ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 30 June 2023

A Company limited by Guarantee and not having a Share Capital. Company Number: 4035569

CONTENTS

ABOUT US

CFA Society of the UK's ('CFA UK', 'the Society' or 'the Company') purpose is to educate, connect and inspire the investment community to build a sustainable future.

We meet the investment community's needs for skills and knowledge. We bring the investment community together. We help people build rewarding careers within an inclusive and diverse investment community and we help the investment community serve its stakeholders well.

CFA UK is a professional body representing more than 12,000 members across the UK's investment community and is a proud member of CFA Institute's worldwide network of member societies. CFA Institute leads the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society.

CFA UK is the awarding body for the Investment Management Certificate ('IMC'), a Level 4 qualification for investment professionals that meets the Financial Conduct Authority's requirements (either solely or in combination with other qualifications) for managing investments and advising on and dealing in securities and derivatives.

CFA UK developed the Certificate in ESG Investing ('ESG Certificate' or 'ESG') which has been sold to CFA Institute. The ESG Certificate is a Level 4 qualification which delivers the knowledge and skills required by investment professionals to integrate ESG (environmental, social and governance) factors into the investment process.

CFA UK also developed the Certificate in Climate and Investing ('Climate Certificate'), a Level 4 qualification which enables investment professionals to understand climate as it relates to investing and how to integrate climate change considerations into the investment process.

CFA UK is also in the process of developing a Certificate in Impact Investing ('Impact Certificate'), a Level 4 qualification which provides investment professionals with a good understanding of the theory and practice of impact investment.

CFA UK promotes the CFA Program for which CFA Institute is the awarding body. The CFA Program is a graduate level, self-study programme designed to equip investment professionals with technical skills, practical knowledge and a clear understanding of ethics and professional standards. It is recognised as the gold standard for professional credentials within the global investment community.

BOARD OF DIRECTORS AS AT 30 JUNE 2023:

Lindsey Matthews, CFA, CIPM, (Chair), USS Ltd

Katerina Kosmopoulou, CFA, IMC, (Vice Chair), J. Stern & Co.

Hilary Eastman, CFA, (Treasurer)

Alistair Byrne, CFA, State Street Global Advisors Ltd

Gillian Elcock, Denny Ellison

Kieran Ferguson, CFA, The Prince's Foundation

Weiyen Hung, CFA, CAIA, CIPM, FRM, IMC, Bank of England

Elena Koycheva, CFA, CAIA, CIPM, IMC, RBC BlueBay Asset Management

Philippe Lenoble, CFA, RFC Power Ltd

Fraser Lundie, CFA, IMC, Hermes Investment Management

Sylvia Solomon, ASIP, IMC, Capetra Global Consulting Ltd

LEADERSHIP TEAM:

Will Goodhart, IMC, Chief Executive

Ashley Ramsay, Chief Operating Officer

Victoria French, ACA, Chief Financial Officer

Christina Curtin, Director of Education

Anna Pinch, Director of Customer Experience

Shaheen Verjee, CFA, Director of Outreach

SECRETARY:

Indigo Corporate Secretary Limited

REGISTERED OFFICE:

3rd floor, Boston House, 63-64 New Broad Street,
London, EC2M 1JJ

Telephone: **020 7648 6200**

Email: **info@cfauk.org**

Website: **www.cfauk.org**

CHAIR'S REPORT

At CFA UK, our mission is to educate, connect and inspire the investment community to build a sustainable future. We rewrote our mission statement a couple of years ago to make our purpose and activities clearer. While we're making good progress in delivering on our mission, we have further to go.

Alongside CFA Institute, we continue to play a leading role in meeting the investment community's need for skills and knowledge. The CFA Program has evolved considerably over recent years becoming more accessible and even more practical. We explain the programme's benefits to candidates and explain to firms the benefit of recruiting CFA charterholders and putting staff through the CFA Program. We do the same for the Certificate in ESG Investing, a qualification that was developed by CFA UK and that is now administered globally by CFA Institute.

We have been the awarding body for the Investment Management Certificate, the leading entry-level qualification in the UK investment profession, for nearly 30 years and in recent years we have used our educational infrastructure to develop and deliver new certificate programmes designed to help investment professionals build their sustainable investing skills. We launched the Certificate in ESG Investing in 2019 and the Certificate in Climate and Investing in 2022 and we initiated the pilot programme for a new Certificate in Impact Investing just after the end of the most recent financial year.

The Society has always brought members together to help them connect and build a network. In the past year, we have moved beyond our usual events programme and introduced our first community – based on sustainability – to enable members with a common interest in sustainability to connect online and in person. We are learning by doing and will launch new communities once we have the right model and resources in place. We were pleased to hold three charterholder award ceremonies in the past year as we continued to invite those who earned their charters during the Covid pandemic and hadn't previously been able to celebrate in person.

The past year has also seen us continue our extensive work with regulators, standard-setters and policymakers to ensure that investment professionals can work effectively on their clients' behalf and that clients are suitably protected. We have engaged with HM Treasury, the FCA, the Department for Work & Pensions, the Pensions Regulator, the Transition Plan Taskforce and CFA Institute on issues such as ESG ratings, the listing rules, conduct, the UK asset management regime, fund disclosures, the Code & Standards and sustainability governance, incentives and skills. That work has been inspired by the many volunteer groups that have helped the Society develop positions on these issues and prepared responses to the many consultations that came out during the year.

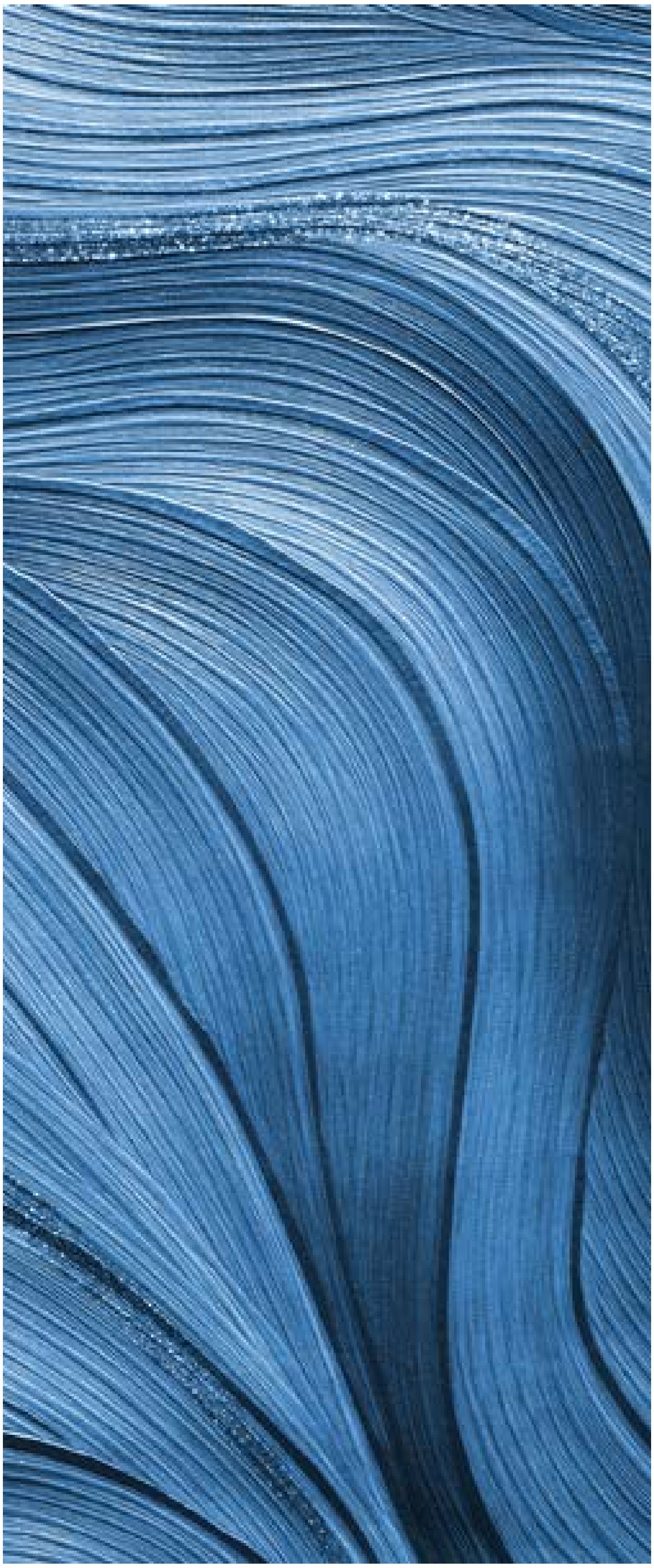
CFA UK runs on the energy that our volunteers provide. We have a talented staffed office and make progress on our mission through the joint contributions of our staff and volunteers – our members' intellectual capital linked to our staff's time and organisational expertise. That's why we recently completed a review of volunteering at CFA UK – clarifying some of the language that we use, simplifying the frameworks and making sure that there is a clear line of communication between the Board and every volunteer group.

We also spent a lot of time over the past year making sure that our IT resources are up to date. We have embarked on a multi-year investment programme to update the Society's IT systems, funded in part by the success of the ESG Certificate's performance. We have made good progress (with support from a new senior technology adviser) and will shortly launch a new website and move to an integrated CRM system for managing our member services. It will be easier for you as investment professionals to find what you need from us, to use our platform to connect with others and for us to communicate with you more effectively. The website will showcase our new brand promise – 'We Grow Talent'. It summarises well the work that we do and how we can help investment professionals build a rewarding career.

The past year has also seen us make progress on sustainability at CFA UK. For us, building a sustainable future means contributing to the development of an investment ecosystem that is economically, socially and environmentally viable and resilient and that takes into account the impact of today's decisions and actions on future generations. Our greatest contribution lies in our educational work, alongside our efforts to advocate for sustainability and to bring investment professionals together to discuss sustainability issues and the outlook for careers in sustainable investing. Of course, alongside this, we need to make sure that we are sustainable ourselves. Our climate footprint is small, but we are looking to diminish it – taking measures to become paperless, moving to a more energy-efficient office and integrating sustainability into the investment of our reserves (see the sustainability page on the Society's website). Our work on diversity, equity and inclusion ('DEI') is closely related to our work on sustainability and this year we have made changes to our recruitment processes, partnered with a leading recruiter on a report on a portfolio approach to DEI, and continued the successful Young Women in Investment Program.

The Board undertakes an annual review of its own effectiveness, facilitated by the Society's company secretarial service provider, Indigo Independent Governance Limited. The review is conducted by way of a questionnaire completed by all Board members and members of the Society's senior leadership team. The review explores governance issues such as Board composition, the commitment and contribution of Board members, the Board's leadership of the Society's culture, purpose and strategy, its decision-making processes, information flows and stakeholder engagement, and its oversight of risk management and financial controls. The analysis and feedback from the review is discussed by the Board with a view to identifying how existing practices might be enhanced and governance improved. Following last year's review, a number of actions were agreed by the Board relating to engagement with members through the annual general meeting, Board effectiveness training and volunteer committee arrangements. These actions were duly completed during the period.

The Society's governance remains strong and the Treasurer's report indicates that the same is true of our finances. The Board is confident in the Society's strategic direction and looks forward to delivering greater value to members from our more robust financial position and better aligned technological resources. I will stand down at this year's AGM, as will Fraser Lundie, CFA. I am grateful to all of the Board for their support and was delighted to welcome Elena Koycheva, CFA, CAIA and Alistair Byrne, CFA to the Board at last year's AGM. I thank Will Goodhart and the staffed office team and all of our volunteers for putting the Board's vision into practice. I hope to see many of you at this year's AGM.



LINDSEY MATTHEWS, CFA, CIPM
Chair

TREASURER'S REPORT

In the year ended 30 June 2023, the Society made progress along a number of fronts, such as continuing to make progress in transforming our IT systems, developing sustainability related investment certificates and increasing the number of in-person events and networking opportunities for our members. This year CFA UK made an operating profit of £413,767 in the year ended 30 June 2023 (2022: £3,325,087) and a total profit before taxation of £702,713 (2022: £2,793,339). Revenue and profit were lower relative to the prior financial year, due to the prior year including a one-off revenue increase from the performance of the ESG Certificate.

Total revenue decreased 23% to £6,607,968 in the year ended 30 June 2023 (2022: increased 42% to £8,557,988) as the last financial year included higher ESG gross revenue share revenue from CFA Institute, and a completion payment from the sale of ESG to CFA Institute. The Board took the decision to sell ESG to CFA Institute in the year ended 30 June 2021 so that CFA Institute could promote and distribute it globally, with completion taking place in the prior financial year ended 30 June 2022.

Examination, online training manual and publications revenue reduced 45% in the year ended 30 June 2023 to £2,114,741 (2022: £3,813,305) due to lower ESG examination revenues following the sale. However, revenue from the ESG gross revenue share increased to £2,542,571 (2022: £2,182,514) which is included in Other Activities revenue. Total Other Activities revenue decreased 9% to £2,637,549 (2022: £2,908,675) as the prior year also included a completion payment of £556,684 from the ESG sale, not received in the current year. The ESG gross revenue share forms part of the contract for the sale and CFA UK will continue to receive a share of ESG global revenues, on a reducing percentage share basis, until 2035.

Membership subscriptions revenue was broadly static at £1,417,960 (2022: £1,413,866) and CFA Institute funding revenue of £412,825 was also in line with prior year (2022: £416,768). Professional development revenue from events increased to £18,100 (2022: £2,500) following the resumption of in-person chargeable events.

Cost of sales increased 15% to £2,054,627 (2022: £1,792,961) and included £207,177 of brand consultancy costs to update CFA UK's branding and messaging (2022: £63,231) and IT costs of £338,023 (2022: £74,835) relating to a project to modernise CFA UK's website and IT systems. In the coming year the IT transformation will continue to be a focus as work starts to replace the systems used for website order management and administration of the IMC, Climate and Impact Certificates.

During the year ended 30 June 2023, £138,531 of intangible assets were capitalised (2022: nil) relating to developments made to the Higher Logic community platform that hosts online member and volunteer communities including the newly launched Sustainability Community.

Administrative expenses increased 22% to £3,776,025 (2022: £3,105,475) and included an increase in staff salaries and associated costs due to an increase in the number of staff at the Society to deliver the IT and community transformation changes, and inflationary increases. Establishment costs increased 9% to £363,549 (2022: £334,465) following the Society's move to a new office in New Broad Street following receipt of notice from the previous landlord at Mincing Lane. The new office is owned by the City of London and the lease is for a period of ten years with a five-year tenant break.

CFA UK's investments increased by 6% to £6,026,232 at 30 June 2023 (2022: £5,663,433) including additional net investments of £170,961 (2022: net £938,649) prior to investment revaluations. The profit and loss account included investment gains of £191,840 (2022: investment losses of £323,994). The investment portfolio contributes to the long-term financial stability of CFA UK and is managed by the Investment Committee with oversight by the Finance Committee and the Board. The portfolio takes a medium level of risk and has a targeted annual return of UK CPI inflation plus 1%, over a medium-term horizon of three to seven years. As part of CFA UK's commitment to sustainability, all fund managers in the portfolio are now signatories to the UN Principles for Responsible Investment.

In the year ended 30 June 2023 the Investment Committee ensured there was sufficient liquidity in the portfolio and increased diversification. Over the 12-month period to 30 June 2023, the investment portfolio gained 4.0%, which was lower than the inflation benchmark return of +8.9% (2022: loss of 7.8%, which was lower than the +9.6% inflation benchmark return). The portfolio had annualised returns over three years to 30 June 2023 of +4.2 % and over seven years of +4.3%.

At 30 June 2023 CFA UK held £2,607,896 in cash (2022: £3,257,691) across four financial institutions. Net assets were £8,032,479 which was 6% higher than at the prior year end (2022: £7,604,857).

Building a sustainable future is part of our mission, and work is in progress on improving the Society's own sustainability profile and performance. We are also focused on the sustainability of our offering by developing a Certificate in Impact Investing to add to our suite of education products, the Investment Committee is working towards decarbonising the investment portfolio and the Society's move to a new office resulted in improvement from an 'E' to a 'B' energy efficiency rating. Further details of the various initiatives in progress are included in a sustainability update on the Society's website.

HILARY EASTMAN, CFA
Treasurer

BOARD MEETING ATTENDANCE

During the year ended 30 June 2023, the Board held four quarterly Board meetings along with a Board meeting after the AGM to appoint the officers. In addition, the Board also attended a strategy day and ad hoc telephone conferences. The attendance records at the five Board meetings for those directors in office as at 30 June 2023, are shown below.

BOARD MEMBER	ATTENDANCE
Lindsey Matthews	*5/5*
Katerina Kosmopoulou	*5/5*
Hilary Eastman	*5/5*
Alistair Byrne	*3/3*
Gillian Elcock	*4/5*
Kieran Ferguson	*5/5*
Weiyen Hung	*5/5*
Elena Koycheva	*3/3*
Philippe Lenoble	*5/5*
Fraser Lundie	*5/5*
Sylvia Solomon	*5/5*

Alistair Byrne and Elena Koycheva were appointed in November 2022 and were therefore eligible to attend three meetings in the year.

DIRECTORS' REPORT

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was providing services as a professional body for investment professionals, principally to those holding the CFA and ASIP designations.

DIRECTORS

The following directors held office during the year ended 30 June 2023:

DIRECTOR	DATE RESIGNED / APPOINTED DURING THE YEAR
Lindsey Matthews, CFA, CIPM (Chair)	
Katerina Kosmopoulou, CFA, IMC (Vice Chair)	
Hilary Eastman, CFA (Treasurer)	
Alistair Byrne, CFA	Appointed 22 November 2022
Gillian Elcock	
Kieran Ferguson, CFA	
Weiyen Hung, CFA, CAIA, CIPM, FRM, IMC	
Elena Koycheva, CFA, CAIA, CIPM, IMC	Appointed 22 November 2022
Philippe Lenoble, CFA	
Fraser Lundie, CFA, IMC	
Tim Nuding, CFA	Resigned 22 November 2022
Sylvia Solomon, ASIP, IMC	
Helen Thomas, CFA	Resigned 22 November 2022
David Zahn, CFA, CAIA, FRM	Resigned 22 November 2022

GOING CONCERN

After reviewing the Company's forecasts and projections, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for at least the next twelve months and that the financial statements should therefore continue to be prepared on the going concern basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the special provisions of Companies Act 2006 relating to small companies.

By order of the Board

Bernadette Young, FCG, on behalf of
Indigo Corporate Secretary Limited

12 October 2023

DIRECTORS’ RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors 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 directors 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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent; and

c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business for at least the next twelve months.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CFA SOCIETY OF THE UK

OPINION

We have audited the financial statements of CFA Society of the UK for the year ended 30 June 2023 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 30 June 2023 and of its results, 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 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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Financial Reporting Standard 102. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company’s ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Company for fraud.

The laws and regulations we considered in this context were taxation legislation, employment legislation, General Data Protection Regulation (GDPR), Ofqual regulations and Financial Conduct Authority (FCA) regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, agreeing income to supporting documentation on a sample basis, performing analytical review work, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

USE OF OUR REPORT

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

Vincent Marke

Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

16 October 2023

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023	2022
		£	£
REVENUE	4	6,607,968	8,557,988
Cost of sales		(2,054,627)	(1,792,961)
GROSS PROFIT		**4,553,341**	**6,765,027**
Administrative expenses		(3,776,025)	(3,105,475)
Establishment costs	5	(363,549)	(334,465)
		(4,139,574)	**(3,439,940)**
OPERATING PROFIT		413,767	3,325,087
Interest receivable, similar income and gains	6	72,852	10,461
Profit / (loss) on revaluation of investments		191,840	(323,994)
Profit on revaluation of hedge		22,256	2,483
Loss on disposal of fixed assets		(3,461)	-
Gain / (loss) on disposal of fixed asset investments		5,459	(220,698)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	702,713	2,793,339
Taxation on profit on ordinary activities	8	(275,087)	(417,996)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	**427,626**	**2,375,343**

The operating profit for the period arises from the Society's continuing operations.

BALANCE SHEET AS AT 30 JUNE 2023

	Notes	2023	2022
		£	£
FIXED ASSETS			
Tangible assets	9	114,459	25,395
Intangible assets	10	297,764	220,645
Investments	11	6,026,232	5,663,433
		6,438,455	**5,909,473**
CURRENT ASSETS			
Stock		52,189	50,077
Debtors	12	1,232,941	1,049,882
Cash at bank and in hand		2,607,896	3,257,691
		3,893,026	**4,357,650**
CREDITORS			
Amounts falling due within one year	13	(1,208,140)	(1,460,594)
Net current assets		2,684,886	2,897,056
Total assets less current liabilities		9,123,341	8,806,529
Provisions for liabilities and charges	14	(235,115)	(160,398)
Deferred income		(855,743)	(1,041,274)
Net assets		**8,032,483**	**7,604,857**
RESERVES			
Profit and loss account	15	8,032,483	7,604,857
Members' funds		**8,032,483**	**7,604,857**

The financial statements on pages 14 to 26 were approved and authorised for issue by the Board of Directors on 10 October 2023 and signed on their behalf by:

L Matthews, CFA, CIPM, Chair

H Eastman, CFA, Treasurer

CASH FLOW STATEMENT

	Notes	2023	2022
		£	£
Net cash provided by operating activities	17	244,801	474,782
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received and investment income		72,852	10,461
Payments to acquire fixed asset investments		(913,630)	(2,084,319)
Proceeds from sale of fixed asset investments		748,130	924,972
Payments to acquire tangible fixed assets		(111,551)	(16,046)
Proceeds from the sale of tangible fixed assets		214	-
Payments to acquire intangible assets		(138,531)	-
Net cash used in investing activities		(342,516)	(1,164,932)
TAXATION			
Corporation tax paid		(552,080)	(84,960)
Net decrease in cash and cash equivalents		**(649,795)**	**(775,110)**
Cash and cash equivalents at beginning of year		3,257,691	4,032,801
Cash and cash equivalents at end of year		**2,607,896**	**3,257,691**

ACCOUNTING PRINCIPLES

A. STATUS OF THE COMPANY

CFA Society of the UK was incorporated on 13 July 2000 and is limited by the guarantee of its members. Every Regular member of the Society undertakes to contribute such amount as may be required (not exceeding £1) to the Society's assets if it should be wound up. The address of the registered office is 3rd floor, Boston House, 63-64 New Broad Street, London, EC2M 1JJ.

B. GENERAL

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS102) – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and with the Companies Act 2006.
The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

C. GOING CONCERN

After reviewing the Company's forecasts and projections, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for at least the next 12 months. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

D. KEY JUDGEMENTS AND ESTIMATES

In applying the Company's accounting policies, management has made judgements that may have a significant effect on the amounts recognised in the financial statements. The most significant of these judgements is in respect of intangible assets, where certain costs incurred in the developmental phase of an internal project, which include website enhancement costs and amounts incurred in developing customer relationship management (CRM) software were capitalised as intangible assets if several criteria were met. Management has made judgements and assumptions when assessing whether a project meets these criteria, and on measuring the costs and the economic life attributed to such projects.

E. INVESTMENT INCOME

Investment income comprises interest receivable and dividend income.

F. TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost and depreciation is provided on these assets at rates calculated to write down each asset to its estimated residual value evenly over its expected useful life.

Depreciation rates used are as follows:

Leasehold improvements – over the lease term

Office equipment – computers – 33.33%

Office equipment – other – 20%

Furniture and fittings – 10% and 20%

G. INTANGIBLE ASSETS

Membership and examination systems software costs are included in intangible assets and are amortised using a rate of 20%.

Website development costs and customer relationship management (CRM) development costs are capitalised within intangible assets if they can be reliably measured within a specific project and are anticipated to produce future economic benefit. Once brought into use they are amortised on the straight-line basis over the anticipated life of the asset. Costs on research activities, and costs arising where the above criteria are not met, are recognised as an expense in the period in which they are incurred.

H. INVESTMENTS

Investments comprise an investment portfolio of funds invested in fixed income, equity and other liquid investments. Investments are held at fair value and are revalued to market value at the balance sheet date with revaluation gains and losses being recognised in the profit and loss account.

I. STOCK

Stock includes examination training material publications and is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

J. DEFERRED INCOME

Deferred income represents amounts received in advance in relation to membership subscriptions and examination fees which are recognised over the period of the membership year and when the examination is sat, respectively.

ACCOUNTING PRINCIPLES (CONTINUED)

K. CORPORATION AND DEFERRED TAXATION

Liability for corporation tax is restricted to surpluses arising from trading with non-members and to income from investments.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

L. LEASED ASSETS AND OBLIGATIONS

For operating leases, the annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

M. FINANCIAL INSTRUMENTS

The Company's exposure derives primarily from foreign currency risk. The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use financial derivatives or financial instruments for speculative purposes. Instruments quoted in an active market are measured at their current bid price. For instruments that are not quoted in an active market, the fair value is estimated using a valuation technique. Valuation techniques that are used include comparisons to recent market transactions or reference to other instruments which are substantially the same. Inputs to such valuation techniques rely on market inputs where such information is readily available. Where such information is not available company-specific inputs are used.

At the balance sheet date, the Company held financial assets at amortised cost of £3,549,634 (2022: £4,117,420), financial assets at fair value through profit or loss of £6,050,971 (2022: £5,665,916) and financial liabilities at amortised cost of £920,352 (2022: £832,737).

N. FOREIGN CURRENCY TRANSLATION

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account on arriving at the operating profit.

O. PENSION CONTRIBUTIONS

The Company makes contributions to the pension schemes of employees. The cost of providing pensions for employees is charged to the profit and loss account as incurred.

P. REVENUE

Revenue represents the invoiced value, net of Value Added Tax, of goods sold and services provided to members and customers. Subscription income is recognised in the year to which the membership relates.

Investment Management Certificate, Certificate in ESG Investing and Certificate in Climate and Investing examination fees are recognised when candidates sit an examination, or on expiry, one year after registration.

The Certificate in ESG Investing was sold to CFA Institute in 2021 and as consideration CFA UK received a payment in 2021, a completion payment in 2022 and continues to receive royalty payments representing a share of global registrations revenue. CFA UK will continue to receive a revenue share on a reducing percentage share basis until 2035.

Revenue relating to online training materials and hard copy publications is recognised on the delivery of the materials to the candidate.

Q. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. MEMBERS

The income and property of the Society must be applied solely towards the objects of the Society and no distribution of any kind may be made to its members. As a company limited by guarantee, each member has no equity interest and has undertaken to contribute an amount up to £1 to the assets in the event of a winding-up.

As at 30 June 2023, the total number of members was 12,198 (2022: 11,852) and the number of Regular members was 11,167 (2022: 10,774).

2. EMPLOYEES

2. EMPLOYEES	2023	2022
The average monthly number of persons employed by the Society was:		
Total employees	35	30

The full-time equivalent average monthly number of employees, including the leadership team, was 34 (2022: 28). The figures above do not include the 11 volunteer, non-executive directors (2022: 12).

STAFF COSTS FOR THE ABOVE PERSONS:	2023	2022
	£	£
Wages and salaries	2,153,791	1,749,376
Social security costs	265,105	205,928
Other pension costs	142,015	112,761
	2,560,911	**2,068,065**

No remuneration was paid to the directors during the year (2022: nil). No director (2022: nil) is accruing benefits under money purchase or defined benefit pension schemes.
Expenses incurred by or reimbursed to the directors during the year totalled £658 (2022: £nil).

3. KEY MANAGEMENT PERSONNEL

The Society leadership team comprises 6 (2022: 4) individuals, with the additional two staff members being appointed on 1 July 2022. The total employee benefits of the Society’s leadership team was £996,613 (2022: £730,203).

STAFF COSTS FOR THE ABOVE PERSONS:	2023	2022
	£	£
Wages and salaries	812,586	598,916
Social security costs	112,137	79,237
Other pension costs	71,890	52,050
	996,613	**730,203**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. REVENUE	2023	2022
	£	£
Subscriptions	1,417,960	1,413,866
Examinations	1,662,945	3,190,395
Publications	372,966	399,845
Online Training Manual	78,830	223,065
Professional Development	18,100	2,500
CFA Support	225	175
Social	6,568	2,699
Other Activities	2,637,549	2,908,675
CFA Institute Funding	412,825	416,768
	6,607,968	**8,557,988**

The Society's revenue and profit before taxation were all derived from its principal activity.

Online Training Manual revenue relates to the portion of revenue relating to the provision of online learning materials from the Certificate in ESG Investing and the Certificate in Climate and Investing. The balance of the fees paid is disclosed within Examinations, together with the examination fees for the Investment Management Certificate. Publications revenue relates to hard copy learning materials.

Other Activities includes a gross revenue share of £2,542,571 (2022: £2,182,514) from CFA Institute, which forms part of the contract for the sale of the ESG Certificate, and a completion payment of £ nil (2022: £556,684). CFA UK will continue to receive a revenue share, on a reducing percentage share basis, until 2035.

5. ESTABLISHMENT COSTS		2023		2022
	£	£	£	£
Rent	112,291		108,190	
Rates	56,501		54,799	
Lighting and heating	9,755		8,646	
		178,547		171,635
Insurance		39,696		33,511
Office building maintenance		43,730		34,786
Office repairs and renewals and health & safety		1,743		395
Office security		1,676		3,309
Office cleaning		16,266		5,741
Lease dilapidations		1,667		-
Depreciation		18,812		17,981
Amortisation		61,412		67,107
		363,549		**334,465**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6. INTEREST RECEIVABLE, SIMILAR INCOME AND GAINS	2023	2022
	£	£
Bank interest	21,940	571
Dividend income received	50,912	9,890
	72,852	10,461

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2023	2022
Profit on ordinary activities before taxation is stated after charging / (crediting):	£	£
Depreciation of tangible fixed assets	18,812	17,981
Amortisation of intangible assets	61,412	67,107
Loss on disposal of fixed assets	3,461	-
Currency exchange losses / (gains)	23,746	(23,912)
OPERATING LEASES:		
Plant and machinery	14,122	8,001
Land and buildings	112,291	108,190
Auditor's remuneration – audit	16,075	13,750
Auditor's remuneration – taxation	3,550	3,200
Auditor's remuneration – other services	5,700	550

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

8. CORPORATION TAX	2023	2022
	£	£
Current tax: UK corporation tax	212,296	564,006
Under provision in previous period	(11,926)	(9,430)
Total current tax	200,370	554,576
Deferred taxation:		
Origination of timing differences	74,717	(136,580)
Tax on profits on ordinary activities	**275,087**	**417,996**

FACTORS AFFECTING TAX CHARGE FOR THE YEAR:	2023	2022
	£	£
The tax assessed for the year is higher than the effective rate of corporation tax in the UK of 20.5%.		
THE DIFFERENCES ARE EXPLAINED BELOW:		
Profit on ordinary activities before tax	702,713	2,793,339
Profit on ordinary activities multiplied by the effective rate of corporation tax of 20.5% (2022: 19%)	144,056	530,734
EFFECTS OF:		
Expenses not deductible for tax purposes	201	13,316
Loss / (profit) on member income not deductible	133,877	(56,921)
Other short-term timing differences	(400)	(885)
Over provision in previous period	(11,926)	(9,430)
Deferred tax: change in rate of tax from 19% to 25%	13,449	(38,496)
FRS102 adjustments	(4,170)	(20,322)
Total tax charge for the year	**275,087**	**417,966**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

9. TANGIBLE FIXED ASSETS	Leasehold Improvements	Office Equipment	Furniture & Fittings	Total
	£	£	£	£
COST				
At 30 June 2022	122,992	90,313	46,827	260,132
Additions	34,463	64,621	12,467	111,551
Disposals	(122,992)	(41,212)	(46,420)	(210,624)
At 30 June 2023	**34,463**	**113,722**	**12,874**	**161,059**
DEPRECIATION				
At 30 June 2022	122,992	71,022	40,723	234,737
Charged in the year	1,149	14,994	2,669	18,812
Disposals	(122,992)	(41,212)	(42,745)	(206,949)
At 30 June 2023	**1,149**	**44,804**	**647**	**46,600**
NET BOOK VALUE				
At 30 June 2023	**33,314**	**68,918**	**12,227**	**114,459**
At 30 June 2022	**-**	**19,291**	**6,104**	**25,395**

10. INTANGIBLE ASSETS	Systems Software	Website	CRM	Total
	£	£	£	£
COST				
At 30 June 2022	342,308	148,955	282,984	774,247
Additions	-	-	138,531	138,531
At 30 June 2023	**342,308**	**148,955**	**421,515**	**912,778**
DEPRECIATION				
At 30 June 2022	342,308	145,254	66,040	553,602
Charged in the year	-	2,506	58,906	61,412
At 30 June 2023	**342,308**	**147,760**	**124,946**	**615,014**
NET BOOK VALUE				
At 30 June 2023	**-**	**1,195**	**296,569**	**297,764**
At 30 June 2022	**-**	**3,701**	**216,944**	**220,645**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11. FIXED ASSET INVESTMENTS	2023	2022
	£	£
At 1 July	5,663,433	5,048,777
Acquired in the period (at cost)	913,630	2,084,319
Less: Disposal in the period	(742,671)	(1,145,670)
Market value adjustment	191,840	(323,993)
Market value at 30 June	**6,026,232**	**5,663,433**

The historical cost of investments held at 30 June 2023 was £5,594,586 (2022: £5,389,596).

Fixed asset investments include a portfolio of funds invested in fixed income, equity and other investments, managed by the Investment Committee. Investments are able to be liquidated within a three-month period if needed.

12. DEBTORS: DUE WITHIN ONE YEAR	2023	2022
	£	£
Trade debtors	30,120	49,000
Other debtors	146,426	21,010
Prepayments and accrued income	1,031,656	977,389
Forward exchange contract asset	24,739	2,483
	1,232,941	**1,049,882**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2023	2022
	£	£
Trade creditors	350,543	265,611
Corporation tax liability	212,296	564,006
Other taxation and social security costs	75,492	63,851
Sundry creditors and accruals	569,809	567,126
	1,208,140	**1,460,594**

14. PROVISIONS FOR LIABILITIES AND CHARGES	2023	2022
	£	£
Deferred tax provision at 1 July	160,398	296,978
Transfer from profit and loss account	74,717	(136,580)
Deferred tax provision at 30 June	**235,115**	**160,398**

Deferred tax arises due to timing differences we expect to reverse in future years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

15. RESERVES	2023	2022
	£	£
Profit and loss account at 1 July	7,604,857	5,229,514
Profit for the financial year	427,626	2,375,343
Profit and loss account at 30 June	**8,032,483**	**7,604,857**

16. CAPITAL AND OTHER COMMITMENTS	2023	2022
The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:	£	£
PLANT AND MACHINERY:		
Due within 1 year	11,378	11,378
Due between 2 and 5 years	13,407	24,785
LAND AND BUILDINGS:		
Due within 1 year	80,742	116,012
Due between 2 and 5 years	579,237	-
	684,764	**152,175**

As at 30 June 2023, the Company had contracted to purchase intangible assets amounting to £82,894 (2022: £nil).

17. CASH FLOW	2023	2022
Reconciliation of operating profit to net cash provided by operating activities:	£	£
Operating profit	413,767	3,325,087
Depreciation of tangible fixed assets	18,812	17,981
Amortisation of intangible assets	61,412	67,107
Increase in stock	(2,112)	(9,468)
Increase in debtors	(160,803)	(707,152)
Increase / (decrease) in creditors	99,256	(827,035)
Decrease in deferred income	(185,531)	(1,391,738)
Net cash provided by operating activities	**244,801**	**474,782**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

18. PENSION COMMITMENTS

The Society makes contributions to the pension schemes of employees. The pension charge for the year was £142,015 (2022: £112,761).

At 30 June 2023, pension contributions amounting to £11,099 (2022: £9,149) were outstanding and are included in creditors.

19. CURRENCY DERIVATIVES - CASH FLOW HEDGE

	2023	2022
	£	£

The Society utilises foreign currency forward contracts to hedge future transactions and cash flows and to manage exchange rate risk. The instruments purchased are primarily denominated in the currencies of the Society's principal markets.

As at the balance sheet date, the total notional amount of outstanding foreign exchange forward contracts to which the Society had committed were as follows:

	2023 £	2022 £
US Dollar denominated contract	420,829	579,154

Currency forward contracts are related to highly probable forecast transactions that are expected to arise in the next two months. In the current year the fair value of currency forward contracts amounted to a debtor of £24,739 (2022: £2,483).

Cash at bank includes a balance of £237,000 (2022: £237,000) that is held as security in relation to the currency forward contract facilities.

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