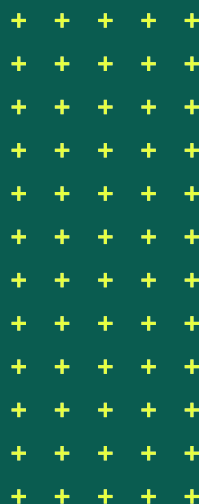


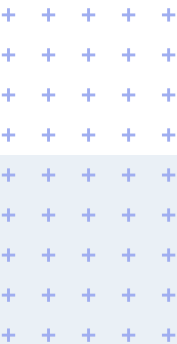
# Refocus, renewal, *relevance*

The Association of Accounting Technicians  
Annual Report 31 March 2023



# Contents

<b>Trustees' report</b>	1	<b>Governance</b>	85
About AAT	2	Structure, governance	
What we do	6	and management	86
		Annual remuneration statement	94
<b>Strategic report</b>	12	Trustees' responsibilities statement	96
Our highlights in 2022–23	14	Independent Auditor's report	98
<b>Our impact</b>	16		
Our impact on people's lives	17	<b>The numbers</b>	104
Our professional impact	22	Financial statements	105
Our business impact	27	Members of Council and	
Our economic impact	32	the Executive team	134
Our societal impact	36		
<b>Our success</b>	42		
How we measure success	43		
The President's view 2022–23	50		
CEO's report 2022–23	54		
Section 172 statement	58		
<b>The future</b>	67		
Future plans	68		
The environment around us	71		
The risks we face	75		
Financial review	78		

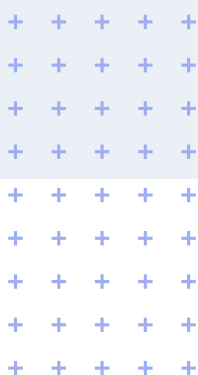


The Association of Accounting Technicians Trustees are pleased to present the Trustees' report together with the consolidated financial statements of the charity and its subsidiaries for the 12 months ending 31 March 2023, which are also prepared to meet the requirements for a directors' report and accounts for *Companies Act 2006* purposes.

# Trustees' *report*

# About AAT

**AAT is the  
world's leading  
professional body  
for accounting  
technicians. We  
have blazed a trail  
for inclusive access  
to accountancy  
training for more  
than 40 years.**



**More than other organisations in our sector, we really understand how to help people develop practical skills. Our qualifications and career support services are routed in vocational learning. Learning by doing.**

Our role is to develop finance qualifications that ensure businesses can draw on skilled professionals who are fully equipped to meet challenges head-on. Our qualifications are developed with the input of business and other industry experts. Our continued professional development (CPD) and lifetime learning opportunities are available to the AAT community of nearly 124,000 members and students. Together we ensure our community is equipped with the skills needed for the real world.

AAT has always been proud that our qualifications are open to everyone. Through partnerships, we're continuing to break down barriers and empower and support more people from different backgrounds to access a professional accountancy career and progress within it. To start studying with us you only need the desire to succeed. This makes AAT a uniquely inclusive and diverse accountancy qualification organisation, based from the UK.

## Societal change

As a registered charity, we have a clear remit to act in the public interest. We can enact and inspire societal change, through both our own business activity and by demonstrating leadership to our community. The accountancy profession has been identified as having a critical role to play in supporting others to act more responsibly towards society and the environment. AAT will continue to raise levels of awareness and engagement in the global sustainability agenda, and we will continue with our commitment to social mobility with increased access to the profession for all.

Organisations of every size, in every sector, need trustworthy and expert finance professionals. Of the 5.5 million businesses in the UK, around 85% engage the services of an accountant, the remaining employ their own in-house expertise. Either role can be fulfilled by an accounting technician. Over 600,000 small businesses already trust AAT licensed members to help improve their productivity and drive better decisions through effective accounting, taxation and business support.

Worldwide demand for skills associated with accounting technicians is rising, but often not fully understood. Our qualifications develop accounting professionals who are empowered with the practical and technical skills that add value, create impact and deliver results in the workplace.

Through our regulated status, we demonstrate to students and employers that AAT is an awarding organisation with high-quality qualifications, recognised worldwide as being a gold standard for anyone wishing to develop their technical accounting skills. Our awarding activity is regulated by all four UK qualification regulators: Ofqual (England), CCEA (Northern Ireland), SQA (Scotland) and Qualifications Wales, as well as BQA (Botswana). We're also recognised as an End Point Assessment Organisation (EPAO) for the purpose of providing End Point Assessments (EPAs) for apprenticeships in accounting at Levels 2, 3 and 4.

This annual report reflects our work in the 12 months to 31 March 2023.





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 Having the letters MAAT after my name shows that I'm serious about what I can do. When you have the designation, it shows that you have worked for something and you're willing to put in the time and dedication to your own professional development. This is something employers really value.

||  
**Robert**, an AAT professional member since 2014

# About AAT

The world's **leading professional body** for accounting technicians

**Open to everyone**, irrespective of age, background or experience

Nearly **124,000 members** and students in **105 countries**

**Over 6,200 licensed members** in the UK

A **regulated awarding organisation** whose qualifications are highly respected internationally

A recognised **End Point Assessment Organisation** for accounting apprenticeships in the UK

## ***What*** we do

AAT was founded in 1980 with public interest at its heart. Our purpose is to open up finance careers for everyone. We aim inspire and develop an inclusive community of accounting professionals equipped with the real world skills needed to help businesses meet the challenges of our fast-changing world.

Our practical qualifications are universally respected and internationally recognised, giving our students and members some of the most in-demand skills in the world, while providing them with a professional status they can be proud of.

Fundamental to the profession are the standards to which we and our members work. As an awarding and professional body, we're committed to raising standards and upholding professional ethics within the accounting profession. The ultimate impact

<p>The dynamic, inclusive AAT community is at the heart of every decision we make. We're equipping our community with practical and industry expertise that's needed to activate careers and supercharge businesses.</p>	<p>we're seeking is greater trust and confidence in the profession from the public.</p> <p>In 2021–2022 we developed and enhanced our responsible business commitments, in part aligned to the United Nations Sustainable Development Goals (SDGs)</p>
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Fundamental to the profession are the standards to which we and our members work. As an awarding and professional body, we're committed to raising standards and upholding professional ethics within the accounting profession. The ultimate impact we're seeking is greater trust and confidence in the profession from the public.

In 2021–2022 we developed and enhanced our responsible business commitments, in part aligned to the United Nations Sustainable Development Goals (SDGs) identified as particularly relevant to AAT.

**In a nutshell, AAT is transforming lives to make all our futures better.**



AAT's commitment to the UN Sustainable **Development Goals**

**Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

**Goal 5:** Achieve gender equality and empower all women and girls.

**Goal 10:** Reduce inequality within and among countries.

**Goal 13:** Take urgent action to combat climate change and its impacts.

**Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

**Goal 17:** Strengthen the means of implementation and revitalise the global partnership for sustainable development.

AAT offers **internationally recognised qualifications** and lifelong learning support, and helps build businesses' financial capabilities.

We promote **practical financial skills** to empower people and enable businesses to achieve their potential.

AAT awards around **34% of all UK vocational accounting qualifications.**

AAT advocates for **progressive change** in the profession and for organisations to become more efficient.

**Our *Responsible business framework* has four pillars that are integrated throughout everything we do.**



***People***

We promote diversity and inclusion and champion fair working practices, supporting talent from the widest talent pool.



***Practices***

We ensure policies and procedures are transparent and fair, and promote a sustainable economy, actively looking at anti-corruption, responsible supply chains and procurement.



***Public benefit***

We enrich the communities where we operate, building skills for the accountancy profession, encouraging qualification for all, and promoting lifelong learning.



***Sustainability***

We ensure sustainability with a focus on how we impact on the communities where we operate, focusing on energy, waste and water.

**UN SDG commitments and links to *Responsible business framework***

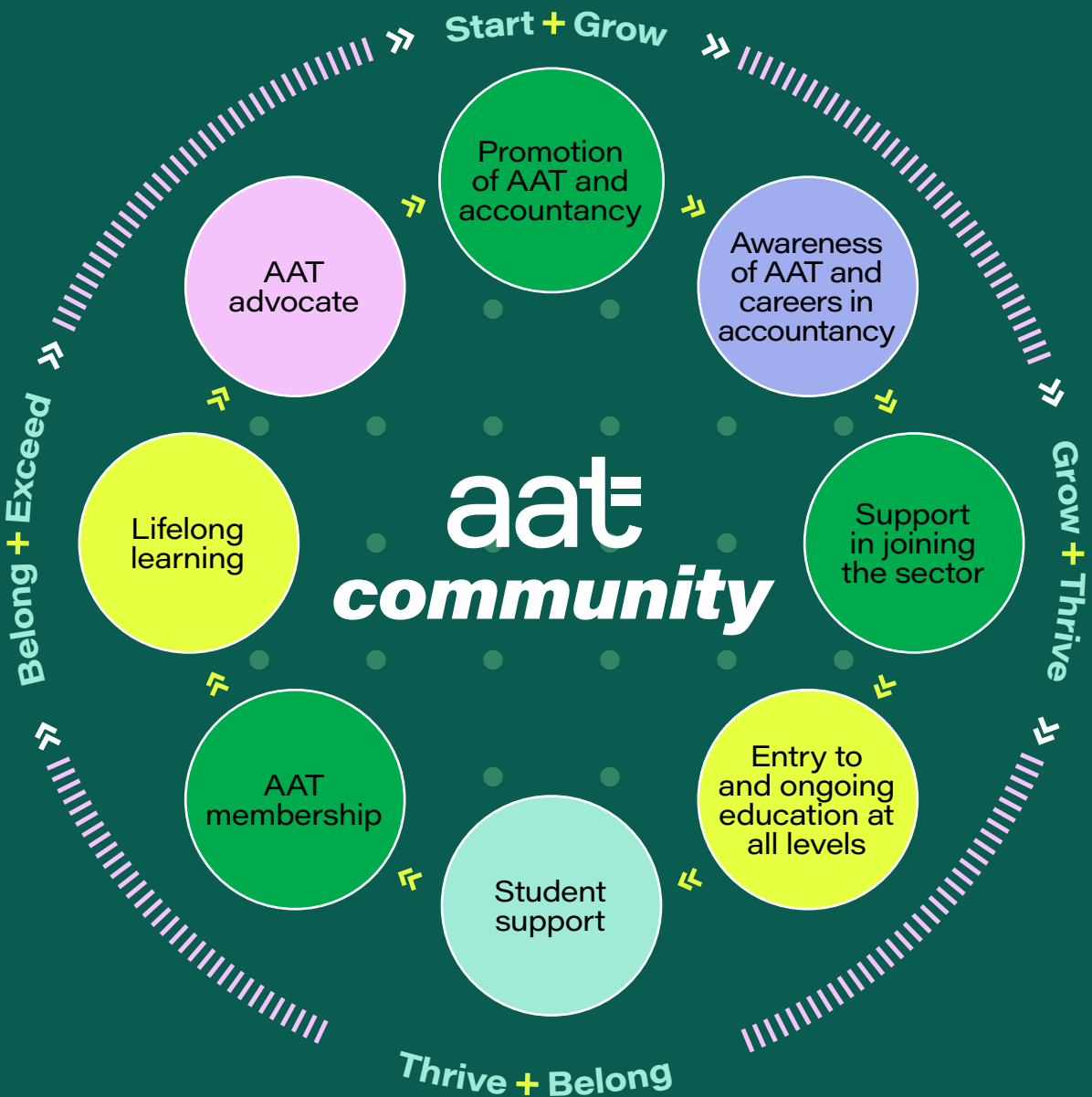
- SDG 4: Quality education
- SDG 5: Gender equality

- SDG 10: Reduced inequalities
- SDG 16: Accountable and inclusive institutions

- SDG 13: Climate change action
- SDG 17: Partnerships for sustainable development

- SDG 4: Quality education
- SDG 5: Gender equality

# Supporting our community at *every step*





As part of our responsible business commitment, we have a clear remit to act in the public interest. This is manifested in our promise to raise levels of awareness and engagement in the global sustainability agenda, and our commitment to enhancing social mobility by increased access to the profession for all. From 2023, the following commitments will be considered within all activity we undertake and the products we deliver, through four core strategies.



**Community:**

putting our dynamic, inclusive community at the heart of every decision we make.



**Partnerships:**

developing and growing effective partnerships with governments, professional bodies, training providers and employers.



**Digital innovation:**

applying a digital first approach to our activity, in a move to reduce our physical footprint.



**Evidence-based decisions:**

consult diverse perspectives and leveraging data efficiently in our decision-making and sharing our insights within the profession.

# AAT's *charitable objects*

Our charitable objects underpin our business model and strategy:

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 by monitoring and supervising their compliance with money laundering legislation.

The Trustees confirm 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.

# Strategic *report*



■

I'd always said I wanted to do maths in my future. From about the age of 13 or 14 I'd decided I was going to do an apprenticeship to be an accountant. For me, the apprenticeship route with AAT was much more suited than university. My increased technical knowledge has allowed me to have a deeper understanding of finance processes. I've progressed my career a lot quicker within this apprenticeship and it's helped me to develop and flourish in so many different areas.

■

**Chloe**, studying with AAT since 2020

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# Our highlights in 2022–23

## **Our professional membership grew by 3%.**

We achieved a 91.2% retention level and an 82% satisfaction rate in AAT from our community.

As evidence of our members' entrepreneurship, we saw a **9% increase in applications** to become a licensed member of AAT (AAT Licensed Accountant and AAT Licensed Bookkeeper).

To strengthen the positioning of our members and to ensure our community is ready for the future, we developed and launched our new business strategy **Securing future relevance to 2030** to members and students from 34 countries.

Working with employers, we continued to **champion apprenticeships**, with starts up 12.6% on the previous year. More than 3,700 apprenticeships completed, with many employed by small businesses.

We continued to help our students progress with our qualifications, administering 192,000 computer-based assessments and issuing **27,301 certificates of qualification completion** across all levels.

We were awarded the **Institute of Customer Service (ICS) service mark**, a national standard recognising our achievement in, and commitment to, customer service.



With support from over 500 businesses and employers, we launched **Qualifications 2022**, our latest suite of qualifications, in September 2022. These will equip accounting technicians with critical, future-proof skills such as ethics, technology, communication and sustainability.

AAT won two awards at the **Digital Finance Function Awards**. Our CEO, Sarah Beale, was named Influential Woman of the Year and we won **Learning Event of the Year** for our "Digital Decoded" six-part webinar series, run in February and March 2023, on how to capitalise on digital technology in daily work.

**82%** of MPs polled agreed that anyone giving paid-for tax and accountancy services should be appropriately qualified, demonstrating support for AAT's ongoing Accountable campaign.

We achieved **Disability Confident Level 2** and are now a disability confident employer.

Our **gender pay gap** decreased from 3.5% in 2021 to -0.2% in 2022, due to an increase in the proportion of women in senior roles at AAT.

We championed the value of accounting technicians in the UK and globally, including representing our community at the **World Congress of Accountants** held in India.

We were invited to give oral evidence to the House of Lords Economic Affairs Finance Bill Sub-Committee on the current system for R&D tax reliefs and the **impact of unregulated accountants**.

We were awarded an Employers Network for Equality and Inclusion (ENEI), **Talent Inclusion and Diversity Evaluation (TIDE)** bronze award.

We achieved our Women in Finance target of **40% females in senior management** roles at AAT during 2022 and have committed to a new five-year target to have at least 45% by March 2027.

# Our *impact*

# ***Our impact*** **on people's lives**

AAT impacts people's lives by providing open access to accountancy qualifications that lead to professional membership, and by providing career-long support. This combination can take people – irrespective of where they start – to wherever they want to go in life. We can profoundly change people's life chances.

In 2022–23 we sharpened our focus on why we want to impact people's lives and aligned our strategic aims with wider goals. We implemented a *Responsible business framework* (RBF) and remained a signatory of the UN Global Compact – committing us to drive action in support of the UN's Sustainable Development Goals (SDGs).

When considering our impact on people's lives, the SDG that AAT's Council has identified as being material is **Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**. Our RBF people priority is: **We promote diversity and inclusion and champion fair working practices, supporting talent from the widest talent pool**. Our impact on people's lives is reported in relation to these goals.



Widening access to the profession

The more people who study AAT, the more opportunities we have to widen participation, eliminate barriers to entering the accountancy profession and, in doing so, transform lives.

To enable this, we continued to ensure AAT qualifications are available to 16 to 19-year-olds and adults through funded provision. The **AAT Bursary** scheme supports financially disadvantaged students in the UK, who want to study for an AAT qualification and helps ensure that dedicated individuals can succeed in accounting regardless of their circumstances. In 2022–23, we awarded 18 students with an AAT Bursary, an increase of 82% on 2020–2021. We also continued to support students and members in difficult financial circumstances to continue their membership and studies via the **Grant Assistance** scheme.

To help students understand the right qualification for them based on their unique circumstances, we launched two new online tools: **Qualifications Navigator** and **Skillcheck**. By offering a range of practical introductory courses, over 3,700 people chose to study our Level 1 qualifications, which are often used as a springboard into employment or a route back into work.

We continued to champion **apprenticeships** as a proven and practical gateway into accountancy. Over 6,000 people started an apprenticeship with embedded AAT qualifications, a 12.6% increase on last year. The launch of our End Point Assessment (EPA) at Level 2 completed our apprenticeship offering, and over 3,700 people completed their AAT EPA, across all three levels, in the year.

AAT’s opportunities are not limited to the UK.  
Over 400 school leavers and adults seeking to join the accountancy profession started AAT qualifications in Bahrain, Malaysia and Botswana.

### Student support

To boost their chances of success, we helped students prepare for their assessments via the second **accelerAATe** online conference in January 2023. This event also developed the skills that will help students stand out in the job market and build a successful career. Over 2,100 students joined us live across six sessions and over 1,100 watched on-demand. AccelerAATe was followed up with regular drop-in clinics, enabling students to connect with each other and access community support.

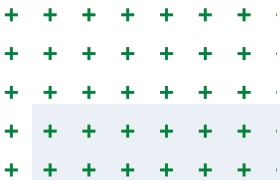
We continued to ensure greater flexibility for students undertaking the AAT qualification. We helped them to connect with quality digital learning provision through our network of training providers, with 32% of students now opting to study digitally.

### Attracting people to the profession

Our summer PR campaign during A-level results week promoted AAT qualifications as an alternative to university. Featuring football super-agent and author, Jon Smith and AAT case studies, we secured a breadth of broadcast coverage with a reach of over 32 million. Media highlights included *talksport2*, *Sky Sports Radio*, *London Live* and *CNN World Sport*.

### Professional careers

To help transition a quality education into a lifelong career, we overhauled the process for becoming a professional member of AAT. The new **Progression Pathway** dismantles previous barriers by introducing a more streamlined application process to be a qualified bookkeeper (AATQB) or full member (MAAT) and reflects new criteria for full membership. This brings the benefits of joining a professional community and of gaining a widely recognised professional status closer together. The new pathway has proved popular, accounting for around 46% of all new member approvals for the year. We also added support for new members in their first year through a new CPD programme on the AAT Lifelong Learning Portal.





**Nurturing our employees**

The **office relocation** to 30 Churchill Place in May 2022 allows our colleagues to experience a modern, serviced office in Canary Wharf at the heart of the financial district. We updated our approach to working in the office, empowering individuals and teams to identify the working practices that are best suited for them, whilst maintaining customer service.

In addition to role-specific training and other ongoing all-colleague support, including cyber security and data protection, we invested in our leaders and managers with a cross-organisation **management development programme**. This comprised of six bitesize modules that all line managers completed whether new to line management or as a refresher.

Following the launch of the **behaviours and culture change programme** in 2021, seven e-learning modules aligned to AAT’s behaviours were introduced, in 2022, to help colleagues create an environment where we can all challenge constructively, be passionate, decisive, inclusive and accountable in getting the job done to a high standard and on time. We celebrated the achievements of colleagues aligned to the AAT behaviours and culture through our Culture Champions awards.

To support our staff, our **wellbeing champions**, who are all trained mental health first aiders, continued to raise awareness of wellbeing topics and the available support. Following the success of previous support webinars and mindful of the impact of external factors such as financial concerns, we commissioned a session on **managing the cost of living**, which was available live and on-demand.

To gain an understanding of how staff feel about working at AAT we run regular **“pulse” surveys**. With 1 being strongly disagree and 5 being strongly agree, we received a satisfaction grading of 4 out of 5 from the 65% of employees who responded to the latest survey, up from the 49% of employees who responded to the previous survey.

As a result of moving our **Best Companies** survey to the summer of 2023 we don’t have results for this year, however we continued to work on our action plans to make AAT an even better place to work, building on our One Star rating from 2022.



## ■

Without studying AAT and the resources and support they offer, I don't think I'd be where I am in my career.

Becoming a professional member has opened up so many doors for me, as the knowledge and skills AAT teaches are recognised so widely, showing potential employers and clients that your abilities and knowledge have been learned from one of the best.

## ■

**Anastasia**, an AAT Licensed bookkeeper since 2018

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# Our professional *impact*

AAT seeks to have a big impact on the accountancy profession, both to ensure the profession's standards are high so end-users can have confidence and trust in accountancy professionals; and to ensure our students and members get enriching opportunities within a respected profession.

When considering our professional impact, the SDG that AAT's Council has identified as being material is **Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels**. Our RBF public benefit policy is: **We enrich communities where we operate, building skills for the accountancy profession, encouraging qualification for all, and promoting lifelong learning**. Our professional impact is reported in relation to these goals.

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## Building in-demand skills

To build relevant skills for the accountancy profession, AAT's main focus in 2022–2023 was the launch in September of our new qualifications suite, **Qualifications 2022 (Q2022)**, and assessment platform. Built with support from over 500 businesses and employers globally, they equip accounting technicians with the core fundamentals of bookkeeping and accounting, while also helping them develop critical, future-proof skills such as ethics, communication, technology and sustainability.

These qualifications will give our students and members real world skills with which to meet the demands of a changing world, and will contribute to building effective and accountable institutions wherever they end up working.

Interest and uptake of the new qualifications has been strong, with over 46,600 on-demand assessments being delivered. As we move to embed these qualifications throughout the year ahead we will continue to review both their delivery and impact.



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We kept our members up to date on key issues relating to the profession, business and society. More than 33,000 professional users engaged with resources on **AAT Comment** and over 36,000 with the library of CPD support on the **Knowledge Hub**. We continued to create opportunities for our community to meet through branch events complemented by a programme of online activity.

We invested in digital delivery to maximise access and participation in lifelong learning, launching our **Learning Portal** to our professional members. The portal offers targeted services and easier access to, and management, of CPD monitoring. We have recorded 75,000 engagements with CPD resources since the portal was launched.

Open to all members free of charge, and attracting over 2,700 members, the **Future Finance Online** conference supported members upskill, focusing on non-technical skills required to be a relevant and well-rounded, impactful finance professional.

Following its success last year, our award winning **Digital Decoded** online event returned in February and March 2023 attracting over 1,200 professional members across the sessions. In response to feedback, we featured digital showcases to help build the skills that are in-demand in the profession.

In November, new members joined us from across Europe, Africa and Asia, as well as the UK for a **member celebration ceremony**. This recognised their achievement of professional membership. It was AAT's first online celebration ceremony and meant we brought together our new member community, wherever they were in the world.

The 2022 **annual member survey** saw the highest response rate since the survey began in 2011, with satisfaction levels above the 10-year average and professional members recording 90% satisfaction.

## Anti-Money Laundering (AML) and professional ethics

You can't build effective and accountable institutions without combatting the scourge of economic crime. AAT is an **AML Professional Body Supervisor**. We pursue this through sharing intelligence and data with crime agencies and other supervisory authorities; taking enforcement action where supervised firms are failing to comply with AML requirements and are at risk of being exploited by criminals; and promoting and checking compliance with the Suspicious Activity Reporting (SAR) regime through our practice assurance reviews.

We provided support to members through AAT's ethics, AML, AML whistleblowing and member compliance helplines, listening to members' dilemmas, offering feedback, suggesting resources, and providing support. We also continued to inform our members on the latest developments in the fight against economic crime. This included articles, e-learning modules and support guidance.

AAT's *Code of Professional Ethics* and learning resources also ensured our members understand the high standards of professionalism and ethical behaviour that's expected.

Internally, eight AML training modules were developed to enhance knowledge on AAT's supervisory responsibilities. These continue to be delivered to the Professional Standards and Customer Services teams, particularly for new members of staff developing in their role.

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IFAC – the International Federation of Accountants – is the global voice for the accountancy sector representing more than 3 million accountants worldwide. At the **IFAC World Congress of Accountants** in India, we were invited to join panel discussions as speakers and were able to shine a spotlight on the role accounting technicians have in supporting a more diverse and relevant profession globally. From here we have continued to raise the profile of accounting technicians, supporting IFAC to develop a clear articulation of the value accounting technicians bring to the global accounting profession, together with a clear call to action for the profession on how it can harness this value.

Given the investment of IFAC membership, we continue to monitor its effectiveness and the value derived on behalf of our members. Trustees regularly review the costs against the value membership provides in influencing how the global profession views the role of accounting technicians, and the access it provides to timely awareness of pending changes in international standards and expectations, which we can communicate to members, so they remain ahead of the curve.

We also supported the Confederation of Asia Pacific Accountants report: *Accounting Technicians: the time has arrived to recognise this vital part of the accounting profession*, and endorsed the development of the IFAC resources dedicated to accounting technicians, including *Accounting Technicians: a key component of the Accounting Ecosystem*.

These publications will further extend understanding of the role of accounting technicians.



||  
 I'd not been able to finish university for medical reasons, so when I turned 25, I enrolled with AAT to give me a chance to own my own practice and help others in business. Before starting my studies, I'd been working in import and export, I became the Financial Partner, and this inspired me further to start my own practice. The resources AAT has available to their licensed members makes life in practice easier. AAT really was the stepping stone that started my journey.

||  
**Furqan**, an AAT Licensed Accountant since 2018

Figure 1. The effect of the number of trials on the number of correct responses. The number of correct responses was significantly higher than the number of incorrect responses for all groups. The number of correct responses was significantly higher than the number of incorrect responses for all groups. The number of correct responses was significantly higher than the number of incorrect responses for all groups.

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Whilst buying responsibly is not always the cheapest option, we carefully balance value for money with our ethical commitments.

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## Training providers

Our students can't thrive unless our training providers do, so we identify areas where we can provide support to these vital partners. Because the education sector continues to be targeted by malicious cyber actions, we introduced **new screening criteria** for training providers and assessment centres. We have also trained external quality assurers to support centres improve and maintain higher levels of cyber resilience and strengthen compliance across the sector.

We approved **34 new training providers and 11 new assessment venues** to deliver our qualifications, improving choice and access for students looking to study AAT. We carried out over 450 external quality assurance visits to monitor and support delivery. We also streamlined our contractual arrangements with approved centres to simplify the approach, and updated it, to reflect the latest legal and regulatory requirements.

The delivery of the new Q2022 qualifications meant we rebuilt and enhanced our online student and training provider services, such as the results services and View and Remove – a new and more efficient administration service for training providers. The developments to these services improved usability and provided a more seamless online learning experience.

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## Suppliers

Part of being a responsible business is treating suppliers fairly. Therefore, we've undertaken to **pay all suppliers within published terms**, not just the small businesses covered by the *Prompt Payment Code*. At year end, 97.5% of supplier payments were made within 60 days of the invoice date, and 90.4% of the payments were within 30 days, exceeding our targets in both cases.

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## Employers

Our Employer team engaged over 500 employers, employing in excess of 1,800 apprenticeship starts this year.

Throughout **National Apprenticeship Week**, our media campaign highlighted AAT case studies alongside new research focusing on the increased demand and positive impact of apprenticeships. This resulted in 27 pieces of coverage, including highlights on *Times Radio*, *LBC News* and *BBC Radio Cymru*. Across the year we also participated in a host of TV, radio, podcast and panel interviews related to apprenticeships and employment with channels such as *LBC news*, *BBC Radio Suffolk* and *UCAS*.

On this topic and others, we secured 263 pieces of proactive media coverage in the year, with a total reach of over 148 million.

### The wider business community

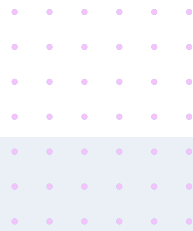
With over 26,500 AAT students completing qualifications across all levels during this past year, we've been able to positively impact the wider business community. This is at a time when accountants, bookkeepers and business skills are in high demand, and are required to support businesses and help grow the economy.

We also supported the wider business community with financial skills training. There was growing demand from businesses across many sectors for our **AAT Essentials** training programmes. These are designed to support financial skills for non-financial teams, we saw corporate bookings almost double, and income grow by 79% from the previous year.

### Informi

Informi, AAT's free website for small business owners and start-ups, now has an established presence. We continued to see healthy engagement levels with popular topics of support, including ways to make your business more profitable and how to deal with rising costs.

As part of our **Small Business Saturday** campaign, we surveyed more than 2,000 UK workers and found that the majority (64%) of Generation Z (16 to 25-year-olds) aspire to be their own boss – yet nearly one in 10 are put off starting a business by the thought of having to manage tax and accounting. In response, we launched an updated version of our e-book *How to start a business in 20 days*, which has been downloaded by more than 4,000 small business owners and would be entrepreneurs from the Informi website.





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AAT's Professional Standards team conducts practice assurance reviews of AAT licensed members. 315 licensed members were reviewed during 2022 for practice assurance requirements. These reviews ensure firms are operating with the required level of professional competency and due care in the services and support they are providing to over 600,000 small businesses.

The Professional Standards team is obligated to impose substantial financial penalties on members who breach AML regulations. Mindful of the cost of living crisis, and to offer support to members, Professional Standards agreed a number of payment arrangements for cases that needed them.

We also updated 13 professional standards regulations and policies through the Professional Regulation and Standards Compliance (PRSC) Board to ensure they remain fit for purpose and support members in maintaining the highest standards of professionalism.





**II**  
 RSM is really passionate about the training we offer. We cover a suite of different courses that really complements the AAT training. Our apprentices make RSM what it is. They've got the generational mindset, making sure that we're driving the business forward. It's brilliant to see the AAT students growing in their confidence and skills.

**II**  
**RSM**, working with AAT since 2015

# Our economic *impact*



AAT makes a positive economic impact in several ways. We use our position as the world's leading professional body for accounting technicians to influence government policy and national financial regulation.

When considering our economic impact, the SDGs that AAT's Council has identified as being material are **Goal 10: Reduce inequality within and among countries** and **Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development**. Our RBF public benefit priority is: **We enrich communities where we operate, building skills for the accountancy profession, encouraging qualification for all and promoting lifelong learning**. Our economic impact is reported in relation to these goals.

We champion the interests of the SME sector, which makes up 99.9% of the UK business population.<sup>1</sup> Within the UK more than 600,000 small businesses are provided with accountancy, taxation and business advisory services by one of AAT's over 6,200 licensed members. This represents approximately 10% of the total UK small business population which stands at 5.3 million. With that total population responsible for an estimated £75 billion in PAYE and NIC receipts and an estimated £95 billion in receipts from corporation tax, VAT and other taxes, the contribution made by AAT licensed members is not insubstantial. We are increasingly vocal advocates for responsible business behaviours. And, with students, active and completed, in 105 countries, we contribute to international accounting standards and promote the role and value of accounting technicians worldwide.

<sup>1</sup> [www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html](https://www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html)

Advocate and influence

We continued to advocate on behalf of members and students to influence government policy across the UK. Our **advocacy** included giving 18 responses to government, regulatory and parliamentary consultations. Topics ranged from tax simplification and raising standards in tax advice to diversity and inclusion on company boards and AML regulations.

We convened meetings of our Tax, Payroll and Digital Advisory Panels comprising a range of senior industry professionals and AAT Licensed Accountants to support internal policy development and inform AAT consultation responses on behalf of members and students. Results from the panels included improving our arguments and evidence against the Online Sales Tax and informing our positioning on R&D tax relief.

We were invited to give oral evidence to the House of Lords Economic Affairs Finance Bill Sub-Committee on the current system for R&D tax relief and **the impact of unregulated accountants**, (a key issue for our members and small businesses) with AAT being extensively quoted in the Sub-Committee’s report.

We commissioned a poll from YouGov in June 2022 which showed 82% of MPs agreed that anyone giving paid-for tax and accountancy services should be appropriately qualified.

This was a clear demonstration of support for our ongoing **Accountable** campaign that seeks to provide greater assurance to businesses engaging the services of accountants and tax advisers.

Reflecting the major concerns shared by our members, AAT organised an open letter to the Chancellor calling for the Budget to include more investment to **improve HMRC service levels**. The letter was signed by Sarah Beale, AAT CEO, and the leaders of nine other UK accounting and tax professional bodies.

\_\_\_\_\_

We champion small businesses to amplify their voice with government. This year, as part of our work to support climate action, we have lobbied the UK Government to provide support for SMEs through tax reliefs for 'social offsetting' alongside support for training and reaching net zero, as well as immediate support such as cash grants, lower National Insurance contributions and corporation tax.

AAT was invited to give oral evidence to a Business, Energy and Industrial Strategy Select Committee inquiry into the government's **Help to Grow** scheme in May and we set out our members' concerns about the unnecessarily restrictive eligibility criteria for the schemes. We successfully influenced changes to Help to Grow, including reducing the eligibility threshold, expanding the range of software available and broadening the range of costs the funding can cover. While the government has taken the decision to end the scheme, AAT is committed to advocating for similar support for SMEs in the future, leveraging the insights we gleaned from our members.

We wrote a series of columns to raise awareness of AAT lobbying and consultation, including on the impact of R&D tax proposals, the scrapping of Help to Grow on SMEs, and on defeating plans for an Online Sales Tax.

A delegation of AAT Licensed Accountants met with HMRC officials responsible for the implementation of its **Making Tax Digital** (MTD) programme, feeding into the development process around the now delayed transition to MTD for Income Tax Self-Assessment (ITSA). Research we conducted on this issue in 2022 revealed that AAT members demonstrate a significant appetite for greater intermediary involvement, with 95% of the AAT Licensed Accountant respondents to the survey expressing a desire to register their clients for ITSA.

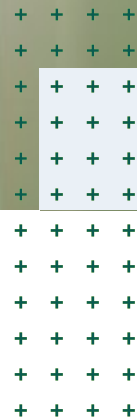
**AAT members are determined to play a part in ensuring MTD is implemented successfully.**



I didn't know any accounting basics, so I had to learn everything from scratch. Studying AAT in Malaysia has allowed me to secure a job and helped to turn my life around. The knowledge I've learned from AAT has helped me to get a career.



**Noor**, studied with AAT until 2021



# Our societal *impact*

Society increasingly demands that organisations have purpose and act responsibly. At AAT we're proud to be in the vanguard of change in relation to equality, diversity and inclusion.

When considering our societal impact, the SDGs that AAT's Council has identified as being material are **Goal 5: Achieve gender equality and empower all women and girls** and **Goal 13: Take urgent action to combat climate change and its impacts**. Our RBF sustainability priority is: **We ensure sustainability with a focus on how we impact on communities where we operate, focusing on energy, waste and water**. Our societal impact is reported in relation to these goals.

By the nature of our activities, our environmental footprint is relatively light, but we can make an impact by supporting our members and students to build skills and competencies for a sustainable economy, and by driving a thoughtful approach to sustainable finance throughout the accountancy profession.



## Tackling inequality

To make a societal difference, we've committed to diversity, inclusion, fair work and supporting talent from the widest pool. To reduce inequality of opportunity, we continued to work with **Access Accountancy**, supporting and participating in the New Signatories Working Group that seeks to encourage members and employers across all the accountancy bodies to provide work experience for students from lower socio-economic backgrounds.

To celebrate the difference AAT makes to society, we inaugurated the **AAT Impact Awards** and received nearly 400 nominations recognising inspirational people from across our community who do extraordinary things. Watched by members, students and partners around the world, we revealed the six fantastic winners and five excellent runners-up at the online launch of our strategy *Securing future relevance to 2030*, in February 2023. All our nominees provide support and inspiration to others and represent the very best of our community.

We are signatories of the **Race at Work Charter** and have an Executive Sponsor for Race to help support the development of Black, Asian and Minority Ethnic employees across the organisation.

We launched our new **Diversity and inclusion (D&I) strategy to 2025** with clear targets and undertook ethnic minority listening sessions to understand the experiences of staff. We used the outputs to develop actions that are now part of our strategic D&I action plan. Our mean and median **ethnicity pay gaps** both declined in 2022–23, but with a mean ethnicity pay gap of 24%, we still have a lot to do.

We were awarded an Employers Network for Equality and Inclusion (ENEI) **Talent Inclusion and Diversity Evaluation** (TIDE) bronze award. We also signed up to a specialist recruitment site that targets candidates from diverse backgrounds to support our D&I goals and offered work placements for people with disabilities to help them find employment.

The Professional Regulation and Standards Compliance (PRSC) Board approved a *Protected characteristics policy* ensuring our commitment to protecting and promoting equality and diversity within the context of the regulatory function.

## Equal opportunities for women

We consistently promote careers in accountancy as being open to all and aim to subvert the image of accountants as only white and male, so everyone feels included and encouraged to reach their full potential.

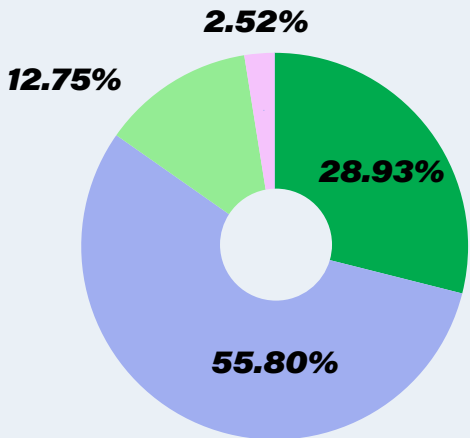
Our members and students predominantly identify as female, and feedback from our community emphasises the importance of AAT in providing flexible and varied routes into the profession to increase opportunity and widen participation in the profession.

As of 5 April 2022, over half (51%) of AAT's workforce was female.

The gender split across our student and member populations is as follows:

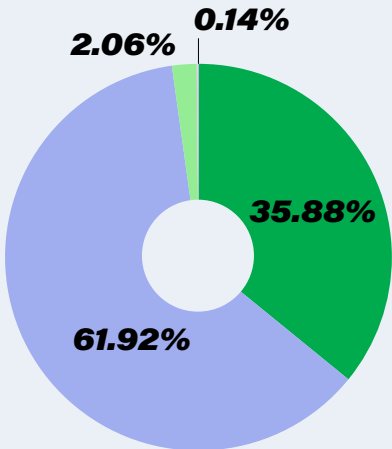
### **Students**

(SQ and AQ)



### **Members**

(Affiliate, AATQB, MAAT, FMAAT)



Male Female Unknown Prefer not to say



Our 2021 **salary survey**, highlights the gender pay gap among members, with the latest survey showing that while at student and affiliate levels, females out-earn their male counterparts, among professional members, men earn 8% more than women. We remain focused on gender equality as part of our wider commitment to reduce inequalities across the profession.

Within AAT, the mean gender pay gap decreased from 3.5% in 2021 to -0.2% in 2022, due to an increase in the proportion of women in senior roles. We are signatories of the **Women in Finance Charter**; having achieved our previous target of 40% females in senior management roles, through our annual update in September 2022, we committed to a new five-year target to have at least 45% by March 2027.

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## Embedding sustainability

In partnership with **Accounting for Sustainability**, AAT staff were involved in a working group to produce a new SME guide to *net zero* that was promoted to members.

Alongside representatives from ICAEW, ACCA, Sage, AIA and the Good Business Charter, AAT is part of a steering group convened by Net Zero Now, a climate action platform. In April 2022 we jointly launched the **Net Zero Accountancy Initiative** which put tools for action on the climate crisis into the hands of accountancy practices.

We are committed to supporting and motivating suppliers to adopt best environmental working practices, making them aware of AAT's **Environmental procurement statement** and ensuring the environmental credentials of our suppliers. Colleagues are trained and we continue to raise their awareness of environmental considerations in procurement decisions.

We encourage and support colleagues to actively **plan for the future** and run regular pension presentations. The AAT Group Personal Pension Scheme, currently managed by Scottish Widows, will soon launch a new Environmental, Societal and Governance (ESG) impact tool that will enable colleagues who are members of the scheme to better understand the impact of their investments from an ESG perspective.



## Our energy use and carbon emissions

### Streamlined energy and carbon reporting disclosure

Greenhouse gas (GHG) emissions and energy use data for the period 1 April 2022 to 31 March 2023	Current reporting year (UK and offshore area)	Comparison year (UK and offshore area)
Total energy consumption used to calculate emissions in kWh	135,451.14	401,687.85
Emissions from combustion of gas in tCO <sub>2</sub> e (Scope 1)	-	43.12
Emissions from purchased electricity in tCO <sub>2</sub> e (Scope 2, location based)	22.85	33.95
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel in tCO <sub>2</sub> e (Scope 3)	4.27	1.47
<b>Total gross tCO<sub>2</sub>e based on above</b>	<b>27.12</b>	<b>78.54</b>
Intensity ratio: gross tCO <sub>2</sub> e / m <sup>2</sup>	0.01	0.03
Intensity ratio: gross tCO <sub>2</sub> e / FTE	0.11	0.35

## Methodology

As a large, unquoted organisation, AAT is required to report its UK energy use and carbon emissions in accordance with the *Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018*. AAT's methodology is consistent with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

The data detailed in the 'Our energy use and carbon emissions' table represents emissions and energy use for which AAT is responsible, including Scope 2 emissions of electricity use in our offices and fuel used in vehicles on company business.

There are no emissions sources outside the UK offshore area.

We have used the main requirements of the Greenhouse Gas Protocol Corporate Standard to calculate our emissions, along with the *UK Government GHG Conversion Factors for Company Reporting 2022*. Data was collected internally within AAT and includes actual data from invoices from our sites. Where actual data was missing for certain months, we have extrapolated using an intensity per m<sup>2</sup>. We moved to a new site in May 2022, to calculate these emissions we have used the *Better Building Partnerships Real Estate Environmental Benchmark, (REEB) 2020* due to data availability issues.

## Energy efficiency actions

Our energy efficiency actions took place principally at our offices and include the following.

- Reduction in size of AAT's premises in May 2022 from 2,354 m<sup>2</sup> to 961 m<sup>2</sup>
- We moved from an Energy Performance Certificates (EPC) D rated building to an office with many green credentials, including an EPC A+ rating, alongside Leadership in Energy and Environmental Design (LEED) and an 'Excellent' rating in the Building Research Establishment's Environmental Assessment Method (BREEAM). It is supplied with renewable energy, provides sustainable initiatives around recycling and composting and uses non-toxic cleaning materials. It also makes use of building and energy management systems to optimise energy performance.

# Our *success*

# How we measure **success**

Our organisational success has been measured against six key performance indicators (KPIs).

- 1** Total number of accounting technicians and bookkeepers
- 2** New accounting qualification (AQ) students
- 3** Short qualifications (SQ), End Point Assessments (EPA) and subscribers to Informi
- 4** New members and bookkeepers
- 5** ICS Business Benchmarking score
- 6** Operating surplus as a percentage of recurring income

**Strategic objective**

Grow total professional membership.

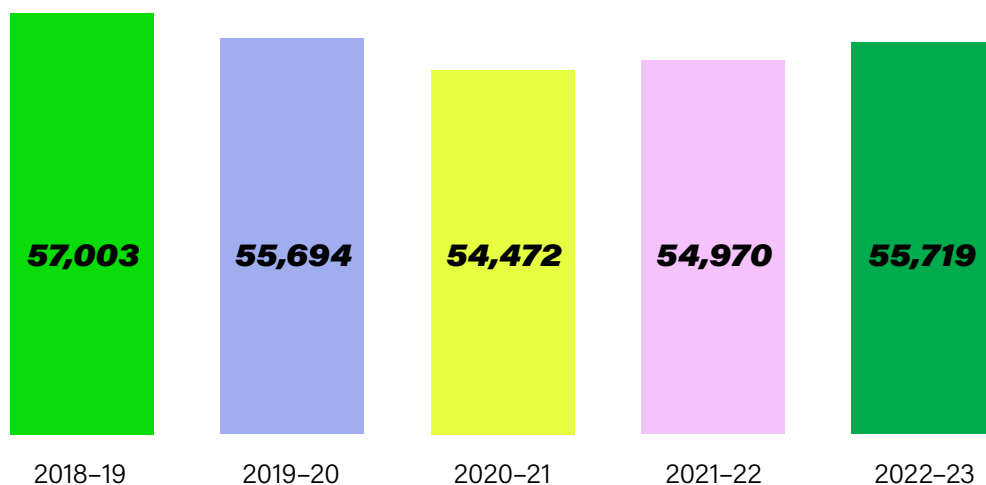
**Aim**

Increase number of accounting technicians and bookkeepers.

**Measure**

Total number of accounting technicians and bookkeepers.

**Total number of accounting technicians and bookkeepers**



**Commentary**

Professional and affiliate membership grew to 55,719 in the reporting period 1 April–31 March 2022–2023. This represents the highest population since 2018–2019.

The total number of professional accounting technicians and bookkeepers has grown by 1.4% from 2021–2022.

Following the withdrawal of student memberships and introduction of a qualification fee for Qualification 2022, these figures have been updated to reflect professional members numbers only.

We continue to demonstrate relevance and value to our members, which has led to strong retention and growth in new members as they complete their qualification journey. Changes in entry routes introduced in 2022–23 to support progression to membership have also driven growth this year, demonstrating demand for, and relevance of, AAT membership.

**Strategic objective**

Grow new students.

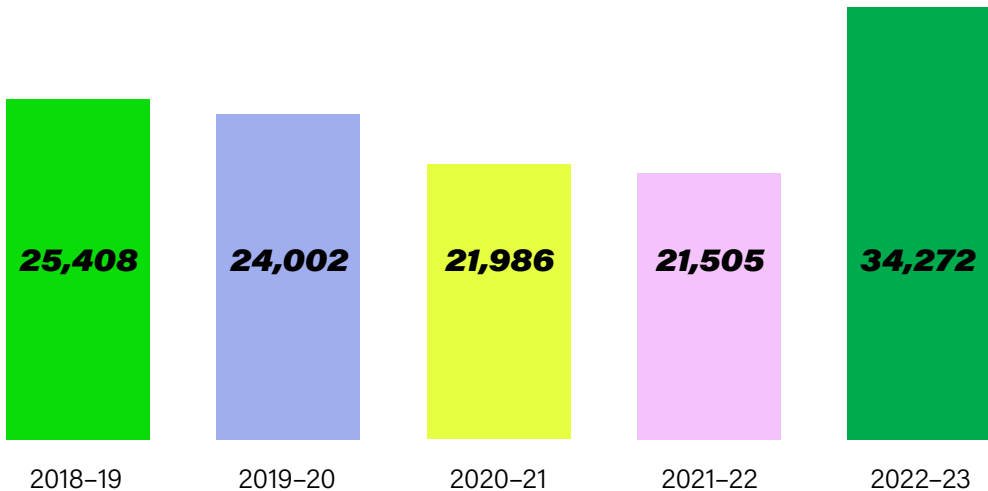
**Aim**

Increase accounting technician student population.

**Measure**

New AQ students.

**New AQ students**



**Commentary**

With the launch of Qualifications 2022 (Q2022) in September 2022, students now register onto a level of AAT qualification rather than a subscription to AAT.

Whilst new student performance has been healthy during this reporting period, the sharp rise in students is in part explained by having two standards operating within this period. Students are finishing their studies on the previous AQ2016 standard and are registering on the new Q2022 standard.

**Strategic objective**

Develop new opportunities for people to have a relationship with AAT.

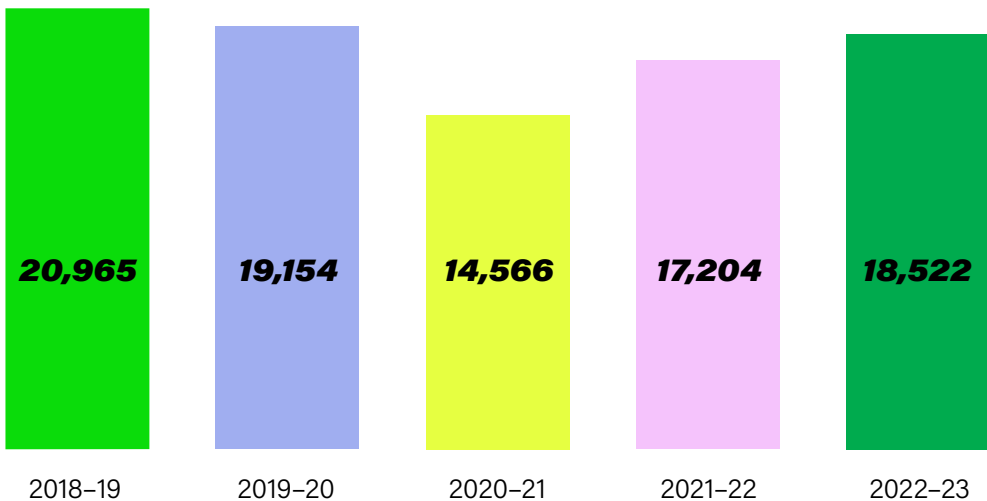
**Aim**

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

**Measure**

Students registered on short qualifications (SQ), End Point Assessment (EPA) registrations and subscribers to Informi – our small business information portal.

**SQ registrations, EPA registrations and subscribers to Informi**



**Commentary**

Short qualifications continue to be in demand and offer the opportunity for people to access the profession and employment.

EPA registrations have also performed strongly, showing the increasing demand for accounting apprenticeships within the UK market.

There has been a notable increase in the Level 2 apprenticeship as this becomes more established, offering an entry level route that has established a progression pathway to Levels 3 and 4 into AAT membership. EPA completions continue to be a challenge in line with all apprentices on the new standards.



**Strategic objective**

A strong value proposition for members.

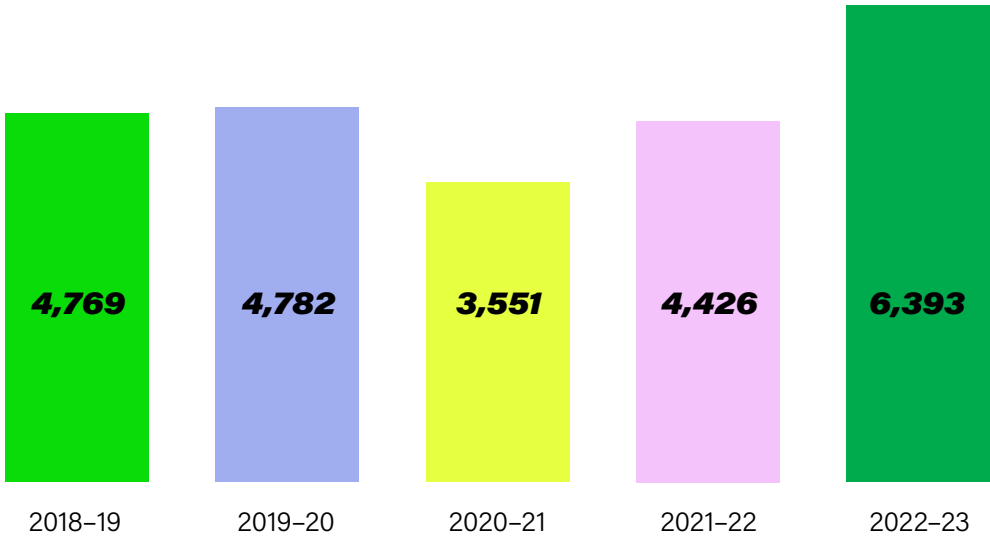
**Aim**

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

**Measure**

New members and bookkeepers.

**New members and bookkeepers**



**Commentary**

In 2021-2022 new member volumes almost returned to pre-pandemic levels with that position expected to be realised in 2022-2023. However, new member growth has accelerated following changes in entry routes that have introduced a more streamlined application process to be a qualified bookkeeper (AATQB) or full member (MAAT), as well as reflecting new criteria for full membership.

This new route brings the benefits of joining a professional community and of gaining a widely recognised professional status closer together.

Bookkeeping membership performed strongly as demand for online bookkeeper services increased in the market.

**Strategic objective**

Deliver customer centric services.

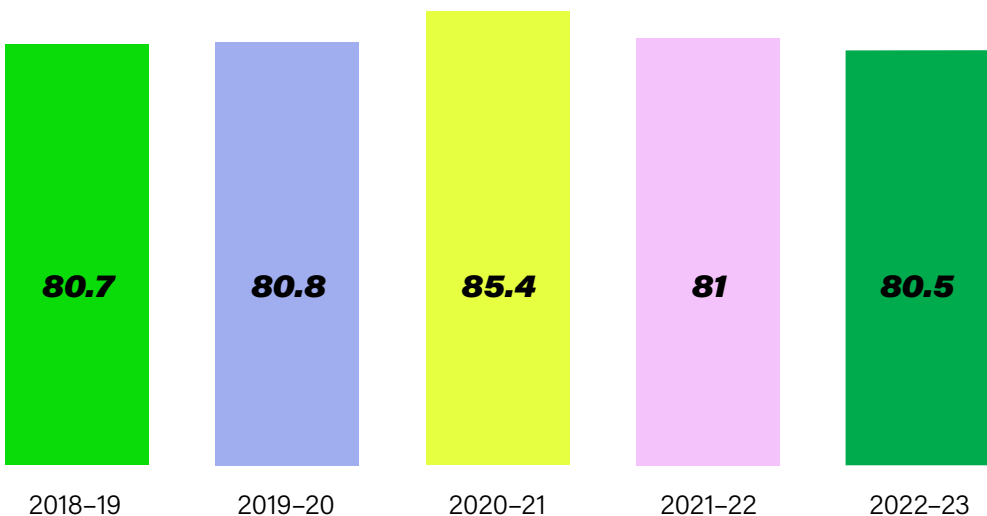
**Aim**

Provide a great customer experience.

**Measure**

ICS Business Benchmarking score.

**ICS Business Benchmarking score**



**Commentary**

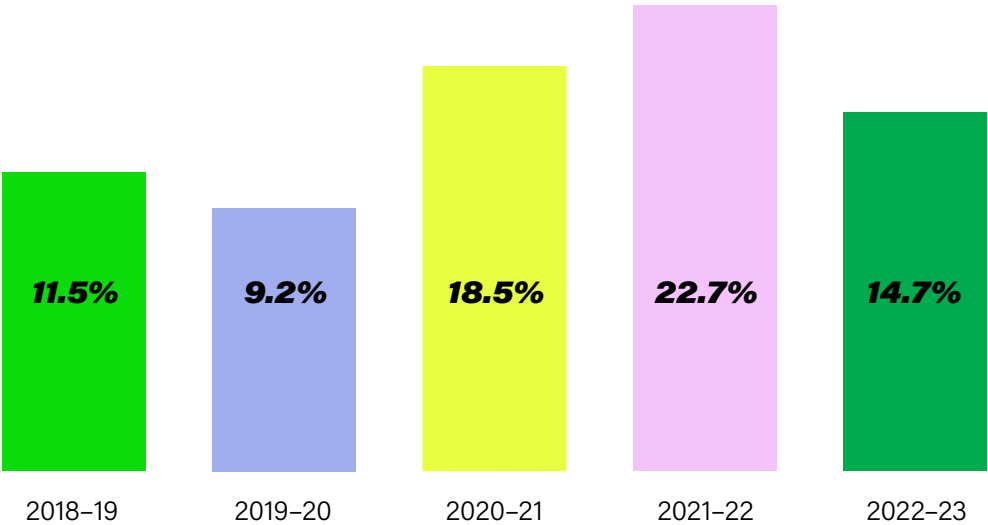
Our Business Benchmarking survey score is assessed independently by The Institute of Customer Service (ICS). For the eighth consecutive year, we have exceeded our organisational target of 80, remaining above the all-sector average year-on-year of 77.7.

We achieved a net promoter score of 51.5 (higher scores are better) and a customer effort score of 3.9 (lower scores are better) compared with an all-sector average of 25.6 and 5.3, respectively.

Our overall score remained in line with our average of 81.7 over the preceding five years. Although customer ratings fell between 0 and 1.3 across a range of metrics, we saw an improvement in the metrics of 'attitude of staff', 'ability to interact in a preferred way' and 'helpfulness of staff' compared with last year. We also exceeded the all-sector average scores for 'experience', 'customer ethos', 'emotional connection' and 'ethics' with scores ranging between 1.2 to 8.2 above average.

Strategic objective	Robust financial performance.
Aim	Maintain a strong and efficient organisation.
Measure	Operating surplus as a percentage on recurring income.

Operating surplus as a percentage of recurring income



Commentary

At 14.7%, our surplus on recurring activities for the year to March 2023 was 9.7% more than the 5% target set by Council.

Whilst income remained at a similar level to the prior year, (see [page 105](#) for further details), greater investment was made in marketing, systems projects and building back skills and capacity after the pandemic reductions. There were cost savings in project activity and facilities, that added to the planned surplus.

# The President's view

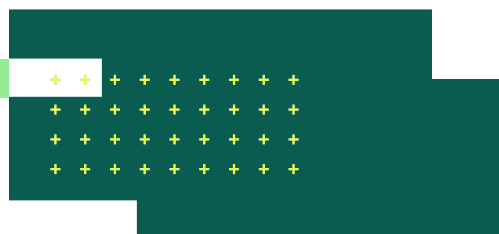
## 2022-23



||  
**As AAT President, I've been so very proud to champion the AAT qualifications as a route to a career in accounting.**

||  
**Christina**, AAT President

Christina Earls is a proud AAT fellow member and has worked her whole career within the public sector, both local and central government. After starting work in local government, where she passed her first professional qualification, she had the chance to become an accountant at 30. In 2012, she joined the AAT Council where she served as Chair and Vice Chair on various boards, before being elected as AAT President, taking up the role in September 2022.



As AAT President I'm delighted to lead the AAT Council who, as Directors and Trustees of AAT, give up their time voluntarily as we are a member-led charity. The Council determines AAT's strategy and exercises operational oversight of the business. According to the *Articles of Association*, and as depicted within our charitable objectives, the Council also has an obligation to ensure the charity is run responsibly. The key thing is that, where appropriate, the Council both supports and challenges the Executive. I am exceptionally privileged to be AAT's President, and of course advocate for AAT at every opportunity.

In early 2023, AAT refreshed its brand but the fundamentals have remained the same. For me, the AAT brand has always been about accessibility for anybody to become a qualified, professional accountant. In my working life, I've found colleagues working in finance who have never had the opportunity to study and qualify. AAT gives access to a recognised standard of attainment, whether people want a basic understanding of numbers to set up a small business, to work as an accounting technician in any sector or to go onto become a chartered accountant.

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### Relevance in today's world

The continuing increase in recognition for vocational qualifications has helped to raise awareness of the relevance of AAT's qualifications in today's world. I tell AAT students and members that they are the bedrock of the profession.

We're the experts who bring the technical knowledge, skills, professional behaviours and developed judgement, whilst ensuring that accurate, evidenced information is put in front of the decision-makers. We interpret data into meaningful management information on which businesses rely for the right decisions. Moreover, our new suite of qualifications (Q2022) has been updated to reflect the needs of a fast-changing world, in particular, de-emphasising the number crunching and increasing the focus on interpretation, analysis and advice.

As providers of accurate information, professional ethics and standards have always been high on the agenda for our members and as part of our qualifications, and this was given increased focus as part of the Q2022 development. We need professionalism and resilience to speak truth to power. AAT training gives people the right technical knowledge, skills and behaviours to exercise professional scepticism, ask questions and challenge to get at the truth.



## Highlights in the year

From November 2021, when I was Vice-President, I chaired the Management Board that supported the detailed development of AAT's new strategy, aligned to our Council's ambitions. I'm delighted to say that our plan *Securing future relevance to 2030* launched in February 2023. The overarching aims of the strategy are that we bring more talent into the accounting profession and enhance opportunity for our members on a global scale.

I actively support the three themes of the strategic plan. The first is keeping our profession relevant to current business and societal needs. The second is driving up professional standards, which AAT has an obligation to do as part of its charitable purpose. This includes influencing the UK Government to regulate the profession. The third is to fulfil our charitable objective of acting in the public's interest by building responsible business. Alongside these themes, we agreed four core strategies to ensure delivery.

Firstly, the fact that we would put our dynamic, inclusive community at the heart of every decision we make. Secondly, we'd continue to develop and grow partnerships with governments, professional bodies, training bodies and employers. The third strategy relates to digital innovation and our move to applying a digital first approach. Finally, the fourth strategy focuses on decisions being based on evidence, ensuring we'll consult diverse perspectives, leverage data effectively and share our insights with the profession.

The final plan was very much a product of input from both the Council and all who work at AAT. It was a very inclusive process, so staff and partners will feel ownership of the organisation's strategy and really get behind its delivery.

In addition to the launch of our new strategy, 2023 saw the launch of the first AAT Impact Awards which recognised and celebrated the contributions of the unsung heroes within the AAT Community. I was delighted and proud to meet the award winners and runners up and hear how the qualification has helped them in their careers and helped others around them and in the profession.

Our members have a strong desire to give back to AAT and to be a part of its future. This was demonstrated this year when we had 22 candidates apply for five places on AAT's Council, which is unprecedented.

Attending branch meetings has also been a highlight for me because I get to meet so many members and learn from them what it is they need from AAT to help raise their standards.

A final highlight for the year was attending the World Congress of Accountants with Sarah Beale, AAT CEO, in India. Around 2,500 accountants joined online, while approximately 6,500 accountants attended in person, representing more than 100 professional accountancy bodies. We networked extensively to spread the message of how AAT can contribute to raising accountancy standards globally.

A closing remark

I want to thank all the Trustees of AAT's Council and supporting advisory boards for giving up their time to help AAT and sharing their expertise; and equally, all the volunteer branch committee members who tirelessly work to engage and support our community. I also want to thank my colleagues within AAT, who continue to deliver to our members and students every day, and who will now embark on delivering our newly stated ambitions.



## CEO's report 2022-23

# ***Renewal*** **and refocus**

||

**My first full year as AAT CEO has been one of renewal and refocus. Renewal because we launched our new qualifications suite in September 2022, and refocus because we re-evaluated AAT's purpose in a post-pandemic world. The result was the launch of our *Securing Future Relevance to 2030* strategic plan, in February 2023.**

||

**Sarah Beale**, AAT CEO

## **Context**

The past twelve months have been dominated by political instability and sluggish economic growth against the global backdrop of war in Ukraine and increasing geopolitical tensions. AAT's members, their clients and employers have had to contend with the highest inflation in over forty years, a cost of living crisis, and an increasingly difficult recruitment environment exacerbated by the pandemic and Brexit.



The accounting profession itself is also going through a period of significant change at an ever-increasing pace. The move to a more digital world is inevitable with the introduction of Making Tax Digital, increased automation, AI and advancement of the crypto currencies, while the role of accounting technicians is broadening to cover new responsibilities, such as sustainability and technology.

To thrive in this changing world and overcome the economic challenges, the profession needs support to embrace innovation, benefit from relevant and high-quality qualifications, attract a wider talent pool, and raise professional standards, which builds trust and global recognition of the importance of accounting technicians.

**This is AAT's new strategic mission which we are focused on achieving by the end of the decade.**

### Key deliverables

AAT's achievements in the past year have helped set the foundations for beginning our future strategic direction. As noted, we delivered our new qualifications suite, Qualifications 2022 (Q2022).

This renewed our focus on practical vocational learning but also introduced and developed in-demand skills in technology, ethics, sustainability and communication, ensuring our qualifications are keeping pace with what's required in today's world. Furthermore, against a challenging backdrop, we grew our membership population and saw the highest level of satisfaction over a 10-year period.

We've continued to build political and business support for our calls for compulsory professional body membership for all paid-for accountancy services. Requiring the third of the profession that is currently unregulated to meet the same standards as our members would protect the public, reduce fraud and errors, and likely, increase the government's tax take. This is something supported across Parliament, with 82% of MPs in August 2022 agreeing that anyone providing accountancy and tax services should be appropriately qualified. Encouragingly, the latest YouGov poll reported that 80% of MPs are now aware of AAT.

We have looked to partner with other organisations to amplify the concerns of our members. In February 2023, I was pleased to sign a letter to the Chancellor, Jeremy Hunt MP, along with the leaders of nine other accountancy professional bodies, to call for greater investment in HMRC service levels, which have been an increasing source of frustration for AAT's members. Over the year, we had a positive impact in terms of influencing the UK Government to give better support to small businesses and will continue to campaign on this moving forward.

Likewise, we amplified our voice internationally. We know that neither the role of accounting technician nor the value of AAT qualifications and membership are well understood outside the UK. However, we can tackle some of the talent pipeline challenges that the profession is feeling by offering a more accessible route into accountancy. Working with international partners, including the International Federation of Accountants (IFAC), we started that journey in 2022.

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## Securing future relevance

Overseen by AAT's Council and informed by the views of internal experts, members, partners and other accountancy professionals, AAT has developed the *Securing Future Relevance to 2030* strategic plan. This plan acts as the blueprint for AAT to keep our profession relevant, drive up professional standards and build responsible business. The core strategies that underpin these goals will ensure the interests of our students and members are at the heart of everything we do.

AAT will continue to act as a trusted partner of governments across the UK to influence the policy debate that reflects our members' interests and concerns, and begin this activity with other governments outside the UK. In particular, we want to be a strong voice for small and microbusinesses, with over 600,000 small businesses supported by our members and many of our licenced members, of which there are in excess of 6,200 operating as sole traders.

The goals of the strategy are ambitious but essential if we are to protect and enhance the value of accounting technicians both in the UK and around the world. By the end of the decade, I want to see AAT's reach expand both domestically and on the global stage so we can support more career opportunities for students from all backgrounds and help build a larger and more diverse talent pool. The strategy will further help AAT deliver more impactful value to members by providing support that is relevant to their current and future needs.

Along with a new strategic vision, we also refreshed the AAT brand. We conducted a brand survey and retained what our stakeholders told us they value, which is the feel of AAT as inclusive and nurturing. We updated the brand’s visual language to reflect more dynamism and to bring a clearer focus to our role as an entry point into accountancy for school leavers.

We ended the year with a healthy financial surplus that will enable us to make a very necessary investment in our IT systems over the next two years and support us to deliver our strategic ambitions. In due course, this will deliver higher levels of agility, flexibility, responsiveness and customer service. A new corporate plan from April 2023 details the level of investment required and clear deliverables for the year ahead, as well as starting to develop a longer-term operation position and plan.

## Learning

I learned a lot this year, including about the strength of advocacy, the level of support and demand for AAT across the board, and how much people in our community want to give back. I learned that the world is waking up to the value of vocational training and practical skills, as well as qualifications, and the unique value of accounting technicians.

As a former student of AAT, I know personally how well placed AAT is to help the profession tackle the global accountancy skills shortage by doing what we have always done: offer high-quality, practical qualifications with clear routes of career progression that are accessible to anyone, regardless of their background.

Every member can take pride in how AAT makes a real difference in the world and while we embark on this exciting new direction, we will never lose sight of our priority to serve our community.

My thanks go firstly to our Trustees for providing such clear and ambitious direction, as well as for their dedicated service; to those that support our advisory boards and support network, and of course my colleagues who work hard in support of our community. Finally, thanks to our professional partners, from training providers to other accounting bodies. I am grateful that you all so openly shared the ideas and thoughts that contributed to our future strategy and have put us on the right path. I look forward to updating everyone next year on how we have started to deliver against that strategy.

# Section 172

## ***statement***

In accordance with Section 172 of the *Companies Act 2006*, the duty to promote the success of AAT was complied by our board of non-executive directors – who form our Council – through their approval of our business plan. All decisions were made in line with AAT's business plan, with the long-term best interests of the charity and its stakeholders in mind.

Our culture is important to Council members and we are committed to developing a positive environment with employee wellbeing, engagement and growth at the heart of everything we do. We support employees with opportunities to develop alongside investment in management development training for all our managers. This helped to ensure that we attract the talent we need to deliver our strategy and long-term value to our members, students and partners.

We have long offered flexible working, with 40% of our employees undertaking some form of flexible working arrangement to enable a healthy work life balance. During 2022–23, our commitment to building a positive culture that supports employee wellbeing was central to the move to our new office.

In a new era of hybrid working, our Canary Wharf location provides a collaborative workspace and our employees benefit from a programme of activities including yoga, fitness and recreational facilities.

This year, we continued to develop the support for our community at every step of their career, from students to lifelong members. We focused on supporting students to access the skills employers need and supported our members to adapt to a rapidly changing profession. We delivered this through investment in a network of partnerships that enable us to offer a range of products and services. This tailored offer is designed to support our community to have fulfilling careers, helping our members upskill in the areas that matter. Through access to relevant and timely information, we enabled our community to stay ahead and uphold professional standards within the profession.

Council members understand the importance of our reputation and voice in the profession. We continue to invest in stakeholder relationships that drive our purpose across the political, regulatory and policy landscape. We developed our relationships with government and regulators to maintain and strengthen professional standards, ensuring the profession continues to evolve and adapt to a changing environment. Alongside this, our range of qualifications, End Point Assessments (EPAs), Informi subscribers, events, PR and social media activity highlights some of the ways we are engaging with external stakeholders.

Responsible business is one of our core themes. We continue to act responsibly to benefit society and support sustainability to protect our environment, embedding this in all we do and represent. As a strategic focus for AAT and our stakeholders, we maintained and progressed our commitment to the charters and pledges we have signed up to. This includes our role as a member of Accounting for Sustainability, as a signatory of the *Women in Finance Charter* and *Prompt Payment Code*, as well as our commitment to six United Nations Sustainable Development Goals and the *Race at Work Charter*.

Our Executive Sponsor for Race helped support the development of Black, Asian and Minority Ethnic employees across the organisation.


We continued our central commitment to social mobility with increased access to the profession for all, regardless of age, experience or background. Council members are mindful of AAT's impact alongside the significant role we can play in supporting members and students to act more responsibly towards society and the environment. We continued to enact and inspire societal change by demonstrating leadership to our community and raised levels of awareness and engagement in the global sustainability agenda.



As a registered charity dedicated to increasing the availability of high-quality accountancy education, AAT's brand reputation and business conduct are paramount to its future success and ability to deliver value to its various stakeholders. AAT has an experienced Council which ensures that corporate governance best practice is followed, supported by an Audit Board, Nominations and Governance Board and Remuneration Board and two independent regulatory boards: the Awarding Organisation Compliance Board, and the Professional Regulation and Standards Compliance Board.



# Stakeholder engagement

We have a vital role to play in advocating for our profession. As a purpose-driven organisation, we depend on the involvement of, and partnerships with, a wide range of stakeholders. Through supporting individuals joining and those already engaged to stay relevant, we ensure our stakeholders continue to benefit from their relationship with AAT.



From raising professional standards to upholding professional ethics, the following pages set out how we engage our stakeholders and deliver benefits that are important to them.




Stakeholders	How we engage	Tailored benefits
 <b>Members and affiliates</b>	<p>Our Council, made up of elected and independent members, develops the strategy with support from the Members' Assembly. Members can connect with each other through online conferences and a network of branches in the UK as well as key markets overseas.</p> <p>Members are informed and engaged through a variety of communications. This includes our monthly <i>AT</i> magazine, weekly <i>AAT News</i> newsletter and <i>AAT Comment</i> articles, alongside a range of CPD delivered via events and AAT's Knowledge Hub.</p> <p>We survey our members annually to understand their needs and levels of satisfaction.</p>	<p>The AAT professional designations increase the earning potential for our community and provide greater access to career opportunities. This includes the option for our members to be self-employed and build their own businesses. We invest in the AAT brand on behalf of members and affiliates and ensure AAT qualifications are respected and relevant to the market.</p> <p>We provide access to products and services as part of the membership subscription that ensures our members stay relevant and up to date.</p> <p>For licensed members, we provide technical and regulatory support alongside supervision that enables our community to practice within legal and regulatory requirements.</p>



Stakeholders	How we engage	Tailored benefits
 <b>Students</b>	<p>We regularly engage with students through 20, our student magazine, and the <i>AAT Weekly</i> newsletter. Study and career support is available through our website, online communities, branch network and drop-in sessions.</p> <p>A range of online support services, such as Qualifications Navigator and Skillcheck, help our students to understand which qualification is best for them, based on their current position.</p>	<p>We support greater access to opportunity through our qualifications, which are recognised and trusted by employers and enable a pathway to self-employment or business ownership. AAT qualifications enhance our students' career opportunities and potential.</p> <p>We ensure funded pathways are available where possible. This includes our AAT Bursary scheme and Grant Assistance, alongside opportunities such as apprenticeships through our training provider partnerships.</p> <p>We help our students to access and navigate the choices available to study AAT with quality assured providers.</p>
 <b>Training Providers</b>	<p>A dedicated team manages our partnerships with training providers, alongside regular communications such as <i>SummingUp</i>, our weekly newsletter, and SummingUp Live, our monthly webinar.</p> <p>We also hold an annual conference and smaller networking meetings. This enables us to inform and update our approved providers on developments within AAT, including how we support the partnerships and students. We have a section on our website dedicated to supporting providers. It contains resources such as Find a Training Provider, which enables providers to reach the market efficiently and effectively.</p>	<p>We provide qualifications in demand by individuals and employers, and accreditation that enables providers to deliver them.</p> <p>We underpin our providers' success through ongoing support. This includes helping them connect with students and promoting quality, affordable tuition.</p>


Stakeholders	How we engage	Tailored benefits
 <b>Employers</b>	<p>A dedicated team manages our employer relationships. This ensures regular insight is brought back into AAT to improve our products and services. We have a dedicated area of the website to support employers, supplemented by regular communications through our monthly <i>Employer News</i> newsletter.</p>	<p>We provide access to trusted and recognised qualifications that develop the skills needed to build effective, diverse accounting and finance teams.</p> <p>Using industry standard qualifications – such as those offered by AAT and AAT’s employer accreditation – saves time and brings consistency. It also supports our employers’ talent development and acts as a retention tool.</p> <p>We provide an alternative route into the profession enabling wider participation to support employer talent strategies.</p> <p>Alongside our core qualifications, we offer programmes to develop financial literacy across non-financial teams.</p>
 <b>Governments</b>	<p>Our dedicated public affairs team regularly engages with governments and policy-makers through consultation responses and direct relationships.</p>	<p>We support governments to grow, build and sustain productive and resilient economies, sharing insights from our community to help shape public policy in relevant areas.</p> <p>Our qualifications develop the skills needed for a highly skilled, high-wage economy leading to economic prosperity.</p>



Stakeholders	How we engage	Tailored benefits
 <b>Employees</b>	<p>We regularly engage our employees through all-colleagues events and via our online community, Workplace. This includes regular updates from the Executive team and Senior Management team.</p> <p>We continue to invest in digital collaboration tools to enable effective virtual team working, alongside investment in skills and culture programmes.</p>	<p>We support our employees through providing a great workspace that encourages collaborative and innovative working.</p> <p>We provide our employees with a good work-life balance and now work in a hybrid way allowing for greater flexibility and choice in terms of work location.</p> <p>We ensure our salaries and benefits remain competitive through regular benchmarking.</p> <p>We offer a range of wellbeing support, including confidential access to Employee Assistance Programmes.</p>
 <b>The public</b>	<p>We regularly run insight surveys and polls on key issues. This includes topics relating to business and the accounting profession that support public value.</p> <p>We communicate through national and regional media alongside our social media channels and via our attendance at relevant events.</p> <p>We run various advertising campaigns throughout the year to raise awareness of the AAT brand and offering.</p>	<p>Our qualifications and ongoing support for our members and students ensure businesses have access to financial and business skills essential for productive and resilient economies.</p> <p>Our qualifications develop the skills needed for a highly skilled, high wage economy leading to economic prosperity.</p> <p>Our open access pathways, combined with our funded programmes, support social mobility in local communities. Together, this supports greater trust from the public in accountancy and bookkeeping services.</p>

Stakeholders	How we engage	Tailored benefits
 <b>Suppliers</b>	We have a relationship management approach with our key suppliers.	We recognise the value of collaboration and partnership in delivering our products and services. When selecting partners, we focus on mutual benefit and ensuring alignment to our purpose.
 <b>The small business community</b>	We regularly engage with the business community through our website Informi – designed to support small business owners – alongside our relationships with industry bodies and attendance at industry events.	<p>We enable businesses to connect with AAT Licensed Accountants through our <i>Find an Accountant</i> service and accreditation. This access to quality financial and accounting support and advice provides protection from corruption. It also attracts business investment and supports sustainable business practices.</p> <p>Our website Informi provides free, quality, easy-access advice on finance and business to entrepreneurs and small business owners.</p>
 <b>Professional accountancy bodies</b>	We frequently collaborate with a network of professional bodies in the UK and internationally.	Our open access pathways, combined with our funded programmes, support access to chartered qualifications alongside opportunities supporting a more diverse, vibrant and strengthened profession.

Stakeholders	How we engage	Tailored benefits
 <b>Regulators</b>	We have specialist teams focused on managing our relationships with regulators.	We carry out self-evaluation to continually assess and assure our compliance with the requirements of multiple qualification regulators and in relation to our role as an AML Professional Body Supervisor. We submit data, compliance statements, detailed reports and other information to meet our regulatory obligations. We also maintain an ongoing dialogue with regulators through regulatory audits, consultation, regular meetings and other activities.
 <b>Independent boards</b>	We engage two independent boards through regular meetings. These are designed to oversee our focus on raising standards and upholding professional ethics.	<p>Our Awarding Organisation Compliance Board reviews and offers independent advice on our awarding arrangements, including our compliance with regulatory requirements. The Board also makes recommendations to Council on the submission of our annual compliance statements.</p> <p>Our Professional Regulation and Standards Compliance Board secures, maintains and develops our high standards in relation to membership eligibility, professional conduct, ethics and disciplinary procedures. The Board also makes recommendations to Council on the submission of our annual reports to HM Treasury and the Office for Professional Body AML Supervision.</p>

Stakeholders	How we engage	Tailored benefits
 <b>Aspiring accountants</b>	<p>We invest in the AAT brand to build awareness for alternative routes to a fulfilling career in accountancy. This includes securing regular coverage on national and regional TV and radio, alongside social channels and the use of influencers. Our members and students provide stories to inspire and inform the next generation to start their journey with AAT.</p>	<p>We support greater access to opportunity through our qualifications, which are recognised and trusted by employers and enable a pathway to self-employment or business ownership.</p> <p>We ensure funded pathways are available where possible. This includes funding opportunities, such as our AAT Bursary scheme, alongside apprenticeships through our training provider partnerships.</p> <p>We help those interested in bookkeeping and accountancy careers understand the opportunities available, which includes assisting people in navigating the choices available to study for AAT qualifications with quality assured providers.</p>

# The *future*

# Future plans

The world is changing fast and with it, the role of the accountant. We can shape them both for the better.

AAT's strategy, *Securing future relevance to 2030*, sets out what we're aiming to achieve by 2030 and how we'll get there. In a future full of opportunities, through this strategy, we will advance the recognition of accounting technicians around the world and their value for developing emerging economies. As a result of this commitment, we will drive the accounting profession to evolve, adapt and meet the challenges of tomorrow.

Through investment in our people and operations we will continue to ensure AAT remains relevant.

## Our purpose

To open up access to finance careers for everyone. To inspire and develop an inclusive community of accounting professionals equipped with the real world skills needed to help businesses meet the challenges of our fast-changing world.

## Our plan

Our plan is built around three overarching themes and delivered through four core strategies. It's designed to progress our ambition for greater global relevance and recognition of accounting technicians.

## Our focus areas and approach

**Keeping our  
profession  
relevant**

**Driving up  
professional  
standards**

**Building  
responsible  
business**

### **Community**

We'll put our dynamic, inclusive community  
at the heart of every decision we make

### **Partnerships**

We'll develop and grow our effective partnerships with governments,  
professional bodies, training bodies and employers

### **Digital innovation**

We'll apply a digital first approach

### **Evidence-based decisions**

We'll consult diverse perspectives and leverage data effectively  
in our decision-making and share our insights with the profession



# Our *goals*

## Our commitment for 2030 will result in:

**Global recognition** for accounting technicians, delivered through effective partnerships applying transferable and comparable standards that will increase the capacity for accounting technicians to make a difference across the world.

A greater **breadth of talent** joining the profession and an increased number of those who took that first step and achieved a level of qualification that they can build their future careers on.

**Increased numbers** of learners progressing through our qualifications and attaining professional status.

**New member categories,** pathways and propositions in support of a more inclusive community and enhanced commitment to high standards of professionalism.

More employers and businesses demanding and benefiting from **engaging with professional members** of the AAT community.

**Increased engagement** across all levels of AAT's community with more user-led resources and participation in special interest group activities.

**Enhanced activity** through our stakeholder community, demonstrating real improvements in societal change and a commitment to sustainable business practices.

A greater **influential position** with governments and key stakeholders, stemming from AAT's impact on relevant policy areas.





# The environment *around us*

2022–2023 saw most of the world emerge from the restrictions of the global pandemic.

However, the longer-term effects of these restrictions continued to shape our external environment along with the cost of living crisis, exacerbated by rising inflation and global instability with the war in Ukraine. Combined, these factors create increasing uncertainty and pressures on our members, students, partners and colleagues. It's vital we remain alert to these changing dynamics in the external environment to ensure we adequately and quickly respond to the needs of our community and continue to demonstrate the value we offer to them.

Below are the key drivers shaping our external environment, their impact and our response to maximise opportunities and minimise risk.

Driver	Impact	Response
<b>Cost of living crisis and economic uncertainty</b>	The cost of living crisis and low economic confidence is affecting our community of members, students and businesses, especially small businesses, with rising inflation and energy prices putting a squeeze on income.	<p>We continue to ensure our qualifications attract government funding and focus on demonstrating relevance and affordability of membership and wider products and services designed to support our community.</p> <p>We have extended provision for grants and the bursary scheme to help those most in need.</p> <p>We continue to promote the value of competence and membership, to secure investment in training from business.</p>

Driver	Impact	Response
<b>Competition for skills</b>	The current demand for employees outstrips supply and this puts pressure on salaries. This impacts on our ability to hire quality staff with the right skills to fulfil the roles necessary for the delivery of future work. It also impacts on our ability to retain staff in essential roles.	<p>We will ensure AAT remains an employer of choice, focusing on strengthening our culture, ensuring our salaries remain competitive, offering wide-ranging, high-quality benefits and a commitment to attracting high calibre people from the widest talent pool.</p> <p>We will also undertake a strategic review of the organisation ensuring our teams and roles are fit for the future and best aligned to our strategy.</p>
<b>Demand and supply of accounting technicians and bookkeepers</b>	Business and trade sources continue to signal a demand for skilled accounting technicians and bookkeepers, with demand continuing to outstrip supply.	<p>We play a vital role in advocating for accounting technicians and bookkeepers and the value they bring to employers and businesses.</p> <p>We recognise the importance of keeping our members and students equipped with relevant skills and for raising standards in the profession.</p>
<b>Cyber and data security</b>	<p>Cyber attacks are increasing in frequency, complexity and sophistication. We have a vital role to play to support our members in staying up to date and equipped to respond to these risks on behalf of their employers or clients.</p> <p>The risk to AAT operations and reputation along with our suppliers and stakeholders in the event of an attack could be significant. This risk is heightened because of the war in Ukraine and wider global instability.</p>	<p>As well as continually monitoring evolving threats and acting to minimise our exposure, we have committed to a further programme of investment in AAT's infrastructure to ensure that stakeholders' data is protected.</p> <p>We also engage all staff in regular e-learning and run simulations with AAT's leadership team to ensure that cyber security concerns remain in focus.</p>

Driver	Impact	Response
<b>Further education landscape</b>	The sector remains volatile with uncertainty around funding continuing, alongside pressures due to shortages of teaching staff. We also need to factor in the impact of reforms to post-16 technical education and training.	<p>Through a dedicated team we work closely with FE colleges to ensure AAT qualifications remain relevant and support them in accessing talent to deliver AAT qualifications.</p> <p>We continually scan the policy environment for changes and lobby on behalf of our members and small businesses.</p>
<b>Changing regulatory landscape</b>	There is the potential for UK regulation to increasingly diverge from EU regulation, impacting, for example, data protection law and the regulation of internet services. The divergence of privacy laws across the globe, and the increase in legislative acts associated with data protection and cyber security, also pose further challenges, including potential restrictions to the movement of data across borders. In addition, changes in professional regulation could have implications for AAT members.	We will continue to lobby lawmakers to influence legislation in our stakeholders' favour and keep stakeholders informed about any new legislation that may impact them. We are strong advocates of enhancing standards of professionalism within the accountancy profession and continue to emphasise the value that regulated members of AAT bring to the sector.

Driver	Impact	Response
<b>The changing role of accounting technicians</b>	Accounting technicians and bookkeepers play a vital role supporting businesses and economies at a local, national and global level. But there is a growing expectation they must adapt from becoming more digital and insight led to being more focused on sustainable growth and ethical considerations.	<p>AAT must remain relevant to our members, students and the next generation by supporting them in developing the practical skills and expertise to thrive in their careers and the workplace.</p> <p>We must continue to evolve our qualifications and support lifetime learning for our community to reflect the realities of modern accounting.</p>
<b>Transforming workplaces</b>	Workplaces are undergoing a transformation. Accelerated by the pandemic, employers and employees are changing the way they think about work and what they value from their working lives.	<p>We continue to invest in technologies to support hybrid working and collaboration between teams alongside the move to our new office in Canary Wharf.</p> <p>All our people managers participated in a bespoke Management Development programme designed to help them lead in a hybrid environment.</p> <p>We are developing our culture with a focus on ensuring everyone can thrive and reach their full potential.</p>
<b>Digitisation of education</b>	The pandemic accelerated the demand for digital delivery of qualifications and assessments, supporting greater access to education. Traditional education systems are being challenged by EdTech.	<p>We believe in the potential of technology and continue to invest in digital assessment to develop the practical skills needed and remote invigilation to broaden access.</p> <p>We recognise the need to build relationships that support greater access to digital based learning for our qualifications and lifetime learning for members.</p>

# The risks *we face*

In response to key factors shaping our external environment, we have a multi-layered approach to managing risk.

It's driven by our Council's oversight of the Strategic Risk Register through the Corporate Risk Register managed by the Executive team and overseen by our Audit Board, with more detailed risks captured at a departmental and team level across the organisation. The risk management framework is further underpinned by our critical incident reporting processes that often helps to identify emerging risks.

> > > > > > **Risk** > > > > > > **The accountancy profession, and/or AAT, is unable to meet the changing global demand for its services and consequently loses relevance.**

Impact	Appetite	Mitigating action
Decline in customer numbers, resultant drop in revenue and a loss of reputation.	Open	<ul style="list-style-type: none"><li>- Support the broadening role of the accountant in areas such as sustainability, ethics, communication and technology through AAT's qualification suite and CPD offer.</li><li>- Deliver policy and PR activity to enact change and protect the reputation of the profession and promote AAT members' commitment to high standards of professionalism to engender greater public trust and confidence.</li><li>- Help to address the global talent shortage and diversity challenges by working in partnership to increase access to a career in accounting.</li></ul>



**AAT is unable to meet evolving customer expectations in a highly competitive market.**

Impact	Appetite	Mitigating action
Training providers reduce in number and opt not to offer AAT qualifications.	Open	<ul style="list-style-type: none"><li>- Engage employers to highlight the productivity gain they can expect from accounting technicians, so that members are fully recognised, rewarded and in demand.</li><li>- Increase investment in product development and innovation, which aligns with demand trends.</li><li>- Ensure long-term investment in our systems to support a digital first strategy that will:<ul style="list-style-type: none"><li>▪ improve customer access to AAT services, match a developing international need for accounting technicians and reflect the post-pandemic changes to working practices</li><li>▪ maintain support for customers experiencing financial hardship through grants and bursary awards.</li></ul></li></ul>



**AAT is unable to keep pace with the speed of digital development required.**

Impact	Appetite	Mitigating action
Decline in acquisition and retention rates of students and members resulting in a loss of reputation and revenue.	Open	<ul style="list-style-type: none"><li>- Embark on a multi-million-pound programme of transformational change to secure and embed the systems, processes and skills required to anticipate and respond to market need.</li><li>- Deliver a programme of internal development to support AAT colleagues, contributing to high levels of engagement and retention.</li><li>- Create an evidence/research base to predict and respond to digital demand, including the provision of remote invigilation across our qualification suite.</li><li>- Respond swiftly and appropriately to market demand and engaging relevant partners with digital expertise and/or products and services in order to strengthen AAT's proposition.</li></ul>

**Risk**

**AAT is partially or fully non-compliant with relevant legislative and/or regulatory obligations.**

An abstract geometric composition featuring overlapping rectangles in dark teal, green, light blue, and white. A central grid of yellow chevrons is arranged in four rows of ten. The chevrons in the first and third rows point right, while those in the second and fourth rows point left. The composition is set against a white background.

# Financial *review*

## Reserves target

Council set target income reserve levels (income reserves) for the year at a range of between 30% and 40% of gross annual revenue expenditure, allowing flexibility for the investment needs of the business and reflecting external risks throughout the period.

## Income reserves level

The income reserves level, after tangible and intangible assets, equivalent to free reserves, was £29.7m at 31 March 2023 (2022: £29m). This was 100% of gross annual revenue expenditure (2022: 114.4%) and significantly above the target level set by Council of between 30% and 40% or between £8.9m to £11.9m of gross annual revenue expenditure.

This year, income levels remained similar to the year before, but costs increased as investment in the skills, capacity and capability of AAT continued. This investment will increase over the next few years, as AAT embarks upon a Transformational Programme in support of our 2030 vision. This will see a comprehensive suite of change as we develop a new organisational design, embark on our digitalisation agenda, invest in new markets and attract new talent to the profession.

This significant activity and investment will see the reserve levels return to our target range within one to two years. In anticipation of the change ahead, increased risks within the market place, as investment values fell and the final salary pension scheme deficit increased, it was deemed prudent and appropriate to hold a higher level of reserves in the medium term.

AAT's total unrestricted funds as at 31 March 2023 were £34.5m (2022: £33.1m), with the defined benefit pension scheme valued at £(0.9m) (2022: nil). The payment plan agreed with the pension scheme Trustees is explained on [page 119](#). There are no restricted funds that are not available for the general purposes of the Charity.

### Levels of income reserves:

<b>2023</b>	£29.7 million
<b>2022</b>	£29.0 million



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

We receive our funding primarily from our awarding body and membership activity – mostly through subscriptions and assessment fees. We also receive income from other streams such as sponsorship, CPD events or courses organised for our community, most of which is online. We use this income to fund the provision of our assessments and member services, ensuring our qualifications are widely recognised and of high quality. In addition, we invest in e-learning material and other services that support our students and members, including the provision of quality assurance services, promoting the wider profession and representing our community's need at policy and government level.

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.

In the provision of all our services, we incur costs in human resources, marketing, information and communication technology, office accommodation, administration, compliance and facilities. All of which are critical enablers to the business.

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## **Review of our financial position for the year to 31 March 2023**

The strong cash and investment situation puts us in a good position to execute the business strategy, in support of AAT's business and charitable objectives.

The financial statements on [pages 105 to 107](#) are based on the results of the AAT Group. The Group Statement of Financial Activities on [page 105](#) shows a level of net income before other recognised gains and losses of £2.6m (2022: £8.2m), or 8.1% (2022: 25.5%) of total income. Investment loss of £(0.2m) (2022: £1.3m) is driven by falls in worldwide financial markets. Income from charitable activities for the year was broadly similar to the year before at £31.4m (2022: £31.4m).

The net movement in the unrestricted income funds of the AAT Group, after the loss in the pension reserve arising under Financial Reporting Standard (FRS) 102, was an increase of £1.4m (2022: £8.4m).

No third-party fundraising agencies were used, and therefore, there have been no complaints during the year, as was the case in the prior year.

**Surplus of recurring income over expenditure:**

<b>2022-23</b>	£3.2m or 14.7%
<b>2021-22</b>	£7.2m or 22.7%

The surplus of recurring income over expenditure measures total income and expenditure, excluding those derived from investment, trading and development activities. The target set by Council is 5%, which was exceeded in 2023, the figure being 14.7% (2022: 22.7%).

We continued to invest in staff and systems to maintain and improve the services we provide, and to deliver our digitalisation agenda to deal with the increasing demand from our members and other parties, including investment in assessment platforms, e-learning and web services. The expenditure on recurring activities was higher at £28.8m (2022: £24.7m) as investment in staff and marketing continued, mitigated somewhat by a reduction in office costs. We continue to look for efficiencies to maintain an overall net surplus and scrutinise any additional expenditure.

During the period, we continued our investment in development projects, with net development expenditure of £3.2m (2022: £3.7m), of which £2.1m was capitalised (2022: £3.2m). This included investing in software to facilitate new products and services, enhancing customer services and improving internal efficiencies.

**Review of AAT's final salary pension scheme**

The most recent triennial valuation, as of 31 March 2021, for scheme funding purposes, showed an actuarial deficit of £1.84m with a market value of scheme assets of £25.3m and scheme liabilities (Technical Provisions) measured at £27.1m. This equates to a funding level of 93%. It was agreed with the Trustees of the scheme that the deficit recovery plan that was put in place following the previous triennial valuation in 2018 would continue with AAT paying £400,000 into the scheme in April of each year until 2024, followed by a final payment of £275,000 in April 2025.

A separate report for FRS 102 purposes at each year-end is produced by an independent actuary whose assumptions are unbiased, mutually compatible and selected to lead to the best estimate of future cashflows that will arise under the plan. While these assumptions are appropriate for valuing the liabilities for pension FRS 102 accounting purposes, they may not necessarily be appropriate for valuing the scheme's liabilities for scheme funding purposes. The 0.3% uplift following the High Court judgement made in 2018 in the Lloyds Banking Group case, with respect to guaranteed minimum pension (GMP) equalisation, has been maintained for the 2023 year-end.

Compared with the previous year, the discount rate has increased by 1.90% (2023: 4.50%, 2022: 2.60%) per annum and the assumed rate of future RPI (2023: 3.25%, 2022: 3.75%) and CPI inflation (2023: 2.55%, 2022: 3.05%) has decreased by 0.5% per annum. The combined effect of these changes is to reduce the scheme's liabilities for FRS 102 purposes.

Over the year, the fair value of the assets has reduced (2023: £17.1m, 2022: £25.2m) though AAT's annual contribution of £400,000 has slightly offset the benefits paid to members during the year. This has resulted in the FRS 102 actuarial report showing a significantly reduced position of a net deficit of £(0.9m) (2022: surplus of £1.2m) at 31 March 2023, in contrast with the triennial funding valuation report, which showed a funding deficit of £1.8m.

We did not recognise the FRS 102 surplus as an asset in the accounts last year (2022: 0) but are recognising the deficit this year (2023: £(0.9m)). The agreement with the scheme Trustees to continue with the deficit recovery plan remains in place until the next triennial valuation, which is due by 31 March 2024. We provide further details in notes 1 and 7 to the accounts.

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## Investment policy and objectives

### Statement of investment principles and treasury policy

Council is responsible for setting and overseeing AAT's investment strategy, although the day to day management of surplus cash held by AAT is delegated to the Executive team. Ruffer LLP (Ruffer) was appointed in May 2009 to manage our non-cash assets and achieve our investment objectives below.

The investment objectives focus on medium to long-term funds in an 'absolute return' strategy, to seek more consistent returns and to reduce volatility. In 'absolute return' strategies, the investment 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. Our goal is to optimise asset growth, to protect the assets of the organisation from the impact of inflation and to achieve returns ahead of the return on cash. AAT's commitment to investing responsibly drives Ruffer's investment decisions, which are based on both fundamental and environmental, societal and governance (ESG) analysis. By investing responsibly, Ruffer also believes that it will achieve better long-term outcomes for its clients.

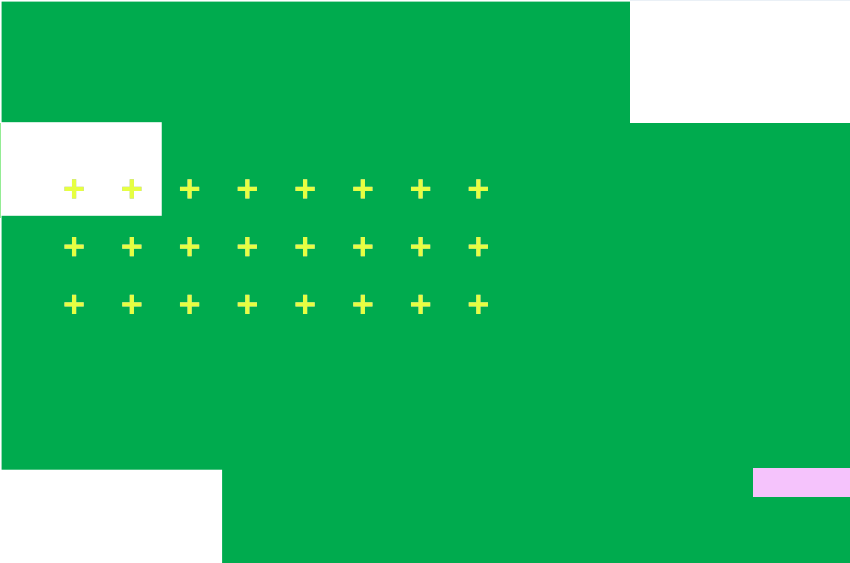
Throughout the investment process, consideration is given to ESG issues as they represent both sources of value and investment risks. Fully incorporating these considerations into the investment approach forms an essential part of Ruffer's responsibility to us as our professional investment manager. They also engage directly with companies they have invested in and exercise the voting rights and responsibilities that equity investing confers on them. Ruffer provides written quarterly reports on the performance of the investments under management.

Surplus cash is invested in treasury non-cash assets after careful consideration of our business plan. This takes into account the free cash resources needed to fund the business plan and cover a reasonable risk allowance to cover any potential financial impact.

It is AAT's treasury policy to invest surplus short-term cash (over a period of up to a year) to maximise the level of interest income while, at the same time, ensuring that capital is preserved and working capital requirements are met. 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.

As at 31 March 2023 the Group held £12.1m in cash and short-term deposits (2022: £13.9m).

Council has maintained the same investment strategy for this financial year, as reported last year, and a review is due to be completed as part of the longer-term business strategy.



## Investment performance

Council receives updates of investment performance, including presentations directly from Ruffer, to review the portfolio's most recent performance and oversee the longer-term investment strategy, ensuring it continues to meet AAT's investment objectives.

As of 31 March 2023, the Group held £30.4m (2022: £25.7m) of investments with Ruffer, the increase resulting from a new investment of surplus funds totalling £5m during the year (2022: £nil).

The performance for the year represented a loss of (0.8)% over 12 months, making £(0.2m) of investment loss (2022: Gain of £1.3m), compared with ARC peers who delivered negative returns of between (3.8)% (ARC £ cautious PCI peer group) and (4.3)% (ARC £ Balanced PCI peer group).

Ruffer continues with its approach to keep risk capital concentrated on the core conviction of inflation protection, whilst avoiding taking any risk that they do not feel comfortable with.

## Investment in subsidiaries

Council monitors the Charity's investment in its wholly owned trading subsidiary 'Accounting Technicians (Services) Limited' (ATSL) by receiving regular performance reports, through its oversight Board, as well as overseeing budgets and business plans. These reports enable the board to confirm that the return to the Charity and the carrying value is appropriate. A new service agreement between AAT and ATSL was signed in September 2021 to replace the agreement, dated 25 November 2010, between the two parties. ATSL's wholly owned subsidiary 'Accounting Technicians Enterprises Limited' (ATEL) is a non-trading entity.

AAT's other subsidiaries, 'Accounting Technician (Publications) Limited' and 'AAT Botswana (Proprietary) Limited' are either dormant or non-trading entities.

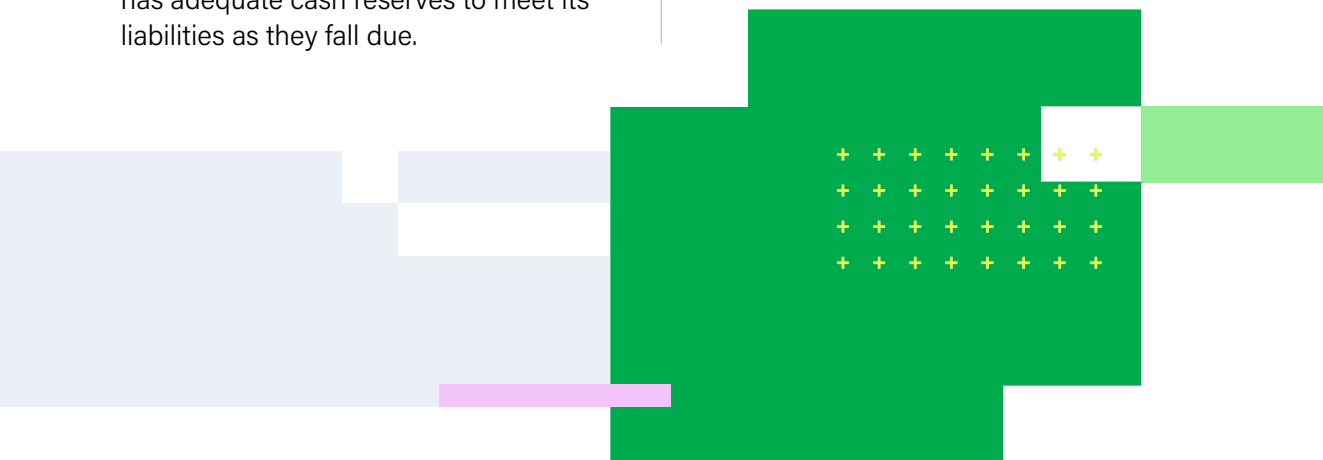
Going concern

In 2022, the Group undertook a detailed exercise to create a realistic budget for the financial year ended 31 March 2023 and an overview budget for the following two financial years based on trends from the two financial years prior to the Covid-19 pandemic.

AAT’s trading subsidiary, ATSL, presents a profit of £0.2m for the year (2022: £0.2m profit). There is a detailed three-year plan for ATSL, which commenced on 1 April 2021, that includes development of products and services to generate income and profit. The groundwork has been laid to support the plan for the next two years. ATSL shows an increased net asset position of £0.7m (2022: £0.4m) and has adequate cash reserves to meet its liabilities as they fall due.

ATEL and the other two subsidiaries are either dormant or non-trading so have not been considered as adversely impacting the going concern of the Group.

Having reviewed the strategic risks facing AAT and the Group, as well as the cash flow forecast model and the expected level of cash and investments, the Trustees consider there are sufficient reserves held at 31 March 2023 to manage those risks and achieve the revised business plan. The Trustees believe that AAT and the Group have adequate resources to fund their activities for the period of at least twelve months from the date of signing the accounts. Accordingly, the Trustees are of the view that AAT and the Group are a going concern.



# ***Governance***

# Structure, governance and *management*

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## 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). The company's principal activity is undertaking commercial activities on behalf of its parent entity, (AAT), which fall outside of AAT's charitable objects.

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), which has not traded during 2022–2023 and is in the process of being struck off.

There are currently four Directors of ATSL and ATEL: three independent directors and the Chief Executive of AAT.

The registered office for AAT, ATSL, ATEL and Accounting Technician (Publications) Ltd (a dormant subsidiary) is 30 Churchill Place, London E14 5RE.

AAT Botswana (Proprietary) Limited, a subsidiary company and office of AAT (registered in Botswana No. BW00001129005), is in place to meet regulatory requirements imposed by the Botswana Qualifications Authority. There are currently two Directors: AAT's Chief Executive and, as required, one director who is resident in Botswana.

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## 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. See [page 134](#) for details of the members of Council 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 the Executive and other relevant supporting boards and panels. Council reviews the terms of reference of boards and panels together with the scheme of delegation at least annually.

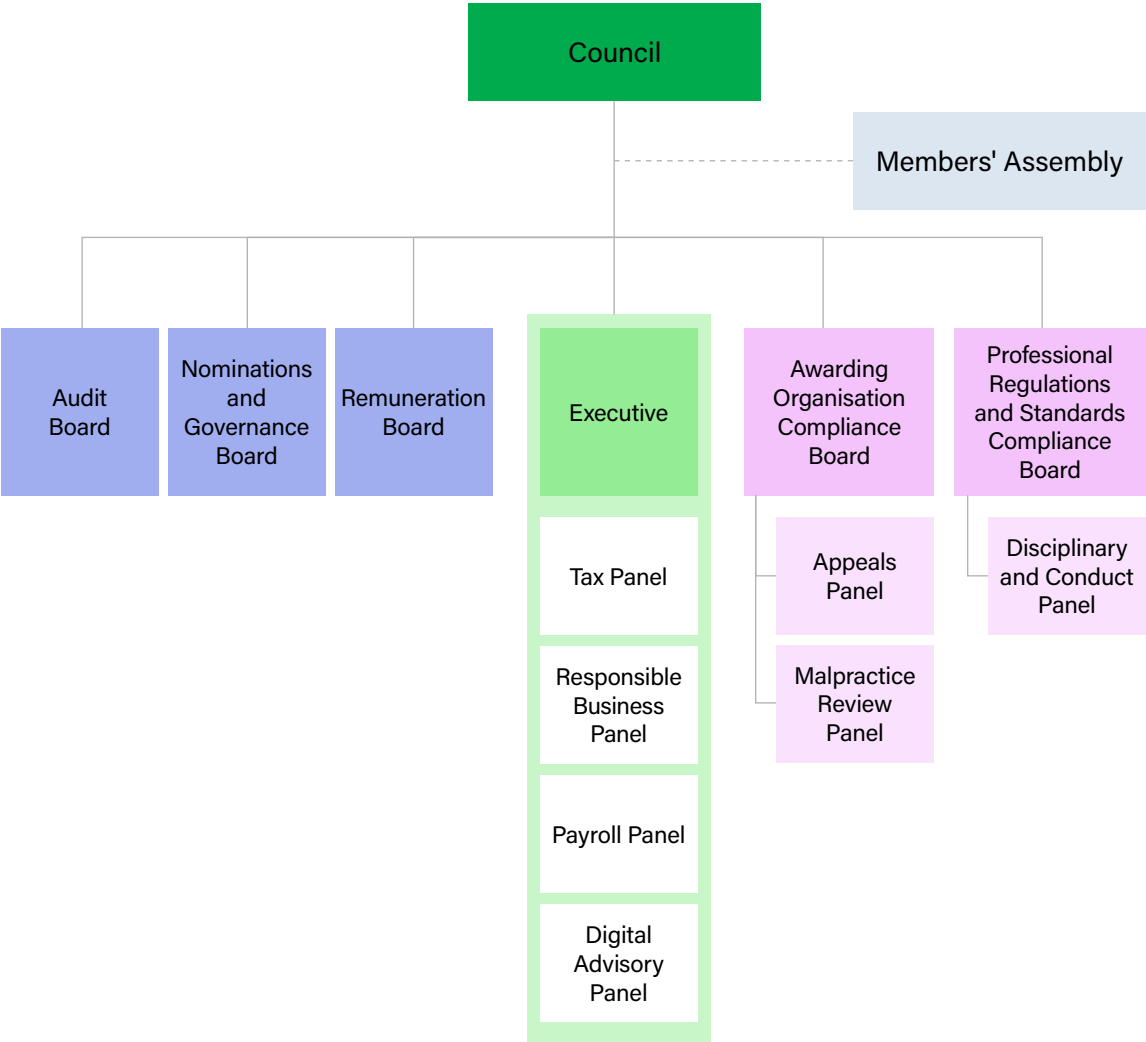
Council is made up of both elected and independent members, providing the basis for greater diversity and a broader mix of skills and experience. Council is supported by the Audit Board, Nominations and Governance Board, and Remuneration Board, and two independent regulatory boards: the Awarding Organisation Compliance Board and the Professional Regulation and Standards Compliance Board. In addition, there are several support and technical panels.

During the course of 2022–2023, Council reviewed its governance structure, removing the need for a Management Board and delegating all operational matters to the Executive with required reporting into Council.

- > > > > > > > > > > > >
- > **The Members’ 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 the Board of ATSL, AAT’s trading subsidiary, and the Board of its subsidiary ATEL (which is in the process of being struck off), are in line with the parent charity’s objects and any conflicts of interest are managed and addressed within the Group’s best interest.

AAT governance structure



How the directors have promoted the success of the company for the benefit of the stakeholders

See the Section 172 statement on [page 58](#) for further details.

Business relationships

See the Section 172 statement on [page 58](#) for further details.

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## Employee reward and benefits

Alongside our organisation-wide bonus, AAT has a pay framework that links individual performance to a base salary increase. Any increases are usually applied in June and are backdated to April. For more information, see the annual remuneration statement on [page 94](#).

AAT provides a range of benefits that are available to all staff, including a health cash plan, critical illness cover, a generous contribution pension scheme as well as income protection cover.

The AAT Group Personal Pension Scheme, which is currently managed by Scottish Widows, has performed relatively well in a volatile market. We run pension presentations as part of our benefits communications strategy to encourage colleagues to take an active role in planning for their retirement, whatever their age. The approach that Scottish Widows takes to environmental, societal and governance (ESG) standards aligns to the ethical values and principles of AAT. All Scottish Widows funds seek to exclude investment in companies that deal with cluster munitions and landmines, activities of which are illegal in the UK and banned by international conventions to which the UK Government is a signatory. Scottish Widows will also be launching an ESG impact tool that enables employees who are members of the scheme to better understand the impact of their investments from an ESG perspective.

We are very aware of the impact of the cost of living. To support staff, we commissioned a webinar on managing the cost of living.

We have also been promoting our different benefits monthly and have moved our benefits platform to our intranet to increase awareness and usage.

Having moved into a WeWork building, staff can now participate in the managed events put on by WeWork, such as film nights and office lunches, and we actively promote these.

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## 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 considered in managing the affairs of AAT, for example, in terms of leadership of the organisation and the effectiveness of Council.

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.

Declarations of possible conflicts of interest, in respect of matters to be considered, are raised and recorded at each Council and Board meeting.

AAT Council meetings are chaired by our President. On behalf of our membership, our Council ensures AAT has the appropriate levels of governance to oversee an effective substantial charity.

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### **Effectiveness**

#### **Recruitment and appointment of new Trustees**

Council has ten elected members – six independent members 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 may 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 at least four times a year. Boards typically meet three or four times a year with a mix of physical, hybrid and virtual meetings. In addition, Council has an annual strategy day, which provides an informal forum for activity-based working with the Executive team. 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 help members contribute effectively to the work of AAT. New Trustees receive information prior to, and on, appointment as part of their induction and have the opportunity to 'buddy up' with another member of Council. Learning and development sessions for both Council and individual Boards and Panels are held throughout the year to facilitate continued learning.

The coming year will see the implementation of a more formal and consistent approach to evaluating the effectiveness and performance of AAT's Council and supporting Boards on an ongoing basis.

### **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

Council recognises that there is scope to improve the breadth of diversity within its make-up and this will continue to be a key focus moving forward. For the Council year 2022–2023, Council comprised 20 Trustees, nine (45%) of whom identify as male and 11 (55%) female. Of the total full and fellow membership, 38% identified as male and 62% as female. AAT intends to capture and report on additional diversity statistics in the future.

### Audit Board

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 (FRC) and there is at least one independent member serving 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.

AAT's Internal Audit function is provided by an external resource, BDO 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.

A key focus for the Board during the reporting period has been the oversight of AAT's risk management process and related reporting including cyber security and data privacy, the continued monitoring of the delivery and implementation of major projects in relation to risk and the rolling internal audit programme.

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

### Data privacy and information governance

AAT remains committed to:

- complying with all applicable data protection legislation
- being a responsible ethical organisation
- effectively addressing evolving cyber risks
- promoting strong information governance practices across the sector.

Our internal data privacy steering group continues to monitor data protection and cyber security risks and oversee the work in this area; formally reporting to the Audit Board and chaired by our data privacy manager, who sits outside of functions involved in processing activities such as HR, marketing and IT, to promote independence.

This year, we continued to deliver ongoing training to all our staff to protect them at work, and at home, from malicious acts such as phishing, fraud and fake news. We had high levels of engagement with excellent results, and opinion surveys demonstrated a wide-spread awareness of the significance of this area of work. This programme of training was further supported by specialist training for our IT staff, and an incident response simulation exercise to develop and mature our response processes and capabilities.

We have also developed training materials for our member audiences and introduced a data protection and information security module in the MAAT CPD pathway for new professional members, launched in October 2022, which was rolled out to all professional members and further supported by a cyber security risk module launched in March 2023.

We continue to adapt to the evolving cyber threat landscape to protect the confidentiality, integrity and availability of our systems and data, and have replaced, and introduced, a number of security systems including a secure email facility and multi-factor authentication, and undergone our usual round of technical security testing to guard against cyber threats and protect our stakeholders' data and the future of AAT.

With many organisations continuing to experience the detrimental effects of cyber-attacks and the education sector being increasingly targeted, we introduced new screening criteria for training providers and assessment centres. Our aim was to support centres to improve and maintain higher levels of cyber resilience and strengthen compliance across the sector. In what remains a volatile environment, we were once again pleased to report that throughout 2022–2023 we did not experience any serious cyber incidents.

However, we experienced an isolated personal data breach in March that we reported to the Information Commissioner's Office (ICO) that has been subsequently closed with no further action taken. The incident related to a stolen laptop which contained non-sensitive personal data. A full risk assessment was undertaken with no high risks identified and steps introduced to prevent recurrence.

The ICO responded, informing us of their decision that no further action by the ICO was necessary and that the action proposed and taken by AAT was appropriate.

We remain committed to ensuring the security of our systems and processes though continuous improvement and we continued to report minor incidents and near misses internally, notify affected individuals where necessary, analyse causes and lessons learned, and to implement additional control measures or changes to working practices to prevent future incidents.

We are closely monitoring and assessing the impact of potential upcoming changes to UK data protection law including the proposed Data Protection and *Digital Information Bill* and *Online Safety Bill* as well as government policy decisions relating to, for example, strategic partnerships, new legislation, and new powers.

## Other matters

### Details of AAT's advisors

The names and addresses of the third parties who were the main advisors to the AAT Group during 2022–2023 are as follows:

#### Bankers

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

#### 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

#### Internal auditors

BDO LLP, 55 Baker Street, London W1U 7EU

#### Investment managers

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

#### External Tax and Financial Consultancy

RSM UK Tax and Accounting Limited, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP

**We strive to act in the best interests of our wider stakeholders, to protect data and embed strong governance practices, as well as to educate our students and members in this area.**

# Annual remuneration *statement*

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

Our Remuneration Board meets at least three times a year, comprising five members of AAT's Council and chaired by the immediate Past President. The Board 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. This includes 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. 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 the wider remuneration policy, value for money and meets relevant regulatory requirements
- to annually review 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.

The objective of AAT's remuneration policy is to ensure we incentivise the Executive team and staff, and 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 also eligible for an individual performance-related bonus.

The achievement of our business plan targets depends 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 April 2022 and 31 March 2023 received a bonus of £1,200 for achieving our targets for that year. The remuneration ratio between the highest and median salary is 4.4:1.

# Trustees' responsibilities *statement*

The Trustees (who are also directors of AAT (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 (UK GAAP) (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 judgements 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 'a 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 the Trustees 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 are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK 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

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
- the Trustees have taken every precaution to ensure that they, and the charitable company's auditor, are fully apprised of all relevant audit information.

**Christina Earls**  
AAT President and Trustee  
Company number. 1518983

29 June 2023



# Independent Auditor's report

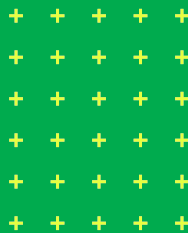
to the members of the Association of Accounting Technicians

## Opinion

We have audited the financial statements of AAT (Association of Accounting Technicians) (the 'parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (UK GAAP).

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 2023 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 UK GAAP
- 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**

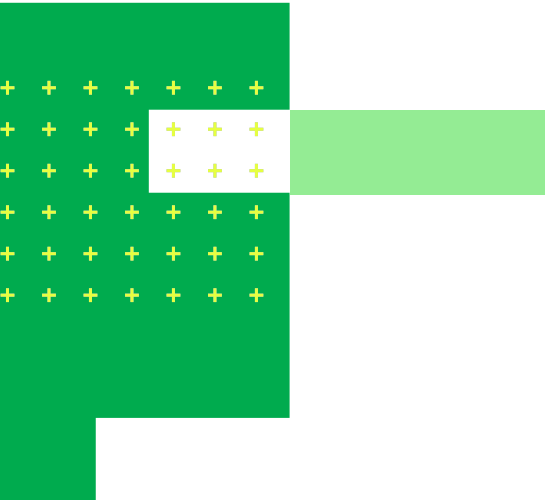
In auditing the financial statements, we have concluded that the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s, or parent charitable company’s, ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities, and the responsibilities of the Trustees, with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor’s report. The Trustees are responsible for the other information contained within the annual report. 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.



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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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### **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
- the Directors' report and the Strategic report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

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### **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 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
- the parent charitable company financial statements are not in agreement with the accounting records and returns
- certain disclosures of Trustees' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit.

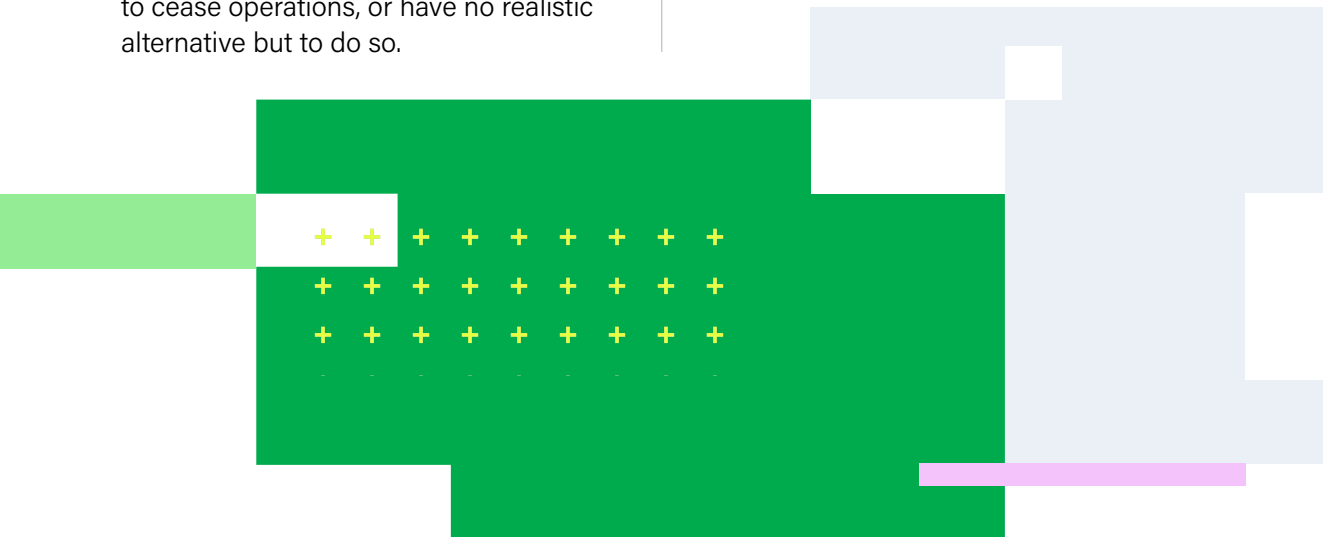
**Responsibilities of Trustees**

As explained more fully in the statement of Trustees’ responsibilities set out on [page 96](#), 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.



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## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The first objective of our audit is to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Secondly, to perform audit procedures that help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements. And finally, to respond appropriately to identified, or suspected, non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are firstly to identify and assess the risk of material misstatement of the financial statements due to fraud. Secondly, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing. And finally, to implement appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Group and parent charitable company operate in and how the Group and parent charitable company are complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), *Companies Act 2006*, *Charities Act 2011*, the parent charitable company's governing document tax legislation and *Charities (Protection and Social Investment) Act 2016*.



We performed audit procedures to detect non-compliances that may have a material impact on the financial statements. This included reviewing the financial statements, including the Trustees' report, remaining alert to new or unusual transactions that may not be in accordance with the governing documents and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Office of Qualifications and Examinations Regulation (Ofqual) and General Data Protection Regulation. We performed audit procedures to inquire of management, and those charged with governance, whether the Group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

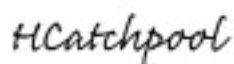
The Group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business as well as challenging judgements and estimates.

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

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### 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.



**Hannah Catchpool**  
(Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP,  
Statutory Auditor

Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

10 July 2023

# The *numbers*

## Group Statement of financial activities (incorporating the income and expenditure account) For the year ended 31 March 2023

	Notes	2023 Total funds £'000	2022 Total funds £'000
<b>Income from:</b>			
<b>Charitable activities</b>			
Subscriptions and fees	3	18,067	17,824
Assessments		12,714	12,938
Events		-	146
Other		586	480
<b>Total income from charitable activities</b>		<b>31,367</b>	31,388
<b>Raising funds</b>			
Trading activities	20(i)	951	675
Investments	2	231	214
<b>Total income from raising funds</b>		<b>1,182</b>	889
<b>Total income</b>		<b>32,549</b>	32,277
<b>Expenditure on:</b>			
<b>Charitable activities</b>			
Growing membership and other customer relationships	4	(10,684)	(9,599)
Developing accountancy skills	4	(11,409)	(9,662)
Enhancing standards of, and commitment to, professionalism	4	(4,787)	(3,601)
Broadening our influence	4	(1,873)	(1,803)
<b>Raising funds</b>			
Trading activities expenses	20(i)	(711)	(446)
Investment management costs		(252)	(241)
<b>Total expenditure</b>		<b>(29,716)</b>	(25,352)
Net gain on investments	12(iii)	(202)	1,321
<b>Net income</b>		<b>2,631</b>	8,246
<b>Other recognised gains and losses</b>			
Actuarial loss on defined benefit pension scheme	7	(1,190)	119
<b>Net movement in funds, including pension reserve</b>		<b>1,441</b>	8,365
<b>Total funds brought forward</b>		<b>33,067</b>	24,702
<b>Total funds carried forward at end of year, including pension reserve</b>	19	<b>34,508</b>	33,067

All income is unrestricted for the years ended 31 March 2023 and 2022.

The notes on **pages 108 to 133** form part of these financial statements.

## Balance sheets

### As at 31 March 2023

	Notes	AAT (Parent charitable company)		Group	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Fixed assets</b>					
Intangible assets	10	5,130	3,318	5,130	3,380
Tangible assets	11	530	686	530	686
Investments	12	30,983	26,256	30,437	25,710
<b>Total fixed assets</b>		<b>36,643</b>	30,260	<b>36,097</b>	29,776
<b>Current assets</b>					
Debtors: amounts falling due within one year	13	2,987	3,038	3,019	3,235
Debtors: amounts falling due after more than one year	13	174	-	174	-
Cash and cash equivalents	14	11,366	13,589	12,118	13,913
<b>Total current assets</b>		<b>14,527</b>	16,627	<b>15,311</b>	17,148
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(14,025)	(13,720)	(14,125)	(13,857)
<b>Net current assets</b>		<b>502</b>	2,907	<b>1,186</b>	3,291
<b>Total assets less current liabilities</b>		<b>37,145</b>	33,168	<b>37,283</b>	33,067
Creditors: amounts falling due after more than one year	17	(1,897)	-	(1,897)	-
<b>Total net assets before deducting pension liability</b>		<b>35,248</b>	33,168	<b>35,386</b>	33,067
Defined benefit pension scheme liability	7	(878)	-	(878)	-
<b>Total net assets after deducting pension liability</b>		<b>34,370</b>	33,168	<b>34,508</b>	33,067
<b>Represented by:</b>					
<b>Unrestricted income funds</b>					
General reserve		35,248	33,168	35,386	33,067
Pension reserve	7	(878)	-	(878)	-
<b>Total unrestricted income funds</b>	19	<b>34,370</b>	33,168	<b>34,508</b>	33,067

All funds are unrestricted.

The notes on **pages 108 to 133** 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 the Charity-only net income of £2,392,000 (2022: net income of £8,017,000) and net movement in funds of £1,203,000 (2022: £8,136,000).

Approved by the Council on 29 June 2023 and signed on its behalf by:



**Christina Earls**

AAT President and Trustee  
Company number. 1518983

## Group cash flow statement

### For the year ended 31 March 2023

	Notes	2023 Total funds £'000	2022 Total funds £'000
<b>Cash flows from operating activities</b>			
<b>Net cash provided by operating activities</b>	a)	<b>5,234</b>	7,085
<b>Cash flows from investing activities</b>			
Dividend and interest income	2	231	214
Purchase of intangible assets	10	(2,331)	(2,586)
Purchase of tangible fixed assets		-	(649)
Proceeds from sale of fixed asset investments		23,383	10,641
Purchase of fixed asset investments		(28,312)	(10,613)
<b>Net cash provided by investing activities</b>		<b>(7,029)</b>	(2,993)
<b>Changes in cash and cash equivalents in the year</b>		<b>(1,795)</b>	4,092
<b>Cash and cash equivalents at the beginning of the year</b>	14	<b>13,913</b>	9,821
<b>Cash and cash equivalents at the end of the year</b>	14	<b>12,118</b>	13,913
<b>a) Reconciliation of net income to net cash flow from operating activities</b>			
Net income for the reporting year as per the statement of financial activities		2,631	8,246
Amortisation of intangible fixed assets	10	519	38
Depreciation of tangible fixed assets	11	156	148
(Gains)/losses on investments	12	202	(1,321)
Investment income	2	(231)	(214)
Loss on disposal of fixed assets		62	
(Increase)/decrease in debtors		42	(858)
Increase/(decrease) in creditors		2,165	1,443
Pensions reserve funding deficit movements		(312)	(397)
<b>Net cash provided by operating activities</b>		<b>5,234</b>	7,085

The notes on [pages 108 to 133](#) form part of these financial statements.

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## Notes to the financial statements

### 1. Accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice ('the Charities statement of recommended practice 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 2019), the Charities SORP (FRS 102), the FRS 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 shown at bid 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.

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

#### Going concern

The financial statements have been prepared on a going concern basis; the conclusions of the Trustees' going concern review are set out in the financial review section on [page 84](#).

#### 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 is £ 31,598,000 (2022: £31,602,000). The net result of the Charity, before recognition of the actuarial surplus on the defined benefit pension scheme, is a net surplus of £2,392,000 (2022: £8,017,000).

AAT owns the whole of the share capital of Accounting Technicians (Services) Limited (ATSL), which in turn owns the whole share capital of Accounting Technicians Enterprises Limited (ATEL), a non-trading entity. 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 or previous year. The other subsidiary undertaking, Accounting Technician (Publications) Limited was dormant throughout the current and previous year. All subsidiaries, except for AAT Botswana (Proprietary) Limited, a non-trading entity, have been included in the consolidation. Branches are not consolidated as their results are not material to the Group.

The Trustees have taken advantage of the exemption in FRS 102 1.11 to not disclose the statement of cash flows for the Charity.

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## Notes to the financial statements

### Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102: Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures

### 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. There are no restricted funds.

### 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, where this is no provision of services as a part of this fee and where services are provided these are accounted for over the period to which they relate
- assessment fees are accounted for when the assessments are contractually committed to by the student and EPA income is recognised on completion of both the synoptic and reflective assessments
- investment income is accounted for over the period in which it is earned
- other revenue streams are accounted for as earned or as the services are performed.

### Deferred income

Student, full and fellow member subscriptions are payable in respect of a rolling 12-month period and are credited to income over the period to which they relate. Student registration fees for AQ22 are payable in respect of a rolling 24-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, inclusive of irrecoverable VAT, 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 based on 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.

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## Notes to the financial statements

### 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 it closed to future accrual.

For the defined benefit scheme, 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 AAT's actuaries under FRS 102. Any surplus is not recognised while AAT is committed to the deficit reduction plan. 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 deemed to be AA-rated. The actuarial assumptions for calculating the value of the liabilities are set using 'best estimate' principles and reflect market yields and related factors at the balance sheet date. Assumptions should be mutually compatible and reflect underlying economic factors consistently.

An approximate allowance of 0.3% of the non-equalised liabilities has been made for the requirement to equalise GMPs in the Scheme following the 2018 High Court judgement relating to the Lloyds Banking Group. This additional liability is reflected in the balance sheet position as at 31 March 2023 and consistent with last year's accounting disclosures made by the actuary in his FRS 102 report.

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, a defined contribution 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. Capitalisation and the amortisation period are reviewed on a project basis. Impairment of these assets is reviewed annually and provisions are made if an adjustment to the value is required.



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## Notes to the financial statements

### 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, including own staff costs, incurred by AAT in relation to the development and implementation of internally generated assets, such as online services including e-learning, e-assessment and the development of AAT's website have been capitalised at cost. These costs relate to the development stage of the project and are deemed to have a future economic benefit of more than a year. 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%

The e-learning asset is amortised over three years.

### 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.

### Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. The company only has financial assets and financial liabilities that qualify as basic financial instruments.

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## Notes to the financial statements

### Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

### Classification of financial instruments

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### Investments

Investments listed on a recognised stock exchange, including investment and unit trusts, are stated at fair value using the closing quoted bid market rate at the balance sheet dates. 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.

### Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

### Trade creditors, group and other creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand and short-term deposits with a maturity of less than three 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.

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## Notes to the financial statements

### 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 scheme's investments. Management relied on the assistance of an actuary in choosing 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 calls upon a combination of historical trends and member behaviours at that time.

#### Dilapidation provision

In estimating the dilapidation costs relating to the leases on 140 Aldersgate Street, a provision was calculated in accordance with the amount per square foot stipulated in the heads of terms for the basement, ground and first floors. This was applied from the start of the lease and increased by RPI each year. This method was also used to estimate the dilapidation provision for the fourth floor. until the leases on 140 Aldersgate Street expired in June 2022 and the provision was released in the year. There was no dilapidation provision in relation to the new lease at 30 Churchill Place.

#### Investment impairment provision

At 31 March 2019, the Trustees took the view that the investment in Accounting Technicians (Services) Limited (ATSL) had been impaired by £154,000, represented by the losses in ATSL's wholly owned non-trading subsidiary, Accounting Technicians Enterprises Limited (ATEL), from funding a project to research alternative sources of income. During 2020, 2021 and 2022, ATEL did not trade so no further impairment has been provided as the balance was provided against in full in 2019. During 2023, the directors of ATEL made the decision to strike off the company, as the balance has been fully provided there is no effect on these financial statements.

ATSL's activities in the year to 31 March 2023 resulted in a profit of £240,000 (2022: £229,000). ATSL is now delivering income growth and surplus as part of the three-year plan from commercial activities, such as conferences, events, Essentials courses and Continuing professional development (CPD) products and services.

## Notes to the financial statements

The Trustees have evaluated the impaired value of the investment and, as it is smaller than the net assets at year end and because ATSL is still expected to generate future profits, the Trustees are not proposing any further impairment this year.

### 2. Investment income

	Group	
	2023	2022
	£'000	£'000
Interest receivable	62	3
Dividends receivable from UK investments	169	211
<b>Total</b>	<b>231</b>	<b>214</b>

### 3. Subscriptions and fees

	Group	
	2023	2022
	£'000	£'000
Full members' subscriptions and fees	9,388	8,866
Student and affiliate members' fees	8,679	8,958
<b>Total</b>	<b>18,067</b>	<b>17,824</b>

### 4. Analysis of expenditure on charitable activities

	Direct staff costs £'000	Other direct costs £'000	Support and governance costs £'000	2023 £'000
Growing membership and other customer relationships	3,522	2,085	5,077	10,684
Developing accountancy skills	3,213	4,792	3,404	11,409
Enhancing standards of, and commitment to, professionalism	1,018	1,438	2,331	4,787
Broadening our influence	531	652	690	1,873
<b>Total</b>	<b>8,284</b>	<b>8,967</b>	<b>11,502</b>	<b>28,753</b>

## Notes to the financial statements

	Group			
	Staff costs	Other direct costs	Support and governance costs	
	£'000	£'000	£'000	
Growing membership and other customer relationships	3,166	1,476	4,957	<b>9,599</b>
Developing accountancy skills	2,666	2,984	4,012	<b>9,662</b>
Enhancing standards of, and commitment to, professionalism	900	1,180	1,521	<b>3,601</b>
Broadening our influence	506	629	668	<b>1,803</b>
<b>Total</b>	<b>7,238</b>	<b>6,269</b>	<b>11,158</b>	<b>24,665</b>

### 5. Analysis of support and governance costs

	Group				
	Growing membership and other customer relationships	Developing accountancy skills	Enhancing standards of, and commitment to, professionalism	Broadening our influence	
	£'000	£'000	£'000	£'000	
Information and communication technology (ICT)	2,319	1,554	1,064	315	<b>5,252</b>
Human Resources	541	363	249	74	<b>1,227</b>
Finance	551	370	253	75	<b>1,249</b>
Procurement and facilities	661	443	303	90	<b>1,497</b>
Programme Management Office and Corporate Development	261	175	120	35	<b>591</b>
Governance	241	161	110	33	<b>545</b>
Chief Executive's Office	99	66	45	13	<b>223</b>
Enterprise Data	191	128	88	26	<b>433</b>
Central	214	144	98	29	<b>485</b>
<b>Total</b>	<b>5,078</b>	<b>3,404</b>	<b>2,330</b>	<b>690</b>	<b>11,502</b>

## Notes to the financial statements

	Group				
	Growing membership and other customer relationships	Developing accountancy skills	Enhancing standards of, and commitment to, professionalism	Broadening our influence	Total 2022
	£'000	£'000	£'000	£'000	£'000
ICT	1,800	1,456	552	243	4,051
Human Resources	521	421	160	70	1,172
Finance	515	417	158	70	1,160
Procurement and facilities	1,181	956	363	159	2,659
Programme Management Office and Corporate Development	340	275	104	46	765
Governance	167	135	51	23	376
Chief Executive's Office	67	54	20	9	150
Enterprise Data	151	122	47	20	340
Central	215	176	66	28	485
<b>Total</b>	<b>4,957</b>	<b>4,012</b>	<b>1,521</b>	<b>668</b>	<b>11,158</b>

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

Governance costs comprise staff costs of £249,000 (2022: £223,000), audit fees of £52,000 (2022: £47,000), legal and other professional fees of £139,000 (2022: £58,000) and costs of Trustee and other business meetings of £92,000 (2022: £48,000).

## Notes to the financial statements

### 6. Employees

Staff costs	Group	
	2023	2022
	£'000	£'000
Salaries and wages	10,785	9,774
Employer's social security costs	1,270	1,037
Employer's pension costs – Group personal pension scheme	979	797
	13,034	11,608
Staff recruitment and training	435	459
	13,469	12,067
Staff costs capitalised in development projects during the year	(753)	(749)
<b>Staff Costs charged to Statement of Financial Affairs during the year</b>	<b>12,716</b>	<b>11,318</b>

Redundancy payments of £28,000 (2022: £18,000) were made during the year. All payments, in both the current and prior year, were made as compensation for loss of office. Such payments are recognised in the year they arise.

An ex-gratia payment of £10,000 (2022: £Nil) was made during the year. This payment related to a settlement with a former employee, which was made at the discretion of the Executive.

### Employee numbers

The average number of staff employed by AAT throughout the year was as follows:

	2023	2022
	No.	No.
Charitable activities	126	114
Support and governance	114	103
<b>Total</b>	<b>240</b>	<b>217</b>

### Emoluments of senior staff

The details of employees whose emoluments, excluding pension contributions, amounted to £60,000 or above for the year are as follows:

	Employees (excluding Chief Executive)		Chief Executive	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Salary	2,848	2,262	195	128
Bonus	54	49	4	11
Private medical insurance	5	5	1	1
<b>Total</b>	<b>2,907</b>	<b>2,316</b>	<b>200</b>	<b>140</b>

## Notes to the financial statements

The current CEO was in post for the current year and 5 months during 2021-22, the previous CEO was in post for 3 months during 2021-22. One other Executive joined in June 2022.

The ratio of the CEO's emoluments (annualised) to the lowest paid employee is 7.3 (2022: 9.6) and the ratio to the median paid employee is 4.4 (2022: 5.0).

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

	2023 No.	2022 No.
£60,001 – £70,000	15	12
£70,001 – £80,000	9	9
£80,001 – £90,000	4	2
£90,001 – £100,000	2	3
£100,001 – £110,000	2	1
£110,001 – £120,000	1	1
£120,001 – £130,000	1	-
£130,001 – £140,000	-	1
£140,001 – £150,000	1	1
£150,001 – £160,000	1	-
£190,001 – £200,000	1	-

The key management personnel of AAT comprise the Trustees and the seven members of the Executive team as listed on [page 134](#) (2022: 5 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	
	2023 £'000	2022 £'000
Salary	838	678
Bonus	25	41
Employer's social security costs	114	91
Employer's pension costs	76	56
Private medical insurance	6	7
<b>Total</b>	<b>1,059</b>	<b>873</b>

During the year to 31 March 2023, the emoluments of senior staff contained a bonus amount for the previous year to 31 March 2022, which was paid in June 2022. All members of the Executive team are members of the Group personal pension scheme. One of the seven members of the Executive have retained retirement benefits under the defined benefit pension scheme (2022: one of five).



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## Notes to the financial statements

### 7. Pension arrangements (AAT and Group)

AAT operates both a closed final salary pension scheme and an ongoing Group personal pension scheme to provide retirement benefits to its staff.

#### The Group personal pension scheme

This is a defined contribution scheme which involves no commitment by AAT other than that of paying an agreed level of normal contributions, currently set at a minimum of 6% and maximum of 10.15% of basic salary (the employee rate is a minimum of 3% of basic annual salary). Contributions during 2023 were £901,000 (2022: £807,000). AAT offers ethical fund options for staff members.

#### The final salary pension scheme (closed)

The final salary pension scheme was closed to new members in June 2002 and closed to future member benefit accrual from 1 May 2010.

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 AAT and managed professionally. Contributions to the final salary scheme are determined by a qualified actuary, based on triennial valuations using the attained age valuation method to determine contributions to the scheme.

#### FRS 102 disclosure note

The final salary pension scheme is a defined benefit scheme providing benefits on final pensionable salary. The latest FRS 102 actuarial valuation was carried out at 31 March 2023 by an independent actuary, Broadstone.

#### Reconciliation of funded position of final salary scheme

	2023 £'000	2022 £'000
Net defined benefit liability at 1 April	-	(516)
<b>Movement in year:</b>		
Employer contributions	400	400
Expense recognised in the income and expenditure account	(88)	(3)
Actuarial (loss)/gain including effect of change in surplus restriction	(1,190)	119
Net defined benefit position recognised at 31 March	(878)	-

## Notes to the financial statements

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

	2023	2022
Discount rate	4.50%	2.60%
Retail price inflation	3.25%	3.75%
Consumer price inflation	2.55%	3.05%
Increases to pensions in payment		
- Total pensions accrued prior to 6 April 1997	3.00%	3.00%
- Total pensions accrued between 6 April 1997 and 31 January 2007	3.65%	3.90%
- Total pensions earned from 1 February 2007	2.20%	2.30%
Revaluation of non-GMP in deferment		
- Pre-April 2009	2.55%	3.05%
- Post-April 2009	2.50%	2.50%
Commutation allowance	20.00%	20.00%

The mortality assumption used is in line with the following tables: mortality before and after retirement: S3PA mortality tables projected by year of birth.

The scheme's assets and liabilities were as follows:

	Value at 31/3/23 £'000	Percentage of total assets	Value at 31/3/22 £'000	Percentage of total assets
Fair value of the scheme's assets:				
- Equities	2,610	15.2%	6,215	24.6%
- Alternatives	1,755	10.2%	3,757	14.9%
- Bonds	7,312	42.7%	7,544	29.9%
- Liability-driven investments	4,430	25.8%	6,341	25.1%
- Gilts	952	5.6%	1,354	5.4%
- Other assets	82	0.5%	30	0.1%
	17,141		25,241	
Present value of the scheme's liabilities	(18,019)		(23,999)	
Actuarial (deficit)/surplus at end of year	(878)		1,242	
FRS 102 surplus not recognised	-		(1,242)	
<b>Recognised defined benefit scheme Position at end of year</b>	(878)		-	

## Notes to the financial statements

### Reconciliation of fair value of plan assets over the year

	AAT and Group	
	2023	2022
	£'000	£'000
Fair value of plan assets at the beginning of the year	25,421	25,303
Interest income on plan assets	661	561
Return on plan assets excluding interest income	(8,811)	(652)
Employer contributions	400	400
Benefits paid	(350)	(371)
<b>Fair value of plan assets at end of the year</b>	<b>17,321</b>	<b>25,241</b>

### Reconciliation of defined benefit obligation over the year

	AAT and Group	
	2023	2022
	£'000	£'000
Defined benefit obligation at the beginning of the year	23,999	25,819
Interest cost on the defined benefit obligation	619	564
(Gain)/Loss from the effect of experience adjustments	(7,655)	(1,828)
(Gain)/Loss from the effect of changes in assumptions	1,318	(185)
Benefits paid	(350)	(371)
Past service cost	88	-
<b>Defined benefit obligation at end of the year</b>	<b>18,019</b>	<b>23,999</b>

### Pension income/(expense) recognised as part of income and expenditure

	AAT and Group	
	2023	2022
	£'000	£'000
Interest income on plan assets	661	561
Interest cost on defined benefit obligation	(619)	(564)
Net pension scheme finance costs	42	(3)
Interest expense restriction	(42)	-
Past service cost	(88)	-
<b>Total pension expense</b>	<b>(88)</b>	<b>(3)</b>

## Notes to the financial statements

### Actuarial gain/(loss) to be recognised after net income/(expenditure)

	2023	2022
	£'000	£'000
Return on plan assets excluding interest income	(8,811)	(652)
Gain from the effect of experience adjustments	7,655	185
Loss from the effect of changes in assumptions	(1,318)	1,828
Reversal of surplus not recognised/(surplus not recognised)	1,242	(1,242)
Restriction of net interest income due to effect surplus restriction	42	-
<b>Gain/(Loss) recognised in the year</b>	<b>(1,190)</b>	<b>119</b>

### Return on plan assets

	2023	2022
	£'000	£'000
Interest income on plan assets	661	561
Return on plan assets excluding interest income	(8,811)	(652)
<b>Return on plan assets</b>	<b>(8,150)</b>	<b>(91)</b>

## 8. Council and Board expenses

	AAT and Group	
	2023	2022
	£'000	£'000
Total Council and Board expenses incurred in respect of travel, accommodation, and subsistence	51	24

Included in the above are £12,091 (2022: £4,575) of expenses reimbursed to 17 (2022: 12) 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.

## Notes to the financial statements

### 9 Net income for the year is stated after charging:

	Group	
	2023	2022
	£'000	£'000
Net income is stated after charging:		
Operating lease expense	1,220	1,423
Development expenditure not capitalised	1,117	476
Amortisation charges	519	38
Depreciation charges	156	148
Audit fee – Charity, excluding VAT	47	42
Audit fee – subsidiaries	5	5
Non audit services	25	-

### 10. Intangible fixed assets

	AAT			Group		
	Online services	Membership and finance computer software	Total	Online services	Membership and finance computer software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2022	4,916	2,092	7,008	4,978	2,092	7,070
Additions	845	1,486	2,331	845	1,486	2,331
Disposals	-	-	-	(62)	-	(62)
At 31 March 2023	5,761	3,578	9,339	5,761	3,578	9,339
<b>Amortisation</b>						
At 1 April 2022	(2,144)	(1,546)	(3,690)	(2,144)	(1,546)	(3,690)
Charge for the year	(519)	-	(519)	(519)	-	(519)
At 31 March 2023	(2,663)	(1,546)	(4,209)	(2,663)	(1,546)	(4,209)
<b>Net book value</b>						
<b>At 31 March 2023</b>	<b>3,098</b>	<b>2,032</b>	<b>5,130</b>	<b>3,098</b>	<b>2,032</b>	<b>5,130</b>
At 31 March 2022	2,772	546	3,318	2,834	546	3,380

## Notes to the financial statements

### 11. Tangible fixed assets

	AAT and Group			
	Leasehold improvements £'000	Plant and equipment £'000	Computer hardware £'000	Total £'000
<b>Cost</b>				
At 1 April 2022	1,394	784	1,033	3,211
Additions	-	-	-	-
Disposals	(517)	(367)	-	(884)
At 31 March 2023	877	417	1,033	2,327
<b>Depreciation</b>				
At 1 April 2022	(1,174)	(661)	(690)	(2,525)
Charge for the year	(58)	(35)	(63)	(156)
Released on disposal	517	367	-	884
At 31 March 2023	(715)	(329)	(753)	(1,797)
<b>Net book value</b>				
<b>At 31 March 2023</b>	<b>162</b>	<b>88</b>	<b>280</b>	<b>530</b>
At 31 March 2022	220	123	343	686

All tangible fixed assets are held for charitable use.

### 12. Fixed asset investments

#### (i) AAT held the following investments at 31 March:

	AAT		Group	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Investment portfolio (see note 12(iii))	30,437	25,710	30,437	25,710
Investment held in net assets of ATSL (see note 12(ii))	546	546	-	-
Total investments held	30,983	26,256	30,437	25,710

## Notes to the financial statements

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

	Holding	Nature of business	Country of incorporation /registration and number
ATSL (see note 20(i))	100% £1 ordinary shares	Private Limited Company	England and Wales 03116873
ATEL (see note 20(ii))	100% Indirectly through ATSL £1 ordinary shares	Non-trading	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 UIN BW00001129005

### Investment in Accounting Technicians (Services) Limited

	AAT	
	2023	2022
	£'000	£'000
Carrying value at beginning of year	546	546
<b>Carrying value at 31 March</b>	<b>546</b>	<b>546</b>

## Notes to the financial statements

### (iii) Investment portfolio

	AAT and Group	
	2023	2022
	£'000	£'000
Investments on a recognised stock exchange	28,315	24,210
Cash	2,122	1,500
Total	30,437	25,710
	2023	2022
	£'000	£'000
<b>Investments on a recognised stock exchange are as follows:</b>		
Valuation at beginning of year	24,210	23,571
Add: acquisitions at cost	27,690	9,959
Less: disposals	(23,383)	(10,641)
Net (losses)/gains on revaluation	(202)	1,321
Fair value at 31 March	28,315	24,210
	2023	2022
	£'000	£'000
<b>These investments are held in the following securities:</b>		
UK equities	1,423	3,686
Overseas equities	4,056	5,374
Bonds	12,159	8,725
Other	10,677	6,425
Fair value at 31 March	28,315	24,210
	2023	2022
	£'000	£'000
<b>The historic cost of these investments is as follows:</b>		
UK equities	1,295	3,225
Overseas equities	3,632	3,932
Bonds	12,179	8,114
Other	9,452	5,747
<b>Historic cost at 31 March</b>	<b>26,558</b>	<b>21,018</b>



## Notes to the financial statements

### 13. Debtors: Amounts falling due within one year and more than one year

	AAT		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors – see below	2,146	1,551	2,238	1,751
Other debtors	18	283	73	322
Prepayments	640	1,161	641	1,161
Amount due from subsidiary undertakings	117	43	-	-
Accrued income	66	-	66	-
<b>Amounts falling due within one year</b>	<b>2,987</b>	<b>3,038</b>	<b>3,019</b>	<b>3,235</b>
<b>Other creditors: due after one year</b>	<b>174</b>	<b>-</b>	<b>174</b>	<b>-</b>
<b>Total</b>	<b>3,161</b>	<b>3,038</b>	<b>3,193</b>	<b>3,235</b>

#### Trade debtors

	AAT		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Organisations	2,009	1,739	2,102	1,939
Individuals – fees and subscriptions	1,303	981	1,303	981
Less membership lapsing provision	(1,166)	(1,169)	(1,166)	(1,169)
<b>Total</b>	<b>2,146</b>	<b>1,551</b>	<b>2,239</b>	<b>1,751</b>

### 14. Cash and cash equivalents

	AAT		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash at bank	3,656	5,880	4,408	6,203
Treasury deposits	7,710	7,710	7,710	7,710
<b>Total</b>	<b>11,366</b>	<b>13,590</b>	<b>12,118</b>	<b>13,913</b>

## Notes to the financial statements

### 15. Creditors: amounts falling due within one year

	AAT		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	1,104	1,409	1,104	1,424
Taxes and social security	490	394	490	411
Other creditors	47	60	47	60
Accruals	1,621	1,680	1,626	1,688
Deferred income	10,663	9,477	10,758	9,574
Fees received in advance	26	8	26	8
Rent accrual reversing within one year (see note 17)	-	48	-	48
Provision for dilapidation (see below)	-	644	-	644
Provision for AQ22 exam refunds (see below)	74	-	74	-
<b>Total</b>	<b>14,025</b>	<b>13,720</b>	<b>14,125</b>	<b>13,857</b>

### Provisions

	AAT and Group			
	Dilapidations	AQ22 exam	2023	2022
	£'000	refunds £'000	£'000	£'000
Balance at beginning of year	644	-	644	472
Provided during the year	-	74	74	172
Utilised during the year	(271)	-	(271)	-
Reversed during the year	(373)	-	(373)	-
<b>Balance at 31 March</b>	<b>-</b>	<b>74</b>	<b>74</b>	<b>644</b>

## Notes to the financial statements

### 16. Deferred income

	AAT		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance at beginning of year	9,477	9,053	9,574	9,111
Deferred during year	22,118	18,919	22,412	19,194
Released during year	(19,035)	(18,495)	(19,331)	(18,731)
<b>Balance at 31 March</b>	<b>12,560</b>	<b>9,477</b>	<b>12,655</b>	<b>9,574</b>

Student, full and fellow member subscriptions are payable over a rolling 12-month period and are credited to income over the period to which they relate. Subscriptions for AQ22 are payable in respect of a rolling 24-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. No obligation exists to repay this, or any part of it, to student, full or fellow members.

### 17. Creditors: amounts falling due after more than one year

	AAT		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deferred income (see note 16)	1,897	-	1,897	-
<b>Total</b>	<b>1,897</b>	<b>-</b>	<b>1,897</b>	<b>-</b>

### 18. Operating lease commitments

The total future minimum operating lease payments are as follows:

	AAT and Group			
	Property		Plant and equipment	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	815	945	3	4
Between one and five years	2,541	4,027	4	8
<b>Total</b>	<b>3,356</b>	<b>4,972</b>	<b>7</b>	<b>12</b>

## Notes to the financial statements

### 19. Unrestricted income funds

	Group	
	2023	2022
	£'000	£'000
At beginning of year	33,067	24,702
Net income for the year	2,631	8,246
Surplus before pension scheme actuarial gain	35,698	32,948
Pension scheme actuarial gain	(1,190)	119
<b>At 31 March, including pension reserve</b>	<b>34,508</b>	<b>33,067</b>

	AAT	
	2023	2022
	£'000	£'000
At beginning of year	33,168	25,032
Net income for the year	2,392	8,017
Surplus before pension scheme actuarial gain	35,560	33,049
Pension scheme actuarial gain	(1,190)	119
<b>At 31 March, including pension reserve</b>	<b>34,370</b>	<b>33,168</b>

Net assets are all attributable to the unrestricted income fund.

## Notes to the financial statements

### 20. Subsidiary undertakings and intra-Group transactions

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

The company made a profit before tax of £240,000 in 2023 (2022: profit of £229,000). Its activities for the year are summarised below:

<b>Profit and loss account for the year ended 31 March</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Turnover	951	675
Cost of sales	(200)	(88)
Gross profit	751	587
Other operating expenses	(511)	(358)
Interest receivable	-	-
Loss before taxation	240	229
Tax on profit/(loss)	-	-
<b>Retained profit/(loss) for the financial year</b>	<b>240</b>	<b>229</b>

	<b>2023 £'000</b>	<b>2022 £'000</b>
Intangible fixed asset	-	62
Current assets	902	562
Current liabilities	(217)	(179)
Net current assets	685	382
Total net assets	685	445
<b>Represented by:</b>		
Share capital	700	700
Profit and loss account	(15)	(255)
<b>Shareholders' funds</b>	<b>685</b>	<b>445</b>

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Total costs reported as from trading activities</b>		
Cost of sales	200	88
Other operating expenses	511	358
<b>Total as per statement of financial activities</b>	<b>711</b>	<b>446</b>

Most of ATSL's costs are incurred by AAT and recharged to ATSL a month in arrears, payable in 30 days. During the year, £586,000 of costs were invoiced by AAT to ATSL (2022: £421,000). As at 31 March 2023, ATSL owed £117,000 to AAT (2022: £43,000) as shown in note 13. In the year, AAT received no gift aid payment from ATSL (2022: Nil). There were no other related party transactions between AAT and ATSL.

## Notes to the financial statements

### (ii) Accounting Technicians Enterprise Limited (ATEL)

The company is a wholly owned subsidiary of ATSL and was formed in March 2018. It did not trade in the four years to 31 March 2023. During 2023, the directors of ATEL made the decision to strike off the company which will take place after the year end.

Its activities for the period are summarised below:

	12 months to 31 March 2023	12 months to 31 March 2022
	£'000	£'000
<b>Profit and loss account for the period ended 31 March</b>		
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating expenses	154	-
Profit before taxation	154	-
Tax on loss	-	-
<b>Retained loss for the financial period</b>	<b>154</b>	-
	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Net asset statement as at 31 March</b>		
Current assets	-	-
Current liabilities	-	(154)
Net current liabilities	-	(154)
Total net liabilities	-	(154)
<b>Represented by:</b>		
Share capital	-	-
Profit and loss account	-	(154)
<b>Shareholders' funds</b>	<b>-</b>	<b>(154)</b>
	<b>12 months to 31 March 2023</b>	12 months to 31 March 2022
	<b>£'000</b>	£'000
<b>Total costs reported as from trading activities</b>		
Cost of sales	-	-
Other operating expenses	-	-
<b>Total as per statement of financial activities</b>	<b>-</b>	<b>-</b>

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## Notes to the financial statements

### (iii) Accounting Technician (Publications) Limited

The company has been dormant for several years, and the value of its net assets as at 31 March 2023 was £100 (2022: £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 2023 was £7 (2022: £7).

## 21. Related party transactions

The related party transactions between AAT and its other subsidiary undertakings, ATSL are shown in note 20(i). There were no related party transactions between AAT and its other subsidiary undertaking, ATEL.

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, ATSL, and its wholly owned subsidiary, ATEL.

## 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 at 30, Churchill Place, London E14 5RE.

## 24. Post balance sheet events

Since the year end, the process has been started to wind down the Group's dormant subsidiary, Accounting Technicians Enterprises Limited.

The Board of Directors have made the decision that certain activities which are currently undertaken by the Group's subsidiary Accounting Technicians (Services) Limited, will be reallocated within the Group to instead be recognised within the Charity in order to align with the overall Group strategy from 1 April 2023. The affected activities are those relating to education products on core accountancy and finance theory, practice and techniques delivered to members and non-members.

# Members of Council and the Executive team

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## Members of Council who held office during the reporting period 2022-23 as Directors and Trustees

<b>Christina Earls</b> (President)	<b>Rachel Harris</b> (from 16 September 2022)
<b>Kevin Bragg</b> (Vice President)	<b>Heather Hill*</b> (Chair, Remuneration Board)
<b>Chris Argent</b> (from 16 September 2022)	<b>Anne Moore</b> (Chair, Audit Board)
<b>Ernest Badasu</b>	<b>Andrew Murray</b>
<b>Lucy Cohen</b> (from 16 September 2022)	<b>Rita Patel</b>
<b>Wayne Cook</b> (until 16 September 2022)	<b>Mark Powell</b>
<b>Jane Cuthbertson</b>	<b>Ajay Prabhakar</b> (until 16 September 2022)
<b>Paul Donno</b>	<b>David Quigg*</b>
<b>Heather Durrell</b>	<b>Michael Steed</b>
<b>David Frederick</b> (Chair, Nominations and Governance Board)	<b>John Thornton<sup>Δ</sup></b> (until 16 September 2022)
<b>Helen Geatches</b> (until 16 September 2022)	<b>Francesca Tricarico</b> (from 16 September 2022)
<b>Rebekah Glover</b> (from 16 September 2022)	<b>Libby Walklett</b> (from 16 September 2022)

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## Members of the Executive team and Company Secretary

Chief Executive: <b>Sarah Beale<sup>Δ,°</sup></b>	Director of Marketing and Commercial: <b>Claire Bennison</b> (from 13 June 2022)
Chief Operating Officer: <b>Jannine Edgar</b>	Director of Professional Standards and Policy: <b>Adam Harper</b>
Interim Chief Operating Officer: <b>Charles Scott</b> (started 01 February 2023 until 09 June 2023)	Director of HR: <b>Olivia Hill</b>
Director of Education and Development: <b>Suzie Webb</b>	Company Secretary: <b>Karen Marshall</b>

<sup>Δ</sup> Indicates Director of ATSL, a subsidiary company

<sup>°</sup> Indicates Director of ATEL, a subsidiary company of Accounting Technicians (Services) Limited

<sup>\*</sup> Indicates Director of Accounting Technician (Publications) Limited, a subsidiary company

<sup>¥</sup> Indicates Director of AAT Botswana (Proprietary) Limited, a subsidiary company



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## Honours and awards

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### Honorary members

1984	<b>Michael G Lickiss</b>	1992	<b>Fred P Langley</b>
1986	<b>Eric C Sayers</b>	1996	<b>John Hanson</b>
1986	<b>Edmund Gibbs</b>	2007	<b>Robert Thomas</b>
1990	<b>William Hyde</b>	2014	<b>Jane Scott Paul</b>
1990	<b>Richard G Wilkes</b>	2021	<b>Mark Farrar</b>

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### Past Presidents

1980–82	<b>Michael G Lickiss</b>	2002–03	<b>Mike Dudding</b>
1982–83	<b>Peter T Hobkinson</b>	2003–04	<b>Jan Bell</b>
1983–84	<b>Peter R Dallow</b>	2004–05	<b>Jess Bond</b>
1984–85	<b>Professor Michael G Harvey</b>	2005–06	<b>Trevor Salmon</b>
1985–86	<b>Geoffrey J C Lockhart</b>	2006–07	<b>Brian Allen-Palmer</b>
1986–87	<b>Paul Treadaway</b>	2007–08	<b>Tim Light</b>
1987–88	<b>Stanley Husband</b>	2008–09	<b>Catherine Steel</b>
1988–89	<b>Kenneth A Sherwood</b>	2009–10	<b>Pam Dyson</b>
1989–90	<b>Reg J Carter</b>	2010–11	<b>Neil Price</b>
1990–91	<b>John N Farquhar</b>	2011–12	<b>Dr Hilary Lindsay</b>
1991–92	<b>Malcolm S H Bell</b>	2012–13	<b>Henry Cooper</b>
1992–93	<b>Noel Cannon</b>	2013–14	<b>Mike Evans</b>
1993–94	<b>Edna Jolly</b>	2014–15	<b>Dr Rachel Banfield</b>
1994–95	<b>Geoff P Mason</b>	2015–16	<b>Allan Ramsay</b>
1995–96	<b>Ken Sommerville</b>	2016–17	<b>Mark McBride</b>
1996–97	<b>John Newman</b>	2017–18	<b>Nicola Fisher</b>
1997–98	<b>Noel Sladen</b>	2018–19	<b>Vernon Anderson</b>
1998–99	<b>John Vincent</b>	2019–20	<b>John Thornton</b>
1999–00	<b>Margaret Rawding</b>	2020–21	<b>David Frederick</b>
2000–01	<b>Andrea White</b>	2021–22	<b>Heather Hill</b>
2001–02	<b>Professor David Hunt</b>		

## Past Secretaries^/Chief Executives

1981–87	<b>Anthony B Sainsbury</b> <sup>^</sup>	1997–14	<b>Jane Scott Paul</b>
1987–96	<b>John Hanson</b> <sup>^</sup>	2014–21	<b>Mark Farrar</b>

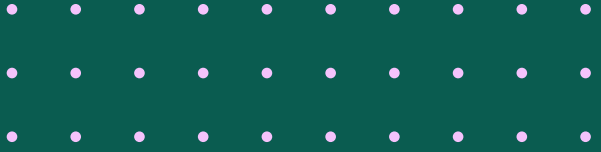
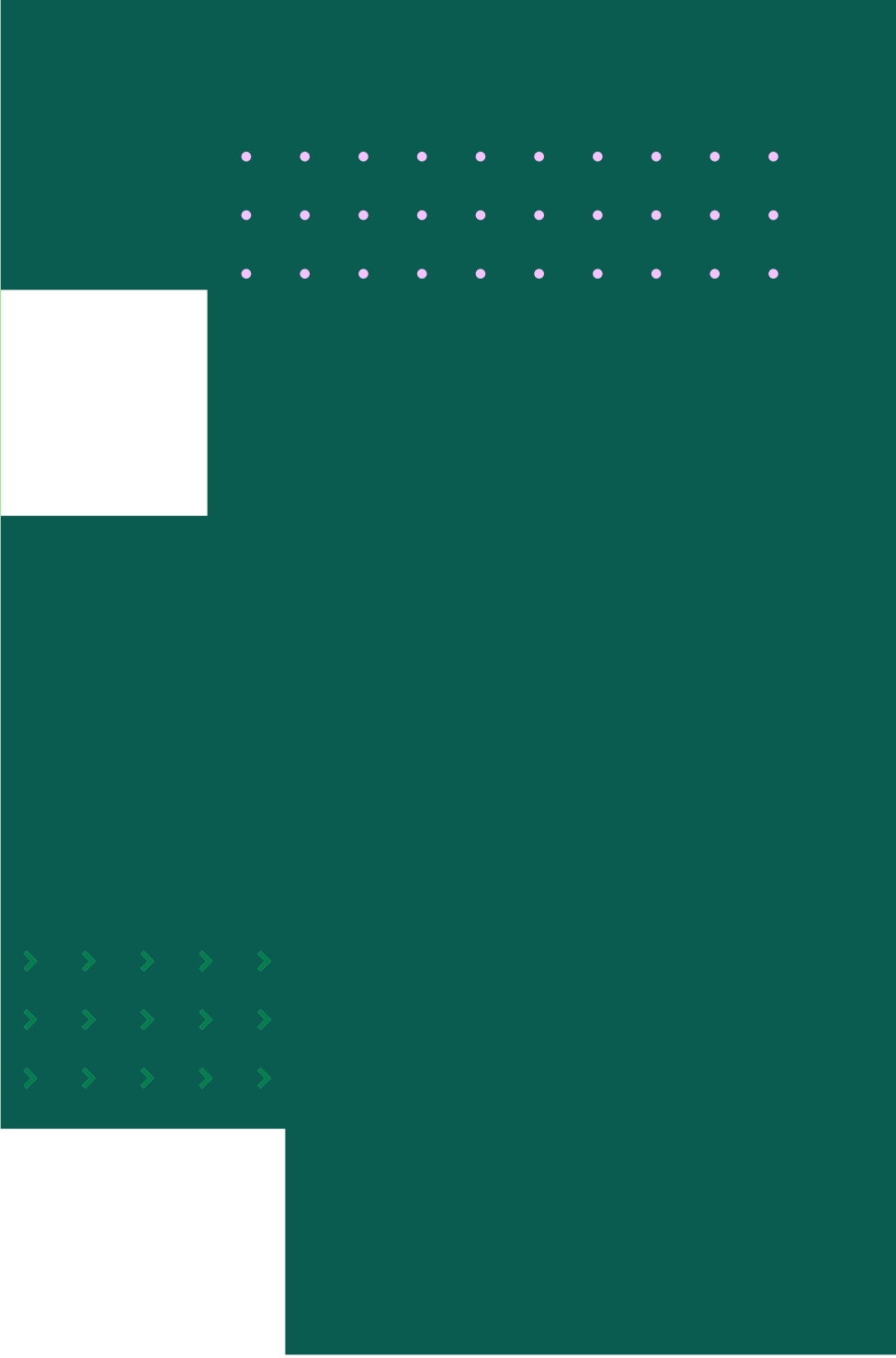
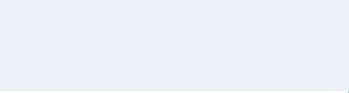
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## Past Presidents' Award winners

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

1994	<b>Simon Payne</b> MAAT	2007	<b>David Kalaba</b> FMAAT
1995	<b>Ruth Bryant</b> MAAT	2008	<b>Paul Buzzard</b> MAAT
1996	<b>Hannah Tonge</b> FMAAT	2009	<b>Lesley Sureshkumar</b> FMAAT
1997	<b>Pako Kedisitse</b> MAAT	2010	<b>Jane Towers</b> FMAAT
1998	<b>Keith Knight</b> FMAAT	2011	<b>Jennifer Frost</b> MAAT
1999	<b>Malcolm Springall</b> FMAAT	2012	<b>Duncan Majinda</b> MAAT
	<b>Suzanne Willard</b> MAAT	2013	<b>Neil Montgomery</b> FMAAT
2000	<b>Pamela Dyson</b> FMAAT	2014	<b>Martyn Strickett</b> FMAAT
2001	<b>Ishphak Parkar</b> FMAAT	2015	<b>Con Kelly</b> FMAAT
2002	<b>Sue Pryce-Williams</b> FMAAT	2016	<b>Jeremy Nottingham</b> FMAAT
2003	<b>Michael Steed</b> MAAT	2017	<b>Caroline Green</b> MAAT
2004	<b>Alfred Boddison</b> FMAAT	2018	<b>Ian Bennett</b> MAAT
2005	<b>Sheryl Miller</b> MAAT	2019	<b>Dawn Clarkson</b> FMAAT
2006	<b>Marie Walker</b> MAAT	2020	<b>Ali Jaw</b> FMAAT
		2021	<b>Lucy Cohen</b> FMAAT

Information in this report is accurate at the time of publication.





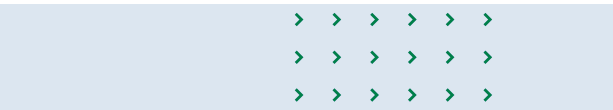
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