



CFA Society
United Kingdom



ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 30 June 2018

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



CONTENTS

About Us	2
Chairman's Report	3
Treasurer's Report	4
Directors' Report	5
Directors' responsibilities in the preparation of financial statements	6
Independent Auditor's Report to the Members of the CFA Society of the UK	7
FINANCIAL STATEMENTS	
Financial Statements	9
Accounting Principles	12
Notes to the Financial Statements for the year ended 30 June 2018	14

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.

CFA UK'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 2018:

Gerald Fowler, CFA, (Chairman), Standard Life Aberdeen

Daniel Murray, CFA, (Vice-Chairman), EFG Asset Management (UK)

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

Marshall Bailey, CFA, Financial Services Compensation Scheme (FSCS)

Graham Cook, CFA, Macquarie Securities Group

Stuart Fiertz, CFA, Cheyne Capital Management

Alan Livsey, CFA, Financial Times

Fraser Lundie, CFA, Hermes Investment Management

Anne Marden, CFA, J P Morgan

Lindsey Matthews, CFA, UBS Asset Management

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:

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

Telephone: 020 7648 6200

Fax: 020 7648 6222

Email: info@cfauk.org

Website: www.cfauk.org

CHAIRMAN'S REPORT

Last year, I told you about a colleague who had recognised that receiving his CFA charter was the beginning and not the end. He saw that being a CFA charterholder brings with it broader responsibilities as an investment professional and that CFA UK was his professional body. I am pleased to say that I have seen this recognised more in the last year and your Board has continued to focus on furthering CFA UK's work in building a better investment profession.

Our core objectives remain the same as last year's and seek to advance the idea that being a charterholder should matter *every day*. These objectives are:

- Lifelong learning
- Connecting professionals
- Advancing professionalism

In the year ended 30 June 2018, our staff and volunteers have made great progress:

- CFA UK is championing a focus on 'careers' as a central theme to lifelong learning. We have been developing a careers development framework that will detail the skills, knowledge and behaviours necessary for success across a variety of professional roles and at different stages of a career in investment management. Our events programming has also transitioned towards a greater focus on careers. One of the most successful and oversubscribed events of the year was a paid, full day "Introduction to data science using Python".
- We have also made good progress on using our volunteer resources to make sure that the services we offer to members are relevant and useful. The Volunteer Steering Committee has worked passionately and tirelessly to establish a committee that is making great strides in improving our volunteer management and communication. In appreciation of our volunteers, we hosted a memorable volunteer recognition event at the British Library for more than 100 attendees. Many congratulations to all of the volunteer award winners who have made a significant contribution to the Society. Our summer reception was another particularly enjoyable example of our events that connect professionals. More than 200 attendees enjoyed a hot summer evening on a roof terrace with views of St Paul's and the Thames.
- CFA Institute has been extremely supportive of our efforts to advance professionalism in the UK. Their global marketing campaign was a very visible example of this support. You might well have seen our CFA UK branded "Let's Measure Up" marketing campaign in tube and train stations across the City, in newspapers and online.

During the year, the Board has also further developed our action plan for the coming year ending 30 June 2019. To help achieve our long-term objectives, some strategic shifts will be made, alongside our ongoing emphasis on volunteering, such as:

- Developing our role as the trusted provider of educational services to the UK investment sector:

In 2019, we celebrate the 25th anniversary of the launch of the Investment Management Certificate ('IMC'). The IMC is used by investment firms to ensure that their employees have entry level competence. CFA UK's Board has decided to use our experience in operating the IMC to build out further certificate programmes. We plan to start with a certificate in ESG in investment.

- Connecting with members:

CFA UK will move forward in 2019 with technology upgrades enabling more reliable and better services for members, such as the new jobs centre. We will also improve and extend the opportunities for members to network with each other by launching several 'next generation' networks for young investment professionals.

We are delighted that the 2019 CFA Institute Global Conference will be held in London next May. As host city, we are working closely with CFA Institute to ensure a powerful speaker line-up and a programme that will be relevant and valuable to UK and global investment professionals. The conference is a great opportunity for us to promote the profession and to connect our members with attendees from across the world.

CFA UK remains well positioned to achieve our goals. We have a clear mission, great volunteers, an excellent staffed office and sufficient financial resources – the latter enhanced this year by another operating surplus, bolstered by a favourable VAT ruling during the year.

I thank my Board colleagues for their insightful contributions and monitoring of our objectives, the other 400 members that volunteer to support our work and our Chief Executive, Will Goodhart, and his team for turning objectives into actions.

Our most effective tool is you – the Society's individual members. Being a passionate charterholder and member and making that matter every day draws others in and binds 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 in the year ended 30 June 2018 and made an operating surplus of £450,146 (2017: £96,382) and a total surplus before taxation of £598,491 (2017: £429,128).

Revenue increased 14% to £4,046,573 (2017: £3,547,665) mainly as a result of a change in tax treatment of membership subscriptions. CFA UK's membership subscriptions were partly subject to VAT which CFA UK challenged in 2016. After ongoing discussions, HMRC agreed in 2017 that, as a consequence of CFA UK's role as a professional organisation representing the investment sector, CFA UK's membership subscriptions should be exempt from VAT. Most of the 16% increase in membership subscriptions revenue in the year was due to the change in VAT treatment.

In addition, as a result of a statutory review, HMRC agreed that the VAT exemption should be back-dated to 2013, resulting in a significant VAT recovery of £325,343 which was recognised as revenue in the year.

Despite these positive developments, CFA UK continues to face some challenges in relation to its two main revenue streams. There was a 7% decline in Investment Management Certificate ('IMC') examination sittings revenue and a small decline in membership numbers to 12,141 (2017: 12,243). Nevertheless, Regular and Affiliate members grew by 2.8% (2017: 5.2%) as a result of the growth of the CFA Program, administered by CFA Institute.

Cost of sales decreased by 2% to £1,188,654 (2017: £1,214,166) due to a decrease in Professional Investor costs, consultant and public relations costs. Administrative expenses, which include staff salaries, increased 7% to £2,120,546 (2017: £1,981,427) and the Society's establishment costs increased 12% to £287,227 (2017: £255,690) due to minor refurbishment work to the Mincing Lane office following the lease extension to December 2021.

Interest receivable and similar income decreased 51% to £164,523 (2017: £332,746) due to a lower unrealised gain on investments of £157,119 in the year (2017: gain of £302,575).

Net assets were £4,195,263 as at 30 June 2018 which was 14% higher than prior year (2017: £3,674,606). At the year-end, the Society held £2,011,902 in cash (2017: £1,566,932) across two financial institutions and also held £3,208,181 (2017: £3,066,728) of investments in liquidity, fixed income, equity and absolute return funds which has generated an unrealised gain to date of £688,444 (2017: £566,828).



Matthew Lonergan, CFA, CPA
Treasurer

DIRECTORS' REPORT

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2018.

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 2018:

Gerald Fowler, CFA (Chairman)	
David Bertocchi, CFA (Vice-Chairman)	Resigned 28 November 2017
Daniel Murray, CFA (Vice-Chairman)	
Matthew Lonergan, CFA, CPA (Treasurer)	
Marshall Bailey, CFA	Appointed 28 November 2017
Graham Cook, CFA	
Stuart Fiertz, CFA	
Alan Livsey, CFA	
Fraser Lundie, CFA	Appointed 28 November 2017
Steven Major, CFA	Resigned 28 November 2017
Anne Marden, CFA	
Lindsey Matthews, CFA	Appointed 28 November 2017
Alexandra Haggard, CFA	
Helen Thomas, CFA	
Tim Nuding, CFA	
Andreas Utermann, ASIP	Resigned 28 November 2017
David Zahn, CFA	

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
Secretary

4 October 2018

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 2018 which comprise the Statement of income and retained earnings, the balance sheet, the cash flow statements 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 2018 and of its result 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.

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 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 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 set out on page 6, 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. This description forms part of our auditor's report.

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.

Nicola May
Senior Statutory Auditor

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

8 October 2018

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2018	Notes	2018	2017
		£	£
Turnover	4	4,046,573	3,547,665
Cost of sales		(1,188,654)	(1,214,166)
Gross Profit		2,857,919	2,333,499
Administrative expenses		(2,120,546)	(1,981,427)
Establishment costs	5	(287,227)	(255,690)
		(2,407,773)	(2,237,117)
Operating profit		450,146	96,382
Interest receivable, similar income and gains	6	164,523	332,746
Loss on disposal of current asset investments		(16,178)	-
Profit on ordinary activities before taxation	7	598,491	429,128
Taxation on profit on ordinary activities	8	(77,834)	(70,015)
Profit on ordinary activities after taxation	17	520,657	359,113

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

FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET AS AT 30 JUNE 2018	Notes	2018	2017
		£	£
Fixed Assets			
Tangible assets	9	24,233	55,577
Intangible assets	10	130,540	185,138
		<u>154,773</u>	<u>240,715</u>
Current Assets			
Stock	11	16,509	18,538
Debtors	12	559,528	426,403
Investments	13	3,208,181	3,066,728
Cash at bank and in hand		2,011,902	1,566,932
		<u>5,796,120</u>	<u>5,078,601</u>
Creditors			
Amounts falling due within one year	14	(1,532,887)	(1,427,603)
Net Current Assets		<u>4,263,233</u>	<u>3,650,998</u>
Total Assets less Current Liabilities		<u>4,418,006</u>	<u>3,891,713</u>
Creditors			
Amounts falling due after more than one year	15	(83,314)	(95,186)
Provisions for liabilities and charges	16	(139,429)	(121,921)
Net Assets		<u><u>4,195,263</u></u>	<u><u>3,674,606</u></u>
Reserves			
Profit and Loss Account	17	<u>4,195,263</u>	<u>3,674,606</u>
Members' Funds		<u><u>4,195,263</u></u>	<u><u>3,674,606</u></u>

The financial statements on pages 9 to 21 were approved and authorised for issue by the Board of Directors on 2 October 2018 and signed on their behalf by:

G Fowler, CFA, Chairman

M Lonergan, CFA, CPA, Treasurer

CASH FLOW STATEMENT	Notes	2018	2017
		£	£
Net cash provided by operating activities	19	500,667	231,084
Cash flows from investing activities			
Interest received and investment income		11,011	7,585
Payments to acquire current investments		(267,280)	(649)
Proceeds from sale of current investments		266,768	-
Payments to acquire tangible fixed assets		(8,059)	(4,671)
Payments to acquire intangible assets		-	(79,326)
Net cash provided by investing activities		2,440	(77,061)
Taxation			
Corporation tax paid		(58,137)	(8,356)
Increase in cash in the period	19	444,970	145,667

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.

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.

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 £2,438,754 (2017: £1,853,015), financial assets at fair value through income or expenditure of £3,208,181 (2017: £3,070,335) and financial liabilities at amortised cost of £1,410,731 (2017: £1,364,532).

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 2018

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 2018, the total number of members was 12,141 (2017: 12,243) and the number of Regular members was 9,986 (2017: 9,714).

2. EMPLOYEES	2018	2017
The average monthly number of persons, excluding 14 volunteer directors (2017: 14) employed by the Society was:		
Total employees	23	22

The full-time equivalent average monthly numbers of employees was 23 (2017: 22).

Staff costs for the above persons:	2018	2017
	£	£
Wages and salaries	1,282,240	1,182,445
Social security costs	150,482	141,150
Other pension costs	81,057	74,495
	1,513,779	1,398,090

No remuneration was paid to the directors during the year (2017: nil). No director (2017: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Expenses incurred by or reimbursed to the directors during the year totalled £15 (2017: £1,115).

3. KEY MANAGEMENT PERSONNEL	2018	2017
	£	£
The total employee benefits for the leadership team of the Society were £683,742 (2017: £661,558).		
Staff costs for the above persons:		
Wages and salaries	557,814	539,374
Social security costs	76,978	74,434
Other pension costs	48,950	47,750
	683,742	661,558

4. TURNOVER	2018	2017
	£	£
Subscriptions	1,357,702	1,172,178
Subscriptions VAT recovery	325,343	-
Publications	314,936	232,968
Journal	-	3,496
Examinations	1,264,895	1,357,620
Professional Development	42,488	57,922
CFA Support	17,187	16,624
Social	28,669	29,831
Other Activities	200,347	198,238
CFA Institute Funding	442,540	358,207
CFA Institute Investment Foundations Program revenue	52,466	120,581
	<u>4,046,573</u>	<u>3,547,665</u>

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

Subscriptions income VAT recovery of £325,343 (2017: nil) relates to a one-off reclaim for overpaid VAT going back four years as a result of an HMRC ruling, in April 2017, that the Society's membership subscriptions can be treated as VAT exempt.

CFA Institute Investment Foundations Program revenue of £52,466 (2017: £120,581) relates to a revenue share agreement with CFA Institute under which the Society received a 7% revenue share (2017: 10% revenue share) following a renegotiation of the agreement. The share of future revenues will be impacted by CFA Institute making Investment Foundations freely available from September 2018.

5. ESTABLISHMENT COSTS	2018			2017
	£	£	£	£
Rent	90,135		93,488	
Rates	38,742		39,053	
Lighting and heating	4,406		5,380	
		<u>133,283</u>		<u>137,921</u>
Insurance		21,561		19,521
Office building maintenance		29,696		34,746
Office repairs and renewals and health & safety		31,614		3,053
Office security		852		414
Office cleaning		9,820		7,233
Lease dilapidations		(33,600)		(31,600)
Depreciation		39,403		38,898
Amortisation		54,598		45,504
		<u>287,227</u>		<u>255,690</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

6. INTEREST RECEIVABLE, SIMILAR INCOME AND GAINS	2018	2017
	£	£
Bank interest	1,862	1,371
Dividend income received	9,149	6,214
Movement in fair value of hedge	(3,607)	22,586
Movement in fair value of investments	157,119	302,575
	<u>164,523</u>	<u>332,746</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2018	2017
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	39,403	38,898
Amortisation of intangible assets	54,598	45,504
Currency exchange gains	(1,656)	(67,020)
Operating leases:		
Plant and machinery	6,316	7,895
Land and buildings	90,135	93,488
Auditor's remuneration – audit	12,100	11,950
Auditor's remuneration – taxation	9,280	24,500
Auditor's remuneration – other services	4,000	4,000

8. CORPORATION TAX	2018	2017
	£	£
Current Tax: UK corporation tax	<u>60,326</u>	<u>58,137</u>
Total current tax	60,326	58,137
Deferred taxation:		
Origination of timing differences	<u>17,508</u>	<u>11,878</u>
Tax on profits on ordinary activities	<u>77,834</u>	<u>70,015</u>

8. CORPORATION TAX (CONTINUED)	2018	2017
	£	£
Factors affecting tax charge for the year:		
The tax assessed for the year is lower than the effective rate of corporation tax in the UK of 19%.		
The differences are explained below:		
Profit on ordinary activities before tax	598,491	429,128
Profit on ordinary activities multiplied by the effective rate of corporation tax of 19% (2017: 19.75%)	113,713	84,753
Effects of:		
Expenses not deductible for tax purposes	15,710	13,260
(Profit)/ loss on member income not deductible	(58,508)	14,309
Other permanent differences	893	1,306
Other short term timing differences	(194)	739
FRS102 adjustments	6,220	(44,352)
Total tax charge for the year	<u>77,834</u>	<u>70,015</u>

9. TANGIBLE FIXED ASSETS	Leasehold Improvements	Office Equipment	Furniture & Fittings	Total
	£	£	£	£
Cost				
At 30 June 2017	122,992	55,150	41,132	219,274
Additions	-	8,059	-	8,059
At 30 June 2018	<u>122,992</u>	<u>63,209</u>	<u>41,132</u>	<u>227,333</u>
Depreciation				
At 30 June 2017	97,433	44,285	21,979	163,697
Charged in the year	24,599	11,120	3,684	39,403
At 30 June 2018	<u>122,032</u>	<u>55,405</u>	<u>25,663</u>	<u>203,100</u>
Net book value				
At 30 June 2018	<u>960</u>	<u>7,804</u>	<u>15,469</u>	<u>24,233</u>
At 30 June 2017	<u>25,559</u>	<u>10,865</u>	<u>19,153</u>	<u>55,577</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

10. INTANGIBLE ASSETS	Systems Software	Website	Total
	£	£	£
Cost			
At 30 June 2017	398,908	148,150	547,058
Additions	-	-	-
At 30 June 2018	398,908	148,150	547,058
Depreciation			
At 30 June 2017	338,194	23,726	361,920
Charged in the year	23,405	31,193	54,598
At 30 June 2018	361,599	54,919	416,518
Net book value			
At 30 June 2018	37,309	93,231	130,540
At 30 June 2017	60,714	124,424	185,138

11. STOCK	2018	2017
	£	£
Stock	16,509	18,538

12. DEBTORS - DUE WITHIN ONE YEAR	2018	2017
	£	£
Trade debtors	41,490	103,999
Other debtors	309,622	38,862
Prepayments and accrued income	208,416	279,935
Forward exchange contract asset	-	3,607
	559,528	426,403

13. INVESTMENTS	2018	2017
	£	£
At 1 July	3,066,728	2,763,504
Acquired in the period (at cost)	267,280	649
Less: Disposal in the period	(282,946)	-
Market value adjustment	157,119	302,575
Market value at 30 June	<u>3,208,181</u>	<u>3,066,728</u>

The historical cost of investments held at the year end was £2,519,737 (2017: £2,499,900)

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
	£	£
Amounts received in advance	825,916	895,859
Creditors control account	281,847	149,564
Corporation tax liability	60,326	58,137
Other taxation and social security costs	61,830	38,534
Sundry creditors and accruals	302,968	285,509
	<u>1,532,887</u>	<u>1,427,603</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018	2017
	£	£
Accruals	-	33,600
Deferred income	83,314	61,586
	<u>83,314</u>	<u>95,186</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

16. PROVISIONS FOR LIABILITIES AND CHARGES	2018	2017
	£	£
Deferred tax provision at 1 July	121,921	110,043
Transfer from profit and loss account	17,508	11,878
Deferred tax provision at 30 June	<u>139,429</u>	<u>121,921</u>

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

17. RESERVES	2018	2017
	£	£
Profit and loss account at 1 July	3,674,606	3,315,493
Profit for the financial year	520,657	359,113
Profit and loss account at 30 June	<u>4,195,263</u>	<u>3,674,606</u>

18. COMMITMENTS UNDER OPERATING LEASES	2018	2017
	£	£
The total future minimum lease payments under non-cancellable operating leases are due as follows:		
Plant and machinery:		
Due within 1 year	480	480
Due between 2 and 5 years	120	600
Due in more than 5 years	-	-
Land and buildings:		
Due within 1 year	116,012	91,757
Due between 2 and 5 years	290,030	-
Due in more than 5 years	-	-
	<u>406,642</u>	<u>92,837</u>

19. CASH FLOW	2018	2017
	£	£
A. Reconciliation of operating profit to net cash provided by operating activities		
Operating profit	450,146	96,382
Depreciation of tangible fixed assets	39,403	38,898
Amortisation of intangible assets	54,598	45,504
Decrease in stock	2,029	1,091
(Increase) / decrease in debtors	(136,732)	150,131
Increase / (decrease) in creditors	91,223	(100,922)
Net cash provided by operating activities	500,667	231,084
B. Reconciliation of net cash flow to movement in net funds		
Change in cash and cash equivalents in the year	444,970	145,667
Closing cash and cash equivalents	2,011,902	1,566,932
Opening cash and cash equivalents	1,566,932	1,421,265
Movement in cash and cash equivalents in the period	444,970	145,667

20. PENSION COMMITMENTS

The Society makes contributions to the pension schemes of employees. The pension charge for the year was £81,057 (2017: £74,495).

At 30 June 2018, pension contributions amounting to £2,723 (2017: £3,742) were outstanding and are included in creditors.

21. CURRENCY DERIVATIVES - CASH FLOW HEDGE	2018	2017
	£	£
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

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 nil (2017: asset of £3,607 included within debtors) as there were no currency forward contracts in place at year end.

Cash at bank includes a balance of £237,000 (2017: £237,000) that is held as security in relation to the currency forward contract facilities.



CFA Society of the UK

4th floor
Minster House
42 Mincing Lane
London
EC3R 7AE
info@cfauk.org
www.cfauk.org