



# Annual Report & Financial Statements

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

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

# About Us

The CFA Society of the UK (CFA UK) represents the interests of approximately 10,000 members of the investment profession, and supports the CFA and ASIP designations.

## BOARD OF DIRECTORS AS AT 30 JUNE 2012:

[Richard Rothwell, ASIP \(Chairman\)](#),  
Stoneware Capital  
[Natalie WinterFrost, CFA \(Vice-Chair\)](#),  
Aberdeen Asset Management  
[Richard Dunbar, CFA, ASIP](#)  
(Treasurer),  
Scottish Widows Investment Partnership  
[Jeremy Armitage, CFA](#), State Street Bank  
[Tarik Ben-Saud, CFA](#)  
[David Bertocchi, CFA](#),  
Baring Asset Management  
[Annabel Gillard, CFA](#), M&G Investments  
[James Irving, CFA](#),  
London School of Economics  
[Ken Kinsey-Quick, CFA, ASIP](#),  
Thames River Capital  
[John Marsland, CFA](#),  
Schroder Investment Management  
[Peter Mennie, ASIP](#),  
Manulife Asset Management (Europe)  
[Ian Paczek, CFA](#), UBS Asset Management  
[George Spentzos, CFA](#), Société Générale  
[Andreas Utermann, ASIP](#),  
Allianz Global Investors

## REGISTERED OFFICE:

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## OFFICERS:

[Will Goodhart](#)  
Chief Executive and Company Secretary  
[Victoria French](#)  
Director of Finance and Operations  
[Nick Bartlett, CFA, ASIP](#)  
Director of Education  
[Craig Hurring](#)  
Director of Communications  
and Marketing



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. In the last year, CFA UK has made strong progress in each of these areas.

The society is a leading member society of CFA Institute (the global, nonprofit organisation of investment professionals) and serves society's best interests through the education of investment professionals, by informing policy-makers and the public about the

profession and through the promotion of high professional and ethical standards. The society was founded in 1955.

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 FSA'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, 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.

## HIGHLIGHTS 2011 – 2012

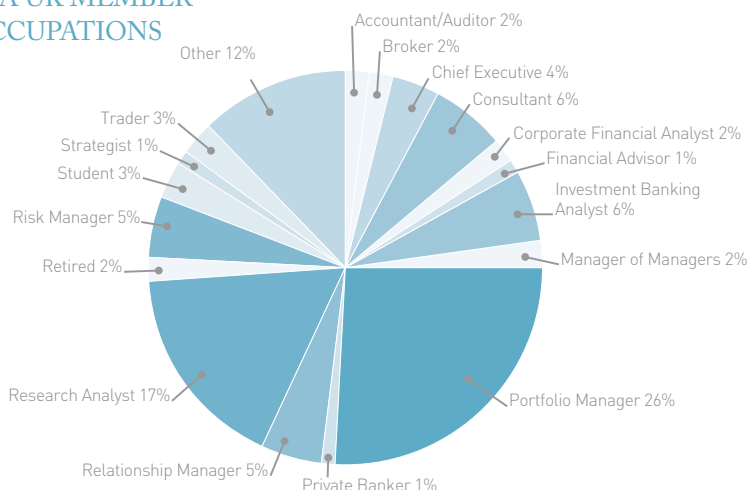
- Total member numbers passed the 10,000 mark during the year
- The number of continuing education, careers and social events rose above 100
- Exam revenue increased by 20.8% to more than £1.3 million
- Member participation and satisfaction grew due to a selection of new webcast and podcast content featuring leading investment speakers
- The number of jobs placed through jobs board grew to the extent that 160 firms have now used this member service
- Initiated CFA UK Valuation Index, a quarterly survey, which is published as a gauge of member sentiment towards different asset classes and received widespread media coverage
- Issued CFA UK journalism awards in January: *The Times* was named 'Publication of the Year', whilst Paul Farrow of *The Daily/Sunday Telegraph* was named 'Journalist of the Year' for his article '*Private sector pensions plummet*'
- Published position papers on *Effective Regulation* (November 2011), *Financial Amnesia* (December 2011) and *Short Selling* (March 2012), supplementing work by CFA Institute. *Financial Amnesia's* key findings were discussed as a front page article in the *Financial Times*
- Members' funds grew to £3.5 million from £2.9 million, partly due to the sale of various intellectual property rights in respect of the Investment Management Certificate (IMC) curriculum to CFA Institute to support the new Claritas Investment Certificate Program
- In conjunction with the launch of **cpd:select** and following the Retail Distribution Review (RDR), CFA UK can now issue Statements of Professional Standing (SPS) for those members offering retail advice.



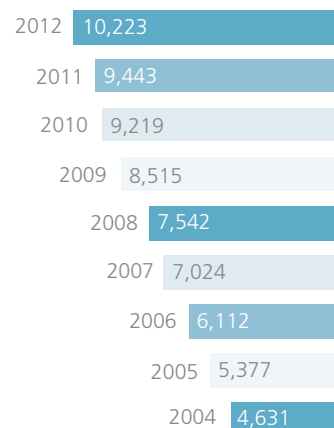
### During the year to 30 June 2012:

- CFA charterholder membership increased by 12%
- Total membership increased 8.3% to 10,223 members

## CFA UK MEMBER OCCUPATIONS



## MEMBERSHIP (YEAR END 30 JUNE)



# Chairman's Statement

Richard Rothwell, ASIP

Chairman



RICHARD ROTHWELL, ASIP

“I am delighted that the society has succeeded in continuing its growth trajectory”

It has been an honour to serve as Chairman since November 2011. I am delighted that the society has succeeded in continuing its growth trajectory, scaling new heights despite the setbacks felt by the finance sector and the economy as a whole. My role offers a chance to appreciate the breadth and complexity of our activities, which demonstrates one of our most exciting challenges: the urgency to communicate internally and externally just how much we do and what a vibrant organisation we are becoming. Over the last few years, CFA UK has changed immeasurably in becoming more professional, more financially secure and a more interesting group with which to engage. This reflects the dynamism of over 100 volunteers across more than fifteen committees and a strong, active board of volunteer directors. It is also a function of a great partnership with CFA Institute and a talented staffed office, led for the last six years by our Chief Executive, Will Goodhart.

CFA UK's mission is to serve society's best interests through the provision of education and training, the promotion of high professional and ethical standards and by informing policy-makers and the public about the investment profession. The need for this work has rarely, if ever, been greater. The past year has seen us extend our activities in terms of advocacy, entry-level education and continuing education and that work will continue through the coming year and beyond.

In this difficult economic, regulatory and political landscape, we will continue to highlight to our clients and colleagues the benefits of a programme of continuing professional development,

strong ethics and high professional standards. We can differentiate ourselves by continuously improving our personal levels of knowledge with cutting edge education. CFA UK's new **cpd:select** platform will give members a user-friendly tool to help source and record continuing professional development. We will work with experts to develop events and online content of a high standard for members to enhance and expand their structured learning.

It is CFA Institute which manages the CFA exam, but the society shares in its success via the provision of a support program and the effects of rising membership numbers. It is, therefore, encouraging that the total number of UK registrants for the CFA Program increased again in the year to 30 June 2012 to 13,100 candidates with an 8% increase in new CFA Level I candidates.

In order to determine how CFA UK might contribute to financial literacy initiatives, a working group has been holding a series of informative meetings with leaders from a diverse range of organisations. This has reinforced our view of the depth of challenge the UK faces to address the lack of financial literacy currently; in particular regarding levels of savings.

I am grateful to all of the society's committee members for their efforts and progress this year and to the Advisory Council for their guidance. I thank my fellow officers and Board members for their contributions, especially George Spentzos, CFA, my predecessor. I also thank all of the society's members for your support of our work and for your commitment to the highest standards of ethical and professional behaviour.

# Treasurer's Report

Richard Dunbar, CFA, ASIP

Treasurer



RICHARD DUNBAR, CFA, ASIP

“As a result of the strong financial performance the society’s net assets increased by 21.4% to £3,481,831 as at 30 June 2012”

In the year to 30 June 2012 the society generated a pre-tax profit of £761,464 (2011: £529,127) and turnover increased 25.9% to £3,147,087 (2011: £2,500,626).

The increase in turnover and pre-tax profit was partly due to the sale of various intellectual property rights in respect of the Investment Management Certificate (IMC) curriculum to CFA Institute to support the new Claritas Investment Certificate Program. The terms of the agreement were intended to provide protection of the society’s future profits from the IMC and included an initial payment of \$500,000 (£309,732 (2011: £nil)) followed by a share of future revenues of the Claritas Program. The share of future revenues from outside the United Kingdom expires on 1 July 2027 and the share of future revenues from within the United Kingdom is subject to a buy-out option after 1 July 2027.

Turnover from examinations and education increased by 20.8% to £1,336,950 (2011: £1,106,450) due to an increase in the number of IMC examinations taken by candidates and due to a price increase.

Turnover from membership subscriptions increased by 5.7% to £829,522 (2011: £784,756) mainly due to an 8.3% increase in membership numbers to 10,223 (2011: 2.4% increase to 9,443) with membership subscription charges being held at the same level as prior years.

Turnover from publications decreased by 18.8% to £179,738 (2011: £221,272) due to regulatory changes in the prior year arising from the Retail Distribution Review (RDR) which resulted in large numbers of candidates purchasing the 8th Edition of the IMC official training manual and sitting the

IMC examination prior to the upgrade of the Level 3 (Ofqual) qualification to Level 4 in autumn 2010.

Turnover from other activities increased by 168.0% to £171,067 (2011: £63,826) as a result of sponsorship of the June 2012 annual conference which was not held in the prior year, an increase in employment screening and jobs board revenue and increased website advertising.

Cost of sales increased in line with turnover to £855,442 (2011: £679,846). Administrative expenses increased by 24.5% to £1,386,406 (2011: £1,113,297) due to an increase in staff numbers to an average of 16 during the year (2011: 14), an increase in PR consultancy fees and higher website costs.

As a result of the strong financial performance the society’s net assets increased by 21.4% to £3,481,831 as at 30 June 2012 (2011: £2,867,900). At the year end, the society held £1,031,529 in cash (2011: £630,194) across three financial institutions and £3,252,106 (2011: £2,722,521) of investments in liquidity, fixed income, equity, multi-asset and absolute return funds which generated an unrealised profit of £62,837 (2011: £85,686). Further details of our reserves are outlined in the Investment Policy Committee report on page 9.

Finally, I am grateful to my fellow finance committee members for their continued support and to Ken Kinsey-Quick, CFA, ASIP, Chairman of the Investment Policy Committee and his committee for all their work during the year. Ken is due to step down from the committee at the end of 2012 and we thank him for his role in setting up the committee and for his part in overseeing the management of the society’s reserves over the past three years.

# Highlights



LEDA BRAGA, CFA UK SPEAKER PROGRAMME



CHAIRMAN'S DINNER 2011

## July – September 2011

- FSA confirms CFA UK as one of eight accredited bodies approved to provide professional support to retail investment advisors under the Retail Distribution Review
- Leda Braga, President of BlueCrest Capital Management, joins eminent speaker programme with a full and frank review of managed futures and how they can offer controlled volatility in a multi-asset portfolio
- CFA UK Chief Executive and Director of Education visit Jersey and Guernsey to meet members, regulators and the local media as Channel Islands CFA candidate numbers continue to grow
- Dr Daniel Ladley opens latest Masterclass series discussing the impact of regulation on asset prices. In total nine Masterclasses are held, featuring leading academics from the UK's top business schools presenting their latest research
- Scottish members attend drinks reception to welcome new CFA charterholders in the Royal College of Physicians
- Leading author Satyajit Das discusses his latest book *Extreme Money* in a sold-out member event
- Advocacy responses include the IFRS Foundation Trustee Strategy Review and a consultation by the FRC on gender diversity on boards

## October – December 2011

- Over 100 guests of outgoing CFA UK Chairman George Spentzos, CFA attend annual Chairman's dinner. Guest speaker address provided by Alan Brown, FSIP, Group CIO of Schroders
- Richard Rothwell, ASIP, appointed new Chairman of CFA UK following the society's AGM
- CFA UK runners raise over £12,000 running the Royal Parks Foundation Half Marathon for the society's official charity, IntoUniversity, which provides local learning centres to inspire children from disadvantaged backgrounds
- In Edinburgh, Sir David Tweedie speaks to members at a breakfast event about how to restore trust in the wake of the financial crisis
- Over 300 members attend CFA UK's winter reception at Prism
- Guest speakers include Jon Moulton, one of the UK's leading businessmen, on the role private equity plays in asset allocation, and Matthew Hancock MP, addressing members in the House of Commons on how to restore a sense of personal responsibility to the culture of finance
- Members enjoy a wine tasting evening, savouring wines from across the world, accompanied by canapés



ANNUAL FORECASTING AT THE GIBSON HALL



MICHAEL MAUBOUSSIN AT THE ANNUAL CONFERENCE

## January – March 2012

- Two new position papers issued, *Financial Amnesia* and *Effective Regulation*, generating headline coverage in the *Financial Times* and widespread discussion
- 150 members attend 'Top trading ideas' at the Royal Geographic Society, with seven leading investment professionals outlining value generation ideas for 2012
- 'Annual forecasting' is chaired by James Mackintosh, Investment Editor of the *Financial Times*, and features Roger Nightingale, Chris Brightman, CFA and Dylan Grice
- Warwick Business School wins UK Investment Research Challenge and qualifies for EMEA final
- 200 members attend this year's 'Succeeding in the investment profession' event, with keynote speeches from Tom Kalaris, CEO of Barclays Wealth and Luke Ellis, CIO and Head of Multi-manager at Man Group
- CFA UK introduces new valuation survey to gauge member sentiment on key asset classes. This now runs quarterly and is regularly discussed in financial media
- The society launches its inaugural financial journalism awards, with *The Times* winning publication of the year and *The Daily Telegraph's* Paul Farrow named journalist of the year

## April – June 2012

- CFA UK reaches 10,000 members and ends the year with 10,223 members – an 8.3% increase
- Almost 300 members and industry peers attend CFA UK's prestigious annual conference 'Turn down the noise: information, uncertainty and investment decision-making'. Featured speakers include Michael Mauboussin and James Montier
- CFA UK confirms from January 2013 it will issue Statements of Professional Standing (SPS) to members affected by the Retail Distribution Review
- The Scottish Analysts' Dinner is held at the Balmoral Hotel, with over 200 leading investment professionals from Scotland in attendance
- The society is actively engaged in the Kay review, issuing an interim and final response, hosting an event for members with Professor Kay and conducting a video interview with the *Financial Times*
- A busy programme of social events includes spring networking at the City of London club, a private tour of a Leonardo da Vinci exhibition, the society's first charity poker evening and a cooking masterclass with Andrew Kojima, *Masterchef* finalist and former CFA candidate

# Examinations and Education

Exams and education are a central part of CFA UK's activities, and it has been a very exciting year with new developments such as the development and launch in July 2012 of the **cpd:select** website to support continuing professional development, and concurrently the development of a programme with leading UK universities called *IMC Advantage*. The Investment Management Certificate (IMC) continues to be the premier threshold competence investment management qualification in the UK and IMC candidate numbers have continued to be exceptionally strong and the syllabus has continued to strengthen.

With a whole range of developments across the education area, we are very confident CFA UK is well placed to deliver strong and growing services to members to meet their initial and ongoing educational needs. The recruitment of Nick Bartlett, CFA, ASIP as Director of Education and Cindy Sharman as Head of Learning and Development Outreach is an exciting development as these two professionals are exceptionally well placed to capitalise on our existing strengths and partner with individuals and employers to widen our reach into the industry.

## IMC

Maintaining the IMC as the premier threshold competence examination for those in the investment management industry is a key objective and the regulatory changes implemented by Ofqual were at the forefront of our activities this year. Total IMC sittings were in excess of 6,000. This was above forecast and slightly above the numbers delivered in the previous year where RDR examination taking had been prevalent and driven growth. Sales of the Official Training Manual (OTM) remained strong, with two of the four leading training providers continuing to use it as a classroom resource. An official mock examination was launched in June 2012 and is offered free to all candidates.

The FSA has deferred its review of exam standards (CP11/18) for those managing investments to 2013. This will allow for both a further period of consolidation of the existing syllabus and further consultation on the standards.

## IMC REGULATORY STATUS AND OFQUAL

This year saw significant change to the regulatory environment within which awarding organisations operate. Ofqual visited the society in September, delivering a presentation to the Exams and Education Committee – who act as the governing board of CFA UK as an awarding organisation – on these changes. With the support of an external consultant, a comprehensive review was undertaken

to assess the society's compliance with the new Ofqual General Conditions, and a statement of compliance was signed in May 2012. The society is required to renew this statement of compliance annually, so a programme of ongoing assessment has been developed and will be implemented.

## STRUCTURED LEARNING

Continuing Professional Development (CPD) is increasingly at the forefront of our activities. This year saw the launch of **cpd:select**, an online platform allowing members to identify events and learning opportunities delivered both by CFA UK and selected partners, and log CPD obtained. The site became accessible to members and non-members in July 2012 and feedback to date has been excellent. The next year will see an increasing focus on building an online structured learning proposition, leveraging our relationship with CFA Institute and making further use of our own events programme.

## CFA CANDIDATE SUPPORT

CFA candidate membership continues to be very popular. In total, 22 CFA revision surgeries were run, providing candidates the opportunity to learn from leading training providers. For the first time we also ran surgeries in Edinburgh. We also ran three 'Successful study strategies' events, providing candidates with insight from our candidate survey and the opportunity to hear first hand from charterholders with recent exam experience. Finally, our CFA study groups, which bring together those studying for the CFA exams, were well received. We remain very grateful to all the charterholders who provide their advice at these events as volunteers.

## OUTREACH AND UNIVERSITY PARTNERSHIPS

This year saw the creation of *IMC Advantage*, an initiative recognising the relevance of university undergraduate programmes to professional practice in the UK. After its formal launch at the Conference of Professors of Accounting and Finance in September 2011, five universities have signed agreements recognising the significant alignment between one or more of their Bachelor degrees and the IMC syllabus, and several more are engaged with the assessment process. The initiative aims to increase graduate employability at the UK's top business schools and universities and to build awareness of the society's work.

### Peter Mennie, ASIP

Chairman, Examinations and Education Committee

# Investment Policy Committee

The Investment Policy Committee, which was established in 2009, implements the reserves policy as defined by CFA UK's Finance Committee and approved by the board of directors and recommends investments for the society's reserves.

The committee meets quarterly, or more often if required, in order to review the position of the society's investments and operating reserves and to review proposed investments or adjustments to investment positions.

Investment reserves are invested in a range of liquidity, fixed income, equity, multi-asset and absolute return funds. Investments increased by 19.5% during the year to £3,252,106 as at 30 June 2012 (2011: £2,722,521) reflecting the surplus generated.

£200,000 (2011: £450,116) of liquidity funds were disposed of during the year in order to invest in an absolute return fund with the aim of generating improved returns and £752,434 of

investments were purchased during the year (2011: £1,101,126).

The society's reserves generated an unrealised profit as at 30 June 2012 of £62,837 (2011: £85,686).

The aim of the society's reserves policy is to ensure that the society has the financial means to continue to provide support to its members in both the short and long-term. Specific objectives of the policy include sustaining basic operations and core member services during the economic downturn and creating the ability to fund long-term strategic initiatives.

I am due to step down from the committee at the end of 2012 and I would like to thank my fellow committee members for their part in overseeing the establishment of the committee and the management of the society's reserves over the past three years.

**Ken Kinsey-Quick, CFA, ASIP**

Chairman, Investment Policy Committee

# Continuing Education

Last year, over 85% of members participated in member activities, with 31% of all members either attending an event or viewing one of the society's increasing library of filmed events, available via the member area of the CFA UK website.

We pride ourselves in providing breadth and depth of events and subject matter that will push the boundaries of our members' knowledge. During the year, we explored subjects as varied as how to invest in China, how to calculate the new equity risk premium, the psychology of markets, what the new paradigm for portfolio construction is and the cost and potential benefit of high frequency trading.

Topicality proved important, with some successful events addressing concerns such as the future of the euro, the implications of a Greek bailout, the case for a common eurozone bond and how Chinese macroeconomic policy might be affected by leadership transition. We were also pleased to introduce authors promoting well received books, including Satyajit Das discussing *Extreme Money*, Matthew Lynn addressing members during Edinburgh's International Book Week on his book *Bust: Greece, the Euro and the Sovereign Debt Crisis* and Matthew Hancock MP, sharing his thoughts in the House of Commons on how to restore trust in the wake of the financial crisis as outlined in *Masters of Nothing*.

Members were treated to insights from leading names in the profession this year, including Leda Braga, President of BlueCrest Capital Management, Knut Kjaer, the former Chief Executive of the

Norwegian Pension Fund and Jon Moulton, one of the UK's leading business personalities. Our annual conference proved popular, with its highly relevant theme of *Information, uncertainty and investment decision-making* catching the imagination. We were treated to some memorable presentations, including Michael Mauboussin on investment decision-making, Kent Osband discussing the phenomenon of turbulence and James Montier on the dangers of over-reliance on financial models.

As well as providing a rich programme of continuing education we know members value our social and networking programmes too. This year we offered a 40% increase in social events, including well attended seasonal networking events, a private gallery tour of Leonardo da Vinci illustrations, a charity poker evening and a cooking masterclass with Andrew Kojima, a former CFA candidate and recent BBC *Masterchef* finalist.

Looking ahead our intention is to keep providing members with a rich portfolio of events, and to capture more of our educational content as podcasts or webcasts that can be accessed and enjoyed at any time. We also intend to integrate CPD learning outcomes into this library, as part of our new **cpd:select** platform.

We are as ever extremely grateful to our eight continuing education partners and our annual conference sponsors, whose engagement and financial support helps make our annual events programme possible.

**Helen Thomas, CFA**

Chair, Continuing Education Committee



## Scottish Committee

Our year started with an event in late August organised to coincide with Edinburgh's International Book Festival. The author Matthew Lynn discussed his book *Bust: Greece, the Euro and the Sovereign Debt Crisis* with CFA UK members. We followed this in September with a well attended annual drinks reception for new CFA charterholders, held in the historic Royal College of Physicians building in Edinburgh's New Town. In October we then held the first of a number of joint events with the IR Society, CISI and ICAS; a breakfast meeting with Sir David Tweedie. It was a successful, interesting and well attended event. In November, we held a joint event with Edinburgh University Business School on the subject of corporate governance in the BRIC economies.

The first quarter of 2012 proved to be our busiest. In February, we held a second joint event with Edinburgh University Business School. The speakers – Gavyn Davies the highly respected economist and Dr Sandy Nairn the CEO of Edinburgh Partners – debated the quote “Those who ignore history are destined to repeat it”. So many people turned up to this event that it was standing room only. This was closely followed by another joint event organised by the IR Society, ICAS, CISI and CFA UK with speaker Lionel Barber, the editor of the *Financial Times*. An audience of 130 heard Mr Barber talk about ‘*What to expect from the world economy in 2012*’, expertly chaired by Sir Angus Grossart.

The committee also has a good relationship with Stirling University and our next event was chaired by Dr Isaac Tabner of Stirling University on the topic of renewable energy. Dr

Tabner arranged two expert speakers in Ian Simm, CEO of Impax Environmental and Dr Frans de Vries, an environmental economist from Stirling University. Although the topic was more specialist, it was nevertheless enjoyed by all those attending. Finally also in March, led by the IR Society we held a ‘*Brands and Reputation*’ event and discussion. Our speakers included Anne Fraser, Head of Corporate Governance at SWIP, Simon Farrell, MD of Tayburn and Simon Cole, a partner of Bestra Brands.

Alongside this busy programme, the committee was working on the arrangements for the annual Scottish Analysts’ Dinner in April. The Royal Bank of Canada kindly sponsored the dinner for a second time. Our speakers were Martin Gilbert, CEO of Aberdeen Asset Management and Merryn Somerset Webb, Editor of *Money Week*. I am particularly pleased that the quality of the speakers and the success of the previous year’s dinner helped us to increase our attendance to just over 200. The committee is delighted with this level of support and it helps us to maintain the long history of the CFA UK Scottish investment dinner.

I would like to take this opportunity to thank all of our speakers, the other organisations we work with, especially Paul Heward at the IR Society and Carlye Campbell at CISI. I would also like to thank Katie Spalding and the CFA UK staff in the London office for their unfailing support. Thanks also to my fellow committee members for their help and enthusiasm and to Haig Bathgate for taking over at short notice for me at this year’s dinner.

**Susan Anderson, ASIP**  
Chair, Scottish Committee

# Advocacy

CFA UK's two advocacy committees have helped to build CFA UK's voice significantly, working with policy-makers, regulators and standard-setters to promote fair and efficient markets, high standards in financial reporting and ethical behaviour.

## Financial Reporting and Analysis Committee

The financial reporting and analysis committee (FRAC) has pursued a broad set of issues in the past year, contributing to debates on the governance of the IFRS Foundation and the UK's Financial Reporting Council as well as on the content of specific standards. We have defended the principle of 'investors first' when considering both the direction of corporate reporting and the goals of regulators.

The committee has not only contributed to IASB consultations on its agenda and on key projects, such as revenue recognition, leasing and financial instruments, but met IASB staff and, on leasing, board members to put across CFA UK views. We have backed a principles-based approach to setting standards to try to keep their aims clear and curb overly detailed prescription. Leasing is one example where we supported pruning the proposals, but stuck with the view that there should be one approach to accounting for 'right of use' assets.

For the IASB's future agenda, we emphasised members' interest in financial statement presentation and in the consistent application of IFRS. We also said that as the post-crisis re-regulation of financial institutions comes to an end, we would welcome more emphasis on accounting for the operating performance and cash-flows of non-financial companies.

## Professional Standards and Marketing Practices Committee

In the aftermath of the financial crises, advocacy remains a key area of the society's activities. With high-profile financial scandals raising questions over professional conduct, the society has worked to highlight the Code of Ethics and Professional Standards by which its members abide. We have called for this highest level of professionalism to be required across financial services. To this end, the society has met parliamentarians and policy-makers at regulatory bodies to further their understanding of the society's work and of professional standards in the investment sector. A series of professionalism position papers will be published shortly with the first two papers, on fees and on asset stewardship, having been distributed in draft to interested members for comment.

During the past year, the society continued to respond to consultations put out by the FSA, FRC and DBIS, among others. Of particular importance this year was the consultation on the Financial Services Bill informing the establishment of:

- the Financial Policy Committee to monitor and respond to systemic risks;

The FRAC also expressed strong views about the reform of the UK's Financial Reporting Council, where the initial proposals risked diluting both the UK's influence over international standard-setting and the interests of investors as primary users of corporate reports. Through our response and in meetings with senior FRC figures we contributed to some improvements.

The committee's suggestions for 'quick wins' on financial statement presentation have found their way on to the agenda of the new Financial Reporting Lab, set up by the FRC to bring users and preparers together to improve financial information. The lab's early publications cover net debt disclosures and operating cash flow. The FRAC expects to continue to contribute to this initiative.

And, in a sign of the times, the committee made its first submission to the European Securities and Markets Authority (ESMA), which monitors the implementation of standards, on materiality.

For the coming year, we will focus on financial statement presentation and other initiatives to make financial reports more user friendly. We also plan to help members make better use of the information that is available within reports.

### Jane Fuller

Chair, Financial Reporting and Analysis Committee

- the new entity responsible for significant prudential regulation, the Prudential Regulation Authority; and
- the Financial Conduct Authority, whose role it will be to supervise all firms to ensure that business across financial services and markets is conducted in a way that advances the interests of all users and participants.

The society was actively engaged in the Kay Review of long term investment, supporting many of the review's findings and recommendations, but emphasizing that an asset manager's first responsibility is to deliver the risk-adjusted returns that the client expects and that this does not necessarily require active engagement with the companies in which the client may be invested. John Kay, a Fellow of CFA UK, spoke to members at an evening event, giving members the chance to influence the review directly.

The society's objective for the year was to continue to raise its profile and to be more proactive with regulators and standard-setters. This objective was met. In the year ahead, the society will continue to be an active voice in matters related to professionalism and market efficiency.

### Natalie WinterFrost, CFA

Chair, Professional Standards and Market Practices Committee



## Careers

The Careers Committee focussed on two main areas over the year to the end of June 2012: firstly, the continued development of the society's online jobs board, and secondly its programme of careers events.

With regard to the jobs board, 136 jobs were posted and an additional 39 postings have been paid for but not yet used. Of these jobs, 40 were analyst positions (29%), 24 manager positions (18%) including 11 portfolio managers (8%). There were 7 consultant roles (5%) with 18 designated as senior (13%) and 15 as director (11%). The remaining roles were across a broad spectrum of jobs. The number of jobs posted is down somewhat on the previous year although this reflects in part the fact that last year a high proportion of job postings were made without charge. The jobs board generated revenues of £30,651 in the year ended 30 June 2012.

The jobs board garnered around 11,000 page views per month. We are in touch with around 160 employers with regard to using the jobs board and have identified an additional number to contact over the next twelve months. This should help to generate continued interest in using the jobs board in the year ahead, notwithstanding a generally more sluggish recruitment environment. Feedback from employers has been positive, with a number of companies returning to post multiple jobs. Employers have indicated the value in being able to target highly qualified individuals at a fraction of the cost of using a recruitment

consultant. The committee continues to suggest ways in which the jobs board can be improved including better analytics and more focussed job search functionality. We have also discussed ways in which online resources in general could be improved for our members.

Over the course of the year 12 careers events were held including two '*Working in...*' talks, two '*Stepping ahead...*' career development seminars and the annual '*Succeeding in the investment profession*' conference, the latter attended by 220 people. The committee would like to thank everyone who took time out of their busy schedules to speak at these events. Feedback has been positive with 89% of respondents indicating that they thought the events they attended were either excellent or good. For the year ahead we are targeting another 12 events with a suggested programme of six '*Working in...*' talks and six other events to include some soft skills and other relevant topics.

I am grateful to all of the committee members for their support over the last year. From the staffed office I would like to thank Anita McBain for her invaluable input and also Mark Phillips for all his hard work in organising and supporting careers events. Both have now moved on to new positions outside the society and we wish them well. I would also like to thank Sarah Maynard, our new Director of Career Development, for her input.

**Daniel Murray, CFA**  
Chairman, Careers Committee

# Marketing and Communication



It has been a successful year for the committee during which the society has grown membership to over 10,000 investment professionals and member satisfaction and engagement levels have reached new records. As evidenced in the annual member survey, an increased satisfaction with the effectiveness of the society's communications has played an important role in this growth. In the fourth quarter, we introduced a selection of webcasts from recent events including the annual conference. Making these talks available to a wider audience of members helped to increase member engagement with our video and podcast archives.

Another key development has been the increased visibility and credibility of our communications output, and in the last year we have generated high profile media coverage in the *Financial Times*, *The Times*, *City AM*, *The Daily Telegraph* and across a diverse selection of trade publications. Coverage has ranged from a front page *FT* article concerning our *Financial Amnesia* position paper, to ongoing discussions around the results of our quarterly valuation index initiative, where members assess whether a range of asset classes have deviated from fair value at a given point in time.

Creating professionally designed position papers on *Financial Amnesia* and *Effective Regulation* has contributed to global interest in the society's advocacy work. CFA UK sent position papers around the world to CFA charterholders, economists and journalists and has received positive feedback from such luminaries as Harry Markowitz and Michael Mauboussin.

This year we plan to issue further position papers addressing stewardship, fees and compensation and conflicts of interest as part of a sustained commitment to promoting professionalism and stewardship to restore trust in the profession.

Another successfully achieved goal was the relaunch of *Professional Investor* magazine. We received excellent feedback from members about the new format, which was designed in a modern, professional style that supports the high quality, intellectually robust articles within. Our plans for 2012/2013 include extending *Professional Investor* into a microsite and developing a CFA UK iPhone app to give members easy access to the latest news, events and jobs information.

Our other objectives for 2012/2013 include further marketing of the IMC qualification, supporting the launch of **cpd:select** and introducing a new CFA UK logo to complement CFA Institute's global rebranding programme. We will also look to expand further our social media presence following the successful introduction of a Twitter feed (@cfauk) and a reinvigoration of our member-only LinkedIn group, which now has almost 2,500 active members. Continuing to support the valuable advocacy work by our other committees is also a key objective.

I remain grateful to my fellow committee members for their support over the last year and I am delighted by the progress made by Craig Hurring, the society's Director of Communications and Marketing, and his newly established team.

**Annabel Gillard, CFA**

Chair, Marketing and Communication Committee

## Membership

Society membership numbers grew solidly by 8.3% to 10,223 members in the year to 30 June 2012, exceeding the 10,000 target set by the Board. This increase represents the highest percentage increase since 2009 with Regular and CFA candidate membership categories all achieving significant growth during the year although IMC member numbers remained relatively static. The committee plans to focus on IMC member engagement during the coming year.

In terms of member satisfaction, the number of members that responded to the society's annual survey remained the same as last year at approximately 2,200. Key findings from the report showed that member satisfaction continued to increase by 2.2 percentage points to 70.3%.

Alongside responsibility for providing oversight of the annual survey, the committee is also involved in setting targets for member participation rates. I am pleased to report that the society achieved its combined target for event participation and webcast viewings. This was assisted by good attendance levels

at the annual conference and new summary webcasts being available on the website. The society intends to provide more online resources for members who are not able to attend events in person to try to further improve participation.

The society maintained its support of IntoUniversity as CFA UK's official charity during the past year. IntoUniversity supports young people from disadvantaged backgrounds in attaining either a university place or another chosen aspiration. We look forward to working with the society's staffed office to raise money on behalf of IntoUniversity and with the staffed office in supporting the IntoUniversity mentoring programme whereby our members can elect to provide one-to-one support for prospective university applicants from disadvantaged backgrounds.

I thank my fellow committee members for their dedication and commitment over the past year and look forward to another successful year in 2012/2013.

**Tony English, ASIP**

Chairman, Membership Committee

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## Fellowship

Fellowship is conferred for exceptional service to the society and/or to the investment profession and is open to society members and non-members. The society was pleased to elect six new Fellows in November 2011. The new Fellows are:

- Joe Biernat, CFA – past Chairman of CFA UK, and previously Chief Investment Strategist of European Credit Management
- Robert Jenkins – Member of the Financial Policy Committee, Bank of England and past Chairman of the Investment Management Association (IMA)
- Carol Kennedy – Senior Partner, Pantheon Ventures Ltd and past Chair of the Global Investment Performance Standards (GIPS) investor committee
- Peter Montagnon – Senior Investment Adviser, Financial Reporting Council and past Chairman of the International Corporate Governance Network (ICGN)
- Andrew Smithers – Founder, Smithers & Co.
- Bob Yerbury – Senior Managing Director, Invesco and Deputy Chairman of the IMA

In April, the society held its biennial Fellows Luncheon.

Bob Yerbury, FSIP, spoke about the investment profession's responsibility to educate individuals beyond those working in the field and discussed the need for greater client education as well as for a clearer understanding of the profession's work by regulators and policy-makers.

There were 75 Fellows as at 30 June 2012. Fellows' membership dues are met by the society and Fellows may attend society events at no charge. The next Fellowship elections will take place in November 2013 and nominations from members are welcome at any time.

**Yusuf Samad, CFA, FSIP**

Chairman, Fellowship Committee

# Directors' Report

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2012.

## 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 2012:

- Richard Rothwell, ASIP (Chairman)
- Natalie WinterFrost, CFA (Vice-Chair)
- Richard Dunbar, CFA, ASIP (Treasurer)
- Jeremy Armitage, CFA
- James Bevan, *Resigned 15 November 2011*
- Tarik Ben-Saud, CFA
- Christopher Fawcett, *Resigned 15 November 2011*
- David Bertocchi, CFA, *Appointed 15 November 2011*
- Annabel Gillard, CFA
- James Irving, CFA, *Appointed 17 May 2011*
- Ken Kinsey-Quick, CFA, ASIP
- John Marsland, CFA

- Peter Mennie, ASIP
- Ian Paczek, CFA
- George Spentzos, CFA
- Andreas Utermann, ASIP, *Appointed 15 November 2011*

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**Will Goodhart**

Secretary

5 October 2012

# 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

We have audited the financial statements on pages 17 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit 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.

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, 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.

**Henry Arthurs**

(Senior Statutory Auditor)

For and on behalf of  
BAKER TILLY UK AUDIT LLP,  
STATUTORY AUDITOR  
Chartered Accountants  
Lancaster House, 7 Elmfield Road,  
Bromley, Kent BR1 1LT

# Financial Statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012	Notes	2012	2011
		£	£
<b>Turnover</b>	3	3,147,087	2,500,626
Cost of sales		(855,442)	(679,846)
<b>Gross Profit</b>		2,291,645	1,820,780
Administrative expenses		(1,386,406)	(1,113,297)
Establishment costs	4	(168,120)	(196,089)
<b>Operating Profit</b>		737,119	511,394
Interest receivable and similar income	5	24,345	17,733
<b>Profit on ordinary activities before taxation</b>	6	761,464	529,127
Taxation on profit on ordinary activities	7	(124,684)	(24,164)
<b>Profit on ordinary activities after taxation</b>	14	636,780	504,963
The operating profit for the period arises from the society's continuing operations			

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2012	2012	2011
	£	£
Profit for the financial year	636,780	504,963
Fair value (losses) /gains on available-for-sale financial assets	(22,849)	58,168
<b>Total recognised gains relating to the year</b>	613,931	563,131

# Financial Statements

BALANCE SHEET AS AT 30 JUNE 2012	Notes	2012	2011
		£	£
<b>Fixed Assets</b>			
Tangible assets	8	50,026	78,111
<b>Current Assets</b>			
Stock	9	13,154	15,860
Debtors	10	261,085	304,519
Investments	11	3,252,106	2,722,521
Cash at bank and in hand		1,031,529	630,194
		<u>4,557,874</u>	<u>3,673,094</u>
<b>Creditors</b>			
Amounts falling due within one year	12	(1,097,402)	(883,305)
<b>Net Current Assets</b>		<u>3,460,472</u>	<u>2,789,789</u>
<b>Total Assets less Current Liabilities</b>		3,510,498	2,867,900
<b>Creditors</b>			
Amounts falling due after more than one year	13	(28,667)	–
<b>Net Assets</b>		<u><u>3,481,831</u></u>	<u><u>2,867,900</u></u>
<b>Reserves</b>			
Profit and Loss Account	14	3,418,994	2,782,214
Available for Sale Reserve	14	62,837	85,686
<b>Members' Funds</b>		<u><u>3,481,831</u></u>	<u><u>2,867,900</u></u>

The financial statements on pages 17 to 26 were approved and authorised for issue by the Board of Directors on 5 October 2012 and signed on their behalf by:

**R Rothwell, ASIP**, Chairman

**R Dunbar, CFA, ASIP**, Treasurer

CASH FLOW STATEMENT	Notes	2012	2011
		£	£
Net cash inflow from operating activities	16	984,313	555,719
<b>Returns on investments and servicing of finance</b>			
Interest received and investment income		24,345	17,733
Net cash inflow from returns on investments and servicing of finance		24,345	17,733
<b>Taxation</b>			
Corporation tax paid		(42,246)	(20,133)
<b>Capital expenditure and financial investments</b>			
Payments to acquire current investments		(752,434)	(1,101,126)
Proceeds from sale of current investments		200,000	443,262
Payments to acquire tangible fixed assets		(12,643)	(3,723)
Net cash outflow from capital expenditure and financial investments		(565,077)	(661,587)
Increase / (decrease) in cash in the period	16	401,335	(108,268)

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. Examination fees are recognised when the candidate sits an examination or on expiry, one year after registration.

# Notes to the Financial Statements

(1) The income and property of the society must be applied solely to the objects of the society and no distribution of any surpluses may be made to its members. As a company limited by guarantee, each member has no equity interest and every regular member has undertaken to contribute an amount up to £1 to the assets in the event of a deficiency on winding-up. In the event of a surplus on winding-up the distribution must be to a similar organisation or charity.

As at 30 June 2012, the total number of members was 10,223 (2011: 9,443) and the number of Regular members was 6,858 (2011: 6,304).

(2) Employees	2012	2011
The average monthly number of persons excluding 14 volunteer directors (2011: 14) employed by the society was:		
Employees	16	14
Staff costs for the above persons:	£	£
Wages and salaries	840,079	638,802
Social security costs	98,243	73,678
Other pension costs	47,393	42,808
	985,715	755,288

No remuneration was paid to the directors during the year (2011: nil). No director (2011: nil) is accruing benefits under money purchase or defined benefit pension schemes.

(3) Turnover	2012	2011
	£	£
Subscriptions	829,522	784,756
Publications	179,738	221,272
Journal	27,428	50,616
Examinations	1,336,950	1,106,450
Professional Development	138,285	91,371
CFA Support	37,424	59,476
Social	25,562	31,299
Other Activities	171,067	63,826
CFA Institute Funding	91,379	91,560
CFA Institute – other income	309,732	–
	3,147,087	2,500,626

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 new 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 from the IMC and included an initial payment of \$500,000 (£309,732 (2011: £nil)) followed by a share of future revenues of the Claritas Program. The share of future revenues from outside the United Kingdom expires on 1 July 2027 and the share of future revenues from within the United Kingdom is subject to a buy-out option after 1 July 2027.

# Notes to the Financial Statements

(4) Establishment costs	2012	2011
	£	£
Rent	57,131	61,894
Rates	19,595	20,391
Lighting and heating	2,520	2,520
	79,246	84,805
Insurance	5,747	5,453
Office building maintenance	26,253	27,431
Office repairs and renewals and health & safety	4,037	1,635
Office security	1,199	1,181
Office cleaning	4,243	3,497
Lease dilapidations	6,667	–
Depreciation	40,728	72,087
	168,120	196,089

(5) Interest receivable and similar income	2012	2011
	£	£
Bank interest	5,037	2,308
Dividend income received	19,308	15,424
	24,345	17,733

(6) Profit on ordinary activities before taxation	2012	2011
	£	£
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets	40,728	72,087
Exchange gains	(21,411)	(5,485)
Operating leases:		
Plant and machinery	8,720	6,974
Land and buildings	57,131	61,894
Auditor's remuneration – audit services	10,500	10,000
Auditor's remuneration – taxation	8,650	3,000
Auditor's remuneration – other services	–	8,250

(7) Corporation Tax	2012	2011
	£	£
Current Tax: UK corporation tax	116,598	30,253
Underprovision in previous period	12,062	–
Total current tax	128,660	30,253
Deferred taxation:		
Origination of timing differences	(2,140)	(6,236)
Effect on tax rate change on opening balance	(1,836)	147
Tax on profits on ordinary activities	124,684	24,164
<b>Factors affecting tax charge for the year:</b> The tax assessed for the year is lower than the effective rate of corporation tax in the UK of 25.50%. The differences are explained below:		
Profit on ordinary activities before tax	761,464	529,127
Profit on ordinary activities multiplied by the effective rate of corporation tax of 25.50% (2011: 20.75%)	194,194	109,797
<b>Effects of:</b>		
Expenses not deductible for tax purposes – fixed assets	5,295	4,308
Income not taxable for tax purposes	(66,082)	(87,121)
Adjustments to brought forward values	(1,341)	–
Depreciation in excess of capital allowances	(1,222)	6,656
Other short term timing differences	3,496	(187)
Adjustments to tax charge in respect of previous periods	11,993	1
Exempt dividend income	(4,924)	(3,201)
Marginal relief	(12,817)	–
Other differences	68	–
Current tax charge for the year	128,660	30,253

# Notes to the Financial Statements

(8) Tangible Fixed Assets	Leasehold Improvements	Systems software	Office equipment	Furniture & fittings	Total
Cost	£	£	£	£	£
At 30 June 2011	108,279	281,878	49,125	28,321	467,603
Additions	–	–	9,847	2,796	12,643
At 30 June 2012	108,279	281,878	58,972	31,117	480,246
<b>Depreciation</b>					
At 30 June 2011	56,378	269,055	44,093	19,966	389,492
Charged in the year	20,761	12,823	4,808	2,336	40,728
At 30 June 2012	77,139	281,878	48,901	22,302	430,220
Net book value					
<b>At 30 June 2012</b>	<b>31,140</b>	<b>–</b>	<b>10,071</b>	<b>8,815</b>	<b>50,026</b>
At 30 June 2011	51,901	12,823	5,032	8,355	78,111

(9) Stock	2012	2011
	£	£
Stock	13,154	15,860

(10) Debtors – due within one year	2012	2011
	£	£
Trade debtors	95,510	137,371
Other debtors	92,358	118,685
Prepayments	60,062	39,284
Deferred tax asset	13,155	9,179
	261,085	304,519

(11) Investments	2012	2011
	£	£
At 1 July 2011	2,722,521	2,013,343
Acquired in the period (at cost)	752,434	1,101,126
Less: Disposal in the period	(200,000)	(450,116)
Market value adjustment	(22,849)	58,168
Market value at 30 June 2012	3,252,106	2,722,521

<b>(12) Creditors: Amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Amounts received in advance	565,695	538,045
Creditors control account	134,210	63,001
Corporation tax liability	116,667	30,253
Other taxation and social security costs	33,026	33,143
Sundry creditors and accruals	247,804	218,863
	<u>1,097,402</u>	<u>883,305</u>

<b>(13) Creditors: Amounts falling due after more than one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Accruals	<u>28,667</u>	<u>0</u>

<b>(14) Reserves</b>	<b>2012</b>	<b>2011</b>
	£	£
<b>Profit and Loss Account</b>		
At 1 July 2011	2,782,214	2,277,251
Profit for the financial year	<u>636,780</u>	<u>504,963</u>
At 30 June 2012	<u>3,418,994</u>	<u>2,782,214</u>
<b>Available for sale reserve</b>		
At 1 July 2011	85,686	27,518
Market value adjustment on investments	<u>(22,849)</u>	<u>58,168</u>
At 30 June 2012	<u>62,837</u>	<u>85,686</u>
Total Reserves as at 30 June 2012	<u>3,481,831</u>	<u>2,867,900</u>

<b>(15) Commitments under operating leases</b>	<b>2012</b>	<b>2011</b>
	£	£
At 30 June 2012 the society has annual commitments under non-cancellable operating leases as follows:		
<b>Plant and machinery:</b>		
expiring within 1 year	—	—
expiring between 2 and 5 years	8,704	9,182
<b>Land and buildings:</b>		
expiring within 1 year	—	—
expiring between 2 and 5 years	<u>71,782</u>	<u>71,782</u>
	<u>80,486</u>	<u>80,964</u>

# Notes to the Financial Statements

(16) Cash flow	2012	2011
	£	£
<b>A. Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	737,119	511,394
Depreciation of tangible fixed assets	40,728	72,087
Loss on disposal of current asset investment	–	6,853
Operating cash flows before movements in working capital	777,847	590,334
Decrease / (increase) in stocks	2,706	(12,957)
Decrease / (increase) in debtors	47,410	(494)
Increase / (decrease) in creditors	156,350	(21,164)
Net cash inflow from operating activities	984,313	555,719
<b>B. Reconciliation of net cash flow to movement in net funds</b>		
Increase / (decrease) in cash in the period	401,335	(108,268)
Net funds at 30 June 2012	1,031,529	630,194
Net funds at 30 June 2011	630,194	738,462
Movement in net funds in the period	401,335	(108,268)
<b>C. Analysis of net funds</b>	<b>At 30 June 12</b>	<b>At 30 June 11</b>
Cash at bank and in hand	1,031,529	630,194

## (17) Pension Commitments

The society makes contributions to the personal pension schemes of employees. The pension charge for the year was £47,393 (2011: £42,808). At 30 June 2012, pension contributions amounting to £21,207 were outstanding (2011: £5,188) and are included in creditors.

## (18) Currency Derivatives – Cash Flow Hedge

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.

	2012	2011
	£	£
US Dollar denominated contract	–	129,428

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

Currency forward contracts are related to highly probable forecast transactions that are expected to arise in the next nine months. The fair value of currency forward contracts at 30 June 2012 amounted to £nil (2011: £129,428).

# Committee Volunteers as at 30 June 2012

## Careers

Daniel Murray, CFA (Chairman)  
Daniel Abrahams, CFA  
Jonathan Chambers  
Andrew Harradine, ASIP  
Suzanne Hsu, CFA  
Stacy Jansz, CFA  
Katerina Kosmopoulou, CFA  
Lavannyan Mahalingam, CFA  
Takuya Murata, CFA  
Julio Obeso  
Victoria Thompson, CFA  
Gary Webber, CFA

## Continuing Education Committee

Helen Thomas, CFA (Chair)  
Vijay Agrawal, CFA  
Edward Bace, CFA  
Peter Brackett  
Michael Collins, ASIP  
Rita Dhut, ASIP  
Mahmoud El Shaer  
Joseph McDonnell, CFA  
Jonathan Philp, CFA, ASIP  
David Porter  
Lorena Puica, CFA  
Rajesh Solanki, CFA  
Mark Wiltshire, CFA

## Examinations and Education Committee

Peter Mennie, ASIP (Chairman)  
Alistair Byrne, CFA  
William Harer, ASIP  
Nick MacKeson-Smith  
John Marsland, CFA  
Kirsty McLaren, CFA, ASIP  
Ian Paczek, CFA  
Jonathon Read, CFA  
Duncan Sankey  
Xi Yen Tan, CFA  
Helen Thomas, CFA  
Prof. Steve Thomas

## Executive Committee

Richard Rothwell, ASIP (Chairman)  
Natalie WinterFrost, CFA (Vice-Chair)  
Jeremy Armitage, CFA  
Tarik Ben-Saud, CFA  
Richard Dunbar, CFA, ASIP  
George Spentzos, CFA

## Fellowship Committee

Yusuf Samad, CFA, FSIP (Chairman)  
Kevin Carter, CFA, FSIP  
Rick Dentith, FSIP  
Robert Matthews, FSIP  
Lindsay Tomlinson, FSIP

## Finance Committee

Richard Dunbar, CFA, ASIP (Chairman)  
Ronan Langford, CFA  
Matthew Loneragan, CFA  
Timothy Walkley

## Financial Reporting and Analysis

Jane Fuller, FSIP (Chair)  
Kim Abbott  
Christopher Bruce, CFA  
Neil Dawson  
Paul Lee  
Kristen Lie, CFA  
Barbara Petitt, CFA  
Veenit Surana  
Graeme Tosen, CFA

## Investment Management Certificate Panel

Kirsty McLaren, CFA, ASIP (Chair)  
Simon Blakeney, ASIP  
Lucas Bouwhuis, CFA  
Tony Bronk  
Dr Mike Buckle  
Graham Cook, CFA  
Michael Deakin  
Eliza Dungworth  
Mike Gould

Duncan Hughes  
David Logan  
Rahul Oberoi, CFA  
Catherina Saponar, CFA  
James Seaton  
Prof. Steve Thomas

## Investment Policy Committee

Ken Kinsey-Quick, CFA, ASIP (Chairman)  
Richard Dunbar, CFA, ASIP  
Madeleine Gore, ASIP  
Richard Rothwell, ASIP

## Marketing and Communications Committee

Annabel Gillard, CFA (Chair)  
Corey Cook, CFA  
Jonathan Davis  
Fernan Flores  
Lucy Johnstone, CFA  
James Montefiore, ASIP  
Timothy Nuding, CFA  
Thao Verle  
Steve Wellard

## Membership Committee

Tony English, ASIP (Chairman)  
John Angell, ASIP  
Gerhard Beukes, CFA  
Gerry Fowler, CFA  
Hamad Hasan, CFA  
Nathaniel Johnston, CFA  
Dawn Le  
Matthew Richards  
Marta Rodriguez, CFA  
Andrew Skeat, ASIP  
John Wilkinson, CFA, ASIP  
Daniel Yates, CFA

## Professional Standards and Market Practices

Natalie WinterFrost, CFA (Chair)  
Ansumana Marrow  
Daniel Broby, ASIP  
Rita Dhut, ASIP

Janice Dorish, CFA  
Claire Fargeot  
Vivian Huxley, ASIP  
Evangelos Karatzas  
Colin McLean, FSIP  
Rhodri Preece, CFA  
Mohit Sarda, CFA  
Stephan Smith  
Ahmed Sule, CFA

## Scottish Committee

Susan Anderson, ASIP (Chair)  
Haig Bathgate, CFA, ASIP  
Tamsin Balfour, CFA  
Richard Dunbar, CFA, ASIP  
Colin McLean, FSIP  
Paul Hughes, CFA, ASIP  
Nick Thomas, CFA, ASIP

## Structured Learning Committee

Ian Paczek, CFA (Chairman)  
Omar Azami, CFA  
Teeja Boye, CFA  
Usman Hayat, CFA  
Justin Kew, CFA  
Alex Koriath, CFA  
Christiaan Kraan, CFA  
Alan Livsey, CFA  
Nicole Lux  
Peter Mennie, ASIP  
Teea Reijonen, CFA  
Marie-Christine Riachi, CFA  
Ade Roberts, CFA  
Ronak Thakrar, CFA

The society also operates a Nominations Committee (whose role is to select candidates for Board membership and whose composition changes annually), a Remuneration Committee (whose role is to set and review the remuneration of the Chief Executive and employees) and a Disciplinary Review Committee (which reviews complaints about members' professional behaviour).



**Annual Report and Financial Statements**  
for the year ended 30th June 2012

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