

Consolidation of the Accountancy Profession

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This session covers

- **Challenges facing the accountancy profession**
- **CIPFA's position**
- **The consolidation proposal**



The Accountancy Profession

- Long and successful history and tradition
- Well defined framework of high standards and good conduct
- Respected qualifications
- Contributor to strong economy, wealth creation, serving the public interest
- Growing membership
 - Members in 2004 421,000
 - Students in 2004 342,000



Challenges

- Reducing levels of trust and satisfaction
- Confidence of government – scepticism around serving self interest v public interest
- Relevance to members
- Lack of unified, coherent voice
- Emphasis on competition not co-operation



Challenges

- The rise, and cost, of external regulation
- Internationalisation
- What sort of body? Balance between
 - Representation and regulatory role
 - National and regional
 - Business or narrower membership objectives
 - 'Virtual' or 'Real' body



Challenges

- Growth by competitor bodies
- Specialist niche player
- Internationalisation of standard-setting – global profession with global standards
- Constraints on our investment
- Responding to the rise of regulation and oversight





Worldwide Membership Numbers

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1997	60046	47230	13057	112872	10459	14395	258059
2002	95416	59782	13521	123719	13039	15166	320643
% growth	58.9	26.6	3.6	9.6	24.7	5.4	24.3
% annual average growth	9.7	4.8	0.7	1.9	4.5	1.0	4.4





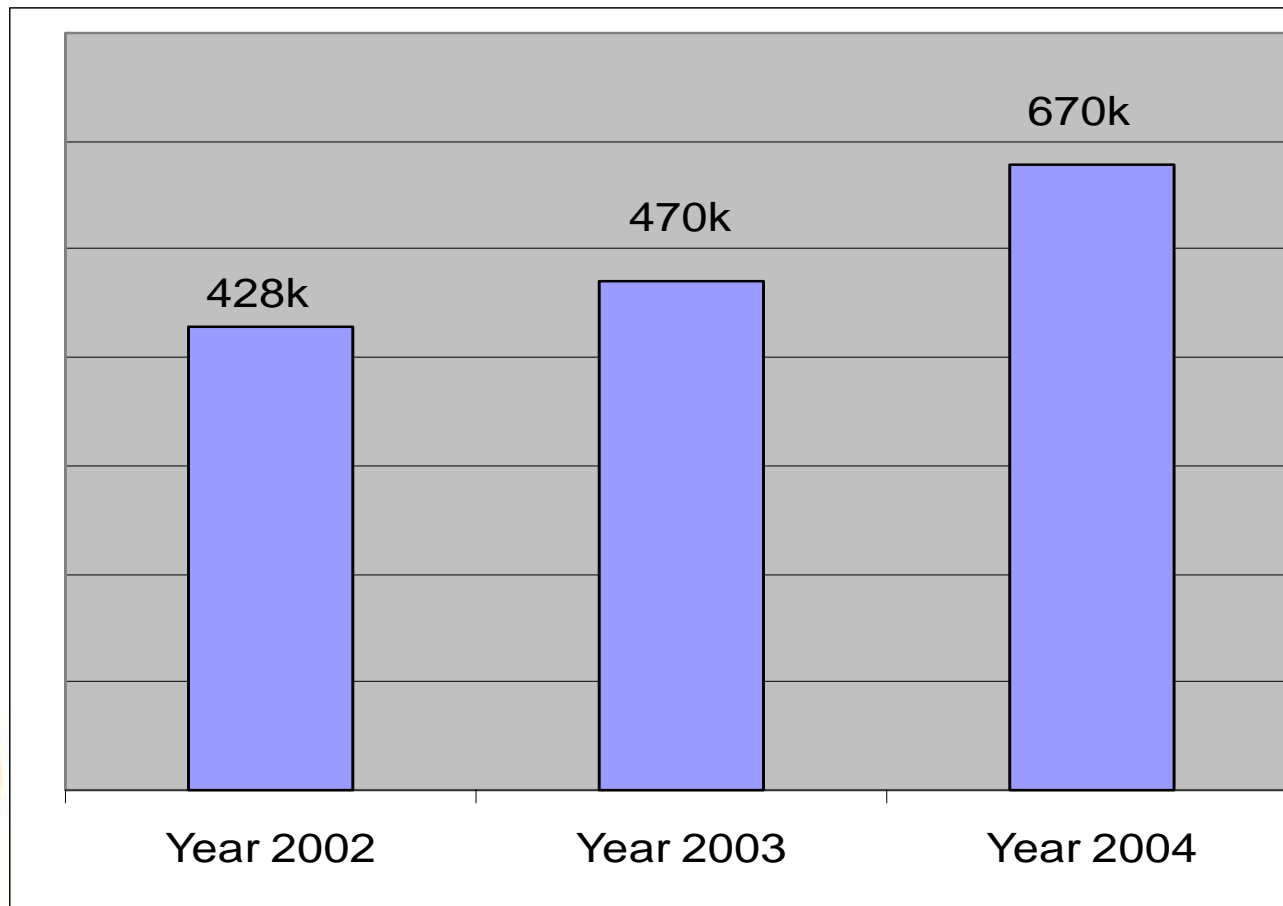
Worldwide Registered Student Numbers

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1997	134732	61799	2323	11021	2500	1218	213593
2002	205099	77923	2412	9648	3392	2327	300801
% growth	52.2	26.1	3.8	-12.5	35.7	91.1	40.8
% annual average growth	8.8	4.7	0.8	-1.7	6.3	13.8	7.1

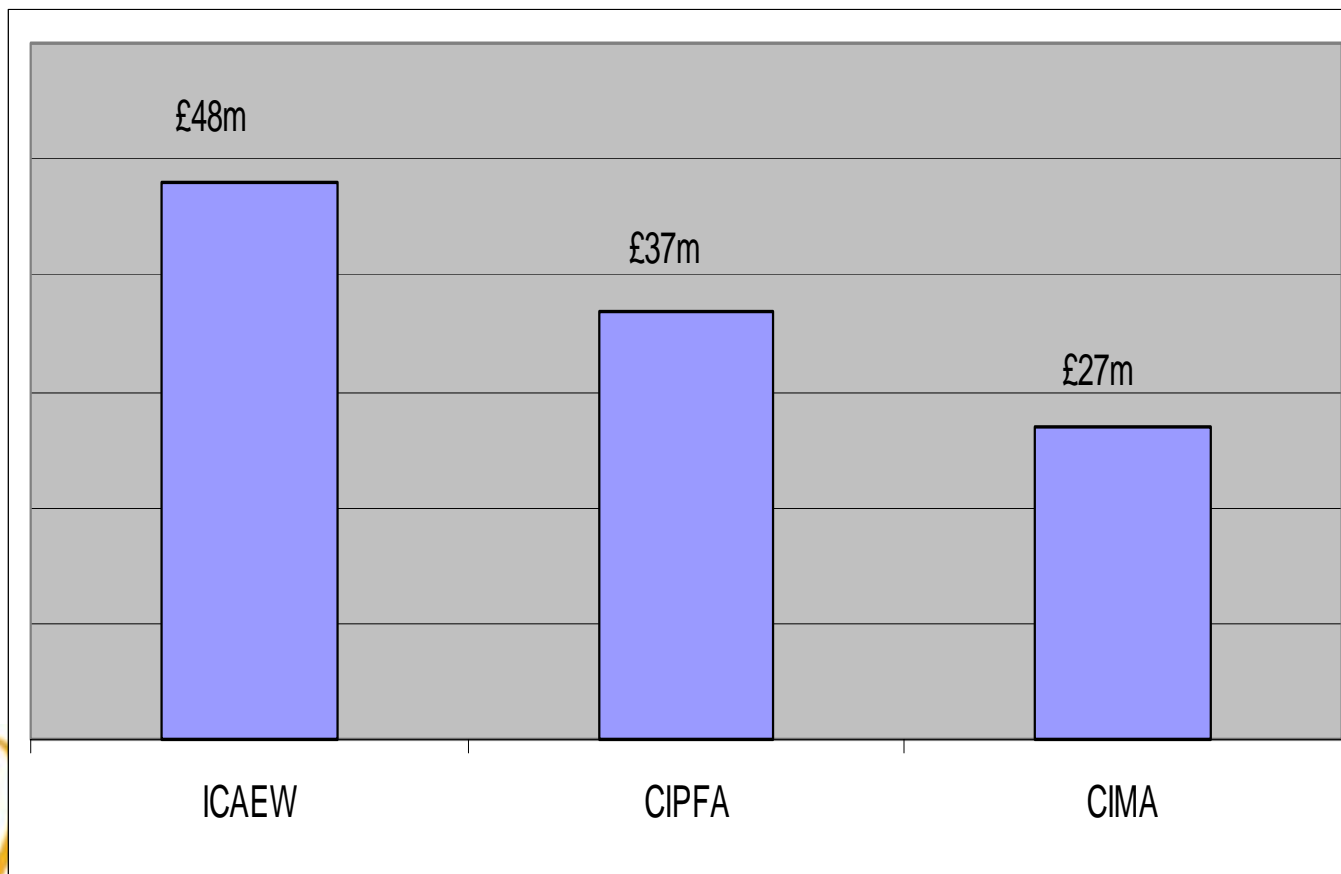


CIPFA's Financial Position

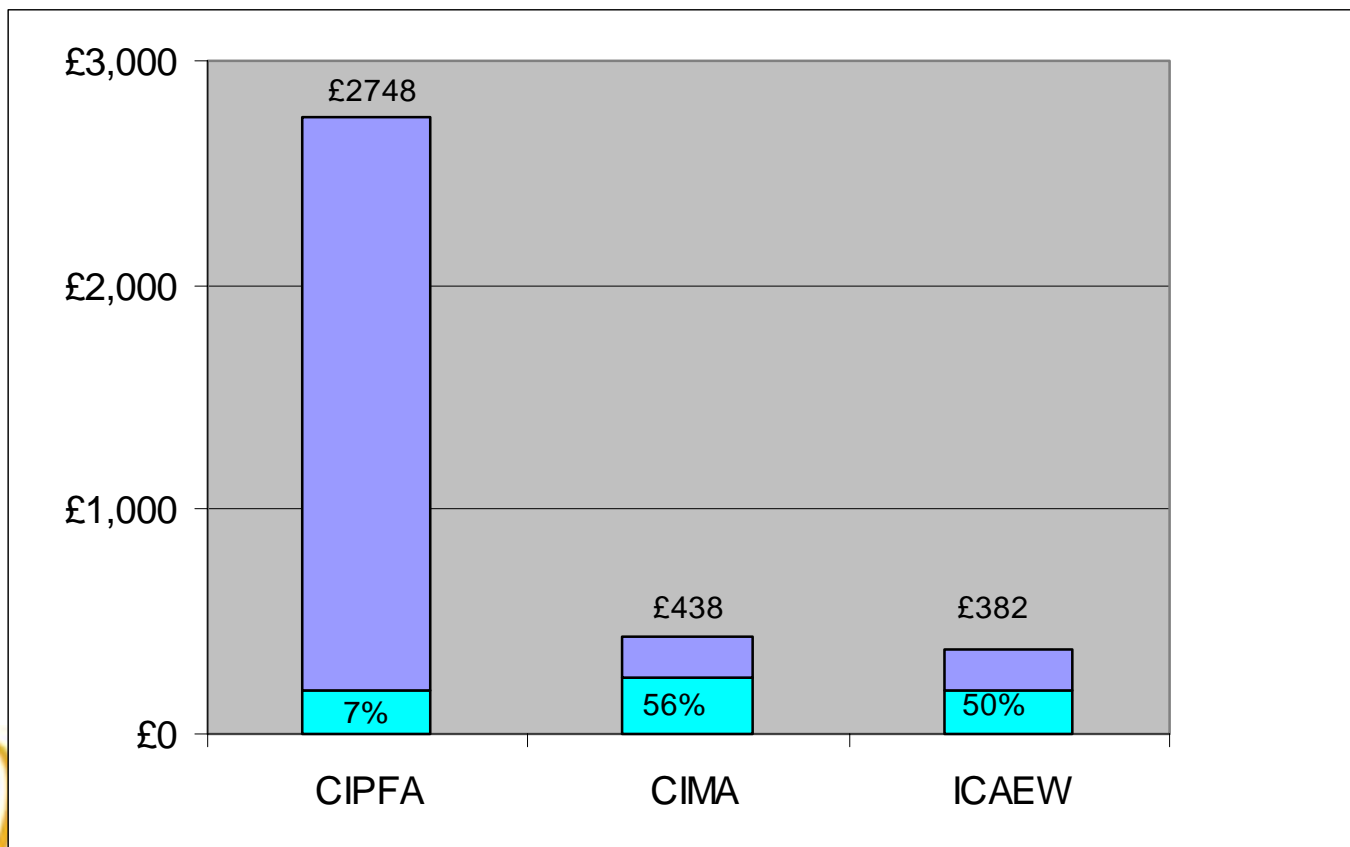
Making best use of resources - Healthy financial position



CIPFA's Annual Turnover



CIPFA's Income per Member





CIPFA's Achievements

Influential in the profession

- International strategy
- Strategic grant agreement with DfID

Influential in the public services

- Public Servant of the Year awards
- Leaders in Finance
- Local Income Tax





CIPFA's Achievements

Upholding professional standards

- **Mandatory CPD**
- **New disciplinary scheme**

Delivering real improvements in public services

- **Prudential Code**
- **Financial Management Model**
- **Independent Commission on Good Governance**





Consolidation Proposal

- **CIPFA/ICAEW/CIMA committed to consolidation**
- **Stage 1 – integration of CIPFA/ICAEW**
- **Stage 2 – integration with CIMA**



Integration of CIPFA and ICAEW

Key Terms 1

CIPFA

- **New name: Institute of Chartered Accountants, subject to HM Privy Council approval**
- **Common title**
- **Common membership letters (MICA?) for all members**
- **Retention of existing designatory letters (CPFA and ACA/FCA) to denote route to qualification**



Integration of CIPFA and ICAEW

Key Terms 2



- Establishment of a successor charitable trust to manage and oversee CIPFA's assets
- Retention of existing specialist routes to qualification (and development of new tailored qualifications to meet market needs)
- Establishment of a Public Services Faculty to lead research, develop member services, etc
- Public services' representation throughout governance and management structures
- Efficiency gains estimated at £4m per annum
- Harmonisation of subscriptions at around current levels



Would a merged Institute Retain its Interest in the Public Services?

- Top of the political agenda
- Around 40% of the global economy
- Significant growth opportunities
- High levels of volunteer participation
- Significant commercial revenues



Benefits – Members and Students

- Enhanced status and influence
 - strong Institute with impressive scale and international reach
 - powerful and influential player on the world stage
 - *the* voice of the profession to Government and others
- Improved support services
 - release resources to enhance level of advice and support
 - mix of skills and experience available
- New opportunities
 - open new channels for exchanging ideas and sharing practice between sectors
 - membership of Institute with strong brand recognition





Proposed Timescale

March 2005 CIPFA/ICAEW Councils approve key terms

April 2005 Publication of pathfinder prospectus detailing the case for integration

April to Autumn 2005 Engagement with members and students
Continuing discussions with CIMA

September 2005 Full prospectus to members

October 2005 CIPFA/ICAEW membership votes

January 2006 Creation of new Institute

2006 Integration of CIMA?

