i)	(627)	(605)		
Charitable activities					
Growing membership and other customer relationships	4	(16,523)	(12,032)		
Developing accountancy skills	4	(10,506)	(8,252)		
Enhancing standards of and commitment to professionalism	4	(6,935)	(5,840)		
Broadening our influence	4	(2,045)	(1,580)		
Total expenditure		(37,009)	(28,595)		
Net (losses)/gains on investments	12(iii)	(223)	1,720		
Net (expenditure)/income		(33)	2,174		
Net movement in interest in joint venture undertaking	23	-	(65)		
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	7	(7)	(1,896)		
Net movement in funds, including pension reserve		(40)	213		
Total funds brought forward		12,646	12,433		
Total funds carried forward at end of period, including pension reserve	19	12,606	12,646		

All income is unrestricted.

Trading income and expense amounts shown here do not correspond to the 2016 financial statements due to recognising commission payable to ATSL's sales agent in cost of sales rather than as a deduction to turnover.

The notes on pages 73 to 96 form part of these financial statements.

BALANCE SHEETS AS AT 31 MARCH 2018

	Notes	AAT		Group	
		31 Mar 2018 £'000	Restated 31 Dec 2016 £'000	31 Mar 2018 £'000	Restated 31 Dec 2016 £'000
Fixed assets					
Intangible assets	10	583	1,006	583	1,006
Tangible assets	11	804	1,211	804	1,211
Investments	12	19,657	19,904	19,457	19,704
Total fixed assets		21,044	22,121	20,844	21,921
Current assets					
Debtors	13	2,949	2,968	3,207	2,885
Cash and cash equivalents	14	4,936	3,044	4,985	3,384
Total current assets		7,885	6,012	8,192	6,269
Liabilities:					
Creditors: amounts falling due within one year	15	(12,376)	(10,995)	(12,471)	(11,052)
Net current liabilities		(4,491)	(4,983)	(4,279)	(4,783)
Total assets less current liabilities		16,553	17,138	16,565	17,138
Creditors: amounts falling due after more than one year	17	(669)	(927)	(669)	(927)
Total net assets before deducting pension liability		15,884	16,211	15,896	16,211
Defined benefit pension scheme liability	7	(3,290)	(3,565)	(3,290)	(3,565)
Total net assets after deducting pension liability		12,594	12,646	12,606	12,646
Represented by:					
Unrestricted income funds					
General reserves		15,884	16,211	15,896	16,211
Pension reserve	7	(3,290)	(3,565)	(3,290)	(3,565)
Total unrestricted income funds	19	12,594	12,646	12,606	12,646

All funds are unrestricted.

The notes on pages 73 to 96 form part of these financial statements.

As permitted by S408 of the Companies Act 2006 the Charity has not presented its own Income and Expenditure and related notes. Included in the Consolidated Income and Expenditure is Charity only net expenditure of £45,000 (31 December 2016: net income of £2,174,000).

Approved by the Council on 5 July 2018 and signed on its behalf by:

Nicky Fisher
President and Trustee

John Thornton
Chairman, Resources Board and Trustee

Company number 1518983

GROUP STATEMENT OF CASH FLOWS FOR THE 15 MONTHS ENDED 31 MARCH 2018

	Notes	15 mths to 31 Mar 2018 Total funds £'000	Restated 12 mths to 31 Dec 2016 Total funds £'000
Cash flows from operating activities		1,231	1,030
Net cash provided by operating activities			
Cash flows from investing activities:	2	246	207
Dividend and interest income	2	246	207
Purchase of intangible fixed assets	10	(3)	(54)
Purchase of tangible fixed assets	11	(4)	(1,254)
Proceeds from sale of fixed asset investments		8,906	8,950
Purchase of fixed asset investments		(8,882)	(9,951)
Proceeds from sale of joint venture undertaking	23	107	-
Net cash provided by investing activities		370	(2,102)
Changes in cash and cash equivalents in the period	21	1,601	(1,072)
Cash and cash equivalents at the beginning of the period	21	3,384	4,456
Cash and cash equivalents at the end of the period	21	4,985	3,384
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period as per the statement of financial activities		(33)	2,174
Proceeds from sale of joint venture undertaking	23	(107)	-
Amortisation of intangible fixed assets	10	426	385
Depreciation of tangible fixed assets	11	406	342
(Losses)/gains on investments	12	223	(1,720)
Interest income	2	(246)	(207)
Loss on disposal of fixed assets		5	25
Decrease in stocks of goods for resale		-	2
(Increase)/decrease in debtors	13	(322)	189
Increase in creditors	20	1,161	946
Pensions reserve funding deficit movements	20	(282)	(1,106)
Net cash provided by operating activities		1,231	1,030

The notes on pages 73 to 96 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice ("the Charities SORP") applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for investments which are stated at market value as stated in the accounting policy below. The financial statements are prepared in pounds sterling, which is the functional currency of the Group, and rounded to the nearest thousand pounds.

At its meeting in November 2016, the Trustees decided to change the year-end of AAT from December to March with effect from March 2018. The change in year-end reflected the need to make improvements to estimates used in business planning by allowing forecast judgments to be made after the marked seasonal spikes in activity in the Autumn, notably driven by the start of the educational year in schools and colleges. These financial statements are therefore for the 15 months to March 2018, and as such are not entirely comparable with the comparatives for the 12 months to December 2016.

AAT meets the definition of a public benefit entity under FRS 102.

Going concern

After discussions with key management personnel, the Trustees have a reasonable expectation that the Group has adequate resources to continue its activities for the foreseeable future. The Group's three year business plan shows that it will have adequate reserves and will be able to meet its liabilities. Accordingly, since there are no material uncertainties, the Trustees continue to adopt the going concern basis in preparing the financial statements as outlined in the Trustees' Responsibilities Statement.

Consolidation of financial statements of AAT's subsidiaries

The consolidated financial statements consist of the financial statements of AAT and its active subsidiary. No separate statement of financial activities has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006. The total turnover of the Charity for the 15 months to 31 March 2018 is £36,560,000 (12 months to 31 December 2016: £28,444,000). The net result of the Charity before taking into account the actuarial losses on the defined benefit pension scheme is a net deficit of £45,000 (12 months to 31 December 2016: net surplus of £2,174,000).

AAT owns the whole of the share capital of Accounting Technicians (Services) Limited. The consolidated financial statements have been prepared on a line by line basis with the results and net assets position at the balance sheet date set out in notes 22(i). During the 15 months to March 2018 AAT created two new wholly owned subsidiaries: AAT Botswana (Proprietary) Limited and Accounting Technicians Enterprises Limited. The latter is owned indirectly through Accounting Technicians (Services) Limited and both companies did not trade during the period. The other subsidiary undertaking, Accounting Technician (Publications) Limited was dormant throughout the current period and previous years.

The Trustees have taken advantage of the exemption in FRS 102.1.11 to not disclose the statement of cash flows for the Charity.

Branches are not consolidated as their results are not material to the Group.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the Trustees in the furtherance of the general objectives of AAT.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Recognition of income

Income is recognised when the Group has entitlement to the funds and it is probable that the income will be received and the amount can be measured reliably against an invoice, contract or agreement.

Income attributable to the financial period is recognised as follows:

- student, full and fellow members' subscriptions are accounted for in the period to which they relate
- student, full and fellow members' registration fees are accounted for at the time of registration
- assessment fees are accounted for when the assessments are contractually committed to by the student
- investment income is accounted for over the period in which it is earned
- other revenue streams are accounted for as earned or as the services are performed.

Deferred income

Student, full and fellow member subscriptions are payable in respect of a rolling 12 month period and are credited to income over the period to which they relate. The balance of this income that falls into the following period at the period end is shown as deferred income (see note 16). No obligation exists to repay this or any part of it to student, full or fellow members.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. A further analysis of this expenditure is given in notes 4 and 5.

Support costs are those costs incurred directly in support of the objects of the Group.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads and other overheads have been allocated on the basis of headcount.

Governance costs are those incurred in relation to the running of the Group and include strategic planning and attending to the constitutional and statutory affairs of the Group.

Pensions accounting policy

The Group has both defined benefit and defined contribution pension schemes. Normal contributions to the final salary pension scheme ceased during 2010.

The pension asset or liability recognised in the balance sheet represents the fair value of the scheme's assets less the present value of the defined benefit obligation, as calculated by the AAT company's actuaries under FRS 102. Scheme assets are measured at fair values at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method which requires various actuarial assumptions to be made, including discount rates, mortality rates, retail price inflation and consumer price inflation. The present value of the defined benefit obligation is determined by discounting future payments using interest rates equivalent to market yields on high quality corporate bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of financial activities as they arise. Pension scheme finance costs/income is calculated by applying the discount rate to the net balance of the defined benefit scheme obligation and the fair value of plan assets. The difference between interest income and interest cost on the defined benefit obligation is recognised immediately in the statement of financial activities.

Contributions to our Group personal pension scheme are charged to income and expenditure according to the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Capitalisation and impairment of fixed assets

All single purchases of less than £10,000 (incl. VAT) are written off in the year of purchase unless forming part of a more comprehensive scheme where the total is £10,000 (incl. VAT) or more. The impairment of fixed assets is reviewed annually and provisions made where necessary.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the cost less any residual value over the expected useful lives, using the straight line method.

Expenditure, other than own staff costs, incurred by AAT relating to the development and implementation of online services, including e-learning, e-assessment and the development of AAT's website, which is deemed to have a future economic benefit of more than a year is capitalised at cost. The amortisation of such expenditure is charged on a straight line basis over the estimated useful life of the asset up to a maximum of three years and is apportioned across all four charitable activities in the income and expenditure account. The rates applicable are:

Category	Rates applied
Online services	33.3% – 50.0%
Membership and finance computer software	12.5% – 33.3%

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less any residual value over the expected useful lives (or the remaining period of the lease for leasehold improvements), using the straight line method.

The rates applicable are:

Category	Rates applied
Plant and equipment	10.0% – 25.0%
Leasehold improvements	Over the life of the lease
Computer hardware	20.0% – 50.0%

Leases

Rentals payable under operating leases are charged to income and expenditure on a straight line basis over the lease term.

AAT fully provides for dilapidation costs relating to its leases on 140 Aldersgate Street over the full term of the leases and these were estimated at £269,000 as at 31 March 2018 (31 December 2016: £216,000); see note 15. More detail is provided under significant accounting estimates and judgements.

Lease incentives

The rent free period incentives on the lease for the basement, ground and first floors and on the lease for the fourth floor have been spread over the term of the lease on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The company only has financial assets and financial liabilities that qualify as basic financial instruments.

Investments

Investments listed on a recognised stock exchange, including investment and unit trusts, are stated at fair value using the closing quoted market rate at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the period. It is AAT's policy to keep valuations up to date such that when investments are sold there is no realised gain or loss arising. As a result, the statement of financial activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the investment portfolio throughout the period.

In the company's financial statements, investments in subsidiary undertakings are stated at fair value (for which the Trustees believe that the value of the balance sheet of the subsidiary is the most appropriate method of valuation).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand and short-term deposits with a maturity of less than 3 months with banks and similar institutions, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Trade and other debtors

Trade debtors are stated at original invoice value less provision for doubtful debts. Bad debts are written off when identified. Other debtors, which includes accrued income, is stated at fair value.

Trade and other creditors

Trade and other creditors are recognised at amortised cost.

Significant accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Pensions

In determining the pension cost and the obligation of the defined benefit pension scheme, a number of key assumptions are used, including life expectancy, the discount rate, price inflation and the expected return on the schemes' investments. Management has chosen assumptions about these factors based on historical experience and current trends, as disclosed in note 7.

Membership lapsing provisions

In reporting membership subscription income for any period, a lapsing provision is recognised to account for those students, affiliates or members who are expected to have their membership ended, if they have not renewed or settled their subscriptions by a specified date. At the end of any accounting period, some members may not have renewed their subscriptions and if they still have not renewed their subscriptions after a specified date, they will be lapsed on the systems but this usually happens a few months after the renewal date. To ensure that the lapsing provision is matched to the subscription income that it relates to, the provision needs to be accounted for in the same period that the subscriptions were to be renewed. The membership subscription income is therefore adjusted downwards by the lapse provision. The provision is based on the number of students, affiliates or members who are expected to lapse by the end of a particular period and which is based on a combination of historical trends and member behaviours at that time.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Dilapidation provision

In estimating the dilapidation costs relating to the leases on 140 Aldersgate Street, a provision is calculated in accordance with the amount per square foot stipulated in the heads of terms for the basement, ground and first floors. This is applied from the start of the lease and increased by RPI each year. This method is also used to estimate the dilapidation provision for the fourth floor. This provision has not been discounted since it is immaterial.

2. INVESTMENT INCOME

	Group	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Interest receivable	15	25	
Dividends receivable from investments	231	182	
Total	246	207	

3. SUBSCRIPTIONS AND FEES

	Group	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Full members' subscriptions and fees	9,104	6,954	
Student and affiliate members' fees	10,920	8,648	
Total	20,024	15,602	

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct staff costs £'000	Other direct costs £'000	Support and governance costs £'000	Group	
				15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Growing membership and other customer relationships	5,094	3,955	7,474	16,523	12,032
Developing accountancy skills	2,710	3,730	4,066	10,506	8,252
Enhancing standards of and commitment to professionalism	1,595	2,756	2,584	6,935	5,840
Broadening our influence	516	851	678	2,045	1,580
Total	9,915	11,292	14,802	36,009	27,704

NOTES TO THE FINANCIAL STATEMENTS

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Growing membership and other customer relationships £'000	Developing accountancy skills £'000	Enhancing standards of and commitment to professionalism £'000	Broadening our influence £'000	Group	
					Total 15 mths to 31 Mar 2018 £'000	Total 12 mths to 31 Dec 2016 £'000
ICT	2,691	1,465	930	244	5,330	3,931
Human Resources	412	224	142	38	816	554
Finance	687	374	238	62	1,361	1,132
Procurement and facilities	1,661	903	574	151	3,289	2,387
Programme Management Office and Corporate Development	1,136	618	393	103	2,250	923
Governance	362	197	125	33	717	648
Chief Executive's Office	190	103	66	17	376	346
AAT Central	335	182	116	30	663	346
Total	7,474	4,066	2,584	678	14,802	10,267

In the table above, the basis of apportionment of the costs across the charitable activities has been headcount numbers.

Governance costs for the 15 months to 31 March 2018 comprise of staff costs of £340,000, audit fees of £41,000, legal and other professional fees of £117,000 and costs of trustee and other business meetings of £219,000.

6. EMPLOYEES

Staff costs	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Salaries and wages	13,083	9,871
Employer's social security costs	1,397	1,069
Employer's pension costs – Group personal pension scheme	842	625
Holiday pay accrual	114	–
	15,456	11,565
Staff recruitment and training	558	545
Total	15,994	12,110

Redundancy payments of £9,000 (12 months to 31 December 2016: £17,000) and ex-gratia payments of £17,000 (12 month to 31 December 2016: £42,000) were made during the period. All payments in both the current and prior period were made as compensation for loss of office. Such payments are recognised in the period they arise.

NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEES (CONTINUED)

Employee numbers

The average number of staff employed by AAT throughout the period was 256 (12 months to 31 December 2016: 249). All employees work in administration roles.

Emoluments of senior staff

The number of employees whose total emoluments amounted to £60,000 or above for the period is as follows:

	15 mths to 31 Mar 2018 No.	12 mths to 31 Dec 2016 No.
£60,001 – £70,000	24	9
£70,001 – £80,000	15	5
£80,001 – £90,000	8	1
£90,001 – £100,000	6	1
£100,001 – £110,000	2	–
£110,001 – £120,000	–	4
£120,001 – £130,000	2	–
£140,001 – £150,000	3	–
£150,001 – £160,000	1	–
£170,001 – £180,000	–	1
£230,001 – £240,000	1	–

The details of employees whose emoluments amounted to £60,000 or above for the period is as follows:

	Employees (excluding Chief Executive)		Chief Executive	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Salary	4,821	1,551	224	172
Bonus	149	36	10	5
Private medical insurance	12	9	2	2
Total	4,982	1,596	236	179

The ratio of the Chief Executive's emoluments to the lowest paid employee is 8 (12 months to 31 December 2016: 8) and the ratio to the median paid employee is 5 (12 months to 31 December 2016: 5).

NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEES (CONTINUED)

The key management personnel of AAT comprise the Trustees and the eight members of the Executive Team as listed on page 97 (31 December 2016: eight members). No remuneration is paid to the Trustees. The total remuneration of the Senior Management Team, defined as the Executive Team, is as follows:

	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Salary	1,103	853
Bonus	64	31
Employer's social security costs	149	107
Employer's pension costs	112	86
Private medical insurance	14	11
Total	1,442	1,088

The emoluments of senior staff for the 15 months to 31 March 2018 contain two bonus amounts: for the 12 months to 31 December 2016 paid in March 2017 and for the 12 months to 31 December 2017 paid in March 2018. All members of Executive are members of the Group personal pension scheme. Three of the eight members of Executive have retained retirement benefits under the defined benefit pension scheme.

7. PENSION ARRANGEMENTS (AAT AND GROUP)

Movement in deficit during the period

	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Deficit in scheme at beginning of the period	(3,565)	(2,775)
Movement in period:		
Employer contributions	411	1,200
Expense recognised in the income and expenditure account	(129)	(94)
Actuarial loss	(7)	(1,896)
Deficit in scheme at the end of the period	(3,290)	(3,565)

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION ARRANGEMENTS (AAT AND GROUP) (CONTINUED)

AAT operates both a closed final salary pension scheme and an ongoing Group personal pension scheme in order to provide retirement benefits to its staff. The final salary pension scheme was closed to new members in June 2002 and closed to future accrual with effect from 1 May 2010. AAT offers ethical fund options for staff if they wish under the Group personal pension plan.

The Group personal pension scheme involves no commitment by AAT other than that of paying an agreed level of normal contributions, currently set at a minimum of 2% and maximum of 10.15% of basic salary (the employee rate is a minimum of 1% of basic annual salary). Contributions during the 15 months to 31 March 2018 were £822,000 (12 months to 31 December 2016: £618,000).

The administration of the final salary scheme is the responsibility of the Trustees of the scheme, and its assets are held separately from those of the AAT and managed professionally. Contributions to the final salary scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age valuation method to determine contributions to the scheme.

The main financial assumptions used at the past two balance sheet dates were as follows:

	15 mths to 31 Mar 2018	12 mths to 31 Dec 2016
Discount rate	2.7%	2.9%
Retail price inflation	3.5%	3.6%
Consumer price inflation	2.5%	2.6%
Increases to pensions in payment		
• Total pensions accrued prior to 6 April 1997	3.0%	3.0%
• Total pensions accrued between 6 April 1997 and 31 January 2007	3.8%	3.8%
• Total pensions earned from 1 February 2007	2.1%	2.1%
Pre-retirement increases for deferred pensions	2.5%	2.6%
Commutation allowance	12.5%	12.5%

The mortality assumption used is in line with the following tables: mortality before and after retirement: S2PA mortality tables projected by year of birth.

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION ARRANGEMENTS (AAT AND GROUP) (CONTINUED)

The scheme's assets and liabilities were as follows:

	Value at 31/3/18 £'000	Percentage of total assets	Value at 31/12/16 £'000	Percentage of total assets
Fair value of the scheme's assets:				
• Equities	4,980	24.0%	10,067	52.6%
• Alternatives	3,025	14.6%	2,633	13.8%
• Bonds	6,074	29.2%	5,498	28.7%
• Liability driven investments	6,665	32.0%	-	0.0%
• Other assets	35	0.2%	937	4.9%
	20,779		19,135	
Present value of the scheme's liabilities	(24,069)		(22,700)	
Deficit at end of period	(3,290)		(3,565)	

Reconciliation of fair value assets over the period

	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Fair value of plan assets at the start of the period	19,135	14,727
Interest income on plan assets	695	566
Return on plan assets excluding interest income gain/(loss)	1,107	2,891
Employer contributions	411	1,200
Benefits paid	(569)	(249)
Fair value of plan assets at end of the period	20,779	19,135

Reconciliation of defined benefit obligation over the period

	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Defined benefit obligation at the start of the period	22,700	17,502
Interest cost on the defined benefit obligation	813	660
Losses/(gains) from the effect of experience adjustments	235	(44)
Losses from the effect of changes in assumptions	879	4,831
Benefits paid	(569)	(249)
Past service cost	11	-
Defined benefit obligation at end of the period	24,069	22,700

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION ARRANGEMENTS (AAT AND GROUP) (CONTINUED)

Analysis of pension income/(expense) recognised as part of income and expenditure

	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Interest income on plan assets	695	566
Interest cost on defined benefit obligation	(813)	(660)
Net pension scheme finance costs on face of income and expenditure account	(118)	(94)
Past service cost	(11)	–
Total pension expense	(129)	(94)

Analysis of amount of actuarial losses to be recognised after net income/(expenditure)

	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Return on plan assets excluding interest income gain/(loss)	1,107	2,891
(Losses)/gains from the effect of experience adjustments	(235)	44
Losses from the effect of changes in assumptions	(879)	(4,831)
Actuarial losses	(7)	(1,896)

Return on plan assets

	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Interest income on plan assets	695	566
Return on plan assets excluding interest income gain	1,107	2,891
Return on plan assets	1,802	3,457

NOTES TO THE FINANCIAL STATEMENTS

8. COUNCIL AND BOARD EXPENSES

	AAT and Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Total Council and Board expenses incurred in respect of travel, accommodation and subsistence	174	155

Included in the above are £43,000 (12 months to 31 December 2016: £41,000) of expenses reimbursed to 31 (12 months to December 2016: 36) Trustees in respect of travel, accommodation and subsistence.

No payments are made to members of the Council for their services as Charity Trustees or Directors other than the reimbursement of expenses incurred in providing such services. None of the Trustees held any beneficial interest in the share capital of any of our subsidiary companies.

9. NET (EXPENDITURE)/INCOME FOR THE PERIOD IS STATED AFTER CHARGING:

	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Net incoming resources are stated after charging:		
Operating lease expense	1,565	1,222
Amortisation charges	426	385
Depreciation charges	406	342
Loss on disposal of fixed assets	5	25
Audit fee – Charity	41	46
Audit fee – Subsidiary	4	2
Non-audit fees	–	5
Legal and professional fees of solicitors, consultants and other advisors	3,073	1,833

The non-audit services related to vat and employment tax advice.

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE FIXED ASSETS

	Online services £'000	AAT and Group Membership and finance computer software £'000	Total £'000
Cost			
At 1 January 2017	2,098	1,543	3,641
Additions	–	3	3
Disposals	–	–	–
At 31 March 2018	2,098	1,546	3,644
Amortisation			
At 1 January 2017	(1,925)	(710)	(2,635)
Charge for the period	(173)	(253)	(426)
Released on disposal	–	–	–
At 31 March 2018	(2,098)	(963)	(3,061)
Net book value			
At 31 March 2018	–	583	583
At 31 December 2016	173	833	1,006

NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS

	AAT and Group			
	Leasehold improvements £'000	Plant and equipment £'000	Computer hardware £'000	Total £'000
Cost				
At 1 January 2017	1,191	699	690	2,580
Additions	4	–	–	4
Disposals	–	(22)	–	(22)
At 31 March 2018	1,195	677	690	2,562
Depreciation				
At 1 January 2017	(725)	(337)	(307)	(1,369)
Charge for the period	(106)	(90)	(210)	(406)
Released on disposal	–	17	–	17
At 31 March 2018	(831)	(410)	(517)	(1,758)
Net book value				
At 31 March 2018	364	267	173	804
At 31 December 2016	466	362	383	1,211

All tangible fixed assets are held for charitable use.

12. FIXED ASSET INVESTMENTS

(i) AAT held the following investments at the period end:

	AAT		Group	
	31 Mar 2018 £'000	31 Dec 2016 £'000	31 Mar 2018 £'000	31 Dec 2016 £'000
Investment portfolio (see note 12(iii))	19,457	19,704	19,457	19,704
Investment held in net assets of Accounting Technicians (Services) Limited (see note 22(i))	200	200	–	–
Total investments held	19,657	19,904	19,457	19,704

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSET INVESTMENTS (CONTINUED)

(ii) AAT has interests in the following subsidiary undertakings:

	Holding	Nature of business	Country of incorporation / registration and number
Accounting Technicians (Services) Limited (see note 22(i))	100% £1 ordinary shares	Private Limited Company	England and Wales 03116873
Accounting Technician (Publications) Limited (see note 22(ii))	100% £1 ordinary shares	Dormant	England and Wales 02063899
AAT Botswana (Proprietary) Limited (see note 22(iii))	100% 1 pula ordinary shares	Non-trading	Botswana CO2017/23770
Accounting Technicians Enterprises Limited (see note 22(iii))	100% indirectly through ATSL £1 ordinary shares	Non-trading	England and Wales 11272946

(iii) Investment portfolio

	AAT and Group	
	31 Mar 2018 £'000	31 Dec 2016 £'000
Investments on a recognised stock exchange	17,383	18,733
Cash	2,074	971
Total	19,457	19,704
	31 Mar 2018 £'000	31 Dec 2016 £'000
Investments on a recognised stock exchange are as follows:		
Valuation at 1 January	18,733	14,116
Add: Acquisitions at cost	9,136	10,120
Less: Disposals	(10,263)	(7,223)
Net (losses)/gains on revaluation	(223)	1,720
Fair value at end of period	17,383	18,733
	31 Mar 2018 £'000	31 Dec 2016 £'000
These investments are held in the following securities:		
UK equities	1,914	1,902
Overseas equities	6,707	6,582
Bonds	7,435	8,832
Other	1,327	1,417
Fair value at end of period	17,383	18,733

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSET INVESTMENTS (CONTINUED)

The historic cost of these investments is as follows:

	31 Mar 2018 £'000	31 Dec 2016 £'000
UK equities	1,760	1,655
Overseas equities	6,015	5,432
Bonds	6,477	7,346
Other	2,544	2,200
Historic cost at end of period	16,796	16,633

The investment portfolio included the following stocks which individually accounted for more than 5% of the total value at the balance sheet date.

	31 Mar 2018 £'000	31 Dec 2016 £'000
0.5% Treasury Index-Linked 22/03/2050	1,251	1,203
UK (Government) 0% T-Bill 16/04/18 GBP1	1,032	-
USA Treasury Notes 1.125% TIPS 15/01/21 USD	961	1,077
0.125% Treasury Index Linked 22/03/2024	-	1,011
1.875% Treasury Index-Linked 22/11/2022	-	974

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	AAT		Group	
	31 Mar 2018 £'000	31 Dec 2016 £'000	31 Mar 2018 £'000	31 Dec 2016 £'000
Trade debtors – see below	1,369	2,044	1,581	2,135
Other debtors	143	150	221	292
Prepayments	1,405	455	1,405	455
Amount due from subsidiary undertakings	32	316	-	-
Amount due from joint venture (see note 23)	-	3	-	3
Total	2,949	2,968	3,207	2,885

NOTES TO THE FINANCIAL STATEMENTS

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

Trade debtors

	AAT		Group	
	31 Mar 2018 £'000	31 Dec 2016 £'000	31 Mar 2018 £'000	31 Dec 2016 £'000
Organisations	1,697	1,715	1,909	1,806
Individuals – fees and subscriptions	950	1,710	950	1,710
Less: membership lapsing provision	(1,278)	(1,381)	(1,278)	(1,381)
Total	1,369	2,044	1,581	2,135

Total debtor amounts shown here do not correspond to the 2016 financial statements due to deducting the membership lapsing provision that was previously included in the deferred income creditor.

14. CASH AND CASH EQUIVALENTS

	AAT		Group	
	31 Mar 2018 £'000	31 Dec 2016 £'000	31 Mar 2018 £'000	31 Dec 2016 £'000
Cash at bank	1,119	1,717	1,156	2,046
Treasury Deposits	3,500	1,000	3,500	1,000
Aberdeen Asset Investments Limited	317	327	329	338
Total	4,936	3,044	4,985	3,384

The current asset investments with Aberdeen Asset Investments are cash amounts held on deposit in a sterling liquidity fund.

NOTES TO THE FINANCIAL STATEMENTS

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	AAT		Group	
	31 Mar 2018 £'000	31 Dec 2016 £'000	31 Mar 2018 £'000	31 Dec 2016 £'000
Trade creditors	410	745	410	745
Taxes and social security	540	388	560	429
Other creditors	49	39	49	39
Amounts owed to subsidiary undertakings	–	1	–	–
Accruals	2,017	1,711	2,041	1,728
Deferred income (see note 16)	8,641	7,666	8,692	7,666
Fees received in advance	243	22	243	22
Rent accrual reversing within one year (see note 17)	207	207	207	207
Provision for dilapidation	269	216	269	216
Total	12,376	10,995	12,471	11,052

16. DEFERRED INCOME

	AAT		Group	
	31 Mar 2018 £'000	Restated 31 Dec 2016 £'000	31 Mar 2018 £'000	Restated 31 Dec 2016 £'000
Balance at beginning of period	7,666	7,205	7,666	7,205
Deferred during period	20,885	14,680	20,936	14,680
Released during period	(19,910)	(14,219)	(19,910)	(14,219)
Balance at end of period	8,641	7,666	8,692	7,666

The amounts shown here do not correspond to the 2016 financial statements due to now reporting the amounts gross rather than net and reporting the membership lapsing provision, that was previously included in the creditor balance, as a deduction to trade debtors (see note 13).

NOTES TO THE FINANCIAL STATEMENTS

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Rent accrual

In September 2011, AAT terminated the two leases that were in place previously for the basement, ground and first floors of 140 Aldersgate Street, and subsequently entered into two new long term leases for the basement, ground and first floors at 140 Aldersgate Street. The new leases have an element of a rent free period. The rent free period incentive has been spread over the lease term on a straight line basis. In October 2016, AAT entered into a lease for the fourth floor of 140 Aldersgate Street. This new lease has an element of a rent free period. The rent free period has also been spread over the lease term on a straight line basis. The movement on the rent accrual for the period was as follows:

	AAT and Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Balance at beginning of period	1,134	688
Accrual built up during period	–	542
Accrual released during period	(258)	(96)
Balance at end of period	876	1,134
Split of rent accrual:		
Accrual reversing within one year	207	207
Current obligations	207	207
Accrual reversing within two to five years	669	827
Accrual reversing within more than five years	–	100
Non-current obligations	669	927
Total	876	1,134

18. OPERATING LEASE COMMITMENTS

The total future minimum operating lease payments are as follows:

	AAT and Group			
	Property		Plant and equipment	
	31 Mar 2018 £'000	31 Dec 2016 £'000	31 Mar 2018 £'000	31 Dec 2016 £'000
Within one year	1,472	1,331	32	28
Between one and five years	4,784	5,325	18	55
More than five years	–	665	–	–
Total	6,256	7,321	50	83

NOTES TO THE FINANCIAL STATEMENTS

19. UNRESTRICTED INCOME FUNDS

	Group	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
At beginning of period	12,646	12,433
Net (expenditure)/income for the period	(33)	2,174
Net movement in interest in joint venture	–	(65)
Surplus before pension scheme actuarial (loss)/gain	12,613	14,542
Pension scheme actuarial loss	(7)	(1,896)
At end of period, including pension reserve	12,606	12,646

	AAT	
	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
At beginning of period	12,646	12,367
Net income for the period	(45)	2,175
Surplus before pension scheme actuarial (loss)/gain	12,601	14,542
Pension scheme actuarial loss	(7)	(1,896)
At end of period, including pension reserve	12,594	12,646

NOTES TO THE FINANCIAL STATEMENTS

20. GROSS CASH FLOWS FOR THE GROUP

	31 Mar 2018 £'000	Restated 31 Dec 2016 £'000
Increase/(decrease) in creditors		
Trade creditors	(335)	(164)
Taxes and social security	131	14
Other creditors	10	(36)
Accruals	313	181
Deferred income	1,026	461
Fees received in advance	221	1
Rent accrual	(258)	446
Provision for dilapidation	53	43
Total	1,161	946
Pensions reserve funding deficit movements		
Contributions	(411)	(1,200)
Total pension expense (per note 7)	129	94
Total	(282)	(1,106)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS FOR THE GROUP

	At 1 Jan 2017 £'000	Cash flows £'000	At 31 Mar 2018 £'000
Cash at bank	2,046	(890)	1,156
Treasury deposits	1,000	2,500	3,500
Aberdeen Asset Investments Limited	338	(9)	329
Total	3,384	1,601	4,985

NOTES TO THE FINANCIAL STATEMENTS

22. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS

(i) Accounting Technicians (Services) Limited (ATSL)

The company made a profit before tax of £12,000 in the 15 month period to 31 March 2018 (12 months to 31 December 2016: profit of £1,000). Its activities for that period are summarised below:

	15 mths to 31 Mar 2018 £'000	Restated 12 mths to 31 Dec 2016 £'000
Profit and loss account for the 15 months ended 31 March 2018		
Turnover	639	605
Cost of sales	(323)	(284)
Gross profit	316	321
Other operating expenses	(304)	(320)
Profit before taxation	12	1
Tax on profit	–	5
Retained profit for the financial period	12	6
 Net asset statement as at 31 March 2018	 31 Mar 2018 £'000	 31 Dec 2016 £'000
Current assets	339	575
Current liabilities	(126)	(374)
Net current assets	213	201
Total net assets	213	201
 Represented by:		
Share capital	200	200
Profit and loss account	13	1
Shareholders' funds	213	201
 Total costs reported as from trading activities	 15 mths to 31 Mar 2018 £'000	 Restated 12 mths to 31 Dec 2016 £'000
Cost of sales	323	284
Other operating expenses	304	320
Total as per statement of financial activities	627	604

ATSL's turnover and cost of sales amounts shown here do not correspond to the 2016 financial statements due to recognising £75,000 commission payable to ATSL's sales agent in cost of sales rather than as a deduction to turnover.

NOTES TO THE FINANCIAL STATEMENTS

22. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS (CONTINUED)

All ATSL costs are incurred by AAT and recharged to ATSL. During the 15 months to 31 March 2018 £541,000 of costs, net of sales agent commission, were recharged by AAT to ATSL (12 months to 31 December 2016: £530,000). As at 31 March 2018 ATSL owed £32,000 to AAT (31 December 2016: £316,000) as shown within note 13. In the period AAT received a gift aid payment of £1,000 from ATSL (12 months to 31 December 2016: £25,000). There were no other related party transactions between AAT and ATSL.

(ii) Accounting Technician (Publications) Limited

The company has been dormant for several years, and the value of its net assets as at 31 March 2018 was £100 (31 December 2016: £100).

(iii) AAT Botswana (Proprietary) Limited

The company was formed in December 2017 and has not commenced trading. The value of its net assets as at 31 March 2018 was £7.

(iv) Accounting Technicians Enterprises Limited

The company was formed in March 2018 and has not commenced trading. It is a wholly owned subsidiary of ATSL and the value of its net assets as at 31 March 2018 was £1.

23. JOINT VENTURE UNDERTAKING – ASSOCIATION OF ACCOUNTING TECHNICIANS (SA) (AAT(SA) NPC)

In May 2017 AAT and AAT(SA) NPC agreed to dissolve the joint venture. As part of the agreement AAT's share of AAT(SA) NPC was transferred to the South African Institute of Chartered Accountants (SAICA) and in July 2017 AAT received a payment of £107,000 in consideration of its 50% share of the agreed net asset valuation. The resulting gain of £107,000 is recognised as other income in the income and expenditure account.

In the 12 months to 31 December 2016 AAT made an impairment charge equal to its share of AAT(SA)'s net assets as at 31 December 2016, which resulted in following net movement in interest in joint venture undertaking disclosed in the Income and expenditure account:

	15 mths to 31 Mar 2018 £'000	12 mths to 31 Dec 2016 £'000
Net movement in share of net assets	–	42
Impairment loss	–	(107)
Net movement in interest in joint venture undertaking	–	(65)

NOTES TO THE FINANCIAL STATEMENTS

24. RELATED PARTY TRANSACTIONS

The related party transactions between AAT and its subsidiary undertaking, Accounting Technicians (Services) Limited are shown in note 22(i).

The remuneration of key management personnel is shown in note 6. There were no other related party transactions.

25. TAXATION

AAT is a registered charity and is therefore exempt from tax on income and gains falling within Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied for charitable purposes within AAT's charitable objects. Taxation is only relevant to the trading subsidiary, Accounting Technicians (Services) Limited.

26. STATUS

The Association of Accounting Technicians is a private company registered in England and Wales, limited by guarantee (restricted to £1 per full member) and not having a share capital and is registered as a charity. The Charity's registered office is 140 Aldersgate Street, London EC1A 4HY.

MEMBERS OF COUNCIL AND EXECUTIVE TEAM

Members of Council who held office during the reporting period 2017/18 as Directors and Trustees (all are members of AAT)

Nicola Fisher President

Vernon Anderson Vice President

June Anderson

Rachel Banfield until 19/05/17

Mark Barnish until 19/05/17

Kevin Bragg

Sally Cox

Nicholas Craggs until 19/05/17

Jane Cuthbertson

Christina Earls Chairman, Learning and Development Board

David Frederick

Stefan Gatward until 05/06/18

Helen Geatches

Heather Hill

Linda Kumbemba until 19/05/17

Lee Maidment from 19/05/17

Mark McBride Chairman, Nominations and Governance Board

Mark Nelson

Tim Nicholls

Rita Patel

Julia Penny until 19/05/17

Marta Phillips

David Quigg ‡Chairman, Members' Services Board

Allan Ramsay †±

Paul Rowlands

Sue Taylor

John Thornton ‡Chairman, Resources Board

Tracy Tipple until 19/05/17

Jane Towers Chairman, Regulation and Compliance Board

Anne-Marie Townsend

Carole Turner

David Walker †±Chairman, Audit and Assurance Board

Reg Wood until 19/05/17

Sue Wright until 10/07/17

Members of the Executive team and Company Secretary

Chief Executive	Mark Farrar †»°±
Director of Strategy and Professional Standards	Adam Harper
Director of Education and Development	Suzie Webb
Director of Finance	Rob Williams °
Director of Marketing and Commercial	Andrew Williamson »
Chief Customer Services Officer	Tracy Allison
Chief Technology Officer	Gary Burbidge
Chief HR Officer	Olivia Hill
Company Secretary	Karen Marshall

† Indicates Director of Accounting Technicians (Services) Limited, a subsidiary company

‡ Indicates Director of Accounting Technician (Publications) Limited, a subsidiary company

° Indicates Director of Association of Accounting Technicians (SA), a joint venture company (until 16/05/17)

» Indicates Director of AAT Botswana (Proprietary) Limited, a subsidiary company (from 06/02/18)

± Director of Accounting Technicians Enterprises Limited, a subsidiary company of Accounting Technicians (Services) Limited (from 23/03/18)

HONOURS AND AWARDS

Honours and awards

Honorary members

1984 **Michael G Lickiss** BSc (Econ) FCA (Knighted 1993) MAAT
 1986 **Eric C Sayers** CBE *
 1986 **Edmund Gibbs** FCCA FCIS ATII *
 1990 **William Hyde** MA FCMA FCCA JDipMA *
 1990 **Richard G Wilkes** CBE TD FCA DL
 1992 **Fred P Langley** MPhil FCCA *
 1996 **John Hanson** BA (Com) CPFA *
 2007 **Robert Thomas** MSc FCA FCCA CTA (Fellow) MAAT
 2014 **Jane Scott Paul** OBE

Past Presidents

1980–82 **Michael G Lickiss** BSc (Econ) FCA (Knighted 1993) MAAT
 1982–83 **Peter T Hobkinson** FCCA CPFA MIMgt MAAT
 1983–84 **Peter R Dallow** FCA MAAT *
 1984–85 **Professor Michael G Harvey** MSc BSc(Econ) FRSA FCGI FCIS FCCA FMAAT
 1985–86 **Geoffrey J C Lockhart** FCA FMAAT *
 1986–87 **Paul Treadaway** CIPFA Hon MCIM FMAAT
 1987–88 **Stanley Husband** FCMA MAAT *
 1988–89 **Kenneth A Sherwood** FCA MAAT *
 1989–90 **Reg J Carter** BA FCMA MAAT
 1990–91 **John N Farquhar** DMS FMAAT
 1991–92 **Malcolm S H Bell** CA MAAT
 1992–93 **Noel Cannon** MAAT
 1993–94 **Edna Jolly** FMAAT

1994–95 **Geoff P Mason** CPFA FMAAT
 1995–96 **Ken Sommerville** CA MAAT
 1996–97 **John Newman** MA FCA MAAT
 1997–98 **Noel Sladen** FMAAT
 1998–99 **John Vincent** FCA MCIArb FMAAT
 1999–00 **Margaret Rawding** CPFA FMAAT
 2000–01 **Andrea White** FCCA MAAT
 2001–02 **Professor David Hunt** MSc FCA FCIPD CPFA FFA/FIPA FIAB FCMA(SL) FCNA(Nig) FRSA FMAAT
 2002–03 **Mike Dudding** CPFA MAAT
 2003–04 **Jan Bell** CertEd FMAAT
 2004–05 **Jess Bond** BSc (Econ) FMAAT
 2005–06 **Trevor Salmon** OBE BSc (Hons) FCCA CPFA MAAT
 2006–07 **Brian Palmer** ATT FMAAT
 2007–08 **Tim Light** FMAAT
 2008–09 **Catherine Steel** FFA FMAAT
 2009–10 **Pam Dyson** MA FCCA CPFA FCMI CMgr MIHM FMAAT
 2010–11 **Neil Price** BSc CA FMAAT
 2011–12 **Dr Hilary Lindsay** MSc MBA FCA FMAAT
 2012–13 **Henry Cooper** FMAAT
 2013–14 **Mike Evans** CPFA FMAAT
 2014–15 **Dr Rachel Banfield** MA CPFA PGCHE FHEA FMAAT
 2015–16 **Allan Ramsay** BA CA FMAAT
 2016–17 **Mark McBride** BA CPFA MCIPD FMAAT

* since deceased

Past Secretaries[^]/Chief Executives

1981–87 **Anthony B Sainsbury** VRD JP MA ^*

1987–96 **John Hanson** BA (Com) CPFA ^*

1997–14 **Jane Scott Paul** OBE

Past President's Award winners

The Award recognises a full member who has enhanced the reputation of AAT by individual effort and service.

1994 **Simon Payne** MAAT

1995 **Ruth Bryant** MAAT

1996 **Hannah Tonge** FMAAT

1997 **Pako Kedisitse** MAAT

1998 **Keith Knight** FMAAT

1999 **Malcolm Springall** FMAAT

Suzanne Willard MAAT

2000 **Pamela Dyson** FMAAT

2001 **Ishphak Parkar** FMAAT

2002 **Sue Pryce-Williams** FMAAT

2003 **Michael Steed** MAAT

2004 **Alfred Boddison** FMAAT

2005 **Sheryl Miller** MAAT

2006 **Marie Walker** MAAT

2007 **David Kalaba** FMAAT

2008 **Paul Buzzard** MAAT

2009 **Lesley Sureshkumar** FMAAT

2010 **Jane Towers** FMAAT

2011 **Jennifer Frost** MAAT

2012 **Duncan Majinda** MAAT

2013 **Neil Montgomery** FMAAT

2014 **Martyn Strickett** FMAAT

2015 **Con Kelly** FMAAT

2016 **Jeremy Nottingham** FMAAT

CPD Prize winners

Please note that, due to the launch of AAT's Professional Member Awards in 2017, the CPD Prize has been incorporated as part of wider awards process and therefore the list of the previous CPD Prize winners will no longer be listed in the annual report.

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Registered charity no. 1050724
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