



2018/19

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WORKING
WITH PURPOSE

The Association of Accounting Technicians
Annual Report for the 12 months to 31 March 2019

aat

Contents

The Association of Accounting Technicians Trustees are pleased to present the Trustees' report together with the consolidated financial statements of the charity and its subsidiaries for the 12 months ending 31 March 2019, which are also prepared to meet the requirements for a Directors' report and accounts for *Companies Act 2006* purposes.

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Trustees' report



AAT is

open access

meaning **anyone**

regardless of their

background or experience

can take the first step
into a finance career.





“AAT has massively helped me in my career. It allows me to meet and support others, which is the aspect of my job I love most.”

Ceara Stephenson AAT student
Accounts Assistant
TaxAssist Accountants

About AAT

The Association of Accounting Technicians (AAT) is the world's leading professional body for accounting technicians. Our core purpose is to provide qualifications and lifelong learning support to individuals and businesses building their financial capabilities.

We're a regulated awarding organisation. Our qualifications are highly respected internationally and are regulated by all four United Kingdom qualification regulators, including Ofqual (England), CCEA (Northern Ireland), SQA Accreditation (Scotland) and Qualifications Wales. AAT is also a recognised End Point Assessment Organisation (EPAO) for the purpose of providing End Point Assessment (EPA) for apprenticeships in accounting.

As a registered charity, we're committed to increasing the availability of accountancy education with many professional development options. AAT is open access meaning anyone regardless of their background or experience can take the first step into a finance career.

AAT has grown steadily in influence and impact over the last 39 years to become an integral part of the accountancy profession, both in the UK and internationally. We don't simply underpin accounting compliance but more importantly advocate for progressive change and drive organisations to become more efficient, to the overall benefit of economies across the world.

This annual report reflects on our work over the past 12 months. It shows our members what AAT does and explains how we contribute to the accountancy profession, the economy and broader society. All told, it demonstrates that we're a charity which makes a big impact.

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 and 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.



A year in review

We successfully launched a new **Access suite of qualifications** combining basic accountancy and employability skills, giving students the opportunity to progress on to further studies or employment.



We bedded in our new governance structure allowing us to be agile and responsive to **new opportunities**.



We developed **Knowledge Hub**, a new member resource bringing together the **latest technical accounting information** and updates in a user-friendly interface.



We are the key provider of **End Point Assessments** for the **level 3 and 4 accountancy apprenticeship standards** and we continue to improve our EPA systems to provide a positive user experience.



We received **over 2,500 registrations** for our **level 3 and 4 apprenticeships**, demonstrating that this is a route into accountancy training which makes sense to a lot of people.



We introduced a new **internal training programme** for staff and subject matter experts on assessment design.



A year in review

We added **payroll** as a service that AAT Licensed Bookkeepers are now able to offer, subject to their experience.

We were in the **Top 100 Not-for-Profit Best Companies** to work for.

We revised and issued a number of new policies and guidance for training providers including the **Code of Practice and Policies** relating to malpractice, enquiries and appeals, and assessment venues.



Informi.co.uk – our free online platform which provides **resources for small business owners and start-ups** continued to grow, reaching **350,000 visits**.

Our 2018 Achievement Ceremony took place in September in London attracting a **record number of nearly 800 attendees** and gained a **98% satisfaction rating**.

AAT's Chief Executive Mark Farrar was named on *Accountancy Age's* **Financial Power List 2019**.





“AAT has given me confidence and belief in myself. It has been the key to opening doors in my professional career. My membership demonstrates to others that I’m a competent professional and has increased my earning potential.”

Ali Jaw FMAAT and AAT Licensed Accountant
Director
AM Accounting

The way we work

We want to equip anyone aspiring to a career in finance, plus those who are already finance and accounting professionals, to meet their own personal goals and in turn contribute to the financial wellbeing of organisations and economies.

AAT'S VISION IS TO **REACH THE HEART OF EVERY BUSINESS.**

We want to underpin the finance profession by developing people with the right skills to help organisations succeed.

We aim to:

- make AAT essential for people, businesses and organisations
- offer qualifications of a high quality 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 the appropriate support, information and resources
- help students and members achieve their potential through qualification provision and supporting continuing professional development.

Meanwhile, we're:

- 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 wherever possible
- responsive to new ideas
- always looking for new ways to offer support.



How we work

We want everything we do to make a positive difference, so above all we're customer focused. We serve our customers and want them to know we understand and care.

We're also collaborative, recognising that we can achieve great things when we work well together and support each other for the greater good of the organisation and our customers.

We make a point of caring about what we do and how we do it. We want to make a difference in other people's lives. We want to do this to the best of our ability.

We're authentic, believing we can only make a meaningful difference in people's lives if they trust us. We win their trust by being open, honest and by doing what we say we will.

Finally, we take pride in what we do. We value our achievements and celebrate the difference we make to people's lives and the world of finance. Focusing on our success will build a positive climate that will allow us to do even more.

Taking a lead on thought leadership

In 2018/19, we made sure that AAT's voice was heard on a range of issues in which we take a legitimate interest. This thought leadership activity underlines our place at the head of the accountancy technician profession.

We produced articles on topics such as how accountants can combat modern slavery and prevent money laundering; on the destructive societal impact of 'dirty' money; and on bookkeeping and social mobility.

We worked with the government's Flag It Up campaign to help raise awareness and combat money laundering. We also contributed responses to a number of International Federation of Accountants (IFAC) consultations, highlighting the need to prioritise public trust, independence and public good.

We published an article in *AT* magazine on ocean pollution and accountants' responsibilities towards the environment.

Last but not least, we engaged with policy influencers and regulators including submitting numerous responses to government consultations on a wide variety of issues including taxation, money laundering, economic crime, pay reporting, prompt payment and single use plastics.

“The TUI group actively encourages learning and development among staff. AAT qualifications provide the flexibility to allow staff to study and bring their untapped talent to the surface, while keeping informed about the opportunities and roles available across the TUI group. There’s a really big benefit for us in encouraging staff to study.”

Sharon Bessell AAT accredited employer
Global Process Owner – Order to Cash
TUI Business Services



02 Strategic report

Engaging with stakeholders

At AAT, we engage with our stakeholders regularly. Their feedback shapes everything we do from qualification design to tailoring membership services.

We therefore conduct systematic stakeholder engagement in a number of ways, for example:

We established a Member Assembly consisting of members who represent the breadth and diversity of AAT's membership giving them a voice on public policy issues, sector concerns and wider membership issues.

We listen to the views of members through research and focus groups to understand their feedback and ensure we act as a voice in the profession.

Our Employee Representative Group allows staff to discuss how to further improve AAT's working environment.

We hold regular meetings with training providers to ensure we are developing qualifications and products that meet market needs.

We collaborate with employers on the content of our courses to ensure we're developing the skills organisations need.



“AAT has enabled employers to recognise my capability and has allowed me to move up the career ladder.”

Martin Lau FMAAT and AATQB
Management Accountant
Thunder Group UK Ltd

Our value creation model

We use these **resources** + And add these **values** → Which has these **outputs** + These **outcomes** And we measure their **success** by

Head office and IT infrastructure + We enable innovation by investing in IT infrastructure and the space for creativity and collaboration. → We are able to produce market leading products and services designed to give people the right skills to develop their careers. + People and businesses are given opportunities to develop and grow. Growth in the number of members and students taking our 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 have confidence in their skills and knowledge. Recognition of AAT increases as evidenced in our brand recognition research.

Employees + We invest in our people through providing training, development and wellbeing programmes. → We have a high performing and engaged workforce. + Higher levels of productivity allow us to reinvest into our workforce creating more opportunities for people to have successful careers. Increase in satisfaction levels as measured by an annual employee engagement survey.

Stakeholders + We engage with stakeholders to understand and respond to their needs. → We develop products and services in line with market needs. + People and businesses both as employees and customers of AAT members have the right skills and ability to work in a rapidly changing economy. More favourable mentions of AAT by our stakeholders and reduction in complaints.

Our value creation model

We use these **resources** + And add these **values** → Which has these **outputs** + These **outcomes** And we measure their **success** by

<p>Responsible business</p>	+	<p>We recognise how AAT impacts on supply chain and beyond.</p>	→	<p>We ensure our suppliers and communities benefit from our actions as well as us.</p>	+	<p>Society and the environment benefit through working collaboratively with our supply chain towards shared goals of positive societal change.</p>	<p>Our suppliers and business partners want to work with us.</p>
<p>Financial</p>	+	<p>We manage our financial resources effectively.</p>	→	<p>We develop initiatives that meet our charity's objects and business plan objectives.</p>	+	<p>Continual investment in initiatives ensures the existence of AAT products and services for the future.</p>	<p>We continue to generate income to reinvest back into AAT.</p>
<p>Environment</p>	+	<p>We understand our usage of natural resources.</p>	→	<p>We drive improvement through reporting on sustainability.</p>	+	<p>Organisational practices are amended and adopted to reduce our consumption of natural resources.</p>	<p>A reduction in CO₂ emissions in AAT's head office.</p>

Social impact  **Public trust and confidence**
 People have trust in the accounting profession.

 **Social mobility**
 Providing opportunities for people to have fulfilling careers.

 **Sustainable businesses**
 Good financial management is creating longevity.

How we made an impact in 2018/19

AAT’s core purpose – its mission – is to empower people and enable businesses to achieve their potential by promoting practical financial skills.

However, we’re working to fulfil our mission in a busy world that’s changing quickly. For instance, technology is reconfiguring the world of work, and people’s expectations and aspirations in relation to their working lives are shifting. It’s important, then, that we don’t lose our focus. To keep us on track we’ve set ourselves three simple aims:

- bigger** – the more weight we have, the more impact we can make
- better** – be as efficient and effective as possible
- bolder** – have the courage of our convictions and be braver.

Within these aims, in 2018/19 we focused on the following priorities to grow AAT’s reach and to be better and bolder:

- 1 Customer first** Focus on the consistent delivery of genuinely customer centric services.
- 2 Relevance** Ensure all our activities have a strong value proposition and give people good reasons to have a relationship with AAT.
- 3 Product** Ensure our products are market-led, support a broader need and maximise opportunities.
- 4 Influence** Extend our reach and representation.
- 5 Enabling operations** Build the next generation, digitally enabled, customer-facing operating model.

President's highlights 2018/19



Vernon Anderson became AAT President in September 2018. He became an active branch member in Bristol and then launched AAT's Cornwall branch. He was elected to Council in 2013, Vice-President in 2017 and President in 2018.

2018–2019 was a significant year for AAT where we implemented a new governance structure.

This followed a detailed and considered process where Council spent a year analysing our governance structure because, as an organisation, we felt our way of working was more reactive than proactive, and our decision making, at times, could be slow. In today's world that put us at a disadvantage.

We looked at a number of governance models and decided that some decision making processes needed to be rationalised and some boards needed to be at arm's length. As these were significant changes to the governance structure it needed to be voted on by members. The changes were adopted at the 2017 AGM and came into force at the beginning of my presidency in 2018.

Under the new governance arrangements we have one major board for operational matters and a slimmed down Council of 20 dealing with AAT strategy, and with oversight of the other boards. We also set up two new independent boards – one on professional regulations and compliance, the other on qualifications compliance. They are made up of experts within these fields and have no Council members. This gives them the freedom to ask deep, challenging questions of our organisation and therefore make stronger recommendations to Council.

As far as members and students are concerned it means that there's more transparency and rigour around how AAT is run, which in turn will ensure our organisation and qualifications remain rigorous, relevant and well-respected.

We recognised that, in reducing the number of Council members, we needed to ensure members were still fully represented. We set up a new forum called the Member Assembly to give a new voice to members and help Council with strategic planning. The aim is to run an Assembly each March and September consisting of people who proportionally represent the entire membership.

We also now have 50 branches in the UK. Each is running up to seven meetings annually. That makes up to 350 opportunities every year to go along, network with peers, benefit from CPD opportunities and brush up on other matters such as business acumen skills. All branch meetings are entirely free and open to all AAT members.

From the outset, I was inspired by the enthusiasm of AAT members. Also by the fact that AAT provides a pathway for people who may choose the vocational route to advance their career wherever they want to take it.

My qualification opened many doors for me and led to my meeting people with exceptional stories about where they came from and where they are now, with really good careers and prospects. In my experience AAT is like a big inspirational family. That's what makes it exceptional.



Mark Farrar – Broadening our reach

A sense of direction

AAT's **vision** is to ensure that it reaches the heart of business. This is about making sure that what we do is relevant and really counts in the wider world. Our aim is to have half a million relationships with stakeholders, and 50,000 employers by 2030.

It's an ambitious aspiration but we're progressing towards it by knowing the type of financial skills, development training and knowledge that businesses need, and then fulfilling those requirements.

It also means we have to progressively **broaden our reach**. We'll succeed by being flexible, responsive and closely attuned to what's happening in the wider environment. This includes things like developing shorter, "bite-sized learning" courses which have appeal in the wider corporate market, at the same time pursuing "traditional" new members who want to make a long-term career out of accountancy. The point is that the need we can provide is wide and varied – because knowledge of finance is needed across every sector. So we have a lot to offer. And we're going to package it in the right way to achieve our long-term goals.

The need we can
provide
is wide and varied – because
**knowledge
and finance**
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every sector.

Report on the year

In 2018/19, the operating environment was, if anything, more challenging than ever. Government policy changes affected business regulations, tax, and education and skills. Meanwhile uncertainty about Brexit rumbled on, and in the background the inexorable advance of technology continued to subtly reconfigure the jobs that accountants and accounting technicians will do in future.

Notwithstanding, we delivered a **strong performance** in the year. We grew the number of new technician members; the number of qualified bookkeepers delivered ahead of plan; and new student numbers remained healthy. In comparison with national statistics we did phenomenally well in the new apprenticeship market, growing the number of starts nearly 12% year-on-year at a time when most other sectors saw significant falls. This is because employers see the value of the skills and knowledge accountancy apprentices bring.

We bedded in our **new governance structure** in 2018/19 which was designed to make us more agile, responsive and transparent in a rapidly changing environment. It also enabled us to ensure that more time was ringfenced for our governing Council to engage in strategic debate. Since adopting the new structure this year we have had Council sessions on regulation of the profession, implications of Brexit for AAT and our members, the impact of technology on the accountancy profession and on developments in the government's education and skills agenda.

Becoming bolder

We also undertook more strategic activity to broaden our reach, in particular doing a lot of parliamentary engagement work. This included participating in numerous government consultations on issues such as tax, the savings landscape, digital developments, and learning and skills. We both want to influence policy, and be a channel through which our members' voices are amplified in the corridors of power. Large organisations can better represent themselves, so we especially want to reflect the views of small and medium size enterprise (SME) members and individuals. To do so accurately we have to ensure we understand their views through regular focus groups and member research.

A case in point is when we gave evidence at the Treasury's select committee on the **new anti-money laundering regulations**. A new regulator is in place and so processes are starting to stiffen, which is challenging for some of our SME members. We represented that viewpoint successfully, resulting in some more flexibility in the system.

Another area where we're broadening our reach is amongst SMEs themselves. **Informi** is our new information portal for small entrepreneurial businesses. It has been attracting steadily growing interest – there were 40,000 hits on the site in January alone – thereby projecting AAT into the small business environment.

Finally a personal highlight for me in the year was the successful creation of a new **Member Assembly**, the idea of which was developed through social media and the members' magazine in the course of the year. It resulted in the first assembly in March. It was proportionally represented by all the membership sectors, and gave us a different sounding board for our ideas, as well as an opportunity for members to tell us what they think we should be aware of.

Going forward

Over the next 12 months and beyond we'll continue to pay attention to emerging government policy and its potential impact on AAT. We're particularly conscious of the introduction of the new T Level technical qualifications, which could be a game-changer for us. We'll have to work through, and help our stakeholders work through, the impact of Brexit as it plays out.

Another huge factor is the growing impact of technology on the accountancy profession, especially of automation. This is already shifting the accountant's role away from traditional number-crunching and to forward looking analysis, forecasting and communication as part of business organisational management. We see a **really strong opportunity for technicians** as technology evolves and are seeking to position AAT at the leading-edge of this change. Of course that's easier said than done, and no one knows exactly how technology will develop. But we're going to stay vigilant and respond early to the changes that come along because we think they'll present huge opportunities to our members.

In summary

It only remains for me to thank all the people who make the AAT family such a successful one. Top of my list is the professional and enthusiastic staff who responded beautifully to every challenge that the world presented us with. I also want to thank all the people we work alongside. In particular that includes around 600 training providers, employers as well as the members and third parties who engage in our technical panels, helping us build policy and develop our messages for the government. Thanks are also due to our members and students for their engagement and endeavour, which makes all our work worthwhile.

Our vision, to be at the heart of business, is a long-term aspiration. But each year we try to move closer to achieving it, and the year ending on 31 March 2019 was no exception. Despite an external environment clouded by the uncertainty of Brexit and rendered bumpy by regulatory change, we stayed on track. We delivered a strong performance in terms of hitting all our key targets; at the same time we extended and broadened AAT's reach in pursuit of our vision. It was a successful year.

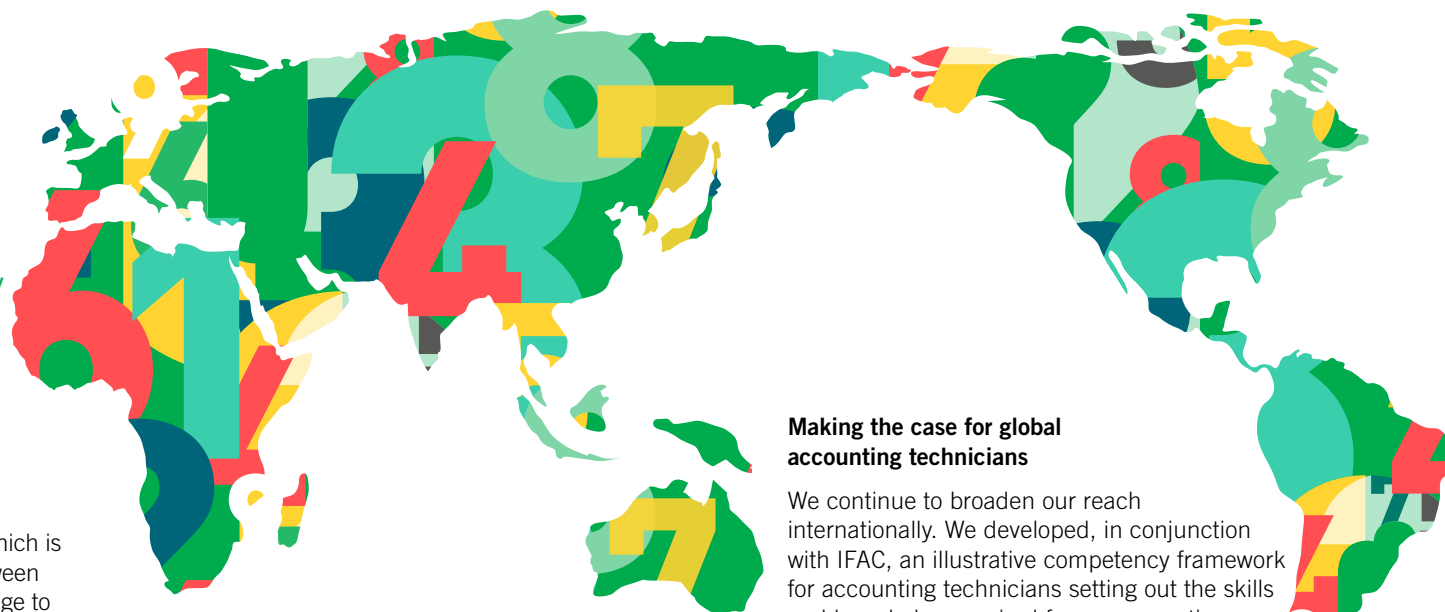
Our global impact

AAT's qualifications are internationally respected. We work hard to raise the profile of accounting technicians globally and their role in building stronger economies.

One country where we're particularly active is Malaysia, which is planning to almost double its number of accountants between 2010 and 2020 as part of the accountancy industry's pledge to contribute to the Economic Transformation Programme (ETP).

Against this backdrop, AAT courses are helping make a career in finance more accessible and achievable for a lot of Malaysian students, by offering a range of flexible learning models and teaching practical, job-ready, accounting skills.

We also successfully designed and developed a new international tax qualification for Gulf Cooperation Council countries which have recently adopted VAT. Training providers have been approved to deliver the qualification and teaching went live from April 2019.



World Congress of Accountants

We want to represent our members' interests at every appropriate opportunity and so have developed a tradition of leading an annual roundtable alongside IFAC's¹ Council meeting this year held at the World Congress of Accountants in Sydney.

This forum highlighted the benefits of alternative roles and pathways in the accounting professions. It also aimed to build understanding of how the development of skills across a wider community of people working in accountancy can help improve standards, support public institutions and help sustain professional organisations in developing economies.

Making the case for global accounting technicians

We continue to broaden our reach internationally. We developed, in conjunction with IFAC, an illustrative competency framework for accounting technicians setting out the skills and knowledge required for an accounting technician workforce. We also supported the Confederation of Asia & Pacific Accountants (CAPA) publication of a guide called *Accounting Technicians: Exploring opportunities for the Profession* which will be launched at the World Congress of Accountants in November 2019 and distributed across the CAPA region.

Accountancy education standards

AAT's Past President, Rachel Banfield and Director of Education & Development, Suzie Webb, also continued to support global education standards as members of the International Accountancy Education Standards Board (IAESB). In 2018 the work focused on engaging in discussions on transitioning from the existing Board to the new IFAC governance model.

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.

Strategic objective

Grow total membership

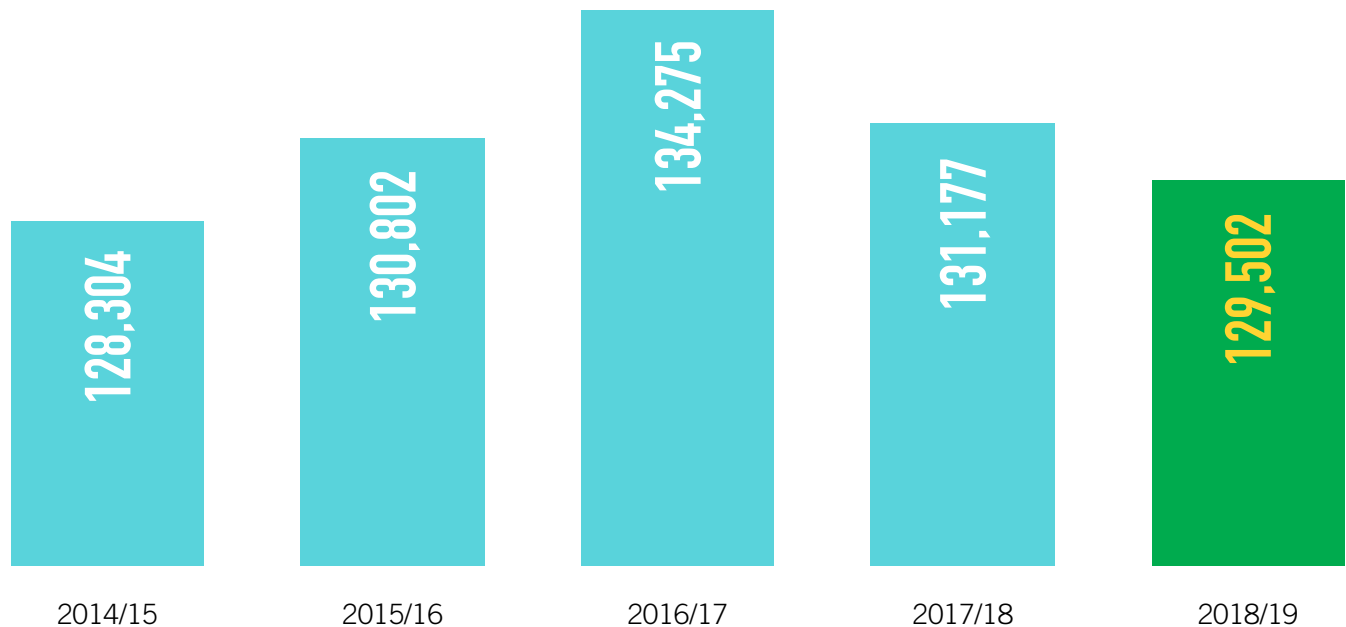
Aim

Increase number of accounting technicians and bookkeepers

Measure

Total number of accounting technicians and bookkeepers

Total number of accounting technicians and bookkeepers



Commentary

Membership numbers reflect the period of 1 April – 31 March to align with AAT’s financial reporting year. The total population figure fluctuates throughout the year, particularly contrasting at times of student registrations and when they traditionally qualify.

In specific terms we had a spike in student numbers in 2017 on the back of the change in our qualification standards (AQ2016). Students are given a time period in which to complete any remaining elements of the level they’re at, otherwise they need to start the level again under the new standards. We see this spike particularly when the changes between the standards are more substantive, as was the case with AQ2016.

In general terms, funding issues, particularly at level 4 has seen the number of level 4 students decline, which in turn results in fewer prospective applicants for full membership. Coupled with the numbers of members lapsing/retiring, the decrease in prospective new applicants for membership has resulted in a steady gradual decline in the total full and fellow membership population (going down from 49,879 in 2016 to 47,516 in 2019).

However, the decline in total membership population has been partially halted through the growth in AATQB members and our wider relationships activity, representing AAT’s commitment to diversifying in order to deliver growth in other areas.

Strategic objective

Grow new student membership

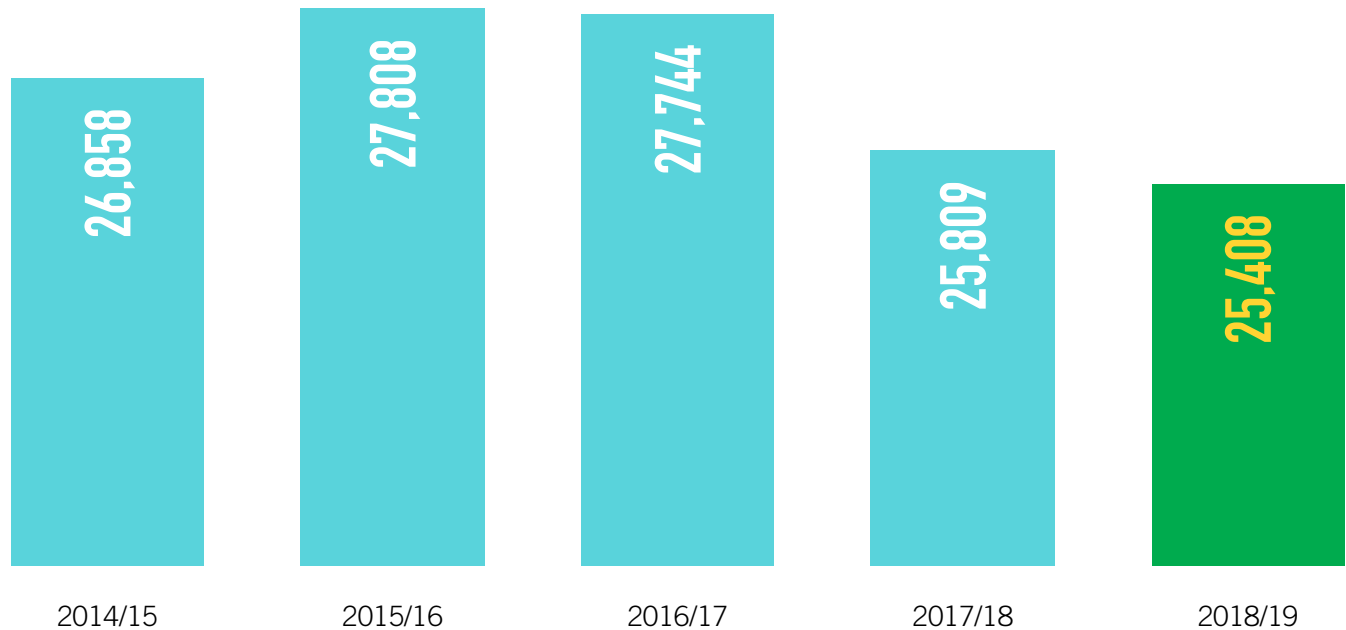
Aim

Increase accounting technician student population

Measure

New Accounting Qualification (AQ) students

New AQ students



Commentary

The numbers of AQ students reflect the reporting period from 1 April – 31 March. Cuts in the further education sector have impacted on student growth. However we continue to grow in the apprenticeship space, bucking the national trend hence the figure only being marginally down on last year.

Strategic objective

Develop new opportunities for people to have a relationship with AAT

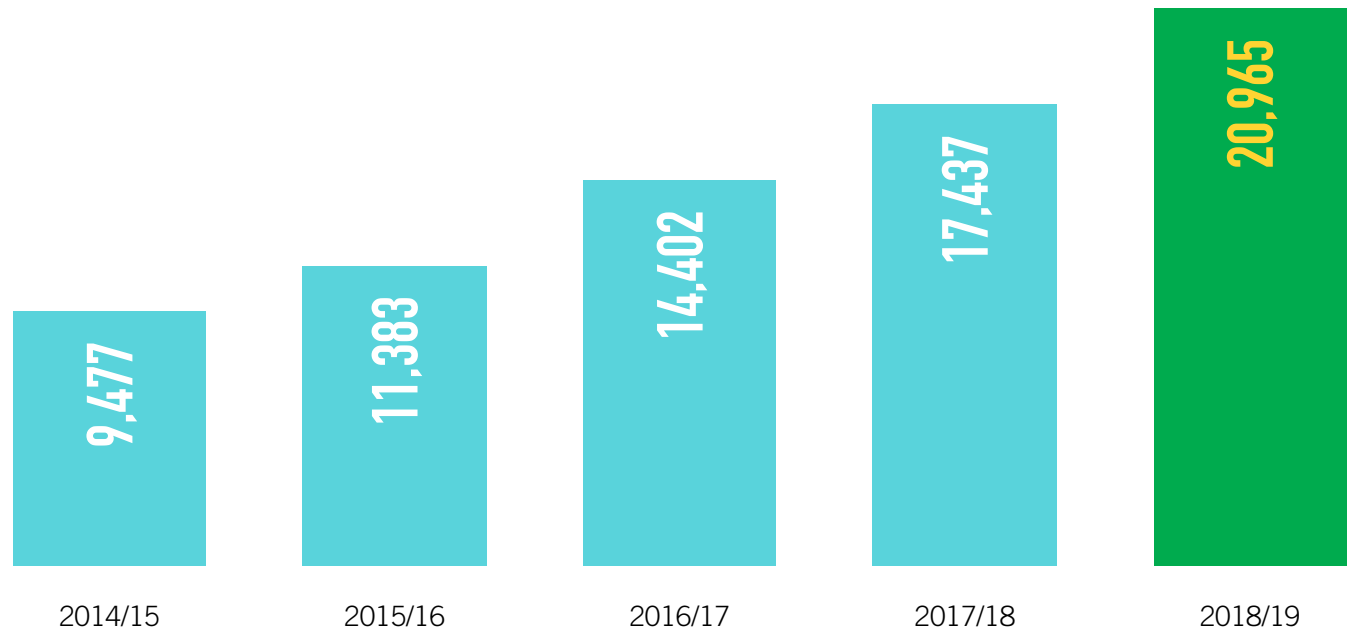
Aim

Diversify products and qualifications to offer opportunities to a broader range of people

Measure

Students registered on a short course and subscribers to Informi, our small business information portal.

Short qualifications and subscribers to Informi



Commentary

The numbers are from the reporting period 1 April – 31 March. They reflect AAT’s diversification approach, encompassing registrations on new shorter qualifications products and engagement with our small business support portal. These relationships form the basis of new growth and will present opportunities to establish longer-term engagement in the future. Please note Informi only launched in the latter stages of 2016 and the years preceeding don’t include this as a measurement.

Strategic objective

A strong value proposition for members

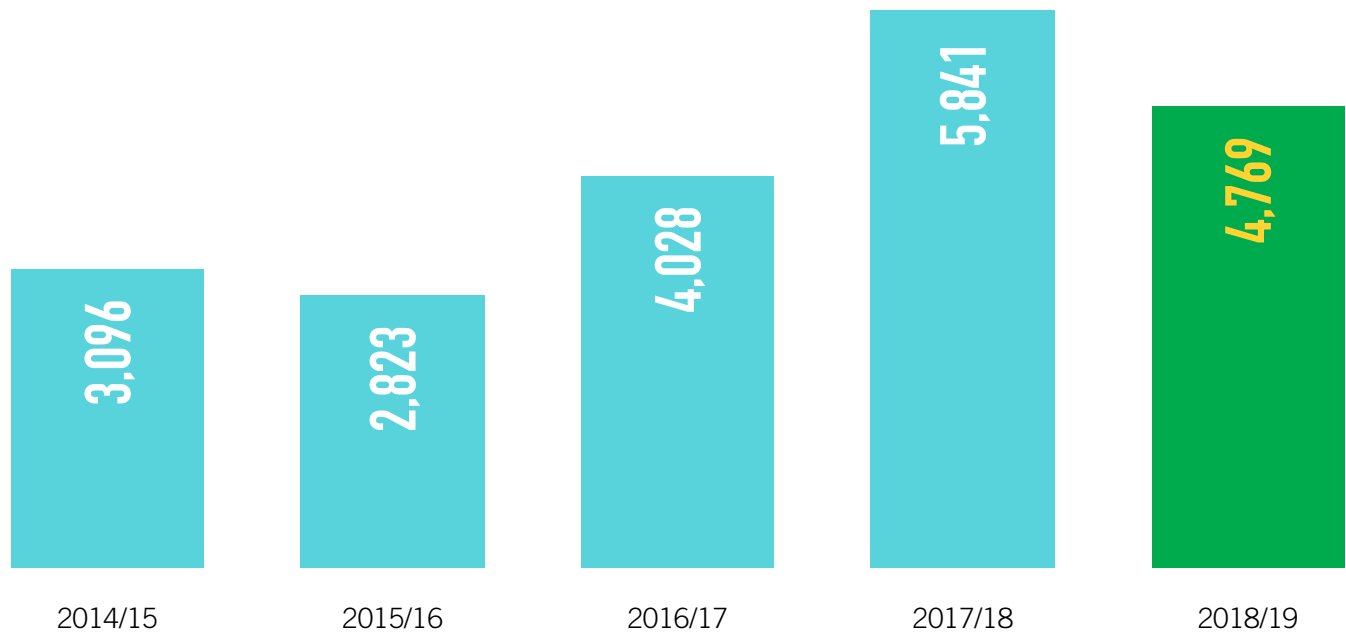
Aim

Create lifelong learning support packages to help people throughout their finance careers

Measure

New full members and bookkeepers

New full members and bookkeepers



Commentary

The numbers reflect the reporting period 1 April – 31 March and also the fact that AAT Qualified Bookkeepers (AATQB) only started registering in the last quarter of 2016. We continue to gain traction in the bookkeeping market and whilst the impact of cuts in the FE sector have reduced the number of completers at level 4 of AAT’s Accounting Qualification, the level of progression to full membership amongst those that completed the AQ over the last year were higher than we forecast.

Strategic objective

Deliver customer centric services

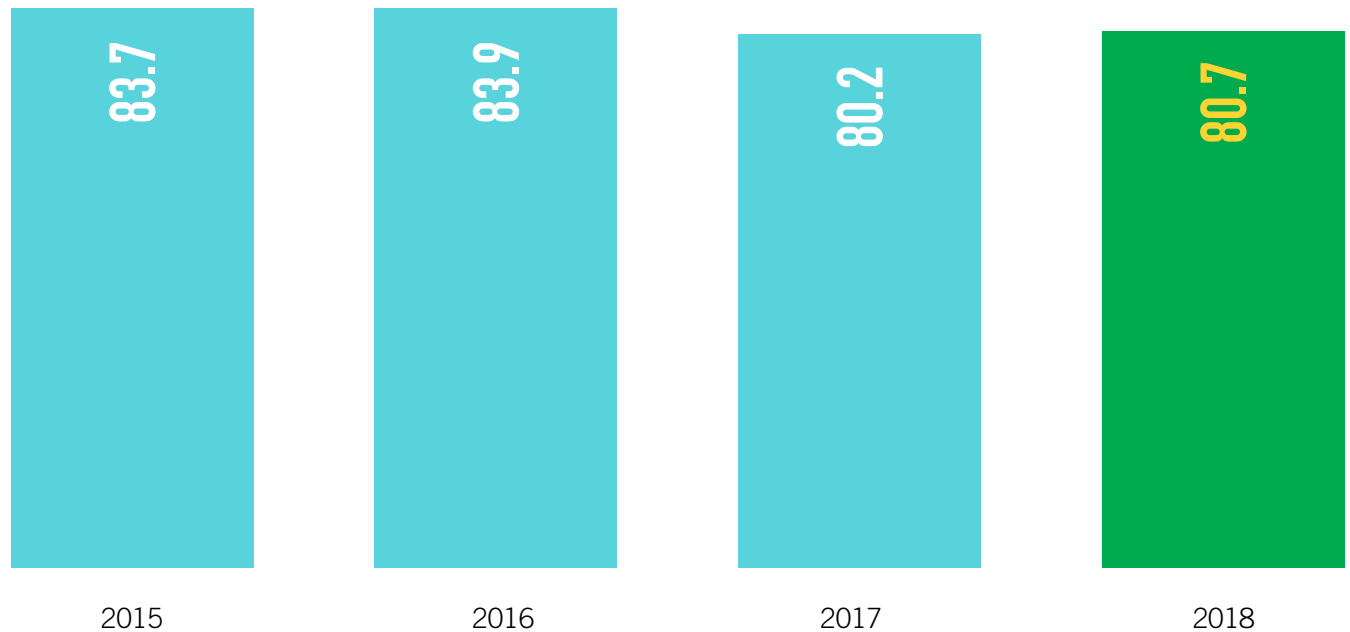
Aim

Provide a great customer experience

Measure

UK customer service index

UK customer service index



Commentary

Our UK Customer Service Index (assessed independently by the Institute of Customer Service) was 80.7 (target: 80), whilst our own customer satisfaction rate measured via real time monthly surveys amongst those contacting us was 93%. Average attendee satisfaction across all AAT events was 86%. Satisfaction with AAT's membership package in 2018 was 80% for professional members and 85% for student members. Research was carried out into customer preferences when contacting AAT which is informing continuing development of a multi-channel approach to meeting customer needs. The UKCSI figures are from a reporting period 1 January – 31 December.

Strategic objective

Robust financial performance

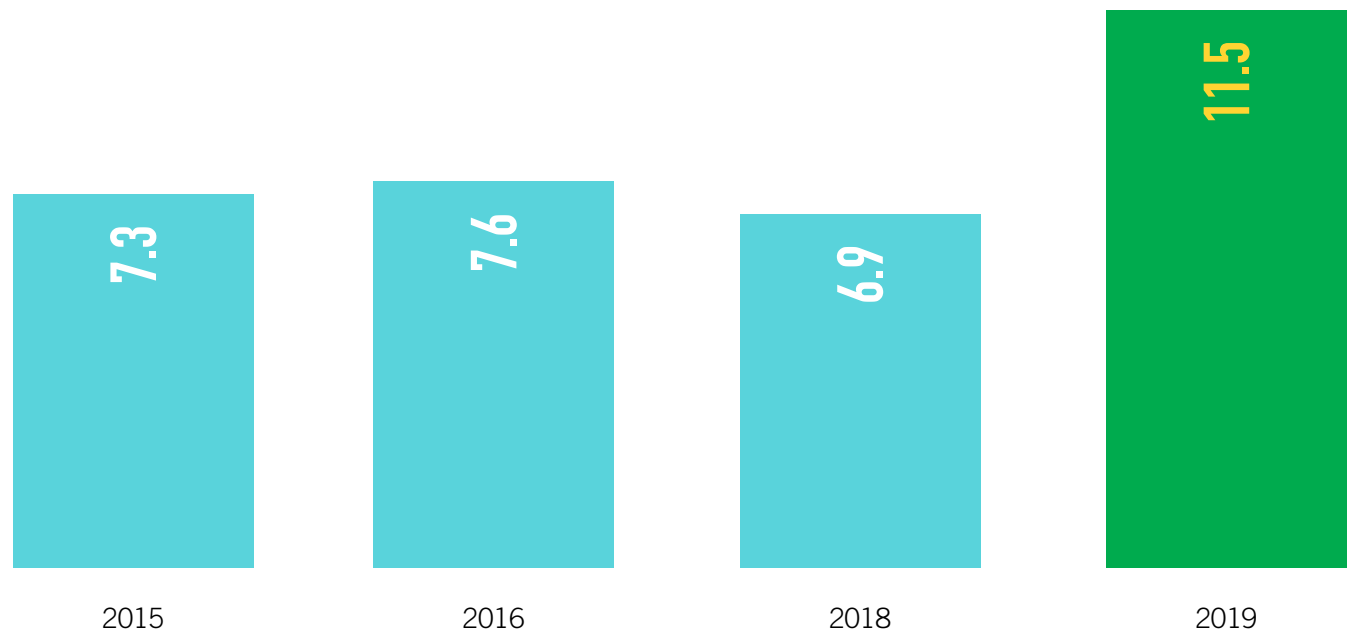
Aim

Maintain a strong and efficient organisation

Measure

Operating surplus % age on recurring income

Operating surplus % age of income



Commentary

At 11.5%, AAT's surplus on recurring activities for the year to March 2019 was 6.5% more than the 5% target set by Council and is the result of directing resources more on non-recurring activity such as development projects.

The environment around us

AAT's students, members, training providers and qualifications all have to operate in the wider world so we always need to know what's happening beyond our own boundaries and must anticipate how it will affect our plans and impact our success. This is a rundown of the most influential external factors, how they could impact us and how we're responding.

01 Brexit

With the Brexit deal deferred, the uncertainty of the past three years remains and will continue to impact business planning and confidence, exchange and interest rates, inflation and personnel.

The direct impact of Brexit on AAT is relatively low but it can still make a big impression on the accountancy sector and cause wider economic issues. It also affects some of our staff, and has had a noticeable impact on student numbers in London, where historically a significant proportion of students have been EU nationals.

We will continue to keep a watching brief on the impacts and implications of Brexit; and we will react prudently to any market volatility caused by Brexit.

02 Further education landscape

The FE sector is continuing to undergo a lot of change. In particular, 2020 will see the introduction of the government's new T Level technical qualifications which AAT sat on a Department for Education panel of experts to help develop the legal, financial and accounting T level route.

A medium impact on AAT, especially in the short term while the new T Levels bed in.

We'll continue to pay close attention to developments within the FE sector, staying in close touch with our training provider network to understand what's happening and respond appropriately.

03 Evolving technology

Smart technology and artificial intelligence are continuing to affect how finance departments operate. Their impact is set to grow and in some areas may have unanticipated consequences. Meanwhile, automation is continuing to change data entry, bookkeeping and compliance work.

A high impact on AAT – it affects both training delivery mechanisms and what accountancy technicians will be doing day-to-day in the workplace, which our qualifications will need to reflect.

We provided articles, launched cloud based products and ran workshops to help members understand the changes and their impact. That said, we also see automation as offering a great opportunity to accountancy technicians to escape low value tasks. And we're spreading that message to our members and students.

04 Making tax digital

The majority of VAT-registered businesses with a taxable turnover above the VAT threshold are now required to use the Making Tax Digital service to keep records digitally and use software to submit their VAT returns.

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

We produced a *Making Tax Digital for VAT software guide* for members. We continue to provide support and guidance for members through the regularly updated online MTD centre and also through a series of AAT/HMRC joint events. We also meet with HMRC executives on a regular basis helping to ensure that we are kept fully up to speed on all developments.

05 Cyber security

As data and systems become ever-more interconnected, cyber attacks have become a tier one threat on a par with war and natural disasters.

A high impact on AAT with a 2019 Department for Digital, Culture, Media and Sport statistical release indicating that a third of all businesses and two in ten of all charities identifying cyber security breaches or attacks in the last 12 months.

We continually monitor evolving threats and act to minimise our exposure, at the same time advising our stakeholders to do the same by providing access to information and resources. We also worked with the National Cyber Security Centre in setting up a Cyber Security Information Sharing Partnership (CiSP) for the accountancy profession.

06 Apprenticeship levy

Following its introduction in April 2017, the Apprenticeship Levy has caused apprenticeship starts across most sectors to fall.

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

The development and promotion of AAT's two new apprenticeship schemes protected us from the impact of the Levy. As a result, we saw our apprenticeship numbers increase. Notwithstanding, we will continue to engage with the government on broadening the Apprenticeship Levy into a skills levy. We also advocate that monies should be spent on traineeships and other forms of high quality training.

Engagement with influencers and regulators

Parliamentarians

We undertook successful targeted engagement with 248 MPs and Peers on subjects ranging from the apprenticeship levy, data ethics and money laundering to countless tax and accountancy issues including tax relief and charity accounting.

Awareness of AAT among MPs continues to increase with a survey in 2018 showing 68% now state they know of AAT (YouGov) compared with 49% in 2017 and 32% in 2016.

Public consultations

We responded to 67 public consultations from a wide variety of sources including HMRC, HM Treasury, FCA, Select Committees, the Office for Tax Simplification and the Law Commission. Subjects ranged from pay reporting and artificial intelligence to economic crime and VAT. Many of these consultation responses have also led to considerable political interest beyond the department concerned and generated national media interest too.

Political party conferences

AAT was represented at both Labour and Conservative Party conferences, attending more than 20 fringe events at each conference.

Taking a lead on prompt payment

When Baroness Burt initiated a debate on prompt payment in the House of Lords she graciously acknowledged AAT's "extremely useful" briefing on the subject and included us in her opening remarks. The Baroness said "AAT comments that the code has been undermined by the fact that signatories basically fall into two categories: those who already took this issue seriously and those who believe that, as it is voluntary, it does not have to be taken seriously. Carillion falls into the second of those categories."

Presence in Parliament

AAT gave oral evidence to the Treasury Select Committee inquiry into economic crime; and was discussed in both the House of Lords and the House of Commons in relation to our proposals to end late payments and reform the ISA savings landscape; our views on single-use plastic; and in relation to the 2018 Budget.

Campaign successes

We achieved several notable lobbying successes over the year. AAT convinced the government to scrap onerous new rules that would have restricted rent-a-room tax relief. We persuaded the government to introduce a new policy imposing an additional Stamp Duty charge on overseas residential property investors. We also contributed towards HM Treasury's u-turn to keep the £50 note.

AAT's ISA reform campaign was backed by the savings industry, media, politicians and the Office for Tax Simplification who called on the government to review the current ISA landscape.

In early 2019, our campaign on prompt payment secured cross party political support as well as the support of the fashion, construction and recruitment industries. It also generated widespread national, regional, local and trade media coverage.

Likewise, AAT's 2019 campaign to improve Executive, Gender and Ethnicity Pay reporting requirements had a fantastic start with comprehensive national, regional, local and trade media coverage being backed up by political support in Parliament.

HMRC forums

AAT is represented on almost 30 HMRC forums covering issues such as communications, cyber security, savings policy, compliance, capital taxes and agent strategy.

External engagement

Outside the political arena, we engaged with 500 external organisations and individuals on a range of public policy issues to protect and/or promote AAT members' interests. This has included engagement with trade associations, think tanks, FTSE 100 companies, regulators, charitable organisations, banks, building societies, universities and many more. This engagement ranges from requests received for additional information relating to AAT's public affairs/public policy output through to meetings and collaborative activity on areas of mutual interest.

Equality, diversity and inclusion

We believe we can only reach our full business potential if we develop a truly inclusive working culture. So throughout the year we focused on Equality, Diversity and Inclusivity (EDI), and through our group of EDI champions now have a strategy in place. We ran a number of different events and initiatives including a celebration of International Women's Day and LGBTQ+ awareness week. We also paid attention to mental health, enabling a number of colleagues to share some very personal stories and experiences, helping reduce the stigma of talking about these issues at work. We will continue to focus on this area and begin embedding our strategy throughout 2019. We aspire to be a workplace where all colleagues bring their whole self to work, feel included and are enabled to reach their full potential.

Flexible working

In November 2018 AAT researched flexible working, and established that changing working patterns leads to happier and more productive employees. We recognise its importance and continue to support colleagues with flexible working patterns. Currently around 20% of colleagues benefit from working flexibly, and these arrangements aren't just for those with children. They also enable colleagues to support their parents, deal with health issues and volunteer on a regular basis.

How bookkeeping boosts social mobility

Recent figures from the House of Commons library indicate that the world's richest 1% are on course to control as much as two-thirds of the world's wealth by 2030. Against this backdrop, AAT believes that bookkeeping can be one small antidote to social immobility. It's an area of accountancy that can be less expensive to study; can be a satisfying long-term career option in its own right, or can be a stepping stone to a more advanced accountancy role. To boost social mobility, AAT is suggesting that practices can help in practical ways by advertising more widely and, actively recruiting from schools and colleges in disadvantaged areas and then supporting staff in undertaking qualifications such as ours.

Gender pay reporting

We were reporting on gender pay before the *Gender Pay Reporting Regulations* were introduced in 2017 because for us it's an important issue. We 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, small changes at senior management levels have a big impact on the pay gap in an organisation of our size, and an increase in the proportion of males at senior levels in 2017/18 created a bigger gender pay gap. Overall, the gap is defined as the difference between the mean or median hourly rate of pay that male and female colleagues receive and the median gap at AAT in 2018 was 13.7%. We're also committed to improving our gender diversity at senior levels and in support of this signed up to the Women in Finance Charter and set a target of having 40% females in senior management by 2022.

Reward and benefit

Because of changes to our financial year-end, our organisation-wide targets covered a 15-month period last year, rather than the usual 12. Throughout the period everyone was successfully focused on our organisation-wide targets, which triggered an organisation bonus payment in 2019.

Wellbeing

Our commitment to staff wellbeing has been extended, with regular yoga and self-defence sessions taking place on site. We have continued with our health checks, and have delivered some workshops on nutrition as well as dementia and financial wellbeing, so the programme has really widened in the past year.

Internships award

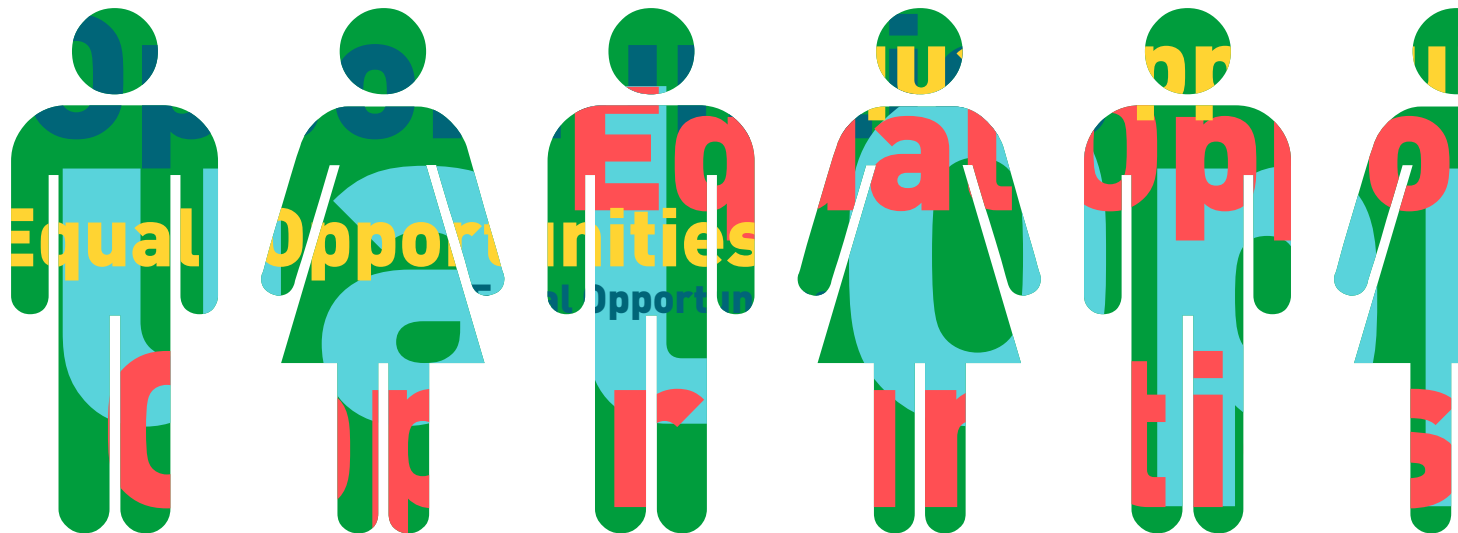
We were very pleased that AAT was named Employer Newcomer of the Year by the City of London Business Traineeship programme. This scheme helps young people from state schools access work experience and gain employability skills. We placed seven interns who'd just finished their A-levels in departments across AAT where they learned about HR, marketing and customer services work, while earning the London Living Wage. Our award was in recognition of the excellent induction process we put in place to welcome the interns, and for being a supporting, accommodating and welcoming organisation.

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.

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. 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.





“Coming from a small town, there were limited opportunities to study. I have wanted to work in accountancy from a very young age. The AAT Accounting Apprenticeship offered me a debt-free path, while earning a salary.”

Ryehan Amir AAT student
Doncaster's Apprentice of the Year 2018
ESC Global Ltd

AAT operates responsibly as a business understanding that our actions and behaviours have an impact on our stakeholders and the environment we operate in.

We also want to build a responsible business reputation which drives its own business case for growing membership, recruiting talent and widening our influence. We've developed a Responsible Business strategy to help deliver this, which rests on the four broad pillars of: People, Practices, Public benefit and Sustainability. All staff have an introduction to Responsible Business as part of their induction, and understand their role in supporting AAT's goals.

People

Promoting diversity and inclusion

- We support the Women in Finance Charter, Tech Talent Charter and were one of the first 100 organisations to sign and gave evidence to the Treasury Select Committee.
- We're making staff aware of the value, in terms of sustainability and resilience, of a diverse workforce, including awareness around: unconscious bias; LGBTQA+; disability; and mental health.

Practices

Ensuring policies and procedures are transparent and fair, and promote a sustainable economy

- We use procurement to embed changes in our supply chain and seek more local procurement in areas such as catering.
- Aiming to lead by example, we've worked with our suppliers, and updated contracts to ensure that they're committed to paying Living Wage rates and have up-to-date *Modern Slavery* policies.
- We supported the Prompt Payment Code in advance of any reporting requirements.
- We undertook an accessibility audit resulting in procedures to ensure webinars, and online and physical events are accessible to all. Guidelines for speakers and branch events have been created to support best practice in accessibility.
- We're increasingly providing staff training to ensure that monitoring, measuring and reporting form an important part of developing our processes, and in business decision making.
- Issues of ethics and responsibility are embedded in AAT qualifications, and are constantly reinforced through member CPD and the various resources we offer.

Public benefit

Enriching the communities where we operate

- We launched a new staff volunteering policy in October, encouraging both individual and team-based volunteering. We also placed an article on volunteering in *Accountancy for International Development* and garnered over 200 responses to our survey on members' volunteering activities.

Responsible behaviour

AAT held a breakfast roundtable and released a white paper to highlight the overall value of businesses becoming more responsible.

The roundtable was attended by representatives from the Organisation of Responsible Business, Business in the Community and the Federation of Small Businesses and focused on the role being responsible plays in building trust along supply chains.

The white paper then made recommendations including that there needs to be an agreed measure of social value in business. This is so companies can understand how projects contribute to a wider good, rather than just profit.

In addition, it was suggested that teaching young people about being responsible in business at the beginning of their careers could stimulate a cohort effect, creating the next generation of leaders with the right qualities and training.

Sustainability

Ensuring sustainability with a focus on how we impact on communities where we operate

AAT does not make large environmental impacts. Nevertheless:

- We removed plastic stirrers, cutlery and bowls from staff kitchens and reduced our use of plastics by 95%.
- We liaised with our Landlords to ensure a 100% renewable electricity supply at our head office.
- We measure and report on the carbon footprint of our business travel which reduced in 2018 by 4% on 2017 emissions and by 17.5% on 2016 emissions.

Future Plans

Develop **business analytics** to improve understanding of new and existing markets to drive future focus.



Design and implement a **career pathway framework** which supports AAT in identifying and delivering talent and enabling succession planning.



Create a **product pipeline** and rationalise **product portfolio**.



The risks we face

The six key strategic risks, covering both internal and external risks, are as follows:

Risk	Changing marketplace dynamics make AAT, and the role occupied by AAT members, less relevant.	Greater public funding cuts and reduction in available training provision or shift in balance to technology driven solutions.	Government policy or legislation impacts adversely on AAT's qualifications.	Decline of influence with external stakeholders.	ICT systems are subjected to a sustained cyber attack.	AAT's reserves are hit if macroeconomic conditions worsen.
Impact	Decline in membership numbers across all stages of the membership journey.	Reduced scope for students to engage with AAT qualifications, leading to a potential decline in the AAT student population.	Increased resource and expense to ensure ongoing relevance and/or regulatory compliance.	Reduced satisfaction levels amongst members with the way they are being represented.	Disruption to operations and resultant impact on service delivery; reputational damage; and remedial resource requirement.	Reduced scope for development activities and investments and for further enhancing service levels to all stakeholders.
Risk appetite						
Mitigation	Monitoring of market trends and competitive activity, and understanding of the impact on AAT. Longer term horizon scanning. Continued development of our engagement strategy.	Evaluation of the training provider market, evaluation of emerging technology and working in partnership with third party organisations.	Monitoring of proposed changes to government policy and/or regulatory requirements, actively engaging and lobbying where appropriate.	Active engagement with external stakeholders through the Public Affairs, Public Policy and PR teams.	ICT infrastructure fully hosted, managed and monitored by an ISO27001 accredited 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.	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.

Moderate – moderate levels of risk exposure, preferring acceptable albeit possibly ambiguous output
 Cautious – accept some low risks, assured delivery route, restricted reward
 Averse – accept as little risk as reasonably possible, strongly assured options, low chance of adverse outcome, but limited reward

Reserves target

Council sets target income reserve levels (income reserves) of at least 30% and no more than 40%, but allows 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 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 reserves levels of £13,075,000 at 31 March 2019, were 43.9% of gross annual revenue expenditure (2018: £11,219,000 or 37.6%). This was above the target level set by Council of between 30% and 40% (2018: 30% and 40%), or £8,932,000 to £11,910,000 of gross annual revenue expenditure, and was impacted by a £1,380,000 reduction in the deficit of the final salary pension scheme, as calculated under FRS 102. The plans for 2019/20 are for income reserves to return to within the 30% to 40% range.

AAT Group's total unrestricted income funds as at 31 March 2019 were £13,991,000 (2018: £12,606,000), after deducting the pension scheme deficit of £1,910,000 (2018: £3,290,000). The repayment plan agreed with the Pension Scheme Trustees is explained on page 39.

Key performance indicator:

Levels of income reserves

2018	£13.1m
2017	£11.2m

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 2019 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.

Review of our financial position for the year to 31 March 2019

AAT has maintained a strong financial position in the face of unprecedented uncertainty in the UK due to Brexit and general volatility in the global markets. This year we have continued to invest in initiatives that meet our charitable objects and business plan objectives and our strong standing allows this to continue, while ensuring we maintain risk reserves at a prudent level.

The financial statements on pages 52 to 73 are based on the results of the AAT Group. The Statement of Financial Activities on page 52 shows a level of net income before other recognised gains and losses of £252,000 (15 months to 31 March 2018: £(33,000)), or 0.8% (15 months to 31 March 2018: 0.0%) of total income. This year's net income is higher than the prior period, despite investment losses of £511,000 (15 months to 31 March 2018: investment losses of £223,000).

The net movement in the unrestricted income funds of the AAT group, after the deduction of the pension reserve arising under FRS 102, was an increase of £1,385,000 (15 months to 31 March 2018: reduction of £40,000).

AAT does not undertake any fundraising.

Key performance indicator:

Surplus of recurring income over expenditure

2018–19	£3,444,000 or 11.5%
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 increased our investment in development projects, with net development expenditure of £2,449,000 (15 months to 31 March 2018: £2,341,000). 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. As a result of GDPR we are also undertaking a project to transfer our documents files to Microsoft SharePoint.

Although we continued to invest in staff and systems, to maintain and improve the services we provide, and to deal with the increasing demand from our members and other parties, we have also looked for efficiencies in order to maintain an overall net surplus. Expenditure on recurring activities was £26,556,000 (15 months to 31 March 2018: £34,042,000).

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. A further full triennial valuation was carried out on 1 April 2018 and currently AAT is in discussion with the scheme's trustees on whether this necessitates a review of the repayment plan. 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 £1.9 million (2018: £3.3 million), affected by the performance of the scheme's assets, the £400,000 contribution by AAT, and changes made to the post-retirement mortality assumptions. These factors were partially offset by an increase in scheme liabilities due to a fall in corporate bond yields reducing the discount rate, and additional liabilities arising from the High Court judgement on Guaranteed Minimum Pensions (GMP) equalisation. We provide further details in notes 1 and 7 to the accounts.

Investment policy and objectives

Statement of investment principles and treasury policy

The Management Board, comprising of 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 below.

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 invest surplus cash in treasury non-cash assets 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.

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

Investment performance

The Management Board receives regular updates of investment performance and meets with Ruffer LLP, at least twice a year, to review the portfolio's most recent quarterly performance under its management. The regular meetings also enable the Board to maintain a good understanding of Ruffer's strategic approach. Council also receives an investment report at each of its meetings.

As of 31 March 2019, AAT held £19.0 million (2018: £19.5m) of investments with Ruffer LLP. The portfolio made £511,000 of investment losses during the year to 31 March 2019 (15 months to 31 March 2018: investment losses of £223,000) and there was no new investment of surplus funds during the year (15 months to 31 March 2018: £nil).

The latter part of 2018 proved challenging for global stock markets as investors contended with an array of economic and geopolitical concerns. Most significantly, the poor performance of equity markets can be directly linked to US monetary policy. After ten years of stimulus in the form of quantitative easing and low interest rates, the US central bank, the Federal Reserve, began the process of tightening monetary policy: it raised interest rates in both September and December, and accelerated the rate of quantitative tightening over the quarter. This called into question the principal assumption on which high equity valuations have been predicated for a decade - that interest rates could remain perpetually low and this culminated in the weakest December on record for global equities (-7.1%).

The first quarter of 2019 stood in sharp contrast to the final quarter of 2018, with global stock markets recouping most of their previous losses. The US Federal Reserve's apparent volte-face in January, signalling its 'patience' in response to equity market falls, drove equity markets higher, as investors moved to price out any US monetary tightening in 2019 against previous expectations of further interest rate rises. There were also increased hopes of a trade deal between China and the US, and of China's recent stimulus measures bearing fruit in terms of stronger economic growth.

Investment in subsidiaries

The Management Board monitors the Charity's investment in its wholly owned trading subsidiary 'Accounting Technicians (Services) Limited' (ATSL) by receiving regular performance reports of ATSL, incorporating the results of its wholly owned subsidiary 'Accounting Technicians Enterprises Limited' (ATEL), as well as budgets and business plans. These reports enable the Board to confirm that the return to the Charity and the carrying value is appropriate and are then reviewed by Council at its next meeting.

03 Governance

Structure, governance and management

Reference and administrative details of the AAT Group

The Association of Accounting Technicians, referred to throughout this report as 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). ATSL has a wholly owned subsidiary 'Accounting Technicians Enterprises Limited' (ATEL), a private limited company registered with Companies House in England and Wales (no. 11272946).

There are currently three Directors of ATSL and ATEL: one appointment from among the Directors of AAT, one Independent Director and the Chief Executive of AAT.

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

AAT Botswana (Proprietary) Limited, a subsidiary company and office of AAT (registered in Botswana no. C02017/23770), is in place to meet regulatory requirements imposed by the Botswana Qualifications Authority. There are three Directors: two appointments from AAT's Executive Team, and as required, one director who is resident in Botswana.

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.

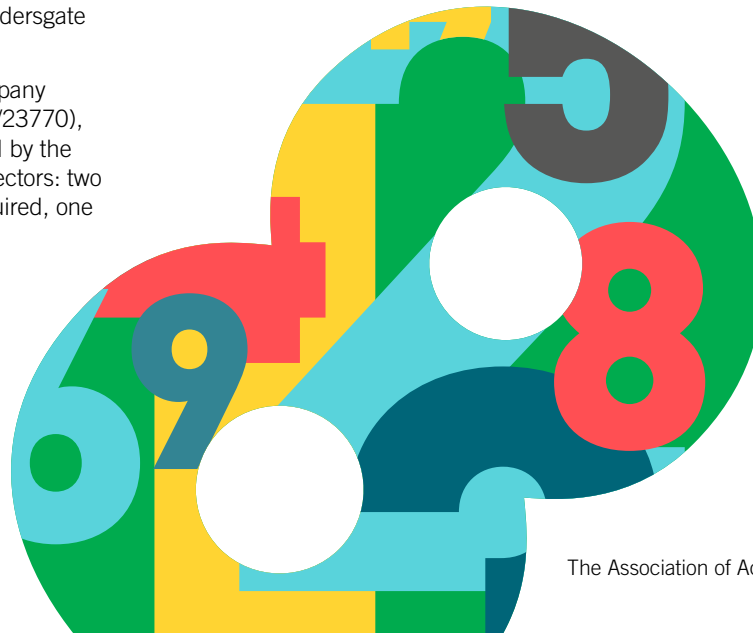
The Trustees are responsible for ensuring the Group acts solely to further AAT's charitable objects. Please see page 75 for details of the Council members and the Executive Team.

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

Council is responsible for specific functions which it does not delegate. 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. Council reviews the terms of reference of boards and panels together with the scheme of delegation at least annually.

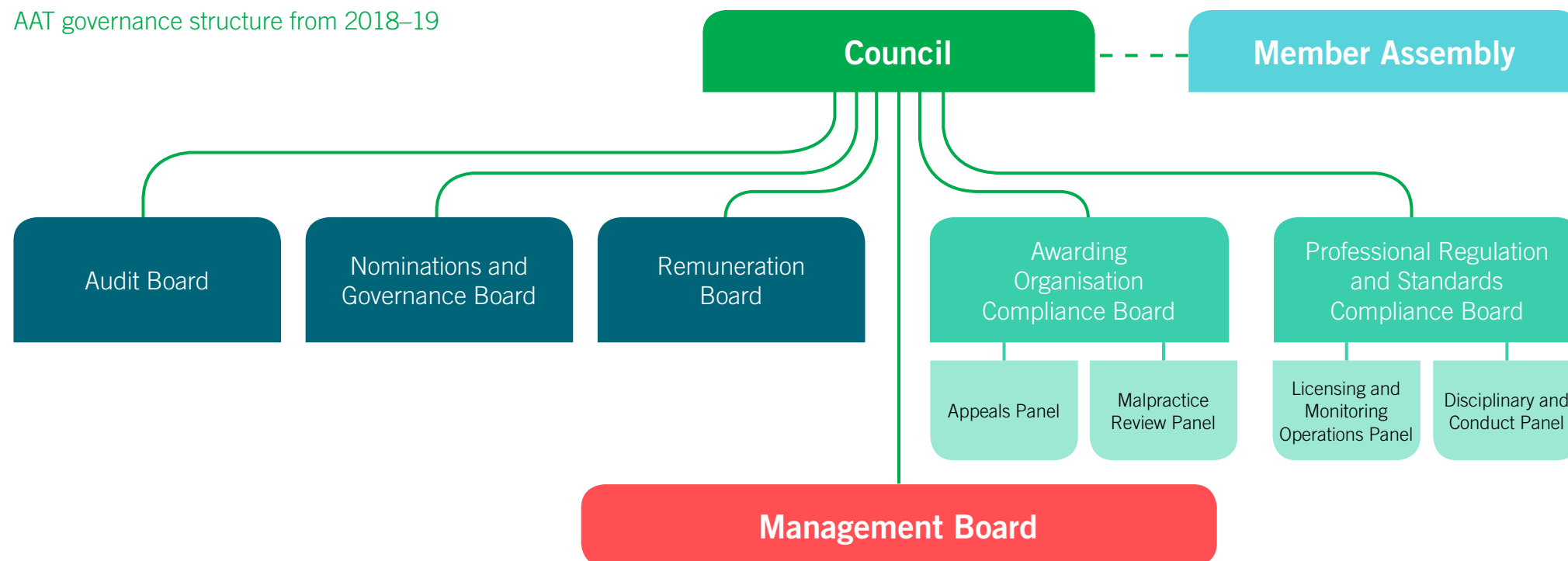
New governance arrangements took effect from September 2018 with a move to a smaller sized Council made up of both elected and independent members, broadening the mix of skills and experience and providing the basis for greater diversity. Council is supported by a Management Board, Audit, Nominations and Governance and Remuneration Boards and two independent regulatory boards: the Awarding Organisation Compliance Board and the Professional Regulation and Standards Compliance Board. In addition, there are several support and technical panels. The introduction of the Member Assembly provides a voice for the wider AAT membership and a mechanism to provide feedback to Council on policy issues and matters of wider concern affecting the membership as a whole.

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



Structure, governance and management

AAT governance structure from 2018–19



Structure, governance and management

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 the principles and guidance are 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 expected to sign up to on appointment together with a declaration of eligibility. In addition, AAT holds a register of Council members' interests to ensure clarity and openness and to uphold the integrity of AAT. All are reviewed at least annually.

Effectiveness

Appointment of new Trustees

Since September 2018 when new governance arrangements took effect, Council has comprised of ten elected members (elected by the membership), six independent members (appointed by Council) and four ex-officio members – the President, Vice President and the two most recent Past Presidents. The Vice President is elected by members of Council, a position held for one year, before taking up the role of AAT President.

Commitment

All AAT Trustees commit to serving as a member of Council and some will also be members of one or more of the supporting boards. The Council year begins from the close of the AGM in September and members meet four times a year. Boards and panels typically have four meetings cycles with the Management Board meeting more frequently. Trustees are expected to attend all relevant 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 (not including time served as an ex-officio member) before they are required to take a break.

Development

There is a framework in place for Council members' learning and development which provides the opportunity to develop skills and knowledge and to help members contribute effectively to the work of AAT. Council members are made aware of their responsibilities as a Director and Trustee, and the expectations and obligations of the role, prior to and on appointment, as part of the induction process. Regular learning and development sessions for both

Council and individual boards and panels reinforce these responsibilities and facilitate continued learning.

AAT Council strategy day

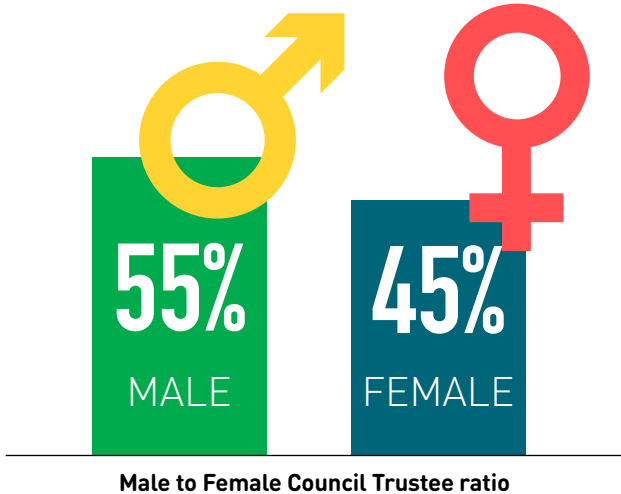
The annual Council strategy day, held in July, provided an informal forum for activity-based working, including development sessions on unconscious bias and GDPR, and open discussion of key strategic issues.

Information and support

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

Diversity

For the Council year 2018–19, Council comprised of 20 Trustees, 11 (55%) of whom were male and 9 (45%) female. Of the total full and fellow membership 37% are male and 63% female.



Structure, governance and management

Audit Board and Internal Audit

AAT's Audit Board acts independently 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 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 a particular focus on compliance with accounting policies and relevant standards, clarity of disclosures and adjustments resulting from the audit. The Board's activities include dealing directly, on Council's behalf, with the external auditors regarding the conduct of the audit.

Key focus areas for the Board during the reporting period were the continued development of AAT's risk management process, monitoring the delivery and implementation of major projects in relation to risk, including the requirements of GDPR, internal audit and dealing with the impact and implications of the governance changes with regards to the Board's activities.

AAT's Internal Audit function is provided by an external resource, BDO LLP (previously Moore Stephens LLP), which acts independently of the external auditors. This function undertakes a programme of internal control reviews and reports to the Audit 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 Board reports to Council at each of its meetings on AAT's key strategic risks.

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 2018–2019 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

External Auditors

RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB

Investment Managers

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

Internal Auditors

BDO LLP, 150 Aldersgate Street, London, EC1A 4AB

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 board meets four times a year, comprising of members of Council and chaired by the Immediate Past President. The committee also has a pay and reward specialist as an independent adviser.

The purpose of the remuneration board is to oversee the remuneration policy against which the Executive team and staff salaries are determined and monitor the framework for the remuneration of staff.

The board's key responsibilities are:

- to monitor the framework for the remuneration of graded and ungraded staff
- to 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
- to commission external market information on salary and remuneration packages to assist comparison and benchmarking with best practice
- to advise Council on the further development of the remuneration policy, the objective being to attract, retain and motivate staff to the quality required to run the organisation successfully without paying more than is necessary. The remuneration policy should have regard to the risk appetite and align to longer term strategic goals
- to approve the design of and determine targets for organisational wide performance related pay
- to review the ongoing appropriateness and relevance of the remuneration policy
- to have oversight of the Group Personal Pension Scheme to ensure it supports wider remuneration policy, value for money and meets relevant regulatory requirements
- be responsible for the setting and ongoing review and monitoring of the Council member expense guidelines
- to review annually the board's terms of reference and to make recommendations to Council via the Nominations and Governance Board for changes as appropriate and to undertake periodic reviews of its own performance
- to review and support annually the training needs of the members of the Remuneration Board.

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 between 1 January and 31 March received a bonus of £1,240 for achieving our targets for that year. This was a fifteen month period rather than 12 due to the change to the financial year end. 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, Management Board
London
4 July 2019

04 Independent Auditor's report

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 year ended 31 March 2019 which comprise the Statement of Financial Activities for the group, the Group and AAT Balance Sheets, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "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 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year 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.

Independent Auditor's report

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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' 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 Directors' Report or the Strategic Report included within the Trustees' 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 47, 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
8 July 2019

05 Financial statements

Statement of financial activities for the group (incorporating the income and expenditure account)

for the year ended 31 March 2019

	Notes	12 months to 31 March 2019 Total funds £'000	Restated 15 months to 31 March 2018 Total funds £'000
Income from:			
Charitable activities – subscriptions and fees	3	16,774	20,024
Charitable activities – assessments		12,013	15,118
Events		460	463
Other		513	602
Other trading activities	20(i)	538	639
Investments	2	240	246
Gain on sale of joint venture undertaking		–	107
Total income		30,538	37,199
Expenditure on:			
Raising funds			
Investment management costs		(200)	(255)
Trading activities expenses	20(i)	(770)	(627)
Charitable activities			
Growing membership and other customer relationships	4	(13,229)	(16,583)
Developing accountancy skills	4	(8,363)	(10,538)
Enhancing standards of and commitment to professionalism	4	(5,598)	(6,956)
Broadening our influence	4	(1,615)	(2,050)
Total expenditure		(29,775)	(37,009)
Net losses on investments	12(iii)	(511)	(223)
Net income/(expenditure)		252	(33)
Other recognised gains and losses			
Actuarial gains/(losses) on defined benefit pension scheme	7	1,133	(7)
Net movement in funds, including pension reserve		1,385	(40)
Total funds brought forward		12,606	12,646
Total funds carried forward at end of period, including pension reserve	19	13,991	12,606

All income is unrestricted.

Expenditure amounts shown here do not correspond to the 2017-18 financial statements due to including pension scheme finance costs under charitable activities rather than separately on the face of the income and expenditure account.

The notes on pages 55 to 73 form part of these financial statements.

Balance sheets

as at 31 March 2019

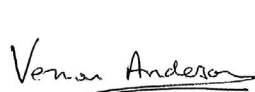
	Notes	AAT (Parent charitable company)		Group	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible assets	10	381	583	381	583
Tangible assets	11	536	804	536	804
Investments	12	19,503	19,657	18,957	19,457
Total fixed assets		20,420	21,044	19,874	20,844
Current assets					
Debtors	13	3,136	2,949	3,250	3,207
Cash and cash equivalents	14	6,204	4,936	6,664	4,985
Total current assets		9,340	7,885	9,914	8,192
Liabilities:					
Creditors: amounts falling due within one year	15	(13,319)	(12,376)	(13,425)	(12,471)
Net current liabilities		(3,979)	(4,491)	(3,511)	(4,279)
Total assets less current liabilities		16,441	16,553	16,363	16,565
Creditors: amounts falling due after more than one year	17	(462)	(669)	(462)	(669)
Total net assets before deducting pension liability		15,979	15,884	15,901	15,896
Defined benefit pension scheme liability	7	(1,910)	(3,290)	(1,910)	(3,290)
Total net assets after deducting pension liability		14,069	12,594	13,991	12,606
Represented by:					
Unrestricted income funds					
General reserve		15,979	15,884	15,901	15,896
Pension reserve	7	(1,910)	(3,290)	(1,910)	(3,290)
Total unrestricted income funds	19	14,069	12,594	13,991	12,606

All funds are unrestricted.

The notes on pages 55 to 73 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 income of £342,000 (2018: net expenditure of £45,000).

Approved by the Council on 4 July 2019 and signed on its behalf by:



Vernon Anderson
President and Trustee



John Thornton
Chairman, Management Board

Company number 1518983

Group statement of cash flows

for the year ended 31 March 2019

	Notes	12 months to 31 March 2019 Total funds £'000	15 months to 31 March 2018 Total funds £'000
Cash flows from operating activities:			
Net cash provided by operating activities	a)	1,450	1,231
Cash flows from investing activities:			
Dividend and interest income	2	240	246
Purchase of intangible fixed assets	10	–	(3)
Purchase of tangible fixed assets	11	–	(4)
Proceeds from sale of fixed asset investments		18,649	8,906
Purchase of fixed asset investments		(18,660)	(8,882)
Proceeds from sale of joint venture undertaking		–	107
Net cash provided by investing activities		229	370
Changes in cash and cash equivalents in the period		1,679	1,601
Cash and cash equivalents at the beginning of the period	14	4,985	3,384
Cash and cash equivalents at the end of the period	14	6,664	4,985
a) Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period as per the statement of financial activities		252	(33)
Proceeds of sale of joint venture undertaking		–	(107)
Amortisation of intangible fixed assets	10	202	426
Depreciation of tangible fixed assets	11	268	406
Losses on investments	12	511	223
Interest income	2	(240)	(246)
Loss on disposal of fixed assets		–	5
(Increase) in debtors		(43)	(322)
Increase in creditors		747	1,161
Pensions reserve funding deficit movements		(247)	(282)
Net cash provided by operating activities		1,450	1,231

The notes on pages 55 to 73 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.

In 2016 the Trustees decided to change the year-end at 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 judgements 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 for the 12 months to March 2019, but are not entirely comparable with the comparatives for the 15 months to March 2018.

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 all its subsidiaries. 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 12 months to 31 March 2019 is £30,012,000 (15 months to 31 March 2018: £36,560,000). The net result of the Charity before taking into account the actuarial gains on the defined benefit pension scheme is a net surplus of £342,000 (15 months to 31 March 2018: net deficit £45,000).

AAT owns the whole of the share capital of Accounting Technicians (Services) Limited, which in turn owns the whole share capital of Accounting Technicians Enterprises 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 20 (i) and (ii). AAT also owns the whole share capital of AAT Botswana (Proprietary) Limited, which did not trade in the current year or previous period. The other subsidiary undertaking, Accounting Technician (Publications) Limited was dormant throughout the current year and previous period.

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, after deduction of the pension reserve.

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.

Notes to the financial statements

1. ACCOUNTING POLICIES (CONTINUED)

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. All support costs 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, so is closed to future accrual.

The pension 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.

Following the settlement of the Lloyds Bank GMP equalisation case on 26 October 2018 in respect of the gender equalisation of guaranteed minimum pensions ('GMPs') the actuaries have considered the impact on the Group defined benefit pension scheme. Although it will take time to determine the exact impact, they have estimated it will increase scheme liabilities by approximately 0.3% or £73,000 based on 31 March 2019 liabilities. As a result, this estimate has been reflected in the pension deficit and as a past service cost in the income and expenditure account (see also note 7).

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.

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%

Notes to the financial statements

1. ACCOUNTING POLICIES (CONTINUED)

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 £315,000 as at 31 March 2019 (2018: £269,000). 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.

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 cost less any adjustments for impairment.

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, are 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 judgements 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.

Investment impairment provision

During the year Accounting Technicians (Services) Limited (ATSL) undertook a project to research alternative sources of income through a third party under its wholly owned subsidiary, Accounting Technicians Enterprises Limited (ATEL) which was funded by the issue of 500,000 new £1 ordinary ATSL shares to AAT. Although the research generated interest, it proved more challenging to convert this interest into income and given the uncertainty ahead, the ATSL board took the decision to stop this particular project. The costs of the project are represented by the ATEL loss for the year of £154,000. Although the ATSL board intend to look again at alternative sources of income, there is nothing currently planned to offset these losses, therefore the Trustees have taken the view that the investment in ATSL has been impaired by £154,000.

During the year ATSL carried out work to develop its products and services which resulted in losses of £78,000 over and above those incurred by ATEL. The Trustees recognise that the impaired value of the investment is greater than the net assets at year end, but that the company is expected to generate future profits, and therefore are not proposing any further impairment this year.

2. INVESTMENT INCOME

	Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Interest receivable	30	15
Dividends receivable from investments	210	231
Total	240	246

3. SUBSCRIPTIONS AND FEES

	Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Full members' subscriptions and fees	7,872	9,104
Student and affiliate members' fees	8,902	10,920
Total	16,774	20,024

Notes to the financial statements

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Group			12 months to 31 March 2019 £'000
	Direct staff costs £'000	Other direct costs £'000	Support and governance costs £'000	
Growing membership and other customer relationships	4,228	2,426	6,575	13,229
Developing accountancy skills	2,142	2,681	3,540	8,363
Enhancing standards of and commitment to professionalism	1,206	2,226	2,166	5,598
Broadening our influence	456	567	592	1,615
Total	8,032	7,900	12,873	28,805

	Group			Restated 15 months to 31 March 2018 £'000
	Staff costs £'000	Other direct costs £'000	Support and governance costs £'000	
Growing membership and other customer relationships	5,094	3,955	7,534	16,583
Developing accountancy skills	2,710	3,730	4,098	10,538
Enhancing standards of and commitment to professionalism	1,595	2,756	2,605	6,956
Broadening our influence	516	851	683	2,050
Total	9,915	11,292	14,920	36,127

Expenditure amounts here do not correspond to the 2017-18 financial statements due to including pension scheme finance costs of £118,000 under charitable activities rather than separately on the face of the income and expenditure account.

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Group				Total 12 months to 31 March 2019 £'000
	Growing membership and other customer relationships £'000	Developing accountancy skills £'000	Enhancing standards of and commitment to professionalism £'000	Broadening our influence £'000	
ICT	2,254	1,214	742	204	4,414
Human Resources	388	208	128	35	759
Finance	466	251	154	42	913
Procurement and facilities	1,385	746	456	124	2,711
Programme Management Office and Corporate Development	1,401	754	462	126	2,743
Governance	293	158	97	26	574
Chief Executive's Office	177	95	58	16	346
AAT Central	211	114	69	19	413
Total	6,575	3,540	2,166	592	12,873

Notes to the financial statements

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS (CONTINUED)

	Group				Restated Total 15 months to 31 March 2018 £'000
	Growing membership and other customer relationships £'000	Developing accountancy skills £'000	Enhancing standards of and commitment to professionalism £'000	Broadening our influence £'000	
ICT	2,691	1,465	930	244	5,330
Human Resources	412	224	142	38	816
Finance	687	374	238	62	1,361
Procurement and facilities	1,661	903	574	151	3,289
Programme Management Office and Corporate Development	1,136	618	393	103	2,250
Governance	362	197	125	33	717
Chief Executive's Office	190	103	66	17	376
AAT Central	395	214	137	35	781
Total	7,534	4,098	2,605	683	14,920

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

Governance costs for the 12 months to 31 March 2019 comprise of staff costs of £299,000 (15 months to 31 March 2018: £340,000), audit fees of £40,000 (15 months to 31 March 2018: £41,000), legal and other professional fees of £32,000 (15 months to March 2018: £117,000) and costs of trustee and other business meetings of £203,000 (15 months to March 2018: £219,000).

6. EMPLOYEES

	Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Staff costs		
Salaries and wages	10,647	13,197
Employer's social security costs	1,109	1,397
Employer's pension costs – Group personal pension scheme	749	842
Defined benefit pension scheme – Past service cost	73	–
	12,578	15,456
Staff recruitment and training	422	558
Total	13,000	15,994

Redundancy payments of £5,000 (15 months to 31 March 2018: £9,000) and no ex-gratia payments (15 months to 31 March 2018: £17,000) were made during the year. 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 year were as follows:

	12 months to 31 March 2019 No.	15 months to 31 March 2018 No.
Charitable activities	145	140
Support and governance	116	116
Total	261	256

Emoluments of senior staff

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

	Employees (excluding Chief Executive)		Chief Executive	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Salary	2,203	4,821	185	224
Bonus	–	149	–	10
Private medical insurance	8	12	2	2
Total	2,211	4,982	187	236

The ratio of the Chief Executive's emoluments to the lowest paid employee is 10 (15 months to 31 March 2018: 8) and the ratio to the median paid employee is 5 (15 months to March 2018: 5).

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

	12 months to 31 March 2019 No.	15 months to 31 March 2018 No.
£60,001 – £70,000	13	24
£70,001 – £80,000	7	15
£80,001 – £90,000	4	8
£90,001 – £100,000	2	6
£100,001 – £110,000	–	2
£110,001 – £120,000	3	–
£120,001 – £130,000	–	2
£140,001 – £150,000	–	3
£150,001 – £160,000	–	1
£180,001 – £190,000	1	–
£230,001 – £240,000	–	1

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 75 (2018: 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	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Salary	890	1,103
Bonus	–	64
Employer's social security costs	108	149
Employer's pension costs	76	112
Private medical insurance	11	14
Total	1,085	1,442

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 (2018: three of eight).

7. PENSION ARRANGEMENTS (AAT AND GROUP)

Movement in deficit during the period

	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Deficit in scheme at beginning of the period	(3,290)	(3,565)
Movement in period:		
Employer contributions	400	411
Expense recognised in the income and expenditure account	(153)	(129)
Actuarial gain/(loss)	1,133	(7)
Deficit in scheme at the end of the period	(1,910)	(3,290)

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 12 months to 31 March 2019 were £749,000 (15 months to 31 March 2018: £842,000).

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.

Notes to the financial statements

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

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

	12 months to 31 March 2019	15 months to 31 March 2018
Discount rate	2.6%	2.7%
Retail price inflation	3.6%	3.5%
Consumer price inflation	2.6%	2.5%
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%
Revaluation of non-GMP in deferment		
• Pre April 2009	2.6%	2.5%
• Post April 2009	2.5%	2.5%
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.

The scheme's assets and liabilities were as follows:

	Value at 31/3/19 £'000	Percentage of total assets	Value at 31/3/18 £'000	Percentage of total assets
Fair value of the scheme's assets:				
• Equities	5,432	24.0%	4,980	24.0%
• Alternatives	3,222	14.2%	3,025	14.6%
• Bonds	6,306	27.9%	6,074	29.2%
• Liability driven investments	7,446	32.9%	6,665	37.0%
• Other assets	234	1.0%	35	0.2%
	22,640		20,779	
Present value of the scheme's liabilities	(24,550)		(24,069)	
Deficit at end of period	(1,910)		(3,290)	

Reconciliation of fair value of plan assets over the period

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Fair value of plan assets at the beginning of the period	20,779	19,135
Interest income on plan assets	568	695
Return on plan assets excluding interest income	1,134	1,107
Employer contributions	400	411
Benefits paid	(241)	(569)
Fair value of plan assets at end of the period	22,640	20,779

Notes to the financial statements

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

Reconciliation of defined benefit obligation over the period

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Defined benefit obligation at the beginning of the period	24,069	22,700
Interest cost on the defined benefit obligation	648	813
(Gains)/losses from the effect of experience adjustments	(184)	235
Losses from the effect of changes in assumptions	185	879
Benefits paid	(241)	(569)
Past service cost	73	11
Defined benefit obligation at end of the period	24,550	24,069

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

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Interest income on plan assets	568	695
Interest cost on defined benefit obligation	(648)	(813)
Net pension scheme finance costs	(80)	(118)
Past service cost	(73)	(11)
Total pension expense	(153)	(129)

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

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Return on plan assets excluding interest income	1,134	1,107
Gains/(losses) from the effect of experience adjustments	184	(235)
Losses from the effect of changes in assumptions	(185)	(879)
Actuarial gains/(losses)	1,133	(7)

Return on plan assets

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Interest income on plan assets	568	695
Return on plan assets excluding interest income	1,134	1,107
Return on plan assets	1,702	1,802

Notes to the financial statements

8. COUNCIL AND BOARD EXPENSES

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Total Council and Board expenses incurred in respect of travel, accommodation and subsistence	124	174

Included in the above are £22,000 (15 months to 31 March 2018: £43,000) of expenses reimbursed to 25 (15 months to 31 March 2018: 31) 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 INCOME/(EXPENDITURE) FOR THE PERIOD IS STATED AFTER CHARGING:

	Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Net incoming resources are stated after charging:		
Operating lease expense	1,298	1,565
Amortisation charges	202	426
Depreciation charges	268	406
Loss on disposal of fixed assets	–	5
Audit fee – Charity	40	41
Audit fee – Subsidiaries	6	4

10. INTANGIBLE FIXED ASSETS

	AAT and Group		
	Online services £'000	Membership and finance computer software £'000	Total £'000
Cost			
At 1 April 2018	2,098	1,546	3,644
At 31 March 2019	2,098	1,546	3,644
Amortisation			
At 1 April 2018	(2,098)	(963)	(3,061)
Charge for the year	–	(202)	(202)
At 31 March 2019	(2,098)	(1,165)	(3,263)
Net book value			
At 31 March 2019	–	381	381
At 31 March 2018	–	583	583

Notes to the financial statements

11. TANGIBLE FIXED ASSETS

	AAT and Group			Total £'000
	Leasehold improvements £'000	Plant and equipment £'000	Computer hardware £'000	
Cost				
At 1 April 2018	1,195	677	690	2,562
At 31 March 2019	1,195	677	690	2,562
Depreciation				
At 1 April 2018	(831)	(410)	(517)	(1,758)
Charge for the year	(86)	(64)	(118)	(268)
At 31 March 2019	(917)	(474)	(635)	(2,026)
Net book value				
At 31 March 2019	278	203	55	536
At 31 March 2018	364	267	173	804

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Investment portfolio (see note 12(iii))	18,957	19,457	18,957	19,457
Investment held in net assets of Accounting Technicians (Services) Limited (see note 12(ii))	546	200	–	–
Total investments held	19,503	19,657	18,957	19,457

(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 20(ii))	100% £1 ordinary shares	Private Limited Company	England and Wales 03116873
Accounting Technicians Enterprises Limited (see note 20(ii))	100% Indirectly through ATSL £1 ordinary shares	Private Limited Company	England and Wales 11272946
Accounting Technician (Publications) Limited (see note 20(iii))	100% £1 ordinary shares	Dormant	England and Wales 02063899
AAT Botswana (Propriety) Limited (see note 20(iv))	100% 1 pula ordinary shares	Non-trading	Botswana CO2017/23770

Notes to the financial statements

12. FIXED ASSET INVESTMENTS (CONTINUED)

Investment in Accounting Technicians (Services) Limited

	AAT	
	2019 £'000	2018 £'000
Carrying value at beginning of period	200	200
Additions	500	–
Impairment adjustment	(154)	–
Carrying value at 31 March	546	200

(iii) Investment portfolio

	AAT and Group	
	2019 £'000	2018 £'000
Investments on a recognised stock exchange	17,819	17,383
Cash	1,138	2,074
Total	18,957	19,457

	2019 £'000	2018 £'000
Investments on a recognised stock exchange are as follows:		
Valuation at beginning of period	17,383	18,733
Add: Acquisitions at cost	18,660	9,136
Less: Disposals	(17,713)	(10,263)
Net losses on revaluation	(511)	(223)
Fair value at 31 March	17,819	17,383

	2019 £'000	2018 £'000
These investments are held in the following securities:		
UK equities	1,959	1,914
Overseas equities	6,802	6,707
Bonds	7,516	7,435
Other	1,542	1,327
Fair value at 31 March	17,819	17,383

Notes to the financial statements

12. FIXED ASSET INVESTMENTS (CONTINUED)

The historic cost of these investments is as follows:

	2019 £'000	2018 £'000
UK equities	1,816	1,760
Overseas equities	6,912	6,015
Bonds	6,829	6,477
Other	3,211	2,544
Historic cost at 31 March	18,768	16,796

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	AAT		Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors – see below	1,477	1,369	1,637	1,581
Other debtors	158	143	177	221
Prepayments	1,402	1,405	1,436	1,405
Amount due from subsidiary undertakings	99	32	–	–
Total	3,136	2,949	3,250	3,207

Trade debtors

	AAT		Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Organisations	1,880	1,697	2,040	1,909
Individuals – fees and subscriptions	791	950	791	950
Less: membership lapsing provision	(1,194)	(1,278)	(1,194)	(1,278)
Total	1,477	1,369	1,637	1,581

14. CASH AND CASH EQUIVALENTS

	AAT		Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank	1,704	1,119	2,164	1,156
Treasury Deposits	4,500	3,500	4,500	3,500
Aberdeen Asset Investments Limited	–	317	–	329
Total	6,204	4,936	6,664	4,985

Notes to the financial statements

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	AAT		Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	447	410	447	410
Taxes and social security	402	540	398	560
Other creditors	19	49	19	49
Accruals	2,152	2,017	2,197	2,041
Deferred income (see note 16)	9,569	8,641	9,634	8,692
Fees received in advance	208	243	208	243
Rent accrual reversing within one year (see note 17)	207	207	207	207
Provision for dilapidation	315	269	315	269
Total	13,319	12,376	13,425	12,471

16. DEFERRED INCOME

	AAT		Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Balance at beginning of period	8,641	7,666	8,692	7,666
Deferred during period	17,401	20,885	17,505	20,936
Released during period	(16,473)	(19,910)	(16,563)	(19,910)
Balance at 31 March	9,569	8,641	9,634	8,692

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.

Notes to the financial statements

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

The movement on the rent accrual for the period was as follows:

	AAT and Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Balance at beginning of period	876	1,134
Accrual released during period	(207)	(258)
Balance at 31 March	669	876
Split of rent accrual:		
Accrual reversing within one year	207	207
Current obligations	207	207
Accrual reversing within two to five years	462	669
Non-current obligations	462	669
Total	669	876

18. OPERATING LEASE COMMITMENTS

The total future minimum operating lease payments are as follows:

	AAT and Group			
	Property		Plant and equipment	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within one year	1,474	1,472	27	32
Between one and five years	3,294	4,784	91	18
Total	4,768	6,256	118	50

19. UNRESTRICTED INCOME FUNDS

	Group	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
At beginning of period	12,606	12,646
Net income/(expenditure) for the year	252	(33)
Surplus before pension scheme actuarial gain/(loss)	12,858	12,613
Pension scheme actuarial gain/(loss)	1,133	(7)
At 31 March, including pension reserve	13,991	12,606

Notes to the financial statements

19. UNRESTRICTED INCOME FUNDS (CONTINUED)

	AAT	
	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
At beginning of period	12,594	12,646
Net income/(expenditure) for the period	342	(45)
Surplus before pension scheme actuarial gain/(loss)	12,936	12,601
Pension scheme actuarial gain/(loss)	1,133	(7)
At 31 March, including pension reserve	14,069	12,594

20. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS

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

The company made a loss before tax of £232,000 in the 12 months to 31 March 2019 (15 months to 31 March 2018: profit of £12,000). This was after charging £154,000 against the amount owed by its subsidiary undertaking Accounting Technicians Enterprises Limited (see note 20(ii)). Its activities for that period are summarised below:

	12 months to 31 March 2019 £'000	15 months to 31 March 2018 £'000
Profit and loss account for the period ended 31 March		
Turnover	538	639
Cost of sales	(242)	(323)
Gross profit	296	316
Other operating expenses	(528)	(304)
(Loss)/profit before taxation	(232)	12
Tax on (loss)/profit	–	–
Retained (loss)/profit for the financial period	(232)	12

Notes to the financial statements

20. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS (CONTINUED)

Net asset statement as at 31 March	2019	2018
	£'000	£'000
Current assets	827	339
Current liabilities	(358)	(126)
Net current assets	469	213
Total net assets	469	213
Represented by:		
Share capital	700	200
Profit and loss account	(231)	13
Shareholders' funds	469	213
	12 months to 31 March 2019	15 months to 31 March 2018
Total costs reported as from trading activities	£'000	£'000
Cost of sales	242	323
Other operating expenses	374	304
Total as per statement of financial activities	616	627

All ATSL costs are incurred by AAT and recharged to ATSL. During the 12 months to 31 March 2019 £710,000 of costs, net of sales agent commission, were recharged by AAT to ATSL (15 months to 31 March 2018: £541,000). As at 31 March 2019 ATSL owed £99,000 to AAT (2018: £32,000) as shown within note 13. In the year AAT received a gift aid payment of £12,000 from ATSL (15 months to March 2018: £1,000). There were no other related party transactions between AAT and ATSL.

(ii) Accounting Technicians Enterprises Limited

The company is a wholly owned subsidiary of ATSL and was formed in March 2018. It commenced trading in May 2018 and made a loss before tax of £154,000 in the 13 months to 31 March 2019. Its activities for that period are summarised below:

Profit and loss account for the period ended 31 March 2019	13 months to 31 March 2019
	£'000
Turnover	–
Cost of sales	–
Gross profit	–
Other operating expenses	(154)
Profit before taxation	(154)
Tax on profit	–
Retained profit for the financial period	(154)

Notes to the financial statements

20. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS (CONTINUED)

Net asset statement as at 31 March 2019	2019 £'000
Current assets	–
Current liabilities	(154)
Net current assets	(154)
Total net assets	(154)
Represented by:	
Share capital	–
Profit and loss account	(154)
Shareholders' funds	(154)

Total costs reported as from trading activities	13 months to 31 March 2019 £'000
Cost of sales	–
Other operating expenses	(154)
Total as per statement of financial activities	(154)

(iii) Accounting Technician (Publications) Limited

The company has been dormant for several years, and the value of its net assets as at 31 March 2019 was £100 (2018: £100).

(iv) 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 2019 was £7 (2018: £7).

21. RELATED PARTY TRANSACTIONS

The related party transactions between AAT and its subsidiary undertaking, Accounting Technicians (Services) Limited are shown in note 20(i). There were no related party transactions between AAT and its other subsidiary undertaking, Accounting Technicians Enterprises Limited.

The remuneration of key management personnel is shown in note 6 and Council and Board expenses incurred are shown in note 8. There were no other related party transactions.

22. 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 subsidiary, Accounting Technicians (Services) Limited and its wholly owned subsidiary Accounting Technicians Enterprises Limited.

23. STATUS

The Association of Accounting Technicians is a company 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.

06 Other information

Members of Council and Executive team

Members of Council who held office during the reporting period 2018/19 as Directors and Trustees

Vernon Anderson (President)

John Thornton* (Vice President) (*Chairman, Management Board*)

June Anderson (until 21/09/18)

Kevin Bragg

Sally Cox (until 21/09/18)

Jane Cuthbertson

Christina Earls

Nicola Fisher (*Chairman, Remuneration Board*)

David Frederick

Stefan Gatward (until 05/06/18)

Helen Geatches

Heather Hill

Lee Maidment

Mark McBride (*Chairman, Nominations and Governance Board*)

Mark Nelson (until 21/09/18)

Tim Nicholls

Rita Patel (until 21/09/18)

Marta Phillips (until 21/09/18)

Mark Powell (from 21/09/18)

David Quigg*

Allan Ramsay†° (until 21/09/18)

Paul Rowlands

Sue Taylor

Jane Towers (until 21/09/18)

Anne-Marie Townsend

Carole Turner

David Walker†° (*Chairman, Audit Board*)

Sarah Whelehan (from 21/09/18)

Members of the Executive Team and Company Secretary

Chief Executive: **Mark Farrar†°¥**

Director of Strategy and Professional Standards: **Adam Harper**

Director of Finance and Operations: **Jannine Edgar** (from 01/10/18)

Director of Finance: **Rob Williams** (until 10/07/18)

Director of Education and Development: **Suzie Webb**

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 Technicians Enterprises Limited, a subsidiary company of Accounting Technicians (Services) Limited

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

¥ Indicates Director of AAT Botswana (Proprietary) Limited, a subsidiary company

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

Members of Council and Executive team

Past Presidents (continued)

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 MCI Arb 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 Allen-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
2017-18 **Nicola Fisher** FIPA FABRP FMAAT

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
* since deceased

Past Presidents' 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
2017 **Caroline Green** MAAT