

**AGILITY
RESILIENCE**
ACCOUNTABILITY

The Association of Accounting Technicians
Annual Report 2021



Contents

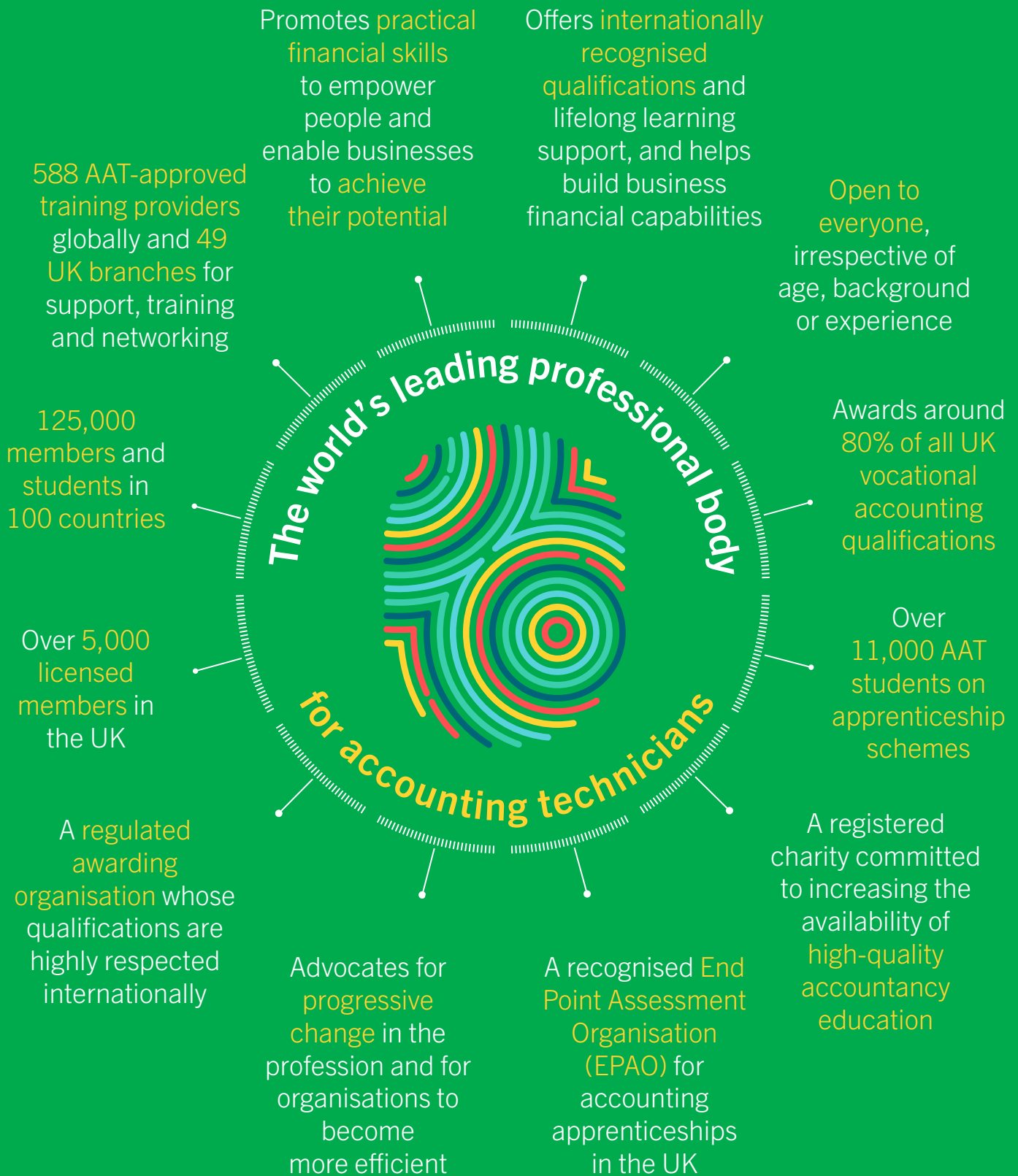
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The Association of Accounting Technicians Trustees are pleased to present the Trustees' report together with the consolidated financial statements of the Charity and its subsidiaries for the 12 months ending 31 March 2021, which are also prepared to meet the requirements for a directors' report and accounts for *Companies Act 2006* purposes.

The background is a solid teal color. It features several abstract geometric elements: a light blue circle in the top left, a yellow circle in the bottom right, and a central area filled with horizontal green lines. On the left and right sides of this central area, there are series of concentric white and green lines that curve around the central text, creating a sense of depth and movement.


Trustees' report

About AAT



About AAT

Founded in 1980, AAT is a registered charity, a regulated awarding organisation, and a highly-respected membership body. We are the world's leading professional body for accounting technicians.



We provide our students with globally-recognised finance and accounting qualifications, and award around four-fifths of all UK technical accounting qualifications.

We provide our members with lifelong learning support so that they can continually develop their finance and accountancy skills and careers. On our members' behalf, we also advocate for progressive change in the profession.

As a result of our work, we provide thousands of people with the foundations for a highly rewarding career.

At the same time we increase the supply to organisations, in all sectors, of high-quality finance professionals. Their acumen, knowledge and probity help to underpin sustainable fiscal progress in the UK and globally.

Alongside our impact, we also felt the effects of coronavirus (Covid-19) throughout this financial year. Read more about our response to Covid-19 in the **CEO's report**, **Environment around us** and **Risks we face** sections of this annual report.

What we do

AAT's **mission**

is to promote **practical financial skills** to **empower people** and enable businesses to achieve their potential. Our vision is to **reach the heart of every business.**

In the context of 2020–21, our mission and vision have never felt more relevant.

Last year, every business and organisation in the world needed practical financial skills to help them weather the pandemic successfully and ensure that they created a strong position for the future. We worked hard to keep our members up to speed with all the changes, so they were well-equipped for this challenge.

Every business and organisation will also need sound financial management going forward. We ensured our qualifications remained available and that our students were still able to study and take assessments for the majority of the year, following the necessary Covid-19 restrictions, so they could move forward with their careers.

We also engaged with policymakers to champion causes that will help businesses nurture the recovery, and bring progressive change. We campaigned to extend the self-assessment tax deadline and tighten the Prompt Payment Code, and advocated for compulsory ethnicity pay reporting. We've already succeeded with the first two of these objectives.

AAT has always changed lives by giving people the opportunity – irrespective of background or experience – to gain practical, in-demand financial skills to build a long-term career. Our work is now more useful and necessary than ever: we're changing **individual lives** and having a positive impact on the **accountancy profession, businesses, economies and society** as a whole across the globe.

Our aim is to equip our students and members with sound financial skills to empower and enable progress. This report reflects our success in doing so over the past extraordinary year.

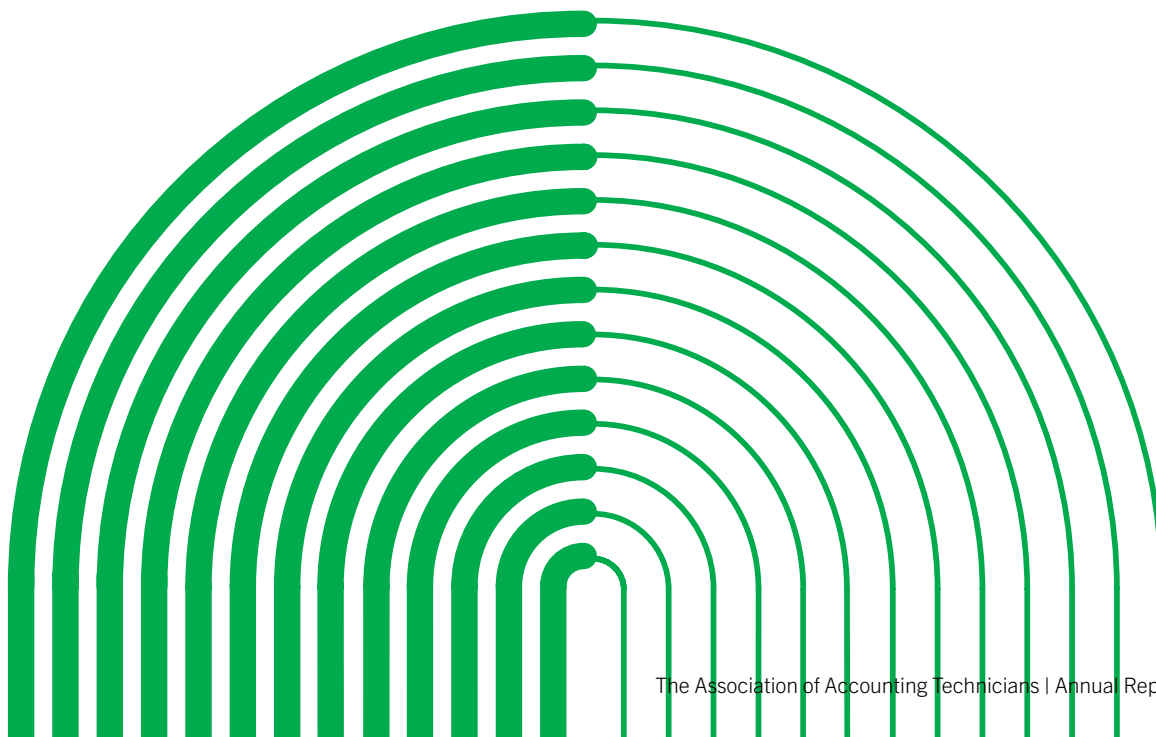


AAT's charitable objects

Our charitable objects underpin our business model and strategy:

- 01** to advance public education and promote the study of the practice, theory and techniques of accountancy; and
- 02** (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 that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and the planning of future activities.





Strategic report

Our highlights in 2020–21

Informi – AAT’s free website for small business owners and start-ups – posted yet another record-breaking year. With over 735,000 individual sessions, page impressions rose by 62%.

We **successfully campaigned** for a suspension of Self-Assessment late filing penalties. The HMRC announcement that there would be no late penalties for those filing online by 28 February 2021 – the first effective extension in almost 25 years – significantly benefitted AAT Licensed Accountants and their clients.

Our communications team found another gear in response to the pandemic. Our affiliate and professional member e-newsletter, *AAT News*, changed from a monthly to a weekly edition, reaching 51,000 members each month.

AAT very successfully adapted our two-day annual conference into an online event. **AAT Future Finance 2020** attracted 2,500 attendees – ten times the usual number – and was shortlisted for Best Online Conference at the Associations UK Awards 2020.

AAT’s campaigning helped ensure that online platforms, such as Amazon and eBay, are now liable to collect and remit **VAT in the UK**, saving taxpayers £1.5bn in online VAT fraud.

AAT qualifications were included on a new list of fully-funded courses under the UK government’s new **Lifetime Skills Guarantee** from April 2021, recognising their value.

Our **new Lifelong Learning Portal** – which provides support material for students, training providers and members – has attracted 75,200 unique users since its launch in April 2020.

Our ICT team was equal to the extraordinary challenges of 2020. When AAT’s head office closed, we still achieved 99.98% reliability across all our systems and contact centre solutions were remote-working-ready within 48 hours.

173,465 assessments were sat during the period and we issued 26,154 certificates to students who completed their qualifications. We were also able to successfully issue **4,278 calculated results**, resulting in no appeals, in line with government expectations. This enabled as many students as possible to move forward with their studies despite the pandemic.

We extended our finance training to employers by developing six more **AAT Essentials training courses**, increasing the range of titles to ten. We also launched our **new AAT Skills Store** which offers online e-learning modules.

“Studying AAT has really helped me to secure a good job and opened the door in the finance sector. I believe there is a bright future and intend to become a professional member to help me progress further.”

Sonia Isaac AATQB
AAT student
Finance Assistant
Leading Lives





Our impact

Our impact on people's lives

AAT aims to have a positive impact on all the lives touched by our activities. This includes our 124,576 students and members, 1,016 approved employers, 588 training providers, 70,104 people studying for an AAT accounting qualification with a further 11,748 people studying for our short qualifications or undertaking an apprenticeship End Point Assessment.

Like many organisations across the globe, we were not immune to the impact of Covid-19. Having reviewed our cost base, we took the decision to restructure the organisation to ensure we are fit for the future. In spite of these changes, this is how we helped our students and members in 2020-21 during the Covid-19 pandemic:

Maintaining access to qualifications and assessments

With many training providers closed during the pandemic, we helped support students with their study through our extensive range of online support materials. 21,986 students started an AAT accounting qualification in the year.

Assessments operated as normal apart from a three-month suspension, after which we provided additional synoptic windows to help students catch up. We also issued **4,278 calculated results in Summer 2020**, for the Foundation Synoptic (FSYA) assessment to mitigate some of the adverse effects on students, and over 18,200 students were offered an extension to their qualification access.

Surpass Viewer was developed so students could continue to access Flash-based assessment platforms once Flash is withdrawn. The 'Smart' End Point Assessment (SEPA) platform enabled students to progress their qualifications despite lockdown restrictions. With an eye to the future, we also conducted a **remote invigilation pilot** to explore the feasibility of allowing students to take assessments at home.

Supporting members

In January 2021, mindful of the impact of Covid-19, we launched a new, simplified, reduced fee criteria and **application process** for full and fellow members and AAT Licensed Accountants. We also granted membership **extensions** to specific student groups in 2020 to support them during the crisis.

We welcomed

3,551

new full members and qualified bookkeepers into professional membership, while **431 existing members** progressed to fellow status – the highest tier of membership – which will help them achieve a higher salary and enhanced career progression.

Our impact on people's lives

Maintaining awareness and understanding

We engaged with students and members across a variety of channels to raise awareness and understanding of topical political developments from Brexit and the pandemic to cyber security, Capital Gains Tax changes, VAT and a plethora of other tax, accountancy and educational matters.

We delivered award-winning **AAT Learning Pods** enabling students to hear directly from subject-matter experts. We re-imagined e-learning using mobile-friendly solutions so students can now drill down on key topic areas and real-life scenarios and mark their progress through a topic.

Over 5,000 students at foundation level signed up to receive emails as a result of our **Ready, Set, Go** campaign which was highly-commended in the Best Student Engagement Initiative category at the 2020 Memcom Excellence Awards.

To increase the flow of timely news and guidance to our affiliate and professional members, we changed *AAT News* from a monthly to a weekly publication. Over 25,000 members now open it at least once a month. We added **AAT Knowledge Hub** categories for affiliate and AAT bookkeeping members and launched a Covid-19 category with specialist guidance and template resources.

We implemented **AAT Learning Portal** to deliver a more personal learning experience. Since its launch in April 2020, 75,200 total unique users have accessed the support material for students, training providers and members. We worked with subject matter experts to develop educational content to share on our **social platforms**. This performed extremely well with a reach of 30,500 and 9% engagement.

We delivered 15 highly popular **Facebook Live** study sessions, providing students with motivation even as the pandemic was disrupting study. We broke our own record in June 2020 by achieving a reach of 74,500 – four times higher than pre-pandemic. We delivered 35 videos to our Facebook pages for professional members on a range of topics, including live CPD sessions and inspiring, motivational and explainer content which gained over 19,000 views. We increased the number of followers of our Facebook page by over 10,000.

We achieved a landmark 10,000 **Instagram** followers – a massive milestone. This unlocked the 'swipe-up' feature so we can apply direct links to story features. We're now at 11,600 followers. Our content helped students keep going as they managed mental health and motivation challenges and paused assessments. Views of our study tips articles were 70% up on the previous year while content supporting assessments was viewed 41,425 times – an 80% increase.

Providing lifetime opportunities for individuals

Two AAT qualifications have been included on a list of fully-funded courses as part of the UK government's new Lifetime Skills Guarantee for adults over 23. Our Level 3 Advanced Diploma in Accounting and Advanced Certificate in Bookkeeping are among the few non-graduate entry routes into the accounting profession and are open to anyone regardless of age, school qualifications or background.

Impacting the lives of AAT's staff:

Health and safety

Given the extraordinary challenges of the pandemic, we relaunched our health, safety and environmental (HSE) and working from home (WFH) policy and procedures. To further ensure the wellbeing of our staff, we also conducted additional DSE (display screen equipment) assessments when we all started working from home at the end of March and our offices remained closed throughout this time. By December 2020, our **Covid-safe office** was ready, alongside new hot desk booking arrangements to assist with the test-and-trace system, in preparation for our return to the office.

In the interim, we held more regular team and personal meetings to offer social support to staff and improve their **mental health** through the lockdowns. We put in place greater flexible working options to meet individual team members' needs. To bolster the social side we conducted online quizzes, and online film and book clubs emerged, as well as a virtual pub, so people could maintain social links.

Working from home allowed us to explore and develop new ways of working to help staff achieve a better work/life balance. Investing in employee engagement, we rolled out our new **cultural change programme** to give all staff the opportunity to help shape AAT's future. We also introduced new pulse surveys to provide quicker responses to what matters to staff and company-wide question and answer webinars with the CEO and Executive team to address staff concerns.



Recognising skills and staff development

To enhance the service that we provide to our customers and reward the efforts of staff during the pandemic, we introduced a new **Senior Advisor** level across the Customer Services division, which recognised the skills and knowledge of more experienced advisors and provided promotion opportunities. We redefined the role of our **Quality Assurance** team and provided clarity and focus on activities that support staff development, induction, professional studies and training. We also rolled out our new **cultural change programme** – which engaged all staff in the opportunity to shape AAT’s future – and provided resilience coaching to support our staff through the pandemic.

Digital working

Wherever possible we want to offer a stronger service proposition by moving towards more **digital ways of working**, identifying opportunities to automate manual tasks and lift any administrative burden. This led to the successful deployment of two efficiency projects: Direct Debit – enabling customers to manage their own account online and Reduced Subscription – delivering a fully automated application service.

Our professional impact

AAT is a regulated awarding organisation, providing students and members with confidence that their professional qualifications are relevant and recognised worldwide as synonymous with the highest levels of professionalism.

In 2020–21 we maintained and promoted the professionalism of our members as follows:

Qualifications and product development

We have ensured that our new accounting qualifications – Qualifications 2022 (Q2022) which will be launched in February 2022 – will remain relevant with subsequent amendments every three to five years. Taking into account the disruption caused by the pandemic, we decided to defer the launch of our new suite of qualifications but still developed and published specifications and sample assessments. We continue to be simultaneously focused on preparations for introducing our new assessment platform, working with our partner PSI, which will be fully utilised for the launch of Q2022. Additionally, we fully updated ten unit assessments with new item banks, keeping the material up to date and ensuring high quality, and created five new assessment item banks for the remote invigilation pilot. Following the cancellation of AAT's successful annual Training Provider Conference we also created and delivered informative Q2022 webinars for training providers.

Support to members

We continued to provide members and students with information, technical content and resources to support and maintain their professional development. In the year this included: 72 digital **continuing professional development** (CPD) events plus 59 digital branch events; the digital tax mastercourse series in April 2020 and November 2020, and a series of sponsored webinars and articles on key legislative changes arising from Brexit, IR35 and Making Tax Digital. A record 1,559 members registered for our Brexit webinar with Sage in December 2020.

We raised awareness of Brexit and provided ever-changing and evolving guidance, technical articles and webinars through a new **Brexit hub**, which was viewed 46,454 times. Through AAT Comment we focused attention on the coming VAT disruption, which most had missed, with 12,797 views. We continued to develop our knowledge hub, launching template letters and briefing materials and new e-learning, that helped increase page views to 220,585.

In the year, **761 professional members** achieved an AAT licence and started running their own practice. This is a decrease of 16% on last year. Total **professional membership** reached **49,811**, of which 5,986 held a licence to practice as either a licensed accountant or licensed bookkeeper.

The pandemic caused us to move our annual members' conference, **AAT Future Finance 2020**, online, enabling 1,900 of the 2,500 attendees to access the conference and its important CPD content for the first time. The event was later shortlisted for 'Best Online Conference' at the Associations UK Awards 2020.

We also streamlined our membership application process, enabling qualified individuals to take advantage of AAT professional status more quickly.

Our professional impact



Growing recognition

The Care Quality Commission (CQC) requires care providers to submit a statement of financial viability from an 'accredited financial specialist'. As a direct result of AAT lobbying, from April 2020 this included AAT Licensed Accountants. In addition, in May 2020, the Home Office updated their guidance in a range of areas to recognise AAT members. With all major UK lenders now recognising AAT members' ability to verify an applicant's income, 2020 saw an increasing number of specialist non-bank lenders doing the same.

Customer service is extremely important to us and we're delighted to have achieved a customer satisfaction score of 85.4 against our target of 80 in our Business Benchmarking survey conducted by The Institute of Customer Service. This is our highest score to date. Our score is calculated on the same basis as the UK Customer Satisfaction Index (UKCSI) – the national measure of customer satisfaction – which enables results to be benchmarked against the latest national results. We scored highly in the 'customer satisfaction' category with a rating of 8.9 (out of 10), higher than the all-sector average score of 8.8 (out of 10). Our own customer satisfaction rate – measured via real-time monthly surveys among those contacting us – was 97%. Read more about our results on [page 36](#).

“Being a professional member demonstrates to myself an achievement and demonstrates to others my competence and professionalism. At interviews I've been able to proudly display my membership certificate and CPD log. My AAT qualifications gave me a good foundation of knowledge to do the job and the recognition has opened doors for me.”

Guy Dakin MAAT AATQB
Senior Management Accountant
Berkshire Healthcare NHS Foundation Trust

Our professional impact

Professional standards

We are steadfastly vigilant about maintaining the standards that benefit the profession as a whole, and have applied AAT's regulations robustly in the year. Our **Professional Standards team** investigated 94 complaints of member misconduct, along with 142 cases requiring an assessment to be carried out on whether the applicant is suitable to hold professional membership and/or a practising licence. Additionally, 520 members were called for CPD monitoring in 2020–21 to ensure they remained competent and are maintaining the highest levels of professionalism.

We also helped reinforce the maintenance of high standards and compliance within the profession through making 209 exchanges with other regulatory and supervisory bodies and authorities. This included sharing intelligence and data to assist with investigations required under the **Money Laundering Regulations**.

AAT also continues to be a contributing member of the Financial Conduct Authority (FCA) Shared Intelligence Service (SIS), an internet-based flagging database used by over 30 organisations for vetting of individuals and firms. This enables us to fulfil the information sharing standards expected of an anti-money laundering supervisory body.

A stable profession

We commissioned research in September 2020 which revealed that one in five employees were considering a new career as the economic impact of Covid-19 started to bite, and that accountancy was seen as one of the most secure sectors to work in. This chimed with our experience internally, with nearly one in three people who contacted AAT about our qualifications telling us they were looking for a career change into the finance sector.

Our professional standards
helplines provided support to

193 members

encountering difficult ethical or
anti-money laundering dilemmas,
helping them meet their obligations as
outlined in our policies and guidance.

Our business impact

In the midst of Covid-19, businesses needed robust financial counsel more than ever. AAT made sure our students and members were armed with current knowledge and the relevant skills to help them navigate a rapidly changing landscape.

This is how we helped support businesses in 2020–21:

Keeping members and businesses informed

Within days of the first lockdown, we rolled out a new **Covid-19 hub** with guidance and technical content. This was constantly revised and updated throughout the crisis to support members and businesses, helping AAT Comment to achieve a record 622,966 users and increase page views by 49% to 1.47 million.

We used **LinkedIn** as an effective channel through which to share the value of AAT qualifications, apprenticeships and CPD with professionals, business decision makers and employers. Our page views rose 64%; unique visitors 66%; and clicks 185%, plus our following has grown by 5,000.

We supported AAT members with a **special Brexit issue** of AT magazine, written within days of the trade deal and clearly summarising the consequences for members and their clients or businesses.

Despite the initial impact of Covid-19, AAT's **external panels** reconvened during the year. Made up of professional representatives from a wide range of organisations, panel contributions helped to further inform AAT's lobbying activity, consultation responses, PR activity and CPD provision.

We extended our finance training to employers by developing six more one-day **AAT Essentials training courses**, increasing the range of titles to ten. We developed and launched our new **AAT Skills Store**, which offers online e-learning modules. Plus we delivered significant improvement in website content for employers – most specifically covering apprenticeships.


Proving that it hits the spot, **Informi.co.uk** – our free online resource for small businesses – posted a record-breaking year with over 735,000 sessions – up 62% from the previous year.

We participated in 16 training provider webinars for employers on various topics, including recruiting remotely. We also want businesses to benefit from the quality services that our members provide so we promoted our **AAT Licensed Member Directory** to small businesses, encouraging them to engage a qualified, regulated finance professional to support them with their end-of-year accounts.

With the majority of the public and most policymakers unaware that anyone can trade as an accountant or tax adviser, we continued to raise awareness of the **importance of regulated accountancy professionals** and the need for formal qualifications, CPD and membership of a relevant professional body or private indemnity insurance.

Praise for AAT

Following in-depth interviews, Accounting for Sustainability produced a report on the positive ways in which professional bodies responded to Covid-19. AAT was among the organisations singled out for praise for their speed in developing detailed and invaluable resources to support many thousands of members at a time of great uncertainty and complexity in the financial world.



“AAT was the best starting point for my career as it’s a strongly viewed qualification which can lead to higher levels. Every unit I study has directly helped me understand my practice, work better and support my clients more effectively.”

Craig Dyer AATQB
Licensed Bookkeeper
C A Dyer Accounts
& Bookkeeping

Our business impact

Training future business leaders

With over

11,000

AAT students each year on

apprenticeship schemes,

we're passionate about apprentices as
the **business leaders of the future**

We developed new Level 2 End Point Assessments (EPAs) for apprenticeship students, which were launched in September 2020. We also supported 184 employers with apprenticeship starts in the year, conducted 40 apprenticeship induction sessions with employers and held 51 AAT 'lunch and learn' information sessions. We presented at 16 employer forums run by a training provider, and delivered employer Zoom discussions on 'supporting your apprentices with skills and behaviours' and 'remote on-boarding of new trainees' reaching more than 80 delegates across the two sessions. We provided results reports for 42 employers with a total of 1,477 students.

We worked closely with our leading employers, holding regular online meetings and webinars to update them on latest developments and to find solutions for their recruitment and progression challenges. In **National Apprenticeship Week**, we encouraged people to consider apprenticeships at any age and shared success stories from the pandemic.

As school leavers considered their options, we commented on the rise in 'apprenticeship gap years' in the *Times Education Supplement*, reflecting on whether vocational qualifications could help those who decided not to go to university, given the restrictions Covid-19 was putting on student life.

We are trusted by businesses

AAT retained the confidence of businesses receiving professional advice from AAT licensed members by applying our Practice Assurance Reviews. During the year our licensed members demonstrated a 7% increase in overall compliance.

Our economic impact

AAT uses its

voice

to influence **UK government policy and regulation** for the

benefit

of our members and the organisations they serve.

We also take every opportunity to promote the advantages available to professional accountants across the globe.

This is how we influenced the UK landscape in 2020–21:

Shaping the policy agenda

We helped secure a **suspension of self-assessment late filing penalties**. Our campaign featured in *The Financial Times*, *The Times* and *The Telegraph* and over 1,400 accountancy firms highlighted AAT's campaigning activity on this issue. Subsequently, HMRC announced there would be no late penalties for those filing online by 28 February 2021. This was the first effective extension in almost 25 years and was of significant benefit to AAT Licensed Accountants and their clients.

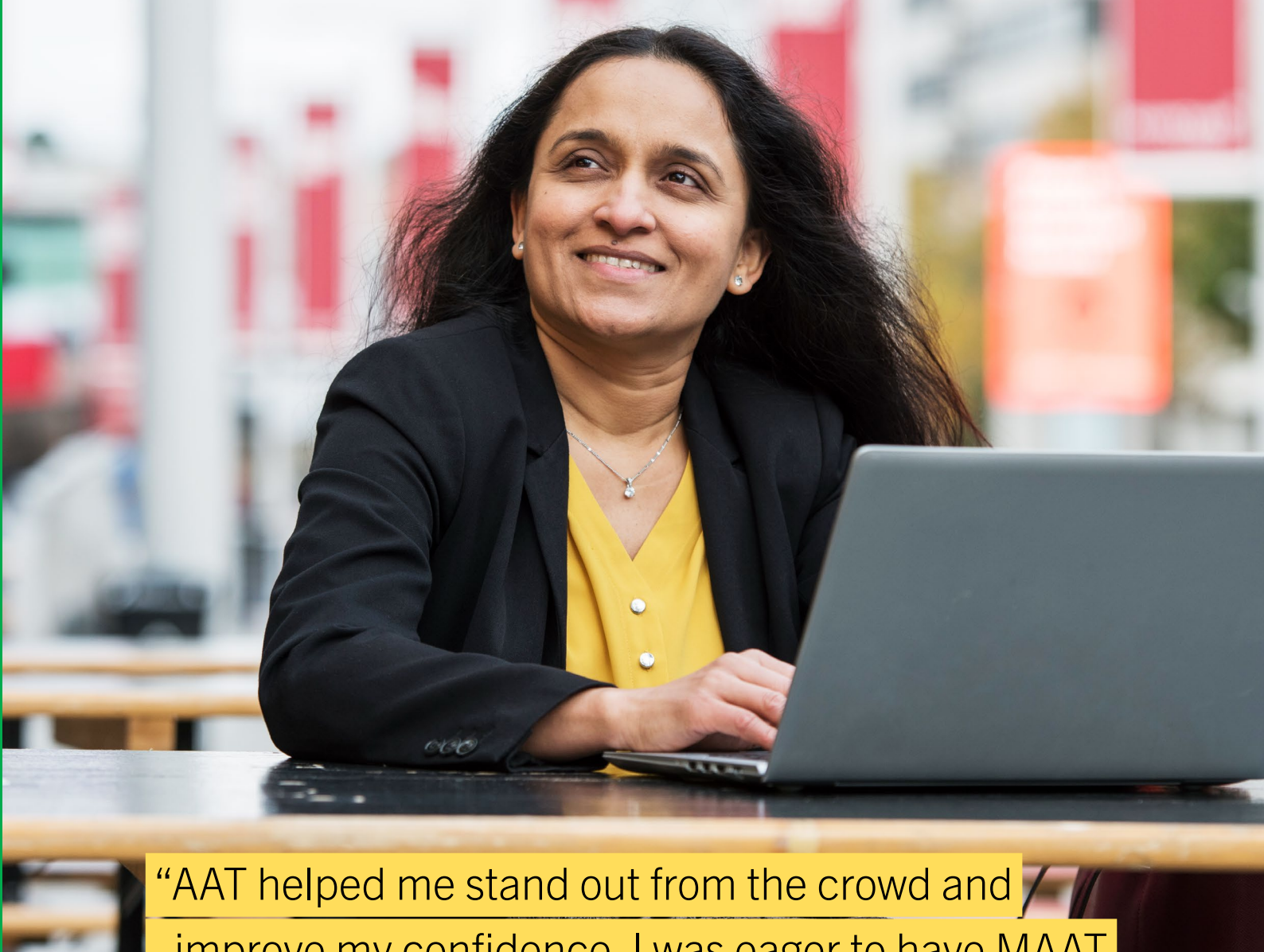
AAT's long-running campaign to halve the maximum payment terms under the **Prompt Payment Code** was successful. From January 2021 companies that have signed up to the Code will be obliged to pay 95% of their invoices to small businesses within 30 days. AAT reports payment statistics for all suppliers as part of the government's duty to report, rather than just small businesses, and paid 86% of invoices within 30 days; 11% in 31 to 60 days; and 3% in over 60 days.

We helped secure a 12-month 'soft landing' period for the **VAT Reverse Charge** which came into force on 1 March 2021, and for **IR35** off-payrolling changes in the private sector, which came into force on 6 April 2021.

In submissions to both HM Treasury and the Treasury Select Committee we challenged government plans to impose a new £100m annual **economic crime levy** on a range of professions from accountants to estate agents. Our recommendations were picked up by *The Accountant*, *London Loves Business*, *International Accountant Gazette*, *International Accounting Bulletin* and *PQ Magazine*.

We helped persuade the government that online platforms, such as Amazon and eBay, should be liable for the collection and remittance of **VAT in the UK**. This change came into force in January 2021 and is estimated to save the taxpayer £1.5bn in online VAT fraud.

When HM Treasury initially confirmed that the new **stamp duty surcharge** on overseas residential property investors would be 1%, AAT led a cross-party campaign for this to be increased to 3%. A compromise figure of 2% was confirmed, which means an additional £40m a year is likely to be raised for projects to help tackle homelessness and rough sleeping in the UK.



“AAT helped me stand out from the crowd and improve my confidence. I was eager to have MAAT after my name and I think employers give importance to your hard work and achievement. Being a professional member opens lots of doors.”

Ujjwala D'Souza MAAT AATQB
Manager
Sobell Rhodes LLP

Our economic impact



Our global reach in 2020–21:

AAT has students and members in

105 countries

System & Skills Training Concept (SSTC) in **Malaysia** is raising international awareness of AAT's brand and qualifications. Through SSTC we won tenders to train Malaysians in accounting through our qualifications and AAT Essentials short courses.

We also launched a Facebook page dedicated to Malaysia which now has over 1,200 followers, taking our total international Facebook following to well over 50,000 across Botswana, Malaysia, Myanmar and other regions. We shared our first Facebook Live virtual open day in **Botswana** with 250 participants.

Recognising the impact of Brexit, we appointed an EU representative as a point of contact for our EU customers following the UK's exit from the European Union.

We appointed local External Quality Assurers to help us be more responsive to the needs of training providers in each country and to work with them more cost effectively.

AAT was also recognised as an International Certification Organisation by the Knowledge and Human Development Authority of **Dubai** in August 2020. This means we can bring our qualifications to a wider audience. We've offered qualifications in the Middle East since the 1980s and have trained over 6,000 people in the region in finance and accounting.



Playing a role on the international stage



IFAC – the International Federation of Accountants – is the global voice for the accountancy sector at the highest level and represents more than 3 million accountants worldwide. AAT was its first technician body member and we've since held a technicians' roundtable at every IFAC annual conference to raise the profile of the technician role. Our President and CEO attended virtually in 2020 to ensure that AAT's voice was heard.

“I always had a passion for accounting and AAT helped nurture me into becoming a professional accountant.”

Keneilwe Moshokgo

AAT student

Grant Thornton, Botswana



Our societal impact

AAT is fully committed to being a

responsible business

with all that entails, including **understanding our environmental and social impacts**, with decision-making made through our **robust and transparent governance structures**.

From working to eliminate the gender pay gap and promoting opportunities for social mobility, to acting robustly on climate change mitigation, AAT continues to be a purpose-led organisation which seeks to create long-term value.

This is how we sought to make a positive impact on society in 2020–21:

Tackling equality, diversity and inclusion

Through our **equality, diversity and inclusion (EDI)** strategy, AAT is aspiring to be a workplace where all colleagues bring their whole self to work, feel included and enabled to reach their full potential. To this end, AAT is committed to equal opportunities and we give full consideration to applications for employment from candidates who have any protected characteristics under the *Equality Act 2010*, including disability, where the candidate's aptitudes and abilities are consistent with the requirements of the job they are applying for.

Opportunities are available to all colleagues, including those with disabilities, for training, career development and promotion, and reasonable adjustments are made during both the application process and once someone starts at AAT. Where existing employees become disabled, AAT will continue to provide employment wherever practicable, in the same or an alternative position, and will provide appropriate training where necessary.

AAT has instituted an EDI group made up of champions from across the organisation who deliver a programme of initiatives, including World Day for Cultural Diversity, Pride, and Black History Month. AAT is a member of the Employers Network for Equality and Inclusion (ENEI), through which we carry out annual benchmarking to enable us to identify and take action on issues that need to be improved.

ENEI also deliver our unconscious bias induction training for new starters and refresher sessions for longer serving staff. EDI is demonstrably embedded within AAT and this supports the Charity Code of Governance EDI pillar.

We calculated our ethnicity pay gap and have been at the forefront of a campaign to ensure compulsory ethnicity pay reporting, securing widespread political, media and stakeholder support. We've also signed up to the **Race at Work Charter** and are undertaking further analysis to identify how we can support career progression for ethnic minority employees.

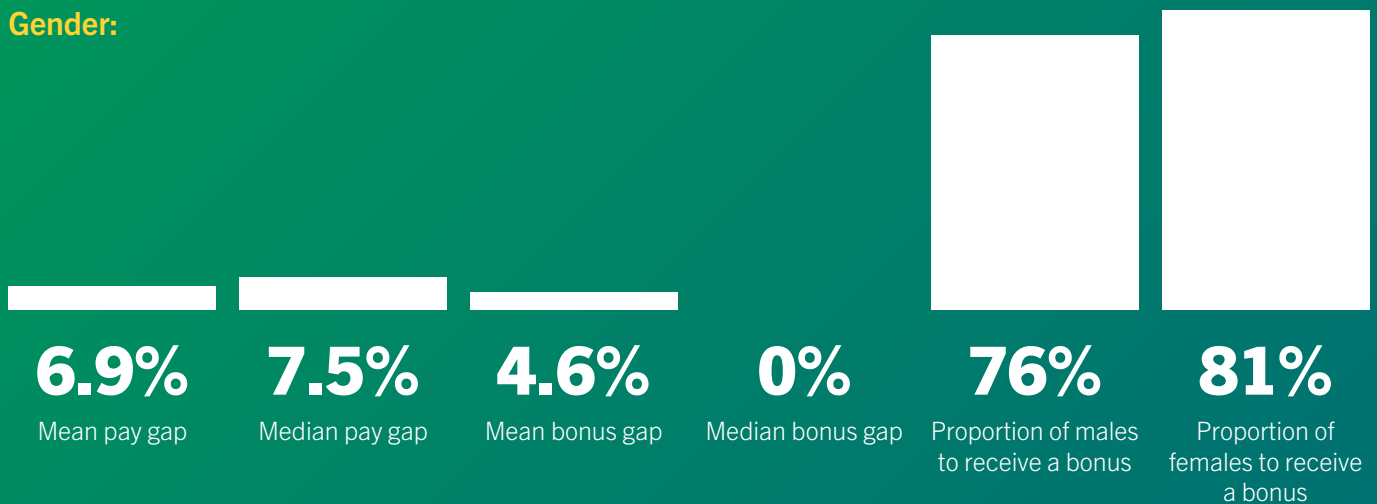
Our societal impact

Our gender and ethnicity pay gap figures

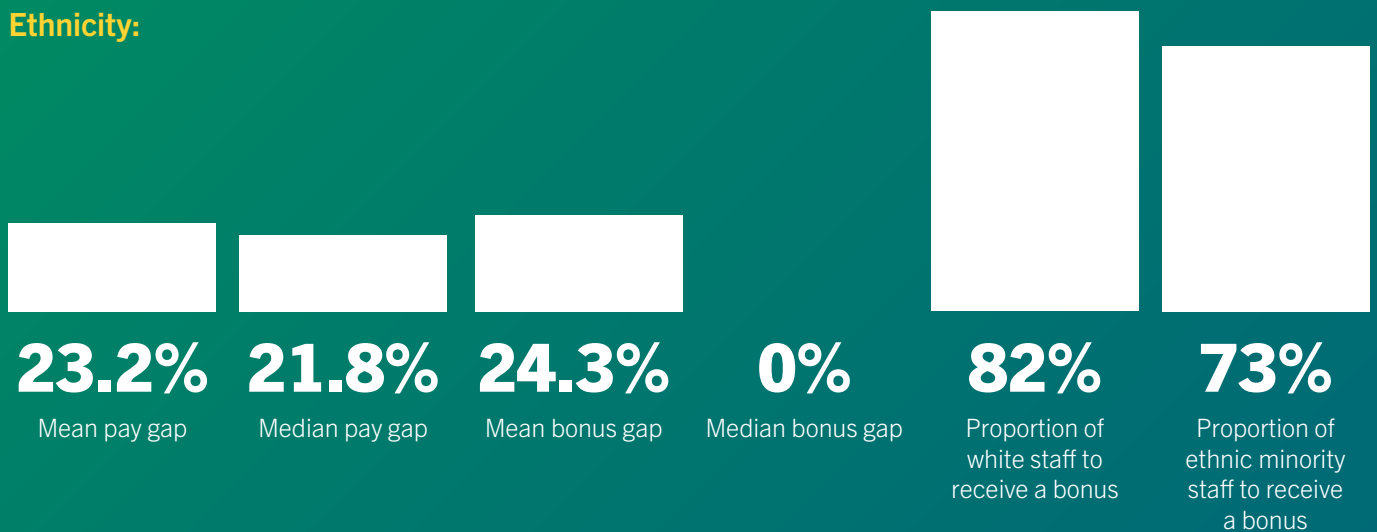
The gender pay gap is defined as the difference between the mean or median hourly rate of pay that male and female colleagues receive, and the ethnicity pay gap is the difference between the hourly pay that white and other ethnic minority colleagues receive.

The mean pay gap is the difference between average hourly earnings. The median pay gap is the difference between the midpoints in the ranges of hourly earnings. It takes all salaries in the sample, lines them up in order from highest to lowest, and picks the middle-most salary. The figures provided below are based on hourly rates of pay as at April 2020, paid at the snapshot date of 5 April 2020.

Gender:



Ethnicity:



We exceeded our targets for the **Women in Finance Charter** and continued to work towards level two of the **Disability Confident Committed Employer** scheme. We used International Women's Day to highlight the gender pensions gap and provided colleagues with some top tips to overcome these. Our Head of Public Affairs and Public Policy also received the Memcom 2020 'Outstanding Achiever' award for AAT campaigning to promote gender equality.



“To see people grow and know that you have been a part of their journey is the best feeling ever, especially when you see them progress in their job roles and return years later to recruit apprentices of their own. I love AAT because it provides a wide range of qualifications which suit both learner and employer needs.”

Angela Renshaw AAT tutor
Programme Manager – Accountancy
The Apprentice Academy

Our societal impact

Access to **our qualifications are open to all**, regardless of age, background or experience, allowing any individual who wishes to study with us a route to do so. We continually raised awareness of this – including the rise in career changers moving into accountancy as a result of the pandemic – and our PR campaigns resulted in 922 pieces of coverage across 192 regional radio stations, including LBC News, Jazz FM, BBC Radio Newcastle, BBC Radio Sheffield, BBC Radio Solent and That’s TV Scotland, alongside coverage in *Working Mums*, *FE News* and *Business Money*.

We continued to run the **AAT Granting Assistance Scheme**, providing 37 members with short-term financial help with AAT fees. Plus the first **AAT Bursaries** were awarded to 11 students in June 2020. This scheme has the potential to transform the lives of students committed to a career in accounting but lacking the financial opportunities to study.

AAT also worked in partnership with the **Social Mobility Commission** to create a toolkit on socio-economic diversity and inclusion for the financial professional services sector. This resource gives practical advice and inspiring case studies to any firms getting to grips with improving EDI and social mobility.

Our green agenda

In April 2020, AAT commissioned an independent **carbon usage report**, with recommendations for milestones to carbon neutrality.

PAS 2060 is the BSI specification designed for organisations that have committed to becoming **carbon neutral**. Carbon neutral means that – through a transparent process of calculating greenhouse gas emissions, reducing those emissions, and offsetting residual emissions – an organisation’s net carbon emissions equal zero. The independent report confirmed that AAT has committed to becoming carbon neutral and to maintain this commitment.

We adopted a sustainable procurement policy, through which we work with and motivate suppliers to report on their carbon neutrality. AAT is also a supporter of the UN’s Sustainable Development Goals with particular emphasis on the following: Quality Education, Gender Equality, Reduced Inequalities, Climate Action and Partnerships for the Goals.

In the year, AAT also made numerous well-received public policy recommendations to help the environment, including road pricing, sustainability reporting and the Plastic Packaging Tax.

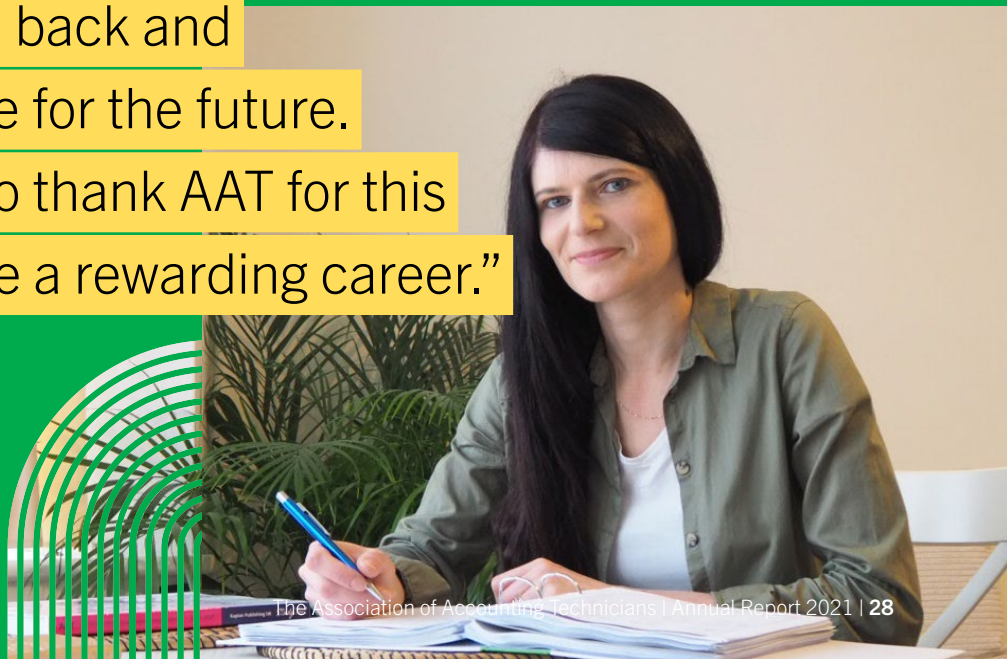
Accountants tackling climate change

As part of the Accounting for Sustainability project, AAT encouraged its 125,000 members worldwide to act to save the planet in 2020–21. Accountants can fight climate change through practical measurement and management of impacts, plus they can help businesses build sustainability into their commercial relationships, working practices and supply chains. Accountants can also demonstrate the risks of climate change to the businesses they work with, for example the costs of crops failure or disruption from flooding.

“Being chosen for the AAT Bursary has given me my confidence back and given me new hope for the future. I don’t know how to thank AAT for this opportunity to have a rewarding career.”

Inga Gumuliauskiene






AAT student
2020 AAT Bursary recipient



Our societal impact

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 2020 to 31 March 2021	Current reporting year	Comparison year
 Total energy consumption used to calculate emissions in kWh	423,925	609,944
 Emissions from combustion of gas in tCO2e (Scope 1)	43.28	46.31
 Emissions from purchased electricity in tCO2e (Scope 2, location-based)	42.07	74.29
 Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel in tCO2e (Scope 3)	1.89	16.12
Total gross tCO2e based on above	87.25	136.72
Intensity ratio: gross tCO2e / m2	0.04	0.06
Intensity ratio: gross tCO2e / FTE	0.39	0.52

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. No AAT subsidiary meets the qualification thresholds for reporting.

The data detailed in this table represents emissions and energy use for which AAT is responsible, including electricity use in our offices and fuel used in vehicles on company business. There are no emissions sources in the UK offshore area. The energy and emissions totals reported above include the business activities of AAT's subsidiaries.

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 2020 and the Better Building Partnerships Real Estate Environmental Benchmark, (REEB) 2019. Any estimates included in our totals are derived from actual data extrapolated to cover missing periods or from the Real Estate Environmental Benchmark.

Energy efficiency actions

Whilst significantly impacted by the Covid-19 pandemic, the emissions from business travel were also reduced thanks to the introduction in March 2020 of a new apprentice platform (SEPA). From launch, almost all meetings could be carried out online, significantly reducing the need for assessors to physically travel to meet students. In future years, any meetings carried out in person rather than online will be the exception to the norm.

Fighting back against corruption

Finally, AAT continued to **fight against money laundering** and the socially destructive activities that surround it. Over the course of 2020–21 we produced a wide range of guidance and support for members, including articles on the post-Brexit sanctions regime, Covid-19 related fraud, the 6th Anti-money Laundering Directive, and National Crime Agency bulletins on pension liberation fraud, illicit money from the Russian Federation, third party payments, slavery and human trafficking.



Our

success

How we measure success

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



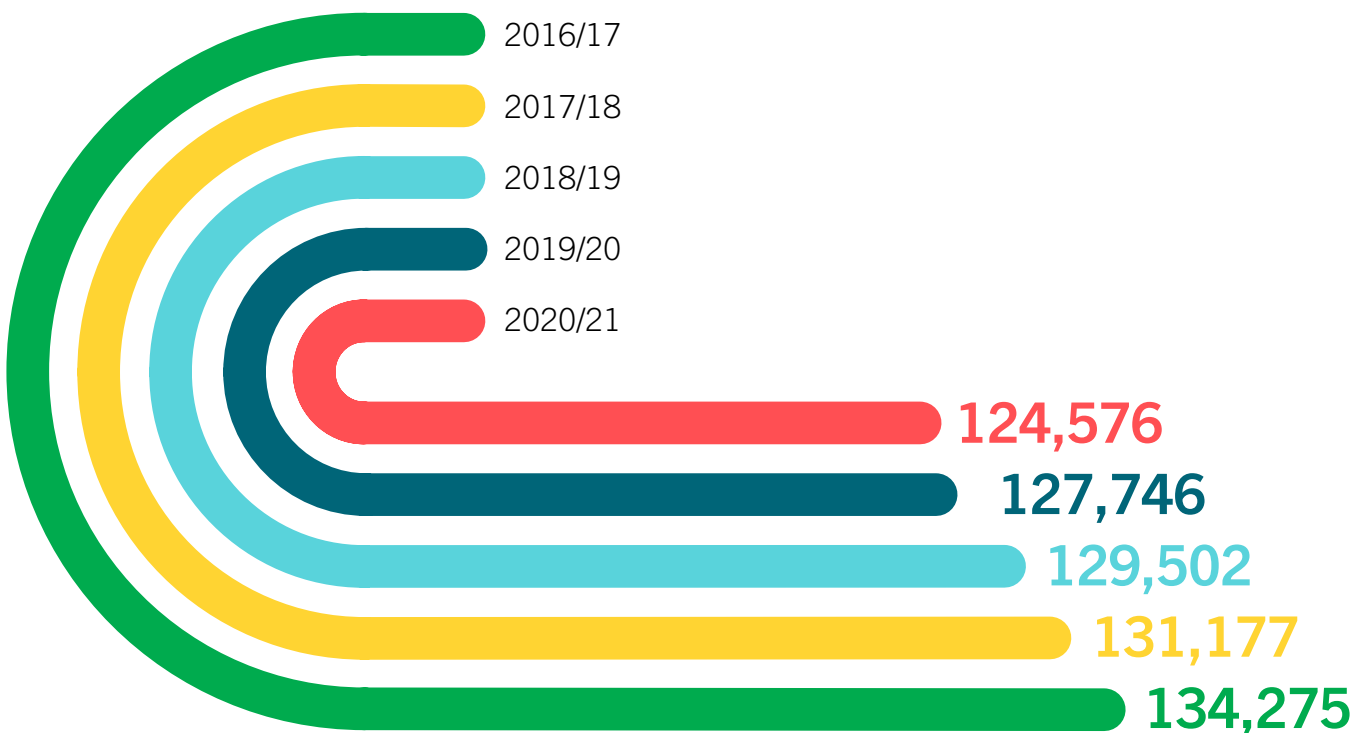
How we measure success

Strategic objective Grow total membership

Aim Increase number of accounting technicians and bookkeepers

Measure Total number of accounting technicians and bookkeepers

Total number of accounting technicians and bookkeepers



Commentary

Membership numbers reflect the reporting period 1 April–31 March aligning with AAT’s financial reporting year. The total population figure fluctuates throughout the year reflecting new members, renewal and lapsing cycles, particularly when students register and qualify.

The downward trend is driven largely by continued pressure on student funding – particularly at Level 4 – and that has seen the number of Level 4 students, and therefore prospective new full members, decline.

New student registrations were also heavily impacted by the Covid-19 pandemic with the majority of colleges registering significantly fewer new students than budgeted. The total membership number was further negatively impacted by the fact that we had fewer students completing Level 4 and therefore being eligible for election into membership.

Encouragingly, retention remained strong with circa 93% of full and fellow members retaining their membership.

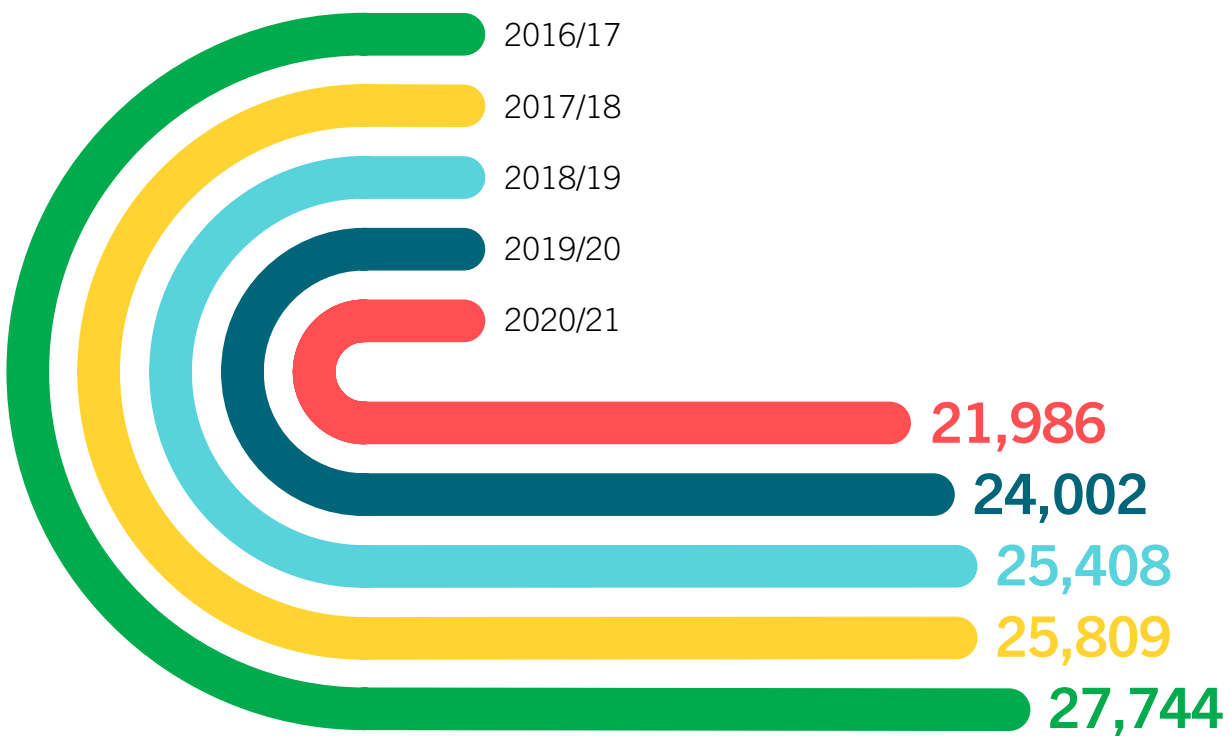
How we measure success

Strategic objective Grow new student membership

Aim Increase accounting technician student population

Measure New Accounting Qualification (AQ) students

New AQ students



Commentary

The number of AQ students reflects the reporting period 1 April–31 March.

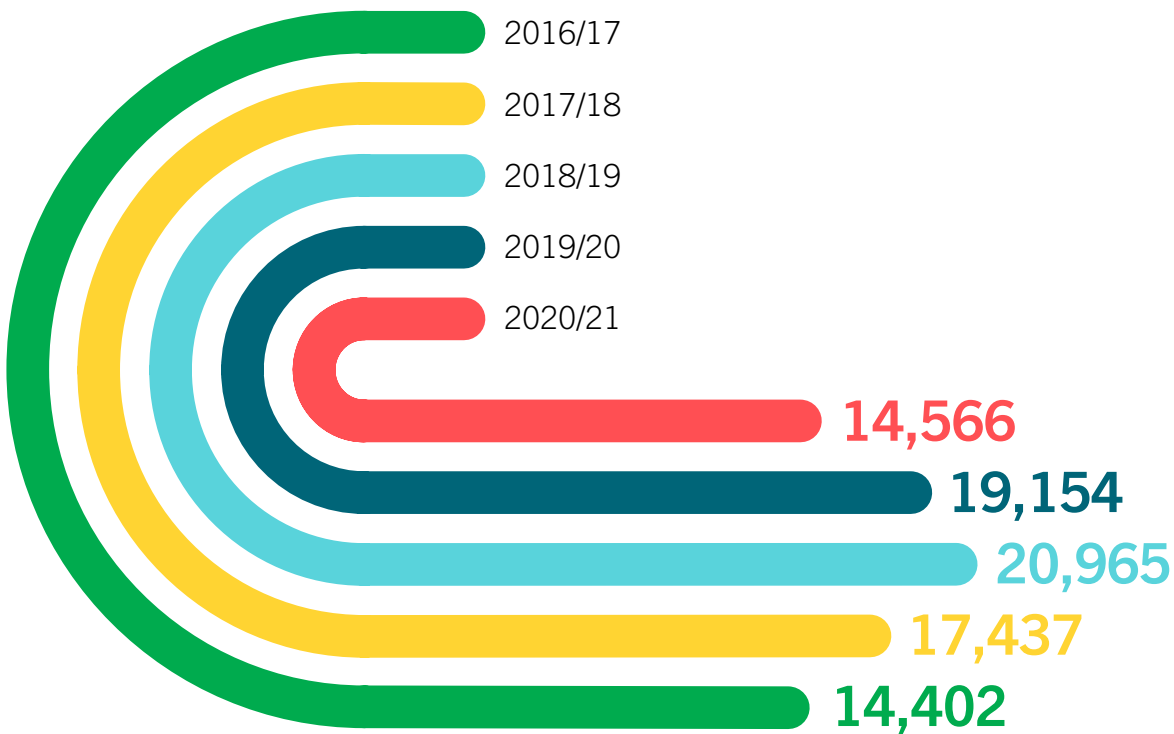
Continued pressure on further education (FE) sector funding has impacted student growth as did some uncertainty attached to non-levy apprenticeship funding within the private sector.

New AAT registrations were also negatively affected by the pandemic. This figure was 8% below 2019/20, but represents a recovery in the second half of the year. A shift occurred in the market with proportionally more students choosing to study remotely. Distance learning students represented 40% of registrations compared to 29% in the previous year, and many training providers offered different forms of blended delivery (combined face-to-face and remote learning) to allow students to continue learning while classrooms were closed.

How we measure success

Strategic objective	Develop new opportunities for people to have a relationship with AAT
Aim	Diversify products and qualifications to offer opportunities to a broader range of people
Measure	Students registered on a short course, End Point Assessment registrations and subscribers to Informi – our small business information portal

Short qualifications, End Point Assessment registrations and subscribers to Informi



Commentary

The numbers relate to the reporting period 1 April–31 March. These figures show the level of engagement with AAT’s portfolio of short qualifications products; engagement with our small business support portal (Informi); and from 2019/20 also capture the number of End Point Assessment (EPA) registrations.

In 2020-21, engagement with the Informi website rose by 63% year on year, driven by small business need to develop Covid-19 strategies and understand the support available to them. Unsurprisingly, short qualifications have suffered during the last 12 months. EPA registrations are down (with a 22% fall at Level 3 and 12% at Level 4), and there has been a reduction in the number of registrations on AAT’s short qualifications products. As training provider delivery gets back to pre-pandemic levels and face-to-face programmes re-start, numbers are expected to improve in the coming year. Overall, these numbers demonstrate our commitment to diversify and support new audiences, and form the basis of new growth that will provide AAT with a platform to build longer-term engagement.

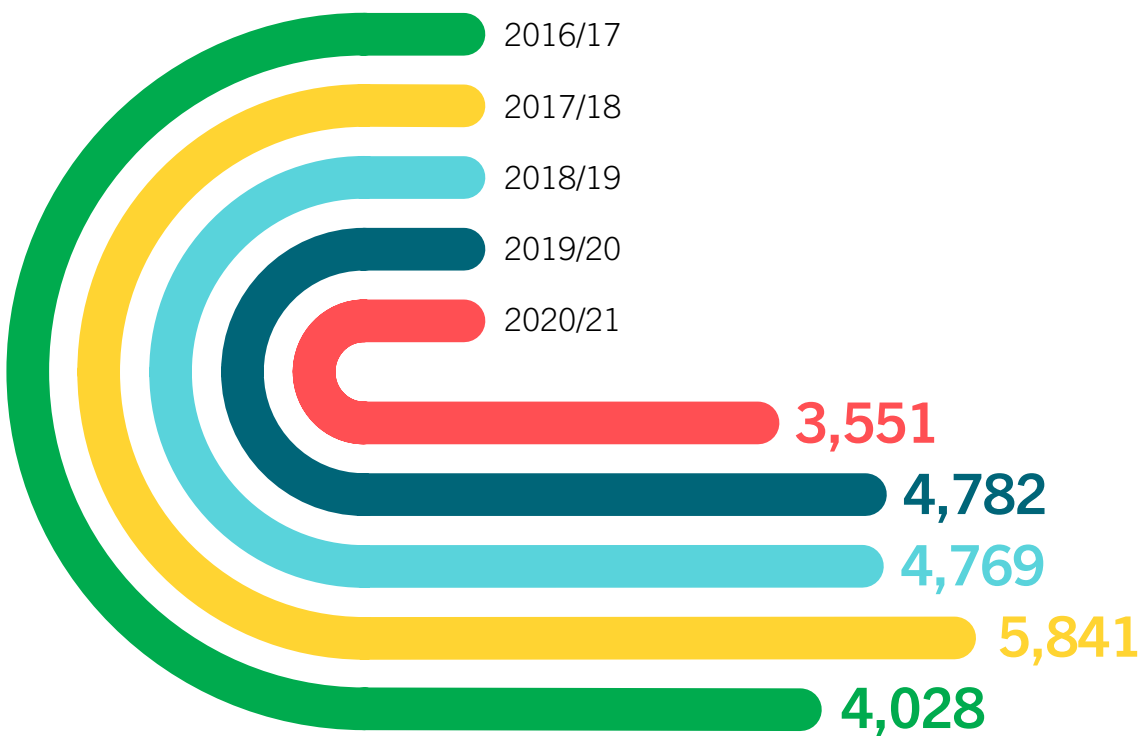
How we measure success

Strategic objective A strong value proposition for members

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

Measure New full members and bookkeepers

New full members and bookkeepers



Commentary

The numbers reflect the reporting period 1 April–31 March. Please note that AAT Qualified Bookkeepers (AATQB) only started registering in the last quarter of 2016 hence the increase in numbers in 2017/18.

The Covid-19 pandemic led to significant challenges with assessment centres being temporarily closed leading to delays in student qualifications. This impacted those eligible to apply for AATQB and MAAT professional membership. Despite these challenges conversion numbers were still very strong, and progression to professional membership was very strong in the last quarter of the financial year demonstrating a continued positive view of the value of membership in a challenging environment.

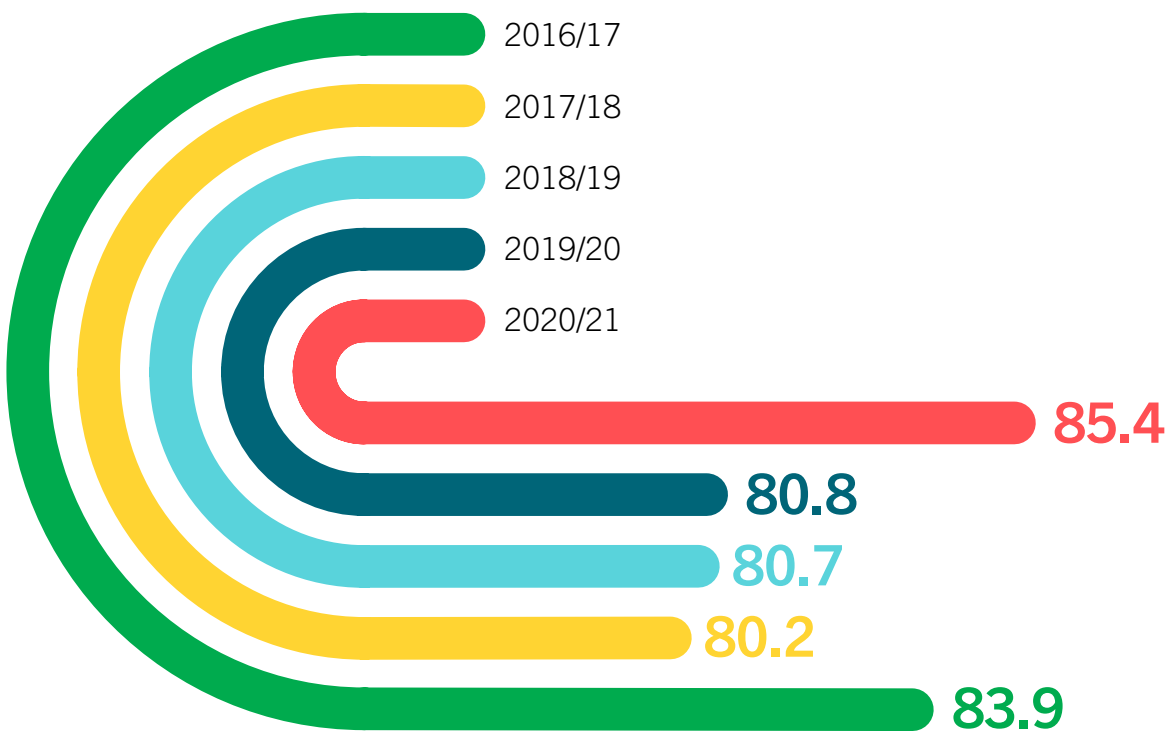
How we measure success

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).

We benchmark ourselves against the most competitive and highest-scoring sector in the survey: retail (non-food). The survey figures are from the reporting period 1 April–31 March. The target for 2020/21 was 80 and, once again, we managed to exceed this with a score of 85.4 – our third successive increase.

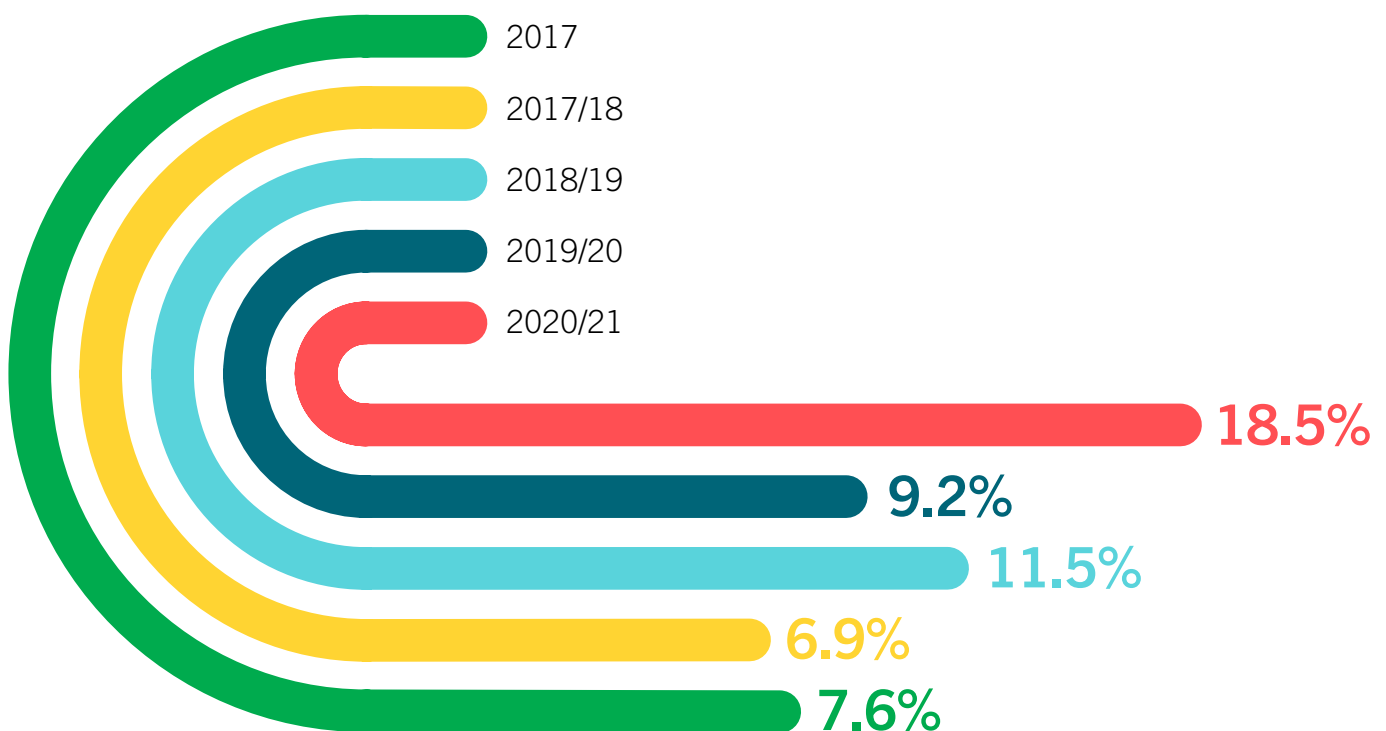
By way of comparison, this result is higher than the UK Customer Satisfaction Index (UKCSI) all-sector average score of 76.8, which is the national barometer for customer satisfaction, and was achieved during a period where national customer satisfaction is on the decline.

We achieved 63.2 for our ‘net promoter score’ – the metric based on the likelihood to recommend AAT – an increase of 8.4 points from last year. This score is significantly higher than the UKCSI all-sector average of 21.2 and the retail (non-food) category, within which we benchmark, of 41.9.

How we measure success

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

Operating surplus as a percentage of recurring income



Commentary

At 18.5%, AAT's surplus on recurring activities for the year to March 2021 was 13.5% more than the 5% target set by Council and is the result of continuing to keep a good control of costs (see [page 50](#) for further details).

The year end changed from December to March in 2018 which is why we have shown 2017 figures above and not 2016/17.

The President's view 2020–21



David Frederick started out in public sector accountancy, followed that with a stint as a principal internal auditor, and then took senior and principal lecturer roles at London Metropolitan University. He subsequently became an author, a columnist, and an accounting examiner. From 1995 he has also been the founding managing director of Marcus Bishop Associates, a chartered certified accountancy firm specialising in tax advisory and planning services. David was elected onto AAT's Council in 2014, was elected Vice President in 2019 and became President in September 2020.

The world was already in the grip of the Covid-19 pandemic when you became President. What have you been able to do and what are the highlights so far?

My mindset was: work with what you've got and be creative, rather than see it as a problem. I preferred to convert it into possibilities and see the opportunities. So, highlights include attending the virtual IFAC¹ Council and becoming more active on social media to increase my engagement with members and other parties. I've also had the chance to attend more branch events up and down the country than I would have been able to do physically. It's not the same as being there, but I want to continue to say: "We're here for you".

How well has the organisation coped?

AAT has coped well. We're using what's available to be proactive. There's been constant staff engagement and regular communication across the organisation and with members and students. We've continued to build and position the organisation so it can re-emerge triumphantly and continue on its upward trajectory.

¹ The International Federation of Accountants' Annual Council meeting

The President's view 2020–21

Has AAT still added value for members and students?

For students, assessment delivery was suspended for a short period, in line with government restrictions, but online courses and delivery have continued via training providers and students have still had the opportunity to continue to build a pathway into finance and other gateways. They've still got the chance to open a new career.

As for members, I think a very strong communications effort has kept them informed on key issues including Brexit, IR35 changes, tax updates and reverse charges. We've also been thought leaders in terms of things like how VAT should be adapted for the future. We've used all the channels to ensure members are in a good position to give their organisations the information they require to make sound strategic decisions. We're also empowering members to develop a broader role in their organisations and with their clients.

What did you personally want to achieve in your year as President?

Two things. I want to position AAT to become a more established driver and leader in the transformation to using analytical data across all sectors, reflecting the changes that are coming in accountancy. This is not achievable in 12 months but I'm setting out our stall and planting the seeds.

My second goal is to raise AAT's profile within IFAC. We were the first technicians' body in IFAC and we want to be a global standard-setter for technician bodies across the globe so any country wanting to set up a technicians' body can come to us for a blueprint, and this is already happening.

What do you see as AAT's biggest challenges and opportunities over the next few years?

An immediate challenge was to replace our CEO Mark Farrar, now that he has decided to retire. I'm delighted that we appointed Sarah Beale as our new Chief Executive to take forward the momentum that Mark has built, including flexible working arrangements and sustainability in the accountancy sector. AAT also has the opportunity to be a thought leader in conversations in the world of analytical digital finance, ethical investment, cyber security, and diversity and inclusion in the workplace.

Our members have the opportunity to change the mindset and become more integrated within the organisations they work for and with. This creativity is what carried us through 2020. We must stop accounting for the balance sheet and start accounting for the business. The opportunity is to be forward-looking, maintaining the capacity to be agile and adaptive, because these days change is happening almost overnight.

What's the best thing about being AAT President?

There are three things. I have a role to play in setting the organisation's direction of travel. I was also involved in recruiting Mark's replacement and I look forward to welcoming Sarah when she joins AAT later in the year. It's an honour and privilege to have an input into shaping the organisation.

Second, I enjoy being able to have greater engagement with the members and students, in particular with people at the start of their journey. What's amazing is how many AAT members want to connect with me on LinkedIn, and they're surprised when I respond with a little message. I've also launched 'Tea with the President'. These are virtual branch events with a guest speaker and members from across different sectors.

Third, I've also enjoyed the increased engagement with AAT staff. They are a really great team and, during the pandemic in particular, they've risen to the challenge. Their welfare has always been uppermost with the Council, with Mark and with me, and although we've undergone a recent restructuring, we've still maintained the family feel. When I engage with the staff I feel their drive, commitment, enthusiasm and energy for AAT. Being AAT's first virtual president has been a challenge. But it is what you make it.



CEO's report 2020–21



In 2020–21 our focus was on ensuring that we weathered the storm of the Covid-19 pandemic as successfully as possible. This we did, emerging in credible financial shape and fit for the future.

Pulling through

2020–21 was a challenging year by any standards. However, because we'd been working for some time on business continuity arrangements and on developing different ways of working, we were relatively well-prepared when the Covid-19 pandemic struck. We took immediate measures to ensure staff had laptops and – because people's health comes first – we closed our offices ten days before the UK lockdown. Working remotely, we were fully functional from day one. This happened because people had worked long hours to ensure that we could.

For our students, the pandemic had a big impact when colleges and schools shut, closing our secure assessments in the UK and overseas. Throughout this period we worked, and continue to work, with our regulators to satisfy our obligations as a regulated awarding organisation. With their agreement we allowed extensions and also issued 4,278 calculated results in the summer, wherever there was enough evidence to do so. We've also conducted a pilot to evaluate what can be done with remote invigilation that will satisfy both the regulator and our own rigorous security arrangements.

As for members, throughout the year we were conscious that businesses were turning to their accountants more than ever, so we moved quickly to deliver materials and events digitally, and increased our digital forums, networks and the number of webinars we ran. Our members' conference was delivered online with great success. It attracted 2,500 attendees, ten times more than usual, and was subsequently shortlisted for a national online conference award.

We developed knowledge hubs in areas like tax and cyber security and also provided analysis and recommendations to government on a range of small business and accountancy issues including Bounce Back Loans, IR35, environmental taxes and more. We also provided members with a wealth of relevant and timely information on the furlough scheme and other Covid-19 programmes. Of equal importance, we also gave members guidance on Brexit-related issues, such as new customs arrangements.

All this called for an extraordinary effort from AAT's staff, so we made sure that we kept in regular contact with everyone. We highlighted our 24-hour employee assistance programme and in-house social media channels to help ensure their wellbeing. For their part, the staff responded magnificently, with a resilience that was second to none, for which I thank them.

A catalyst for change

We are now at the point when we can begin to reflect on the pandemic's lasting impact. While in the short term it put a huge strain on accountants, in the longer term it will likely be a catalyst for change in the profession. In particular, it has accelerated the development of new technology platforms that eliminate mundane tasks and enable ever-more sophisticated data analytics. This is good news for the profession. By harnessing the power of software, exciting opportunities are being created in business information and data management.

It also makes AAT more relevant than ever. We operate in an interesting space in finance work. Accounting technicians are well-placed to run emerging new technology and to help businesses use the power of information processing. This is a challenge we can rise to. Plus our open access skills development and qualification pathways are structured to allow students the flexibility to step in and out of learning as required. In an increasingly fluid world, our way of operating responds to that fluidity. So we're exceptionally well-positioned to help people and organisations achieve their potential in today's world.

The pandemic has also been an accelerant of change at AAT internally. We've increased the pace of automation and adopted more flexible working arrangements. We're continuing to look at smarter ways of working and at the impact that has on our premises needs. We're conscious that we need to find a balance, because technology can be good for maintaining relationships, but it's hard to develop new relationships remotely. We won't return to the world we left, but in consultation with all of our stakeholders, are finding a pragmatic and healthy balance that gives us efficiency savings and still safeguards the welfare of staff within a new and more flexible model.

Fit for the future

I am now coming to the end of over seven years as CEO of AAT. Over my time here the organisation has gained new, more agile governance arrangements. It has achieved a higher profile with policymakers in the UK and abroad. We've made new connections and have used them to lead change on issues such as deferring tax assessment dates, with success. We've got new streamlined processes and IT systems, and membership engagement has improved. Internationally, we have become the 'go-to' organisation for technicians and have extended our reach into new territories.

We continue to be a responsible employer. In 2020–21 we exceeded our Women in Finance Charter targets. We championed compulsory gender pay reporting. Now in relation to EDI (Equality, Diversity and Inclusion) we're asking for ethnicity pay gap reporting, we've signed up to the Race at Work Charter and we're participating in the Disability Confident Scheme. We're making sure prompt payment adheres to best practice. In relation to carbon, our intention is to set new targets in the coming year. We are an ethical business which does right by its staff, suppliers, members and the wider community. We're instituting responsible business practices and leading by example to encourage everyone in our sphere of influence to do the same.

We ended the year having done remarkably well against our original plans and having delivered some big projects. We kept up our development work on refreshing the qualifications suite. The project for a new assessment platform for next year continued. We've introduced a new apprenticeship Level 2 End Point Assessment. In fact, we've kept things moving, not just ticking over.

The wider damage from the pandemic did however put dents in some of our planned targets and we regrettably had to restructure the organisation to reposition the cost base. We acknowledge the impact this had on staff across the organisation but unfortunately we had to do this to balance our costs. On a personal level, I would like to thank all our staff for helping us to deliver a credible performance. We finished the year as a strong organisation in a healthy financial position. We've continued to move forward and, importantly, have maintained our ability to do so in the future too. I wish my successor all the best. For now, I want to thank all the staff, the Trustees, and the wider AAT family for sticking with it in a hard year. As we come out of the pandemic and Brexit we are fit for the future and prepared for what the world brings us next, as we continue to develop for everyone's benefit.

Section 172 Statement

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

Our culture, and employee welfare and engagement are important to Council members. We support our employees and give them opportunities to grow and develop.

In the last year, during which staff worked from home due to the Covid-19 pandemic, we paid special attention to their welfare in difficult circumstances, as demonstrated by our policy of maintaining regular contact and the roll-out of an enhanced staff wellbeing programme.

We are committed to providing our students and members with services that help them to develop. Working closely with our network of third party organisations we build strong business relationships which enhance the valuable support package and additional services we offer to our students and members, helping them to build and maintain their skills.

Council members understand the importance of maintaining productive relationships with stakeholders, underlined by a strong sense of purpose. We’ve continued to maintain our voice and influence with government, regulators and policy-makers, and played an active role in establishing, maintaining and raising professional standards of accountancy and in helping the profession respond to the demands put on it by the pandemic. Alongside this, our range of qualifications, End Point Assessments, Informi subscribers, and PR and public affairs activity highlight some of the ways we’re engaging with external stakeholders.

Council members are mindful of AAT’s impact on the community and environment. AAT has pledged to act responsibly to benefit society and to support sustainability to protect our environment, including as a member of Accounting for Sustainability, as a signatory of the Women in Finance Charter, and the commitment to five United Nations Sustainable Development Goals. We have also committed to the Race at Work Charter.

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



The background is a solid teal color. It features several abstract geometric elements: a light blue circle in the top left, a yellow circle in the bottom right, and a central area filled with horizontal green lines. These lines are interrupted by large, white, concentric circular patterns that resemble ripples or sound waves. The text 'The future' is centered in white, with 'The' on the top line and 'future' on the bottom line.

The future

The environment around us

2020-21 was the most challenging of years, which heightened our awareness of the environment in which our students and members operate.

Like many other organisations around the world, we were not immune to the effects of Covid-19. Regrettably, this included an organisational restructure downsizing AAT to 220 staff as we repositioned for the future in response to the devastating impact of the pandemic.

As we move forward it's essential that we continue to focus on the external environment – not just our own operating world – and that of our stakeholders. This is our view of the most influential external drivers, the way they could impact us and how we are responding in order to maximise opportunities and minimise risks.

Coronavirus (Covid-19)

Impact

We have felt the impact of Covid-19 across the organisation, from the temporary suspension of AAT assessments to cancelled face-to-face events and our office closure. Confidence in general has been hit very hard as potential students assess their future, colleges consider their operating model and organisations reconsider recruitment and growth.

Our response

We will continue to monitor the impact of Covid-19 and reposition ourselves as required. A key driver as we move forwards will be the rate and extent that confidence returns to students, colleges, organisations and the economy.

Brexit

As much about members and what we are doing to help them as us

Impact

Brexit has thrown a great deal of uncertainty at us and our members. We have to react to developing regulations and guidelines often at very short notice.

Our response

We will continue to assist our members to develop and communicate clarity from uncertainty. As the picture becomes clearer we will increase our focus in order to ensure that members are as well prepared as possible.

Further education (FE) landscape

Impact

The FE sector is always volatile and we've seen continued uncertainty around funding. We'll also be impacted by reforms to post-16 technical education and training, as outlined in the *Skills for jobs: Lifelong Learning for Opportunity and Growth* white paper.

Our response

As the FE world evolves its operating model to a 'new normal' we will work closely with colleges to ensure that AAT qualifications remain as relevant as ever.

The environment around us

Change in the role of the accountant

Impact

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

Our response

We must continue to integrate the impact of continued change in technology and employer requirements in our qualifications and CPD programmes. AAT has always been focused on student and employer demand and we must continue to be so.

Impact of increased regulation

Impact

The impact on our members continues and is dependent upon legislation and the regulatory regime.

Our response

We will continue to lobby policymakers to influence legislation in our stakeholders' favour and in turn keep stakeholders informed about any new legislation that will impact upon them.

Cyber and data security

Impact

There is a potentially high impact on AAT itself and on all members and stakeholders as business becomes increasingly driven through digital channels.

Our response

We continually monitor evolving threats and act to minimise our exposure. It's imperative to stay ahead of risk by providing additional relevant learning and information for students and members alike.

Sustainability

Impact

The accountancy profession can play a key role.

Our response

AAT will be at the forefront of positioning the profession at the heart of developing a more sustainable future.

Future plans

There is a clear need for us to continue to concentrate more of our

resources and attention

on delivering an increasingly relevant

**customer
experience**

This will require us to make a step change in our business model and approach to focus on diversifying to deliver a broader offer to both our established and wider audiences.

Our people remain our strongest assets and they will be crucial in making this change.

We have developed a series of new behaviours and have begun to introduce and embed them across the organisation, targeting a stronger culture committed to underpinning the changes to our planned future ways of working.



The risks we face

Inevitably the impact of Covid-19 continues to dominate the risk landscape across the globe. Understandably, AAT is not immune to those risks and the impact of the pandemic was keenly felt at an organisational level, as well as the impact on AAT's members, students and our key stakeholders in the education and professional sectors. Moreover, the impact that Covid-19 has had on the global economy means that there is likely to be a longstanding, residual risk for some time to come.

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 – down to the 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 help to identify emerging risks.

Throughout the year we have continued to capture the specific risk issues pertaining to Covid-19, capturing updates on actions to mitigate those risks. Looking to the future, the risk landscape will look very different once activities start to return to some form of normality. There will be a more fundamental review of the strategic risks at that point so that we can be clear on the challenges ahead and how we can manage them accordingly.

The impact that

Covid-19

has had on the global economy
means that there is likely to be a

longstanding, residual risk

for some time to come.

Our ten key strategic risks, including both internal and external risks

Risk	Impact	Mitigating action
Pandemic	Covid-19 results in heightened likelihood and greater impact of each and every one of AAT's existing strategic risks	We have continued to capture the specific risk issues pertaining to Covid-19, capturing updates on activities underway to mitigate those risks. Looking to the future, the risk landscape will look very different once activities start to represent some form of normality, and there will be greater clarity on the longstanding residual risk impact. At that point a fundamental review of the strategic risks will be undertaken in order to reflect on the challenges ahead and how we can manage them accordingly
Decline in levels of membership satisfaction with AAT services and support and in opportunities for engagement	Decline in customer numbers and a loss of reputation	We continue with the implementation of a plan to transition to a digitally-enabled, customer-facing operations model and an even more responsive, agile, decisive organisation
Significant decline in demand for AAT products and services	Training providers opt not to offer AAT qualifications	We continue to deliver a change to the strategic, financial and commercial balance of the organisation and continue to build strong value propositions through a product strategy and pipeline
AAT's ability to influence and its UK/international profile declines	Heightened dissatisfaction among the membership with the way in which they are being represented	We have continued to increase the impact AAT has across the profession through providing a strong voice of authority and delivering on key public affairs and public policy objectives
AAT, and the role occupied by AAT members becomes irrelevant	Decline in individual and employer-driven demand for qualifications and membership	We monitor performance statistics and emerging trends and capture additional insight through various channels to help us develop our strategic priorities
AAT is partially or fully non-compliant with relevant legislative and/or regulatory obligations	AAT is subject to investigation, for example by qualifications regulators, Office for Professional Body Anti-Money Laundering Supervision (OPBAS), Information Commissioner's Office (ICO)	We have a dedicated focus on raising standards and ensuring compliance, undertaking continuous self-assessment to ensure compliance and to reflect on emerging developments in the regulatory landscape
AAT systems not fit for purpose and/or destabilised	Disruption to operations and resultant impact on service delivery	We continue to transition to a digitally-enabled operations model
AAT fails to meet or exceed customer service expectations	Decline in student/member numbers and a loss in reputation	We capture and monitor real-time customer service activity and feedback, enabling us to optimise operations, make processes more efficient, implement automated and digital solutions for our customer interactions and to enhance the capability and capacity of our people
Insufficient/inadequate human resource capacity and capability	Decline in capacity to deliver on core activities	Regular reports are shared and monitored in order to review recruitment, retention and other emerging staffing trends. Staff are supported through targeted skill development and organisational wide improvement programmes
AAT has insufficient financial resources	Decline in scope for investment	We are changing the strategic, financial and commercial balance of the organisation as well as monitoring the strategies adopted for AAT's investment portfolio

Risk appetite

● **Open**

Open to all different routes to delivery of strong outputs, with some risk of adverse impact attached

● **Moderate**

Moderate levels of risk exposure, preferring acceptable albeit possibly ambiguous output

● **Cautious**

Accept some low risks, assured delivery route, restricted reward

● **Averse**

Accept as little risk as reasonably possible, strongly assured options, low chance of adverse outcome, but limited reward

Financial review

Reserves target

Council sets target income reserve levels (income reserves) of at least 30% and no more than 40% of gross annual revenue expenditure, but allows flexibility over the plan cycle to flex the income reserves level between 30% and 40%, depending on the view of risk and of the investment needs of the business.

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

In this exceptional year, the cost-mitigating actions exceeded the reduction in income resulting in a surplus above this agreed threshold. This increase in level of reserves will be used by AAT to manage the ongoing effect of a significant change in its income and provide accessible funding for the major developments planned in the next budget financial year.

Income reserves level

The income reserves level, after tangible and intangible assets and equivalent to free reserves, was £23,685,000 at 31 March 2021 (2020: £15,863,000). This was 91.7% of gross annual revenue expenditure (2020: 51.8%) and above the target level set by Council of between 30% and 40% (2020: 30% and 40%), or £7,752,000 to £10,336,000 of gross annual revenue expenditure. This has been generated by a sizable surplus due to the cost reduction exercise exceeding the reduction in income due to the Covid-19 pandemic plus a significant improvement in investment gains during the financial year. There is a clear plan in the budget for financial year ended 31 March 2022 to invest some of these income reserves back into the business to develop core product and infrastructure in anticipation of future growth. Part of these income reserves will be untouched in order to protect the business from any further reduction in income resulting from the pandemic.

AAT Group's total unrestricted income funds as at 31 March 2021 were £24,702,000 (2020: £16,683,000), after deducting the pension scheme deficit of £516,000 (2020: £741,000). The repayment plan agreed with the Pension Scheme Trustees is explained on [page 51](#). There are no funds that are restricted and not available for the general purposes of the Charity.

Key performance indicator:

Levels of income reserves

2021	£23.7 million
2020	£15.9 million

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

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

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

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



Financial review

Review of our financial position for the year to 31 March 2021

The effect of the Covid-19 pandemic on AAT's business was felt significantly during the first quarter. Assessments were halted in mid-March and did not return until 29 June resulting in the loss of £3.1 million of budgeted assessment income. In direct and immediate response, discretionary expenditure was stopped, and all other expenditure was scrutinised in order to achieve further reductions where possible. A detailed review of supplier contracts was undertaken and consolidated to achieve economies of scale. Staffing requirements were reviewed and after a number of staff were placed on furlough, a reorganisation was deemed essential to mitigate the impacts of any further lost income. The reorganisation also served to modernise and streamline the AAT business creating a stronger team to rebuild following the Covid-19 pandemic.

Following the end of the first national lockdown, assessments re-opened and a long backlog of assessments were taken to the extent of us exceeding the original budget figures in the second and part of the third quarters. During the remainder of the financial year, assessment income tracked at around 50-60% of budget, even with further lockdown restrictions in place, so the gap between our lost budget income and actual reduced as the financial year progressed. Event income was significantly affected by the Covid-19 pandemic. Two major annual ticketed events were cancelled (the training provider and member conferences). The 'Sharpen Your Tax Skills' went ahead online in November 2020 as a paid for event which brought some income back in. Therefore, the strong cost control exercise surpassed the reduction in income resulting in a healthy surplus in the financial year. This, along with having a strong cash and investment position, leaves us in a good position to invest back into the business in the next financial year by increasing our spend on development work, investing in initiatives that meet our charitable objects and business plan objectives as well as having some capacity to protect the business from any further decline in income streams.

The financial statements on [pages 64 to 88](#) are based on the results of the AAT Group. The Group Statement of Financial Activities on [page 65](#) shows a level of net income before other recognised gains and losses of £8,186,000 (2020: £1,881,000), or 27.9% (2020: 5.9%) of total income. This year's net income is substantially higher than the prior period, due to the planned cost reduction exceeding the reduction in income due to the Covid-19 pandemic, also helped significantly by investment gains of £4,661,000 (2020: £859,000).

The net movement in the unrestricted income funds of the AAT Group, after the deduction of the pension reserve arising under FRS 102, was an increase of £8,019,000 (2020: £2,691,000).

No third party fundraising agencies are used and therefore there have been no complaints during the year.

Key performance indicator:

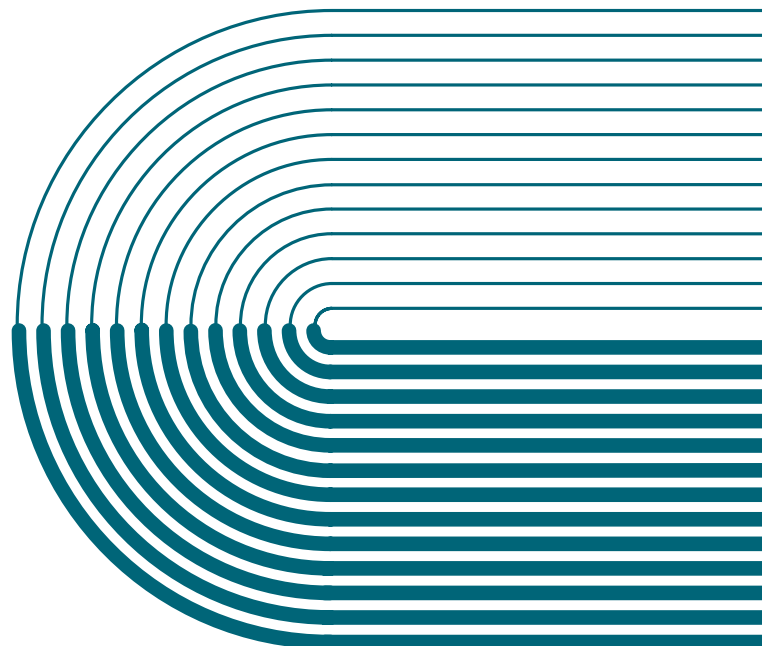
Surplus of recurring income over expenditure

2020-21 £5,345,000 or 18.5%

2019-20 £2,860,000 or 9.2%

The surplus of recurring income over expenditure measures total income and expenditure, excluding those derived from trading and development activities. The target set by Council is 5%. During the period, we continued our investment in development projects, with net development expenditure of £1,158,000 (2020: £1,694,000), of which £550,000 was capitalised (2020: £290,000). This included investing in internally developed software to facilitate new products and services, enhancing customer services and improving internal efficiencies. The total investment was down on the previous year due to a planned pause in development spend while the uncertainty of the Covid-19 pandemic and its impact on income was monitored.

We continued to invest in staff and systems to maintain and improve the services we provide, and to deal with the increasing demand from our members and other parties. However, at the outset of the Covid-19 pandemic, all discretionary expenditure was stopped, and detailed reviews were carried out over existing supplier contracts and expected expenditure. Strict cost controls were brought in to reduce expenditure to protect the business from the reduction in income during the first quarter. The expenditure on recurring activities was reduced to £23,577,000 (2020: £28,212,000). We continue to look for efficiencies in order to maintain an overall net surplus and scrutinise any additional expenditure.



Financial review

Review of AAT's Final Salary Pension Scheme

A full triennial valuation was carried out on 1 April 2018, giving an actuarial deficit valuation of £3.8 million and was used as the basis to calculate a new repayment plan to pay off the deficit. Payments of £400,000 per annum were agreed for April of each year from 2018 to 2024, with a final payment of £275,000 for April 2025. The next full actuarial valuation will be carried out during 2021, with the updated deficit presented by the autumn.

For the purposes of financial reporting, we used the projected unit credit method to carry out the actuarial valuation of the scheme. The accounting actuarial valuation of our defined benefit pension scheme under FRS 102 showed an improved position with a liability of £516,000 (2020: liability of £741,000), primarily driven by increases in the Scheme's equity and other growth holdings over the year – with the previous year end of 31 March 2020 being a particularly low point, given the backdrop of the start of the Covid-19 pandemic. The deficit reduction contributions paid by AAT have also helped to improve the funding position. These factors were offset to some extent by increases in future expected inflation rates. We provide further details in notes 1 and 7 to the accounts.

Investment policy and objectives

Statement of investment principles and treasury policy

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

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

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

Based on AAT's treasury policy, which was updated in 2017, the investment objective for surplus short-term cash (over a period of up to a year) is to maximise the level of interest income, while ensuring AAT's capital is preserved and we meet working capital requirements. The treasury policy states that any excess cash should be placed in short-term deposits with A- (but preferably higher) credit rated institutions. UK government-backed institutions are preferred. We have an ethical screening policy that prevents investment in tobacco and armaments.

The Management Board has begun an investment strategy review, with the intention of revisiting and updating the investment objectives and treasury policy outlined above. This work is expected to be completed in 2021 after being placed on hold during 2020 due to the Covid-19 pandemic.

Investment performance

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

As of 31 March 2021, AAT held £24.4 million (2020: £19.8 million) of investments with Ruffer LLP. This represented an increase of 23%, compared to an increase in the FTSE All-Share of 27% over the same period, making £4,661,000 of investment gains (2020: £859,000). There was no new investment of surplus funds during the year (2020: £nil). The performance during the year exceeded expectations given the ongoing Covid-19 pandemic.

We continue to see a lot of risks in markets, however, we believe the portfolio has adequate protection in place to protect capital should it be needed, whilst it has displayed an ability to make money in these turbulent times as well and we believe this to be the case going forward.

Having protected capital during the worst of the market drawdown in March 2020, attention in the portfolio turned towards buying assets that Ruffer believed would benefit from the response from central banks, namely looser monetary policy. Ruffer added to gold and US TIPS, which drove the bulk of the returns in the first and second quarters. Equities also produced a positive return in this environment as they bounced back following their sharp fall.

Financial review

Near the end of quarter two, Ruffer believed the market was very pessimistic towards the possibility that society and economic activity would ever return to 'normal', making value stocks such as financials and energy look very cheap and attractive. They tilted towards these names and were rewarded as positive news on vaccines brought forward the possibility that economic recovery may return quicker than expected. The 'real economy' (financials/energy) stocks outperformed the 'work from home winners' (technology) and the portfolio benefitted from this.

This similar theme was evident in the final quarter and Ruffer continued to see good performance from the value equities. Policy from governments and central banks remained loose and accommodative, which resulted in inflation expectations and bond yields starting to rise. Crucially the portfolio had interest rate protection in place and was able to protect and make money in this environment, rounding off a strong 12 months for the portfolio.

Investment in subsidiaries

The Management Board monitors the Charity's investment in its wholly owned trading subsidiary 'Accounting Technicians (Services) Limited' (ATSL) by receiving regular performance reports of ATSL, incorporating the results of its wholly owned subsidiary 'Accounting Technicians Enterprises Limited' (ATEL), as well as budgets and business plans. These reports enable the board to confirm that the return to the Charity and the carrying value is appropriate and are then reviewed by Council at its next meeting. The other subsidiaries: 'Accounting Technicians Enterprises Limited' (ATEL), 'Accounting Technician (Publications) Limited' and 'AAT Botswana (Proprietary) Limited' are either dormant or non-trading entities.

Going concern

The Group has undertaken a detailed exercise to create a realistic budget for the financial year ended 31 March 2022 and an overview budget for the following two financial years. This has been calculated using trends from both of the two previous financial years. Given the reduction in income and the resulting cost reduction exercise due to the Covid-19 pandemic in financial year ended 31 March 2021, the financial year ended 31 March 2019 has been used to compare levels of expenditure in relation to income levels.

The budget year includes income increased back to almost that experienced in the financial year ended 31 March 2019 so it makes for a more meaningful comparison. This is also helpful for direct cost of sales, the volume driven costs, as we expect this expenditure to rise given the predicted increase of activity in assessment income.

However, for other areas of expenditure, the budget value falls below the figure of two years ago due to having made permanent reductions in costs, most notably in staff and marketing expenditure, but in all areas of spend.

While the impact on assessment income was great, the reduction in subscription income has been minor and is predicted to remain less affected by future lockdowns. Even so, there is a drive to diversify our income streams, via our subsidiary ATSL, by creating new products that can continue when perhaps other income streams, such as assessments or events, cannot. During the financial year ended 31 March 2020, and as a result of the suspension of assessments, AAT commenced a pilot for remote invigilation to enable students to access assessments under secure conditions. The initial uptake was low, but with the expansion of assessments available under this scheme, the numbers are increasing. There are strict regulations around which assessments can be included in this offering but having as many available as possible is one step toward future proofing against further restrictive lockdowns.

Expenditure assigned to development and project spend will be increased to reinvest some of the surplus from the year just ended back into the business to promote future growth in product and supporting infrastructure. This development expenditure is seen as essential if AAT is to continue to hold its market influence and relevance in the sector.

The cash position has been monitored on a weekly basis throughout the year just ended and will continue to be so moving into the new financial year. Cash in the short-term deposit account was released back into the current account during the first quarter in order to support working capital requirements following the reduction in assessment income. However, with the recovery seen in this income stream, the short-term deposit account has been reinstated and indeed is greater than the value before the onset of the Covid-19 pandemic. The Group remains in a cash positive position without needing to divest any of the investment portfolio held by Ruffer.

The cashflow forecast presents future liquidity out to July 2022. This work has included modelling scenarios based on varying degrees of, particularly, assessment income and subscription income as our two largest sources of income. While subscription income has not been too badly affected, any further downturn in the economic climate may affect the membership base so we continue to treat this as a risk area given the proportion it is of our income. In each scenario, we see the monthly predicted cash balance and know when the current account may feel squeezed and can plan to release from the short-term deposit account if required.

Financial review

There is a clear understanding of the value of fixed costs in the business and these can easily be predicted out past the financial year end. Having certainty of the expenditure that essentially needs to be covered, allows the scenario work to assess how sensitive the falls in future income are. Variable costs will flex in line with the movement in income.

Stricter cost management and a permanent reduction in some of the larger overheads (staff and marketing) allows AAT to enter the new financial year with some protection already built in. Continuing to monitor cash weekly and reduce the variances to the forecast, allows AAT to continue to keep a tight control over this area. AAT's trading subsidiary, ATSL, presents a £111k loss (2020: £142k). This is partly due to some of its commercial activities being cancelled during the Covid-19 pandemic, such as events and conference cancellations as well as reduced job advert sponsorships. Another factor is the inclusion of Informi costs that have been borne by ATSL up to and including this financial year end. This product was originally created for AAT as part of its 'For Public Good' agenda but it was moved into ATSL with a view that sponsorship revenue would deem it commercial and so not appropriate for AAT. However, sponsorship income was not as expected and so it has been deemed to meet AAT's charitable endeavors so will be moved back into AAT from 1 April 2021. Without carrying the costs of Informi, ATSL would have generated a profit in this financial year. There is a detailed three-year budget for ATSL, commencing 1 April 2021, that includes development into product and services in this subsidiary, growth in income and all three years generating a profit. ATSL shows a net asset position on its balance sheet and has adequate cash reserves to meet its liabilities as they fall due.

A TEL 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 2021 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

Reference and administrative details of the AAT Group

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

AAT's trading subsidiary, 'Accounting Technicians (Services) Limited' (ATSL) is a private limited company registered with Companies House in England and Wales (no. 03116873). ATSL has a wholly owned subsidiary 'Accounting Technicians Enterprises Limited' (ATEL), a private limited company registered with Companies House in England and Wales (no. 11272946) that did not trade in the year.

There are currently four Directors of ATSL and ATEL: one appointment from among the Directors of AAT, two independent Directors and the Chief Executive of AAT.

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

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

Organisation and control

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

The Trustees are responsible for ensuring the Group acts solely to further AAT's charitable objects. Please see [page 89](#) 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 relevant supporting boards and panels and the Executive. Council reviews the terms of reference of boards and panels together with the scheme of delegation at least annually.

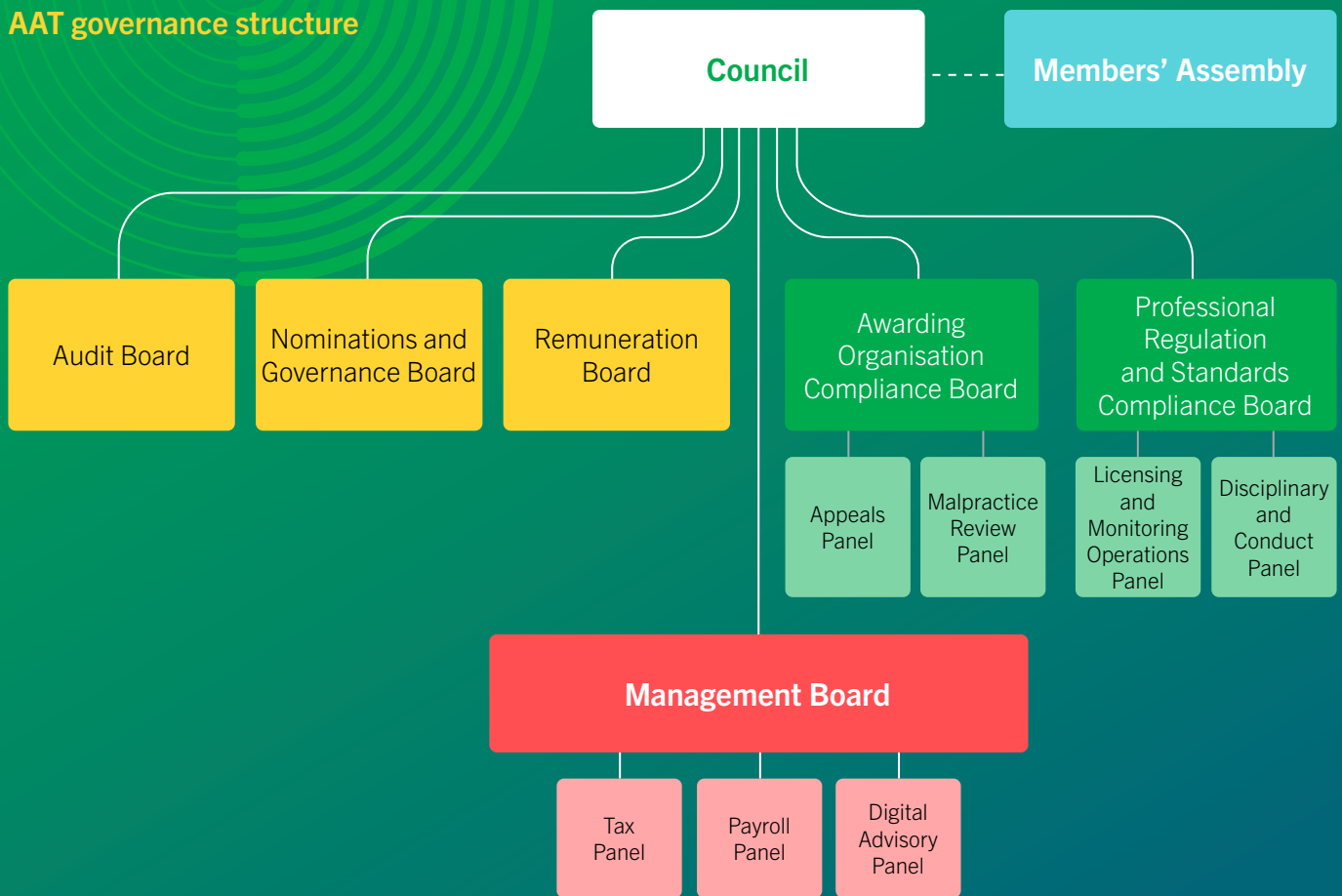
Council is made up of both elected and independent members, providing the basis for greater diversity and a broader mix of skills and experience. Council is supported by the Management Board, Audit Board, Nominations and Governance Board and Remuneration Board and two independent regulatory boards: the Awarding Organisation Compliance Board and the Professional Regulation and Standards Compliance Board. In addition, there are several support and technical panels. 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, are in line with the parent charity's objects and any conflicts of interest are managed and addressed within the Group's best interest.



Structure, governance and management

AAT governance structure



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

See the [Section 172 statement](#) on [page 42](#) for further details.

Business relationships

See the [Section 172 statement](#) on [page 42](#) for further details.

Employee engagement

Employee engagement is central to the way that AAT operates and staff feedback is taken on board when making key decisions. Since we were locked down in March 2020, we have recognised the need for more feedback and engagement from staff on a wide range of issues from conditions of working from home to wellbeing through regular pulse surveys. It was clear from our pulse survey in May 2020 that colleagues felt we could be doing more to support mental wellbeing. Since then we've continued with regular wellbeing communication, but we also offered all staff access to a resilience coaching programme. Group coaching has continued throughout the year and we've had a lot of positive feedback from those individuals who have taken part in the programme. We also have a confidential 24-hour employee assistance programme which all colleagues have access to and through which people can access counselling support.

Another area we've responded to was ensuring colleagues had the correct equipment and set up for working from home, and we've increased the number who said they could effectively work from home from 94% to 100% between August and November.

Due to our current lease being up for renewal in June 2021, we've also consulted staff about how we want to work as we move throughout 2021 and beyond. The majority of colleagues have expressed a wish to work from home predominantly and therefore we've made the decision to significantly reduce the office space that we currently occupy.

AAT takes part in the Best Companies to Work For survey to measure engagement. Given the challenges that we have faced throughout the last year, we were delighted to see that our overall employee engagement scores had increased 12 points on the Best Companies scale. As a result, we have remained in the 'ones to watch' category. Of particular note is the fantastic increase in the score for 'my manager', which has increased by 8% and we have achieved a place on London's 75 'Best Large Companies to Work For'.

Structure, governance and management

Employee reward and benefits

Alongside our organisation-wide bonus, AAT has a pay framework which links individual performance to a base salary increase. Increases usually take place in June and are back-dated to April. For more information see the annual remuneration statement on [page 59](#). AAT provides a range of benefits which are available to all staff, including a health cash plan, critical illness cover, a generous contribution pension scheme as well as income protection cover.

In April 2020, a bulk transfer exercise was conducted to move the existing AAT Group Personal Pension assets from the legacy Standard Life scheme over to Scottish Widows. The benefits of the move were to obtain an improved annual management charge, enhanced online member functionality, a wide range of investment options, including retirement age targeted programmes and a broad range of financial education and retirement planning tools. We facilitated two full days of member presentations during the scheme launch, and feedback and engagement from staff was positive, with the sessions being well attended.

As well as the benefits to members of the scheme, the approach that Scottish Widows takes to Environmental, Social and Governance (ESG) standards, aligns to the ethical values and principles of AAT. An example of this followed a review of their strategic asset allocation which has resulted in 10% of their equity content being allocated to the BlackRock ACS Climate Transition World Equity Fund, amongst some other changes. The ACS (Authorised Contractual Scheme) Climate Transition World Equity Fund backs businesses that decrease carbon emissions, increase clean technology revenue and display more efficient water and waste management, in addition to other significant ESG exclusions.

Governance and internal control

AAT continues to pursue high standards of governance, based on the Charity Governance Code for larger charities and the UK Corporate Governance Code. Where applicable the principles and guidance are taken into account in managing the affairs of AAT, 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 that Trustees are expected to sign up to on appointment together with a declaration of eligibility. In addition, AAT holds a register of Council members' interests to ensure clarity and openness and to uphold the integrity of AAT. All are reviewed at least annually.

Effectiveness

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 and panels typically have four meetings cycles with the Management Board meeting more frequently. In addition, Council has an annual strategy session 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.

During 2020/21 all governance meetings have been held virtually due to Covid-19 restrictions. This has led Council to rethink the format of meetings going forward agreeing a more blended approach with a mix of physical, hybrid and virtual meetings.

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

Members can serve on Council for a total of nine years (not including time served as an ex-officio member) before they are required to take a break.

Development

There is a framework in place for Council members' learning and development which provides the opportunity to develop skills and knowledge and to help members contribute effectively to the work of AAT. 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.

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.

Structure, governance and management

Diversity

For the Council year 2020–21, Council comprised of 20 Trustees, 12 (60%) of whom were male and eight (40%) female. Of the total full and fellow membership, 35% are male and 65% female.

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 and has at least one independent member serving on the Board. During 2020–21 this appointment has been in the capacity of Vice Chairman of 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. During 2020–21 internal audit activity was put on hold for a period due to Covid-19 measures with a revised audit plan agreed.

A key focus for the Board during the reporting period has been the oversight of AAT's risk management process and related reporting, the impact of Covid-19 and mitigating actions taken, and the continued monitoring of the delivery and implementation of major projects in relation to risk.

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

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 2020–2021 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



Annual remuneration statement

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

Our Remuneration Board meets at least three times a year, comprising five members of AAT's Council and chaired by the immediate Past President. The committee also has a pay and reward specialist as an independent adviser.

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

The Board's key responsibilities are:

- to monitor the framework for the remuneration of graded and ungraded staff
- to have oversight of and implement the remuneration policy (set by Council) against which the Executive team and staff remuneration is determined. 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 wider remuneration policy, value for money and meets relevant regulatory requirements
- to review annually the board's terms of reference and to make recommendations to Council via the Nominations and Governance Board for changes as appropriate and to undertake periodic reviews of its own performance.

The objective of AAT's remuneration policy is to ensure we incentivise the Executive team and staff, to encourage excellent performance in a fair and responsible manner. We have a bonus system for the organisation, based on a flat rate for all employees, payable only if AAT achieves the targets set at the start of the year. The Executive team is 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. AAT bonuses are usually paid in June for the previous year's performance, subject to achieving at least four of our six targets. During 2020 at the Remuneration Board meeting in May, it was agreed not to pay the bonus in June 2020 even though the required organisational targets had been met. This was due to the

financial uncertainty as a result of the Covid-19 pandemic and it was agreed that this decision would be revisited later in the year.

In January the Remuneration Board agreed a one off bonus payment of £1,000 for staff who were in post on 15 March 2021, and who had joined AAT prior to 30 September 2020 (the amount was pro rata for part time-staff and for those who joined AAT between 1 January and 30 September 2020). The remuneration ratio between the highest and median salary is 5:1.

Trustees' responsibilities statement

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make 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 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.

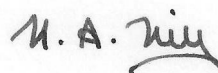
The Trustees confirm that:

- 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 all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

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

By order of the Council



Heather A Hill
Director and Trustee
Chairman, Management Board
1 July 2021

Independent Auditor's report

Opinion

We have audited the financial statements of the Association of Accounting Technicians (the 'parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the *Companies Act 2006*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 thereon. 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 thereon.

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.

Independent Auditor's report

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the strategic report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report or the strategic report included within the Trustees' report.

We have nothing to report in respect of the following matters where the *Companies Act 2006* requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out on [page 60](#), 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.

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 objectives of our audit are 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, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and 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 to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing 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.

Independent Auditor's report

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 and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' report, remaining alert to new or unusual transactions which 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 whether the Group is in compliance with these laws and regulations.

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 and challenging judgments 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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the *Companies Act 2006*. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

1 July 2021

The background is a solid teal color. It features several abstract geometric elements: a large light blue circle in the top left, a large yellow circle in the bottom right, and a central area filled with horizontal green lines. These lines are interrupted by white concentric circles on the right side and white concentric circles on the left side, creating a sense of depth and movement. The text 'The numbers' is centered in white, with 'The' on the top line and 'numbers' on the bottom line.

The numbers

Group Statement of Financial Activities (incorporating the income and expenditure account) for the year ended 31 March 2021

	Notes	2021 Total funds £'000	2020 Total funds £'000
Income from:			
Charitable activities			
Subscriptions and fees	3	17,630	17,229
Assessments		9,946	12,682
Events		59	392
Other		430	546
Total income from Charitable activities		28,065	30,849
Raising funds			
Trading activities	20(i)	443	559
Investments	2	158	223
Total income from Raising funds		601	782
Other income			
CJRS government grant scheme		700	0
Total Other income		700	0
Total income		29,366	31,631
Expenditure on:			
Charitable activities			
Growing membership and other customer relationships	4	(11,295)	(13,130)
Developing accountancy skills	4	(8,738)	(9,377)
Enhancing standards of and commitment to professionalism	4	(3,474)	(5,509)
Broadening our influence	4	(1,565)	(1,700)
Raising funds			
Trading activities expenses	20(i)	(555)	(701)
Investment management costs		(213)	(192)
Total expenditure		(25,840)	(30,609)
Net gain on investments	12(iii)	4,661	859
Net income		8,186	1,881
Other recognised gains and losses			
Actuarial (losses)/gains on defined benefit pension scheme	7	(167)	810
Net movement in funds, including pension reserve		8,019	2,691
Total funds brought forward		16,683	13,992
Total funds carried forward at end of year, including pension reserve	19	24,702	16,683

All income is unrestricted for the years ended 31 March 2021 and 2020.

The notes on [pages 68 to 88](#) form part of these financial statements.

Balance Sheet

as at 31 March 2021

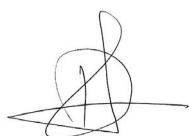
	Notes	AAT (Parent charitable company)		Group	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Intangible assets	10	832	483	832	483
Tangible assets	11	185	336	185	336
Investments	12	24,962	20,352	24,416	19,806
Total fixed assets		25,979	21,171	25,433	20,625
Current assets					
Debtors	13	2,374	2,819	2,377	2,801
Cash and cash equivalents	14	9,547	6,690	9,821	7,087
Total current assets		11,921	9,509	12,198	9,889
Liabilities:					
Creditors: amounts falling due within one year	15	(12,304)	(12,782)	(12,365)	(12,835)
Net current liabilities		(383)	(3,273)	(167)	(2,946)
Total assets less current liabilities		25,596	17,898	25,266	17,679
Creditors: amounts falling due after more than one year	17	(48)	(255)	(48)	(255)
Total net assets before deducting pension liability		25,548	17,643	25,218	17,424
Defined benefit pension scheme liability	7	(516)	(741)	(516)	(741)
Total net assets after deducting pension liability		25,032	16,902	24,702	16,683
Represented by:					
Unrestricted income funds					
General reserve		25,548	17,643	25,218	17,424
Pension reserve	7	(516)	(741)	(516)	(741)
Total unrestricted income funds	19	25,032	16,902	24,702	16,683

All funds are unrestricted.

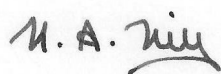
The notes on [pages 68 to 88](#) form part of these financial statements.

As permitted by S408 of the *Companies Act 2006* the Charity has not presented its own income and expenditure and related notes. Included in the consolidated income and expenditure is Charity-only net income of £8,297,000 (2020: net income of £2,023,000).

Approved by the Council on 1 July 2021 and signed on its behalf by:



David Frederick
President and Trustee



Heather A Hill
Chairman, Management Board

Company number 1518983

Group Cash Flow Statement

for the year ended 31 March 2021

	Notes	2021 Total funds £'000	2020 Total funds £'000
Cash flows from operating activities:			
Net cash provided by operating activities	a)	3,073	480
Cash flows from investing activities:			
Dividend and interest income	2	158	223
Purchase of intangible assets	10	(550)	(290)
Proceeds from sale of fixed asset investments		7,267	8,895
Purchase of fixed asset investments		(7,214)	(8,885)
Net cash provided by investing activities		(339)	(57)
Changes in cash and cash equivalents in the year		2,734	423
Cash and cash equivalents at the beginning of the year	14	7,087	6,664
Cash and cash equivalents at the end of the year	14	9,821	7,087
a) Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting year as per the statement of financial activities		8,186	1,881
Amortisation of intangible fixed assets	10	201	188
Depreciation of tangible fixed assets	11	151	200
(Gains) on investments	12	(4,661)	(859)
Interest income	2	(158)	(223)
Decrease in debtors		424	449
(Decrease) in creditors		(677)	(797)
Pensions reserve funding deficit movements		(393)	(359)
Net cash provided by operating activities		3,073	480

The notes on [pages 68 to 88](#) form part of these financial statements.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (“the Charities SORP”) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for investments, which are stated at market value as stated in the accounting policy below. The financial statements are prepared in pounds sterling, which is the functional currency of the Group, and rounded to the nearest thousand pounds.

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

Going concern

After discussions with key management personnel, the Trustees have a reasonable expectation that the Group has adequate resources to continue its activities for the foreseeable future. As at 31 March 2021 the Group had £9,821,000 cash and cash equivalents and £24,416,000 of investments that could be converted to cash if required.

The Group has undertaken a detailed exercise to create a realistic budget for the financial year ended 31 March 2022. This has been calculated using trends from both of the two previous financial years. Given the reduction in income and the resulting cost-reduction exercise due to the Covid-19 pandemic in financial year ended 31 March 2021, the financial year ended 31 March 2019 has been used to compare levels of expenditure in relation to income levels.

The budget year includes income almost in line with that of the financial year ended 31 March 2019 so it makes for a more meaningful comparison. This is also helpful for direct cost of sales, the volume driven costs, as we expect this expenditure to rise given the predicted increase of activity in assessment income. However, for other areas of expenditure, the budget value falls below the figure of two years ago due to having made permanent reductions in costs, most notably in staff and marketing expenditure, but in all areas of spend.

While the impact on assessment income was great, the reduction in subscription income has been minor and is predicted to remain less affected by future lockdowns. Even so, there is a drive to diversify our income streams, via our subsidiary ATSL, by creating new products that can continue when perhaps other income streams, such as assessments or events, cannot. During the financial year ended 31 March 2020, and as a result of the suspension of assessments, AAT commenced a pilot for remote invigilation to enable students to access assessments under secure conditions. The initial uptake was low, but with the expansion of assessments available under this scheme, the numbers are increasing. There are strict regulations around which assessments can be included in this offering but having as many available as possible is one step toward future proofing against further restrictive lockdowns.

Expenditure assigned to development and project spend will be increased to reinvest some of the surplus from the year just ended back into the business to promote future growth in product and supporting infrastructure. This development expenditure is seen as essential if AAT is to continue to hold its market influence and relevance in the sector.

The cash position has been monitored on a weekly basis throughout the year just ended and will continue to be so moving into the new financial year. Cash in the short-term deposit account was released back into the current account during the first quarter in order to support working capital requirements following the reduction in assessment income. However, with the recovery seen in this income stream, the short-term deposit account has been reinstated and indeed is greater than the value before the onset of the Covid-19 pandemic. The Group remains in a cash positive position without needing to divest any of the investment portfolio held by Ruffer.

The cashflow forecast presents future liquidity out to July 2022. This work has included modelling scenarios based on varying degrees of, particularly, assessment income and subscription income as our two largest sources of income. While subscription income has not been too badly affected, any further downturn in economic climate may affect the membership base so we continue to treat this as a risk area given the proportion it is of our income. In each scenario, we see the monthly predicted cash balance and know when the current account may feel squeezed and can plan to release from the short-term deposit account if required.

There is a clear understanding of the value of fixed costs in the business and these can easily be predicted out past the financial year end. Having certainty of the expenditure that essentially needs to be covered, allows the scenario work to assess how sensitive the falls in future income are. Variable costs will flex in line with the movement in income.

Stricter cost management and a permanent reduction in some of the larger overheads (staff and marketing) allow AAT to enter the new financial year with some protection already built in. Continuing to monitor cash weekly and reduce the variances to the forecast, allows AAT to continue to keep a tight control over this area.

AAT's trading subsidiary, ATSL, presents a £111k loss (2020: £142k). This is partly due to some of its commercial activities being cancelled during the Covid-19 pandemic, such as events and conference cancellations as well as reduced job advert sponsorships. Another factor is the inclusion of Informi costs that have been borne by ATSL up to and including this financial year end. This product was originally created for AAT as part of its 'For Public Good' agenda but it was moved into ATSL with a view that sponsorship revenue would deem it commercial and so

Notes to the Financial Statements

not appropriate for AAT. However, sponsorship income was not as expected and so it has been deemed to meet AAT's charitable endeavors so will be moved back into AAT from 1 April 2021. Without carrying the costs of Informi, ATSL would have generated a profit in this financial year. There is a detailed three-year budget for ATSL, commencing 1 April 2021, that includes development into product and services in this subsidiary, growth in income and all three years generating a profit. ATSL shows a net asset position on its balance sheet 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 2021 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 twelve months from signing these financial statements. Accordingly, the Trustees are of the view that AAT and the Group are a going concern.

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 £28,922,000 (2020: £31,072,000). The net result of the Charity, before taking into account the actuarial gains on the defined benefit pension scheme, is a net surplus of £8,186,000 (2020: £1,591,000).

AAT owns the whole of the share capital of Accounting Technicians (Services) Limited, which in turn owns the whole share capital of Accounting Technicians Enterprises Limited, 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, with the exception of AAT Botswana (Proprietary) Limited, a non-trading entity, have been included in the consolidation.

The Trustees have taken advantage of the exemption in FRS 102 1.11 to not disclose the Statement of Cash Flows for the Charity.

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

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the Trustees in the furtherance of the general objectives of AAT, after deduction of the pension reserve. 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
- assessment fees are accounted for when the assessments are contractually committed to by the student
- investment income is accounted for over the period in which it is earned
- other revenue streams are accounted for as earned or as the services are performed.

Deferred income

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

Government grants

Grants related to the Coronavirus Job Retention Scheme are presented within other income in the period to which each grant claim relates.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

There were no unfulfilled conditions or other forms of government assistance during the year other than the £700k on the SOFA.

Notes to the Financial Statements

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 on the basis of headcount.

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

Pensions accounting policy

The Group has both defined benefit and defined contribution pension schemes. Normal contributions to the final salary pension scheme ceased during 2010, so is closed to future accrual.

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

Following the settlement of the Lloyds Bank GMP equalisation case in 2020 in respect of the gender equalisation of guaranteed minimum pensions (GMPs), the actuaries made an allowance for the anticipated increase in the value of the projected benefit obligation by increasing the total liabilities of the scheme by 0.3% or £77,000 at 31 March 2021. Since then the actuaries are not aware of any significant work that would suggest revising this allowance, therefore the 0.3% uplift is maintained at 31 March 2021.

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

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

Capitalisation and impairment of fixed assets

All single purchases of less than £10,000 (incl. VAT) are written off in the year of purchase unless forming part of a more comprehensive scheme where the total is £10,000 (incl. VAT) or more. Capitalisation and the amortisation period is reviewed on a project basis. Impairment of these assets is reviewed annually and provisions are made if an adjustment to the value is required.

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, however, the CRM database and finance system software have been amortised over eight years, both finishing in April 21. From the next financial year, all intangible assets will be amortised between three (e-learning) and five years (Qualifications 22 and Assessment Platform).

Notes to the Financial Statements

Tangible fixed assets

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

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

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

Leases

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

AAT fully provides for dilapidation costs relating to its leases on 140 Aldersgate Street over the full term of the leases and these were estimated at £472,000 as at 31 March 2021 (2020: £365,000). More detail is provided under significant accounting estimates and judgements.

Lease incentives

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

Financial Instruments

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

Investments

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

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any adjustments for impairment.

Cash and cash equivalents

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

Trade and other debtors

Trade debtors are stated at original invoice value less provision for doubtful debts. Bad debts are written off when identified. Other debtors, which includes accrued income, are initially stated at transaction price and subsequently amortised cost.

Trade and other creditors

Trade and other creditors are recognised at amortised cost.

Significant accounting estimates and judgements

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

Pensions

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

Notes to the Financial Statements

Membership lapsing provisions

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

Dilapidation provision

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

Investment impairment provision

At 31 March 2019 the Trustees took the view that the investment in Accounting Technicians (Services) Limited (ATSL) has been impaired by £154,000, represented by the losses in the ATSL's wholly owned non-trading subsidiary, Accounting Technicians Enterprises Limited (ATEL), from funding a project to research alternative sources of income. During 2020 and 2021, ATEL did not trade so no further impairment has been provided as the balance was provided against in full in the prior year.

ATSL's activities in the year to 31 March 2021 resulted in losses of £111k. The predicted growth in income was not realised due to the Covid-19 pandemic halting certain commercial activities, such as conferences, events and sponsorship income. However, it has carried out further work to develop its products and services, including its e-learning Essentials course material and investing in an e-commerce platform. ATSL also continues to bear the cost of Informi and without it, ATSL would have made a profit in the year.

There is a new three-year business plan showing the company returning to profit in each of the three years. This is due to organic growth in income lines, the addition of new income lines and also helped by Informi being transferred back into AAT as it is now no longer deemed a commercial product.

The Trustees have evaluated the impaired value of the investment and, because ATSL is still expected to generate future profits, the Trustees are not proposing any further impairment this year.

2. INVESTMENT INCOME

	Group	
	2021 £'000	2020 £'000
Interest receivable	7	43
Dividends receivable from investments	151	180
Total	158	223

3. SUBSCRIPTIONS AND FEES

	Group	
	2021 £'000	2020 £'000
Full members' subscriptions and fees	8,906	8,110
Student and affiliate members' fees	8,724	9,119
Total	17,630	17,229

Notes to the Financial Statements

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Group			2021 £'000
	Direct staff costs £'000	Other direct costs £'000	Support and governance costs £'000	
Growing membership and other customer relationships	4,069	1,188	6,038	11,295
Developing accountancy skills	2,367	2,682	3,689	8,738
Enhancing standards of and commitment to professionalism	913	1,043	1,518	3,474
Broadening our influence	468	494	603	1,565
Total	7,817	5,407	11,848	25,072

	Group			2020 £'000
	Staff costs £'000	Other direct costs £'000	Support and governance costs £'000	
Growing membership and other customer relationships	4,058	2,473	6,599	13,130
Developing accountancy skills	2,366	2,999	4,012	9,377
Enhancing standards of and commitment to professionalism	1,260	1,959	2,290	5,509
Broadening our influence	435	629	636	1,700
Total	8,119	8,060	13,537	29,716

Notes to the Financial Statements

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Group				Total 2021 £'000
	Growing membership and other customer relationships £'000	Developing accountancy skills £'000	Enhancing standards of and commitment to professionalism £'000	Broadening our influence £'000	
ICT	2,824	1,724	711	282	5,541
Human Resources	455	278	114	45	892
Finance	580	355	146	58	1,139
Procurement and facilities	1,208	738	304	121	2,371
Programme Management Office and Corporate Development	542	331	136	54	1,063
Governance	173	106	43	17	339
Chief Executive's Office	129	79	32	13	253
Enterprise Data (new category)	47	29	12	5	93
Central	80	49	20	8	157
Total	6,038	3,689	1,518	603	11,848

	Group				Total 2020 £'000
	Growing membership and other customer relationships £'000	Developing accountancy skills £'000	Enhancing standards of and commitment to professionalism £'000	Broadening our influence £'000	
ICT	2,452	1,491	851	236	5,030
Human Resources	480	292	167	46	985
Finance	559	340	194	54	1,147
Procurement and facilities	1,394	848	484	135	2,861
Programme Management Office and Corporate Development	1,055	641	366	102	2,164
Governance	251	152	87	24	514
Chief Executive's Office	134	81	46	13	274
Central	274	167	95	26	562
Total	6,599	4,012	2,290	636	13,537

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

Governance costs comprise of staff costs of £270,000 (2020: £272,000), audit fees of £34,000 (2020: £42,000), legal and other professional fees of £11,000 (2020: £64,000) and costs of Trustee and other business meetings of £24,000 (2020: £136,000).

The increase in ICT costs is due to a one-off expense as part of the migration of the hosting and management services supplier as there was a period of concurrent handover. Additionally, all software licences were previously held within individual cost centres but from FY20–21 they have moved into ICT in order to centralise the management of these licenses.

The Data Enterprise team is a newly-formed team as part of the reorganisation, derived from existing staff.

Notes to the Financial Statements

6. EMPLOYEES

	Group	
	2021 £'000	2020 £'000
Staff costs		
Salaries and wages	10,625	11,186
Employer's social security costs	1,089	1,134
Employer's pension costs – Group personal pension scheme	935	869
	12,649	13,189
Staff recruitment and training	273	427
Total	12,922	13,616

Redundancy payments of £147,000 (2020: £92,000) 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.

Employee numbers

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

	2021 No.	2020 No.
Charitable activities	135	142
Support and governance	112	122
Total	247	264

Emoluments of senior staff

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

	Employees (excluding Chief Executive)		Chief Executive	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Salary	2,476	2,497	187	192
Bonus	30	66	1	13
Private medical insurance	7	8	2	2
Total	2,513	2,571	190	207

The ratio of the Chief Executive's emoluments to the lowest paid employee is 9 (2020: 9) and the ratio to the median paid employee is 5 (2020: 5).

Notes to the Financial Statements

6. EMPLOYEES (CONTINUED)

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

	2021 No.	2020 No.
£60,001 – £70,000	14	13
£70,001 – £80,000	8	7
£80,001 – £90,000	2	5
£90,001 – £100,000	3	1
£100,001 – £110,000	1	2
£110,001 – £120,000	2	-
£120,001 – £130,000	1	4
£130,001 – £140,000	1	-
£180,001 – £190,000	1	-
£200,001 – £210,000	-	1

The key management personnel of AAT comprise the Trustees and the six members of the Executive team as listed on [page 89](#) (2020: 7 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	
	2021 £'000	2020 £'000
Salary	857	958
Bonus	7	51
Employer's social security costs	105	123
Employer's pension costs	85	82
Private medical insurance	8	10
Total	1,062	1,223

The emoluments of senior staff contain a bonus amount for the year to 31 March 2020 paid in March 2021. All members of the Executive are members of the Group personal pension scheme. One of the six members of the Executive have retained retirement benefits under the defined benefit pension scheme (2020: three of eight).

Notes to the Financial Statements

7. PENSION ARRANGEMENTS (AAT AND GROUP)

Movement in deficit during the year

	2021 £'000	2020 £'000
Deficit in scheme at beginning of the year	(741)	(1,910)
Movement in year:		
Employer contributions	400	400
Expense recognised in the income and expenditure account	(8)	(41)
Actuarial (loss)/gain	(167)	810
Deficit in scheme at the end of the year	(516)	(741)

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

The Group personal pension scheme involves no commitment by AAT other than that of paying an agreed level of normal contributions, currently set at a minimum of 6% and maximum of 10.15% of basic salary (the employee rate is a minimum of 3% of basic annual salary). Contributions during 2021 were £935,000 (2020: £869,000).

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

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

	2021	2020
Discount rate	2.2%	2.2%
Retail price inflation	3.4%	3.1%
Consumer price inflation	2.6%	2.1%
Increases to pensions in payment		
• Total pensions accrued prior to 6 April 1997	3.0%	3.0%
• Total pensions accrued between 6 April 1997 and 31 January 2007	3.8%	3.7%
• Total pensions earned from 1 February 2007	2.1%	2.0%
Revaluation of non-GMP in deferment		
• Pre April 2009	2.6%	2.6%
• Post April 2009	2.5%	2.5%
Commutation allowance	12.5%	12.5%

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

Notes to the Financial Statements

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

The scheme's assets and liabilities were as follows:

	Value at 31/3/21 £'000	Percentage of total assets	Value at 31/3/20 £'000	Percentage of total assets
Fair value of the scheme's assets:				
• Equities	6,218	24.6%	4,953	20.4%
• Alternatives	3,614	14.3%	2,950	12.1%
• Bonds	7,012	27.7%	5,991	24.6%
• Liability-driven investments	7,008	27.7%	10,373	42.7%
• Gilts	1,350	5.3%	-	0.0%
• Other assets	101	0.4%	51	0.2%
	25,303		24,318	
Present value of the scheme's liabilities	(25,819)		(25,059)	
Deficit at end of year	(516)		(741)	

Reconciliation of fair value of plan assets over the year

	AAT and Group	
	2021 £'000	2020 £'000
Fair value of plan assets at the beginning of the year	24,318	22,640
Interest income on plan assets	539	586
Return on plan assets excluding interest income	396	1,592
Employer contributions	400	400
Benefits paid	(350)	(900)
Fair value of plan assets at end of the year	25,303	24,318

Reconciliation of defined benefit obligation over the year

	AAT and Group	
	2021 £'000	2020 £'000
Defined benefit obligation at the beginning of the year	25,059	24,550
Interest cost on the defined benefit obligation	547	627
Losses from the effect of experience adjustments	891	1,033
(Gains) from the effect of changes in assumptions	(328)	(251)
Benefits paid	(350)	(900)
Past service cost	-	-
Defined benefit obligation at end of the year	25,819	25,059

Notes to the Financial Statements

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

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

	AAT and Group	
	2021 £'000	2020 £'000
Interest income on plan assets	539	586
Interest cost on defined benefit obligation	(547)	(627)
Net pension scheme finance costs	(8)	(41)
Past service cost	-	-
Total pension expense	(8)	(41)

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

	2021 £'000	2020 £'000
Return on plan assets excluding interest income	396	1,592
(Losses)/gains from the effect of experience adjustments	(891)	(1,033)
Gains/(losses) from the effect of changes in assumptions	328	251
Actuarial (losses)/gains	(167)	810

Return on plan assets

	2021 £'000	2020 £'000
Interest income on plan assets	539	586
Return on plan assets excluding interest income	396	1,592
Return on plan assets	935	2,178

8. COUNCIL AND BOARD EXPENSES

	AAT and Group	
	2021 £'000	2020 £'000
Total Council and Board expenses incurred in respect of travel, accommodation and subsistence	3	84

Included in the above are £500 (2020: £17,000) of expenses reimbursed to 4 (2020: 22) 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/(EXPENDITURE) FOR THE YEAR IS STATED AFTER CHARGING:

	Group	
	2021 £'000	2020 £'000
Net income is stated after charging:		
Operating lease expense	1,304	1,310
Development spend not capitalised	619	1,404
Amortisation charges	201	188
Depreciation charges	151	200
Audit fee – Charity, excluding VAT	40	35
Audit fee – subsidiaries	5	4

10. INTANGIBLE FIXED ASSETS

	AAT and Group		
	Online services £'000	Membership and finance computer software £'000	Total £'000
Cost			
At 1 April 2020	2,388	1,546	3,934
Additions	550	–	550
At 31 March 2021	2,938	1,546	4,484
Amortisation			
At 1 April 2020	(2,098)	(1,353)	(3,451)
Charge for the year	(23)	(178)	(201)
At 31 March 2021	(2,121)	(1,531)	(3,652)
Net book value			
At 31 March 2021	817	15	832
At 31 March 2020	290	193	483

For details on additions in capitalised development spend in the year, see [pages 50](#) and [70](#).

Notes to the Financial Statements

11. TANGIBLE FIXED ASSETS

	AAT and Group			Total £'000
	Leasehold improvements £'000	Plant and equipment £'000	Computer hardware £'000	
Cost				
At 1 April 2020	1,195	677	690	2,562
At 31 March 2021	1,195	677	690	2,562
Depreciation				
At 1 April 2020	(1,003)	(537)	(686)	(2,226)
Charge for the year	(85)	(62)	(4)	(151)
At 31 March 2021	(1,088)	(599)	(690)	(2,377)
Net book value				
At 31 March 2021	107	78	0	185
At 31 March 2020	192	140	4	336

All tangible fixed assets are held for charitable use.

12. FIXED ASSET INVESTMENTS

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

	AAT		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investment portfolio (see note 12(iii))	24,416	19,806	24,416	19,806
Investment held in net assets of Accounting Technicians (Services) Limited (see note 12(ii))	546	546	–	–
Total investments held	24,962	20,352	24,416	19,806

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

	Holding	Nature of business	Country of incorporation / registration and number
Accounting Technicians (Services) Limited (see note 20(i))	100% £1 ordinary shares	Private Limited Company	England and Wales 03116873
Accounting Technicians Enterprises Limited (see note 20(ii))	100% Indirectly through ATSL £1 ordinary shares	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

Notes to the Financial Statements

12. FIXED ASSET INVESTMENTS (CONTINUED)

Investment in Accounting Technicians (Services) Limited

	AAT	
	2021 £'000	2020 £'000
Carrying value at beginning of year	546	546
Additions	–	–
Impairment adjustment	–	–
Carrying value at 31 March	546	546

(iii) Investment portfolio

	AAT and Group	
	2021 £'000	2020 £'000
Investments on a recognised stock exchange	23,571	18,728
Cash	845	1,078
Total	24,416	19,806

	2021 £'000	2020 £'000
Investments on a recognised stock exchange are as follows:		
Valuation at beginning of year	18,729	17,819
Add: Acquisitions at cost	7,214	8,885
Less: Disposals	(7,033)	(8,835)
Net gains on revaluation	4,661	859
Fair value at 31 March	23,571	18,728

	2021 £'000	2020 £'000
These investments are held in the following securities:		
UK equities	4,507	2,487
Overseas equities	6,024	3,116
Bonds	7,375	7,309
Other	5,665	5,816
Fair value at 31 March	23,571	18,728

Notes to the Financial Statements

12. FIXED ASSET INVESTMENTS (CONTINUED)

The historic cost of these investments is as follows:

	2021 £'000	2020 £'000
UK equities	3,984	3,236
Overseas equities	4,342	3,031
Bonds	6,508	6,895
Other	5,241	6,106
Historic cost at 31 March	20,075	19,268

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	AAT		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors – see below	1,324	1,170	1,399	1,312
Other debtors	96	113	123	150
Prepayments	855	1,338	855	1,339
Amount due from subsidiary undertakings	99	198	-	-
Total	2,374	2,819	2,377	2,801

Trade debtors

	AAT		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Organisations	1,719	1,570	1,794	1,712
Individuals – fees and subscriptions	789	795	789	795
Less membership lapsing provision	(1,184)	(1,195)	(1,184)	(1,195)
Total	1,324	1,170	1,399	1,312

14. CASH AND CASH EQUIVALENTS

	AAT		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank	4,037	1,189	4,311	1,586
Treasury deposits	5,510	5,501	5,510	5,501
Total	9,547	6,690	9,821	7,087

Notes to the Financial Statements

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	AAT		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	144	442	144	447
Taxes and social security	468	428	467	414
Other creditors	51	26	51	26
Accruals	1,893	1,800	1,897	1,804
Deferred income (see note 16)	9,053	9,381	9,111	9,439
Fees received in advance	16	133	16	133
Rent accrual reversing within one year (see note 17)	207	207	207	207
Provision for dilapidation	472	365	472	365
Total	12,304	12,782	12,365	12,835

16. DEFERRED INCOME

	AAT		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Balance at beginning of year	9,381	9,569	9,439	9,634
Deferred during year	17,916	17,431	18,006	17,525
Released during year	(18,244)	(17,619)	(18,334)	(17,720)
Balance at 31 March	9,053	9,381	9,111	9,439

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

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

Rent accrual

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

Notes to the Financial Statements

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

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

	AAT and Group	
	2021 £'000	2020 £'000
Balance at beginning of year	462	669
Accrual released during year	(207)	(207)
Balance at 31 March	255	462
Split of rent accrual:		
Accrual reversing within one year	207	207
Current obligations	207	207
Accrual reversing within two to five years	48	255
Non-current obligations	48	255
Total	255	462

18. OPERATING LEASE COMMITMENTS

The total future minimum operating lease payments are as follows:

	AAT and Group			
	Property		Plant and equipment	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	1,474	1,474	27	27
Between one and five years	346	1,820	53	64
More than five years	-	-	1	-
Total	1,820	3,294	81	91

19. UNRESTRICTED INCOME FUNDS

	Group	
	2021 £'000	2020 £'000
At beginning of year	16,683	13,992
Net income for the year	8,186	1,881
Surplus before pension scheme actuarial gain	24,869	15,873
Pension scheme actuarial (loss)/gain	(167)	810
At 31 March, including pension reserve	24,702	16,683

Notes to the Financial Statements

19. UNRESTRICTED INCOME FUNDS (CONTINUED)

	AAT	
	2021 £'000	2020 £'000
At beginning of year	16,902	14,069
Net income for the year	8,297	2,023
Surplus before pension scheme actuarial gain	25,199	16,092
Pension scheme actuarial (loss)/gain	(167)	810
At 31 March, including pension reserve	25,032	16,902

20. SUBSIDIARY UNDERTAKINGS AND INTRA-GROUP TRANSACTIONS

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

The company made a loss before tax of £111,000 in 2021 (2020: loss of £142,000). Its activities for the year are summarised below:

	2021 £'000	2020 £'000
Profit and loss account for the year ended 31 March		
Turnover	443	559
Cost of sales	(208)	(212)
Gross profit	235	347
Other operating expenses	(347)	(490)
Interest receivable	1	1
Loss before taxation	(111)	(142)
Tax on loss	–	–
Retained loss for the financial year	(111)	(142)
Net asset statement as at 31 March	2021 £'000	2020 £'000
Current assets	531	592
Current liabilities	(315)	(265)
Net current assets	216	327
Total net assets	216	327
Represented by:		
Share capital	700	700
Profit and loss account	(484)	(373)
Shareholders' funds	216	327

Notes to the Financial Statements

20. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS (CONTINUED)

	2021 £'000	2020 £'000
Total costs reported as from trading activities		
Cost of sales	208	212
Other operating expenses	347	490
Total as per statement of financial activities	555	702

Most of ATSL's costs are incurred by AAT and recharged to ATSL a month in arrears, payable in 30 days. During the year £481,000 of costs were invoiced by AAT to ATSL (2020: £650,000). As at 31 March 2021 ATSL owed £99,000 to AAT (2020: £198,000) as shown within note 13. In the year AAT received no gift aid payment from ATSL (2020: None). There were no other related party transactions between AAT and ATSL.

(ii) Accounting Technicians Enterprises Limited

The company is a wholly owned subsidiary of ATSL and was formed in March 2018. It did not trade in the year ended 31 March 2020 or in the year to 31 March 2021. Its activities for the period are summarised below:

	12 months to 31 March 2021 £'000	12 months to 31 March 2020 £'000
Profit and loss account for the period ended 31 March		
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating expenses	-	-
Loss before taxation	-	-
Tax on loss	-	-
Retained loss for the financial period	-	-

	2021 £'000	2020 £'000
Net asset statement as at 31 March		
Current assets	-	-
Current liabilities	(154)	(154)
Net current liabilities	(154)	(154)
Total net liabilities	(154)	(154)
Represented by:		
Share capital	-	-
Profit and loss account	(154)	(154)
Shareholders' funds	(154)	(154)

Notes to the Financial Statements

20. SUBSIDIARY UNDERTAKINGS AND INTRA GROUP TRANSACTIONS (CONTINUED)

	12 months to 31 March 2021 £'000	12 months to 31 March 2020 £'000
Total costs reported as from trading activities		
Cost of sales	–	–
Other operating expenses	–	–
Total as per statement of financial activities	–	–

(iii) Accounting Technician (Publications) Limited

The company has been dormant for several years, and the value of its net assets as at 31 March 2021 was £100 (2020: £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 2021 was £7 (2020: £7).

21. RELATED PARTY TRANSACTIONS

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

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

22. TAXATION

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

23. STATUS

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

Members of Council and the Executive team

Members of Council who held office during the reporting period 2020–2021 as Directors and Trustees

David Frederick (President)

Heather A Hill (Vice President) (Chairman, Management Board)

June Anderson

Vernon Anderson (Chairman, Nominations and Governance Board)

Ernest Badasu (from 18/09/20)

Kevin Bragg

Wayne Cook (from 18/09/20)

Jane Cuthbertson

Paul Donno

Georgia Duffee (from 18/09/20)

Christina Earls (Chairman, Audit Board)

Nicola Fisher^{Δ°} (until 18/09/20)

Gemma Fosbrook (until 01/07/20)

Helen Geatches

Steve Hands (until 18/09/20)

Lee Maidment (until 18/09/20)

Anne Moore (from 10/12/20)

Andrew Murray (from 18/09/20)

Tim Nicholls

Rita Patel (from 18/09/20)

Mark Powell

Ajay Prabhakar (from 18/09/20)

David Quigg^{*}

Sue Taylor (until 18/09/20)

John Thornton^{*Δ°} (Chairman, Remuneration Board)

Sarah Whelehan (until 18/09/20)

Members of the Executive team and Company Secretary

Chief Executive: **Mark Farrar**^{Δ°¥} (until 01/07/21)

Chief Operating Officer: **Jannine Edgar**

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

Director of Human Resources: **Olivia Hill**

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

Director of Marketing and Commercial: **Andrew Williamson**[¥]

Company Secretary: **Karen Marshall**

Honours and awards

Honorary members

1984 **Michael G Lickiss** BSc (Econ) FCA (Knighted 1993) MAAT

1986 **Eric C Sayers** CBE

1986 **Edmund Gibbs** FCCA FCIS ATII

1990 **William Hyde** MA FCMA FCCA JDipMA

1990 **Richard G Wilkes** CBE TD FCA DL

1992 **Fred P Langley** MPhil FCCA

1996 **John Hanson** BA (Com) CPFA

2007 **Robert Thomas** MSc FCA FCCA CTA (Fellow) MAAT

2014 **Jane Scott Paul** OBE

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

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

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

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

Members of Council and the Executive team

Past Presidents

1980–1982 **Michael G Lickiss** BSc (Econ) FCA (Knighted 1993) MAAT
1982–1983 **Peter T Hobkinson** FCCA CPFA MIMgt MAAT
1983–1984 **Peter R Dallow** FCA MAAT
1984–1985 **Professor Michael G Harvey** MSc BSc(Econ) FRSA FCGI FCIS FCCA FMAAT
1985–1986 **Geoffrey J C Lockhart** FCA FMAAT
1986–1987 **Paul Treadaway** CIPFA Hon MCIM FMAAT
1987–1988 **Stanley Husband** FCMA MAAT
1988–1989 **Kenneth A Sherwood** FCA MAAT
1989–1990 **Reg J Carter** BA FCMA MAAT
1990–1991 **John N Farquhar** DMS FMAAT
1991–1992 **Malcolm S H Bell** CA MAAT
1992–1993 **Noel Cannon** MAAT
1993–1994 **Edna Jolly** FMAAT
1994–1995 **Geoff P Mason** CPFA FMAAT
1995–1996 **Ken Sommerville** CA MAAT
1996–1997 **John Newman** MA FCA MAAT
1997–1998 **Noel Sladen** FMAAT
1998–1999 **John Vincent** FCA MCI Arb FMAAT
1999–2000 **Margaret Rawding** CPFA FMAAT
2000–2001 **Andrea White** FCCA MAAT
2001–2002 **Professor David Hunt** MSc FCA FCIPD CPFA FFA/ FIPA FIAB FCMA(SL) FCNA(Nig) FRSA FMAAT
2002–2003 **Mike Dudding** CPFA MAAT
2003–2004 **Jan Bell** CertEd FMAAT
2004–2005 **Jess Bond** BSc (Econ) FMAAT
2005–2006 **Trevor Salmon** OBE BSc (Hons) FCCA CPFA MAAT
2006–2007 **Brian Allen-Palmer** ATT FMAAT
2007–2008 **Tim Light** FMAAT
2008–2009 **Catherine Steel** FFA FMAAT
2009–2010 **Pam Dyson** MA FCCA CPFA FCMI CMgr MIHM FMAAT
2010–2011 **Neil Price** BSc CA FMAAT
2011–2012 **Dr Hilary Lindsay** MSc MBA FCA FMAAT
2012–2013 **Henry Cooper** FMAAT
2013–2014 **Mike Evans** CPFA FMAAT
2014–2015 **Dr Rachel Banfield** MA CPFA PGCHE FHEA FMAAT
2015–2016 **Allan Ramsay** BA CA FMAAT
2016–2017 **Mark McBride** BA CPFA MCIPD FMAAT
2017–2018 **Nicola Fisher** FIPA FABRP FMAAT
2018–2019 **Vernon Anderson** FMAAT
2019–2020 **John Thornton** MBA CPFA MAAT

Past Secretaries[^]/Chief Executives

1981–1987 **Anthony B Sainsbury** VRD JP MA ^
1987–1996 **John Hanson** BA (Com) CPFA ^
1997–2014 **Jane Scott Paul** OBE

Past Presidents' Award winners

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

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

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Association of Accounting Technicians

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Registered charity no. 1050724

A company limited by guarantee (No. 1518983)

