



CFA Society  
United Kingdom

# ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017



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# About Us

**CFA Society of the UK ('CFA UK' or 'the Society')** is a professional body which represents the interests of over 12,000 members of the investment profession. It was founded in 1955 and it is the second largest society under CFA Institute's global network of member societies.

The Society's mission is to serve the public interest by educating investment professionals, by promoting and enforcing ethical and professional standards and by explaining what is happening in the profession to regulators, policy-makers and the media. As a member society, we are also well placed to promote the development of careers in the investment profession and to stimulate networking within and across member groups.

CFA UK is the awarding body for the Investment Management Certificate (IMC), an entry-level qualification for investment professionals. The IMC is a Level 4 qualification 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 also promotes the CFA Program and the Investment Foundations Program, previously known as the Claritas Investment Certificate, for both of 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.

CFA Institute is the global, not-for-profit association of investment professionals that sets the standard for professional excellence and credentials, and awards the CFA and CIPM designations.

## Board of Directors as at 30 June 2017:

**Gerald Fowler**, CFA (Chairman), Standard Life Investments

**David Bertocchi**, CFA (Vice-Chairman),  
Baring Asset Management

**Matthew Lonergan**, CFA, CPA (Treasurer),  
Dejima Asset Management

**Graham Cook**, CFA, Macquarie Securities Group

**Stuart Fiertz**, CFA, Cheyne Capital Management

**Alan Livsey**, CFA, Financial Times

**Steven Major**, CFA, HSBC Bank

**Anne Marden**, CFA, J P Morgan

**Daniel Murray**, CFA, EFG Asset Management (UK)

**Andreas Utermann**, ASIP, Allianz Global Investors

**Alexandra Haggard**, CFA, Blackrock

**Helen Thomas**, CFA, SSGA

**Tim Nuding**, CFA, Prosperity Capital Services

**David Zahn**, CFA, Franklin Templeton

## Leadership team:

**Will Goodhart**, Chief Executive

**Nick Bartlett**, CFA, ASIP, Director of Education

**Victoria French**, ACA, Director of Finance and Operations

**Ashley Ramsay**, Director of Member Services

## Company Secretary:

**Bernadette Barber**

## Registered Office:

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# Chairman's Report

Where I work, there is someone who recently joined CFA Society of the United Kingdom ('CFA UK'). He is not a new charterholder though – he was awarded his charter a few years ago, but in the past, he saw little value in being a member. We are located in Edinburgh, away from most of CFA UK's live events and, like many people, initially he saw the charter as a credential that would act as a stepping stone in his career.

The reason my colleague has become a CFA UK member is because his view has shifted. He now sees the CFA charter as a qualification that brings with it broader responsibilities as an investment professional and he understands that CFA UK is his professional body.

My discussions with this colleague and other members inform many of our ongoing discussions within CFA Institute and the CFA UK leadership team. All of those discussions have at their heart our shared mission to serve our members directly and to serve them indirectly by building an investment profession of which they can be proud to be a part.

CFA UK is central to this process of building a better investment profession and, recently, the Board spent time clarifying exactly how this translates into an agenda for the coming years. We have agreed core objectives that aim to advance the idea that being a member should be about more than the annual fee – it should have daily relevance in our working lives. The three objectives are:

- Lifelong learning
- Connecting professionals
- Advancing professionalism

Lifelong learning is about supporting investment professionals in achieving and maintaining competency throughout their careers. For many, this starts with threshold competency through attaining the IMC. For most of our members, this is about building and maintaining their skills after being awarded their CFA charter. We are working closely with CFA Institute to establish competency frameworks and the resources to support them. We look forward to testing this with members early in 2018.

The ability to network with your peers is an important benefit of membership of a professional body. We have worked harder this year at connecting professionals and we're pleased with the initial results. There are now nearly 100 CFA UK ambassadors at firms across the country helping members to engage with the Society and keeping them informed about our work and events – such as our new programme of pub meets. Plans are also in hand to develop additional opportunities. A key route to networking that many members enjoy is volunteering. Working alongside fellow members on Society projects gives you an opportunity to make new connections, build new skills and demonstrate your commitment to the profession. There are already hundreds of members that take advantage of this opportunity – to our benefit and their own – and we will make volunteering even more accessible and rewarding this year.

As we strive to be the leading voice of the investment management profession we will satisfy our third objective of advancing professionalism. Our ongoing project on the Value of the Investment Profession engaged dozens of volunteers and firms in producing recommendations that we will implement. Similarly, we relied heavily on member input to deliver our response to the Financial Conduct Authority's asset management study. Finally, there are now two years of alumni from our Ethical Leadership Programme that has connected and trained some of the most senior executives from across leading investment firms. All of this work is designed to help us build an investment profession that serves society's best interests.

CFA UK has passionate and committed people working to deliver on all of these plans. I thank my Board colleagues for their insightful contributions and monitoring of our objectives, our Chief Executive, Will Goodhart, and his staff for turning objectives into actions and our 400 volunteers for contributing in a vast array of ways.

Our goals are ambitious, but the opportunity is great. CFA Institute has a strong and proud purpose and the global infrastructure to support that. CFA UK is equally proud to play its role in delivering the mission locally and engaging members to support CFA Institute's global work.

My experience with my colleague who recently joined our Society reminds me that our most effective tool is us – the Society's individual members. Being a passionate charterholder and member and making that matter every day will draw others in and bind us together in a common mission – to build a better investment profession.



**Gerry Fowler, CFA**  
Chairman

# Treasurer's Report

CFA Society of the UK ('CFA UK') performed well over the past year and made an operating surplus of £96,382 compared to a prior year operating loss of £189,489. CFA UK made a total pre-tax surplus of £429,128 in the year ended 30 June 2017 (2016: loss of £288,316) which included £349,261 of credits (2016: £125,348 of debits) relating to Financial Reporting Standard FRS102 adjustments, details of which are noted below.

The Board of Directors wishes to continue investing in the CFA UK's information technology 'IT' infrastructure to ensure that its systems are updated to enable delivery of benefits to members and candidates. The above figures included £123,852 of IT project expenditure (2016: £137,686) relating to expensed costs from the website and CRM implementation which is ongoing.

The Board also wishes to continue focusing on ethics and professionalism to fulfil CFA UK's mission in providing benefit to the public interest.

Revenue decreased slightly by 2% to £3,547,665 (2016: £3,619,977) due to a decrease in Investment Management Certificate (IMC) examinations revenue and a decrease in the revenue share from CFA Institute for the Investment Foundations Certificate, which was partly offset by an increase in membership subscriptions revenue following a 5% increase in Regular members in the year and an increase in funding from CFA Institute.

Cost of sales decreased by 14% to £1,214,166 (2016: £1,404,943) due to a reduction in the number of events held, a cessation of CPD content development, a reduction in webcast filming volumes and a reduction in the irrecoverable VAT write off.

Administrative expenses decreased by 8% to £1,981,427 (2016: £2,150,994) due to reduction in legal fees and IT consultancy fees and the Society's establishment costs were broadly static at £255,690 (2016: £253,529).

The profit and loss account included £349,261 of credit adjustments (2016: £125,348 of debits) under FRS102 including the revaluation of the Society's investments to market value at a gain of £302,575 (2016: loss of £53,608), a gain on the revaluation of a forward foreign exchange contract of £22,586 (2016: loss of £58,887) and other smaller adjustments.

Net assets were £3,674,606 as at 30 June 2017 which was 11% higher than prior year (2016: £3,315,493). At the year-end, the Society held £1,566,932 in cash (2016: £1,421,265 ) across two financial institutions and also held £3,066,728 (2016: £2,763,504) of investments in liquidity, fixed income, equity and absolute return funds which generated an unrealised profit to date of £566,828 (2016: £264,252).



**Matthew Lonergan CPA, CFA**  
Treasurer

# Directors' Report

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2017.

## 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, IMC and ASIP designations.

## Directors

The following directors held office during the year ended 30 June 2017:

**Gerald Fowler**, CFA (Chairman)

**David Bertocchi**, CFA (Vice-Chairman)

**Matthew Lonergan**, CFA, CPA (Treasurer)

**Graham Cook**, CFA

**Stuart Fiertz**, CFA

**Alan Livsey**, CFA

**Steven Major**, CFA

**Anne Marden**, CFA

**Daniel Murray**, CFA

**Andreas Utermann**, ASIP

**Alexandra Haggard**, CFA Appointed 29 November 2016

**Helen Thomas**, CFA Appointed 29 November 2016

**Tim Nuding**, CFA Appointed 29 November 2016

**David Zahn**, CFA Appointed 29 November 2016

**Natalie WinterFrost**, FIA, CFA Resigned 29 November 2016

**Tarik Ben-Saud**, CFA Resigned 29 November 2016

**John Marsland**, CFA Resigned 29 November 2016

**Ian Paczek**, CFA Resigned 29 November 2016

## 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 Barber**  
Company Secretary

4 October 2017

# 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;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the CFA Society of the UK

## Opinion

We have audited the financial statements of CFA Society of the UK for the year ended 30 June 2017 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

## 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# Independent Auditor's Report to the Members of the CFA Society of the UK (continued)

## Opinion on other matter 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 the light of the knowledge and understanding of the company and its 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 accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Nicola May  
Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

9 October 2017

# Financial Statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2017	Notes	2017	2016
		£	£
<b>Turnover</b>	4	3,547,665	3,619,977
Cost of sales		(1,214,166)	(1,404,943)
<b>Gross Profit</b>		2,333,499	2,215,034
Administrative expenses		(1,981,427)	(2,150,994)
Establishment costs	5	(255,690)	(253,529)
		(2,237,117)	(2,404,523)
<b>Operating profit/(loss)</b>		96,382	(189,489)
Interest receivable, similar income and gains/(losses)	6	332,746	(95,212)
Profit on disposal of fixed assets		-	348
Loss on disposal of current asset investments		-	(3,963)
<b>Profit/(loss) on ordinary activities before taxation</b>	7	429,128	(288,316)
Taxation on profit/(loss) on ordinary activities	8	(70,015)	(43,123)
<b>Profit/(loss) on ordinary activities after taxation</b>	17	359,113	(331,439)

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

# Financial Statements (continued)

BALANCE SHEET AS AT 30 JUNE 2017	Notes	2017		2016	
		£		£	
<b>Fixed Assets</b>					
Tangible assets	9	55,577		89,804	
Intangible assets	10	185,138		151,316	
			240,715		241,120
<b>Current Assets</b>					
Stock	11	18,538		19,629	
Debtors	12	426,403		572,927	
Investments	13	3,066,728		2,763,504	
Cash at bank and in hand		1,566,932		1,421,265	
		5,078,601		4,777,325	
<b>Creditors</b>					
Amounts falling due within one year	14	(1,427,603)		(1,530,308)	
<b>Net Current Assets</b>			3,650,998		3,247,017
<b>Total Assets less Current Liabilities</b>			3,891,713		3,488,137
<b>Creditors</b>					
Amounts falling due after more than one year	15		(95,186)		(62,601)
<b>Provisions for Liabilities and charges</b>	16		(121,921)		(110,043)
<b>Net Assets</b>			3,674,606		3,315,493
<b>Reserves</b>					
Profit and Loss Account	17		3,674,606		3,315,493
<b>Members' Funds</b>			3,674,606		3,315,493

The financial statements on pages 10 to 22 were approved and authorised for issue by the Board of Directors on 26 September 2017 and signed on their behalf by:

**G Fowler**, CFA, Chairman

**M Lonergan**, CPA, CFA, Treasurer

# Financial Statements (continued)

CASH FLOW STATEMENT	Notes	2017	2016
		£	£
Net cash provided by/(used in) operating activities	19	231,084	(146,327)
<b>Cash flows from investing activities</b>			
Interest received and investment income		7,585	17,283
Payments to acquire current investments		(649)	(1,041)
Proceeds from sale of current investments		-	232,811
Payments to acquire tangible fixed assets		(4,671)	(15,640)
Payments to acquire intangible assets		(79,326)	(103,284)
Net cash provided by investing activities		(77,061)	130,129
<b>Taxation</b>			
Corporation tax paid		(8,356)	(6,512)
<b>Increase/(decrease) in cash in the period</b>	19	<u>145,667</u>	<u>(22,710)</u>

# 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 4th floor, Minster House, 42 Mincing Lane, London, EC3R 7AE.

## B. GENERAL

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) 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 entity's forecasts and projections, the directors have reasonable expectations that the entity has adequate resources to continue in operational existence for the foreseeable future. The entity therefore continues to adopt the going concern basis in preparing its financial statements.

## D. KEY JUDGEMENTS AND ESTIMATES

In the view of the Directors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year. The Society has provided for its possible liability in relation to a dilapidation provision for a leasehold property which has been estimated and included in Note 15.

## 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 have been capitalised within intangible assets as they can be identified within a specific project anticipated to produce future benefits. Once brought into use they will be amortised on the straight line basis over the anticipated life of the benefits arising from the completed project.

## H. INVESTMENTS

Short term investments are classified as current assets and measured at market value. Investments are revalued to market value, with gains/losses being recognised in the Profit & Loss Account.

## I. STOCK

Stock includes examination training materials 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.

# Accounting Principles (continued)

## J. 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.

## K. 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.

## L. FINANCIAL INSTRUMENTS

The company exposure derives primarily from foreign currency risk. The company uses foreign exchange forward contracts to hedge these exposures. The company does not use derivative 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. Techniques that are used include comparisons to recent market transactions or reference to other instruments which are substantially the same. Inputs to such techniques rely on market inputs where such information is readily available. Where such information is not available entity-specific inputs are used.

At the balance sheet date the Society held financial assets at amortised cost of £1,853,015 (2016: £1,862,064), financial assets at fair value through income or expenditure of £3,070,335 (2016: £2,744,525) and financial liabilities at amortised cost of £1,364,532 (2016: £1,487,874).

## M. 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.

## N. PENSION CONTRIBUTIONS

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

## O. TURNOVER

Turnover 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 examination fees are recognised when students sit an examination, or on expiry, one year after registration.

## P. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

# Notes to the Financial Statements

## for the year ended 30 June 2017

### 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 2017, the total number of members was 12,243 (2016: 12,087) and the number of Regular members was 9,714 (2016: 9,234).

2. EMPLOYEES	2017	2016
The average monthly number of persons, excluding 14 volunteer directors (2016: 14) employed by the Society was:		
Total employees	<u>22</u>	<u>23</u>

The full-time equivalent average monthly numbers of employees was 22 (2016: 22).

Staff costs for the above persons:	2017	2016
	£	£
Wages and salaries	1,182,445	1,206,079
Social security costs	141,150	145,080
Other pension costs	74,495	64,805
	<u>1,398,090</u>	<u>1,415,964</u>

No remuneration was paid to the directors during the year (2016: nil). No director (2016: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Expenses incurred by or reimbursed to the directors during the year totalled £1,115 (2016: £5,688).

3. KEY MANAGEMENT PERSONNEL	2017	2016
	£	£
The total employee benefits for the leadership team of the Society were £661,558 (2016: £643,905).		
Staff costs for the above persons:		
Wages and salaries	539,374	524,785
Social security costs	74,434	72,420
Other pension costs	47,750	46,700
	<u>661,558</u>	<u>643,905</u>

# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

4. TURNOVER	2017	2016
	£	£
Subscriptions	1,172,178	1,067,418
Publications	232,968	238,205
Journal	3,496	6,891
Examinations	1,357,620	1,503,509
Professional Development	57,922	68,424
CFA Support	16,624	20,935
Social	29,831	30,681
Other Activities	198,238	205,158
CFA Institute Funding	358,207	246,570
CFA Institute Investment Foundations Program income	120,581	232,186
	<u>3,547,665</u>	<u>3,619,977</u>

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

On 1 July 2011, the Society signed an agreement with CFA Institute to support the Investment Foundations Program, previously known as the Claritas Investment Certificate Program. Under this agreement, the Society sold various intellectual property rights in respect of the IMC curriculum, the terms of which were intended to provide protection of the Society's future profits derived from the IMC. In the year ended 30 June 2017 the Society received a 10% share of revenues. In the original agreement, the share of future revenues from outside the United Kingdom expired on 1 July 2027 and the share of future revenues from within the United Kingdom was subject to a buy-out option after 1 July 2027.

During the year, the terms of the revenue share were renegotiated with CFA Institute which included a reduction in the revenue share, an extension of the expiry date of the revenue share to 2032 and a buyout option after 2032.

5. ESTABLISHMENT COSTS	2017		2016	
	£	£	£	£
Rent	93,488		93,200	
Rates	39,053		37,232	
Lighting and heating	5,380		(3,345)	
		<u>137,921</u>		<u>127,087</u>
Insurance		19,521		17,394
Office building maintenance		34,746		30,336
Office repairs and renewals and health & safety		3,053		1,561
Office security		414		390
Office cleaning		7,233		8,646
Lease dilapidations		(31,600)		8,400
Depreciation		38,898		36,978
Amortisation		45,504		22,737
		<u>255,690</u>		<u>253,529</u>



# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

6. INTEREST RECEIVABLE, SIMILAR INCOME AND GAINS/(LOSSES)	2017	2016
	£	£
Bank interest	1,371	3,384
Dividend income received	6,214	13,899
Movement in fair value of hedge	22,586	(58,887)
Movement in fair value of investments	302,575	(53,608)
	<u>332,746</u>	<u>(95,212)</u>

7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2017	2016
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	38,898	36,978
Amortisation of intangible assets	45,504	22,737
Currency Exchange gains	(67,020)	(75,520)
Operating leases:		
Plant and machinery	7,895	7,709
Land and buildings	93,488	91,381
Auditor's remuneration – audit	11,950	11,750
Auditor's remuneration – taxation	24,500	3,500
Auditor's remuneration – other services	4,000	2,750

8. CORPORATION TAX	2017	2016
	£	£
Current Tax: UK corporation tax	58,137	8,356
Total current tax	<u>58,137</u>	<u>8,356</u>
Deferred taxation:		
Origination of timing differences	11,878	34,767
Tax on profits on ordinary activities	<u>70,015</u>	<u>43,123</u>

# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

8. CORPORATION TAX (CONTINUED)	2017	2016
	£	£
<b>Factors affecting tax charge for the year:</b>		
The tax assessed for the year is higher than the effective rate of corporation tax in the UK of 19.75%.		
The differences are explained below:		
Profit/(loss) on ordinary activities before tax	429,128	(288,316)
Profit/(loss) on ordinary activities multiplied by the effective rate of corporation tax of 19.75% (2016: 20%)	84,753	(57,663)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	13,260	17,008
Loss on member income not deductible	14,309	69,308
Other permanent differences	1,306	991
Other short term timing differences	739	-
FRS102 adjustments	(44,352)	13,479
<b>Total tax charge for the year</b>	<b>70,015</b>	<b>43,123</b>

9. TANGIBLE FIXED ASSETS	Leasehold Improvements	Office Equipment	Furniture & Fittings	Total
	£	£	£	£
<b>Cost</b>				
At 30 June 2016	122,992	50,885	40,726	214,603
Additions	-	4,265	406	4,671
At 30 June 2017	122,992	55,150	41,132	219,274
<b>Depreciation</b>				
At 30 June 2016	72,835	33,602	18,362	124,799
Charged in the year	24,598	10,683	3,617	38,898
At 30 June 2017	97,433	44,285	21,979	163,697
Net book value				
<b>At 30 June 2017</b>	<b>25,559</b>	<b>10,865</b>	<b>19,153</b>	<b>55,577</b>
At 30 June 2016	50,157	17,283	22,364	89,804

# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

10. INTANGIBLE ASSETS	Systems Software	Website	Total
	£	£	£
<b>Cost</b>			
At 30 June 2016	398,908	68,824	467,732
Additions	-	79,326	79,326
At 30 June 2017	398,908	148,150	547,058
<b>Depreciation</b>			
At 30 June 2016	314,788	1,628	316,416
Charged in the year	23,406	22,098	45,504
At 30 June 2017	338,194	23,726	361,920
Net book value			
<b>At 30 June 2017</b>	<b>60,714</b>	<b>124,424</b>	<b>185,138</b>
At 30 June 2016	84,120	67,196	151,316

11. STOCK	2017	2016
	£	£
Stock	18,538	19,629

12. DEBTORS - DUE WITHIN ONE YEAR	2017	2016
	£	£
Trade debtors	103,999	144,826
Other debtors	38,862	19,617
Prepayments and accrued income	279,935	408,484
Forward exchange contract asset	3,607	-
	426,403	572,927

# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

13. INVESTMENTS	2017	2016
	£	£
At 1 July prior year	2,763,504	3,052,845
Acquired in the period (at cost)	649	1,042
Less: Disposal in the period	-	(236,774)
Market value adjustment	302,575	(53,609)
Market value at 30 June	<u>3,066,728</u>	<u>2,763,504</u>

The historical cost of investments held at the year end was £2,499,900 (2016: £2,499,252)

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017	2016
	£	£
Amounts received in advance	895,859	815,890
Creditors control account	149,564	326,883
Corporation tax liability	58,137	8,356
Other taxation and social security costs	38,534	40,299
Sundry creditors and accruals	285,509	319,901
Forward exchange contract liability	-	18,979
	<u>1,427,603</u>	<u>1,530,308</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2017	2016
	£	£
Accruals	33,600	25,200
Deferred income	61,586	37,401
	<u>95,186</u>	<u>62,601</u>

# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES	2017	2016
	£	£
Deferred tax provision at 1 July	110,043	75,276
Transfer from profit and loss account	11,878	34,767
Deferred tax provision at 30 June	<u>121,921</u>	<u>110,043</u>

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

17. RESERVES	2017	2016
	£	£
Profit and loss account at 1 July	3,315,493	3,646,932
Profit/(loss) for the financial year	359,113	(331,439)
Profit and loss account at 30 June	<u>3,674,606</u>	<u>3,315,493</u>

18. COMMITMENTS UNDER OPERATING LEASES	2017	2016
	£	£
The total future minimum lease payments under non-cancellable operating leases are due as follows:		
<b>Plant and machinery:</b>		
Due within 1 year	480	480
Due between 2 and 5 years	600	-
Due in more than 5 years	-	-
<b>Land and buildings:</b>		
Due within 1 year	91,757	91,757
Due between 2 and 5 years	-	91,757
Due in more than 5 years	-	-
	<u>92,837</u>	<u>183,994</u>

# Notes to the Financial Statements

## for the year ended 30 June 2017 (continued)

19. CASH FLOW	2017	2016
	£	£
<b>A. Reconciliation of operating profit to net cash provided by operating activities</b>		
Operating profit/(loss)	96,382	(189,489)
Depreciation of tangible fixed assets	38,898	36,978
Amortisation of intangible assets	45,504	22,737
Decrease/(increase) in stock	1,091	(3,137)
Decrease/(increase) in debtors	150,131	(10,547)
Decrease in creditors	(100,922)	(2,869)
Net cash provided by/(used in) operating activities	231,084	(146,327)
<b>B. Reconciliation of net cash flow to movement in net funds</b>		
Change in cash and cash equivalents in the year	145,667	(22,710)
Closing cash and cash equivalents	1,566,932	1,421,265
Opening cash and cash equivalents	1,421,265	1,443,975
Movement in cash and cash equivalents in the period	145,667	(22,710)

## 20. PENSION COMMITMENTS

The Society makes contributions to the pension schemes of employees. The pension charge for the year was £74,495 (2016: £64,805). At 30 June 2017, pension contributions amounting to £3,742 (2016: £2,589) were outstanding and are included in creditors.

21. CURRENCY DERIVATIVES – CASH FLOW HEDGE	2017	2016
	£	£
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:		
US Dollar denominated contract	404,157	673,290

Currency forward contracts are related to highly probable forecast transactions that are expected to arise in the next eleven months. In the current year the fair value of currency forward contracts amounted to an asset of £3,607 included within debtors (2016: liability of £18,979 included within creditors) as spot rates are expected to be higher (2016: lower) than the contracted forward rate when the contracts mature.

Cash at bank includes a balance of £237,000 (2016: £237,000) that is held as security in relation to the currency forward contracts.



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