CFA Society
United Kingdom

Annual Report & Financial Statements

FOR THE YEAR ENDED 30TH JUNE 2013

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 10,800 members of the investment profession.

BOARD OF DIRECTORS AS AT 30 JUNE 2013:

Richard Dunbar, CFA, ASIP (Chairman), Scottish Widows Investment Partnership
Natalie WinterFrost, CFA (Vice-Chair), Aberdeen Asset Management
Peter Mennie, ASIP (Treasurer), Manulife Asset Management
Tarik Ben-Saud, CFA
David Bertocchi, CFA, Baring Asset Management
Dan Draper, CFA, Credit Suisse
Gerry Fowler, CFA, BNP Paribas
Annabel Gillard, CFA, M&G Investments
James Irving, CFA, London School of Economics and freelance consultant
Omar Kodmani, CFA, Permal Group
Anne Marden, CFA, JP Morgan Asset Management
John Marsland, CFA, Schroder Investment Management
Ian Paczek, CFA, UBS Asset Management
Andreas Utermann, ASIP, Allianz Global Investors

OFFICERS:

Will Goodhart, Chief Executive
Victoria French, Director of Finance and Operations
Nick Bartlett, CFA, ASIP, Director of Education
Craig Hurring, Director of Communications and Marketing
Bernadette Barber, Company Secretary

REGISTERED OFFICE (UNTIL 8 NOVEMBER 2013):

135 Cannon Street, London EC4N 5BP
Telephone: 020 7280 9620
Fax: 020 7280 9636
Email: *info@cfauk.org*
Website: *www.cfauk.org*

REGISTERED OFFICE (EFFECTIVE FROM 8 NOVEMBER 2013):

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

WILL GOODHART, CHIEF EXECUTIVE, CFA UK

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.

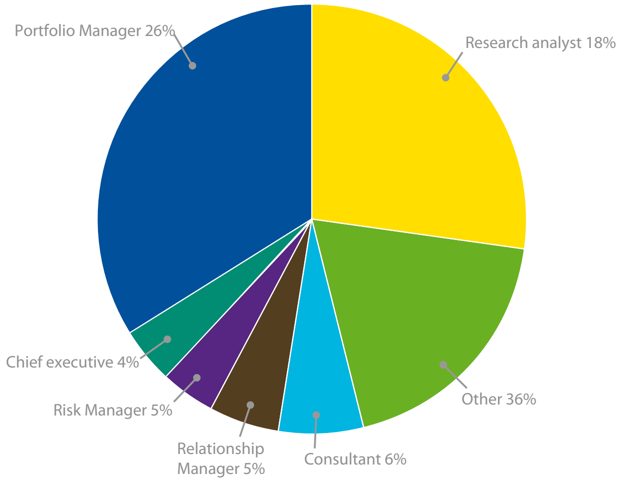
The society, which was founded in 1955, is a leading member society of CFA Institute (the global, nonprofit organisation of investment professionals) and serves society's best interests through the education of investment professionals, by informing policy-makers and the public about the profession and through the promotion of high professional and ethical standards.

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 FCA's requirements (either solely or in combination with other qualifications) for managing investments and advising on and dealing in securities and derivatives.

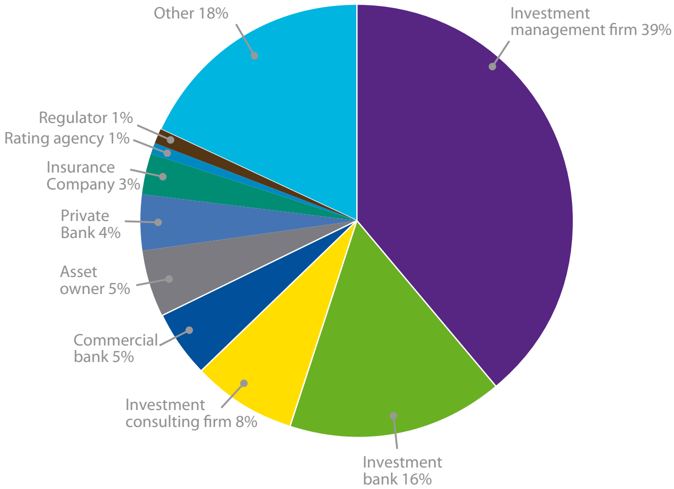
CFA UK also promotes the CFA Program and the Claritas Investment Certificate, for both of which CFA Institute is the awarding body. The CFA Program is a graduate level, self-study programme designed to equip investment professionals with technical skills, practical knowledge and a clear understanding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

CFA UK ANNUAL CONFERENCE 2013

CFA UK MEMBER OCCUPATIONS



CFA UK MEMBER EMPLOYER TYPES



Year to 30 June 2013:

- CFA UK charterholder member numbers increased by 10.2%
- Total membership increased 5.9% to 10,829 members

MEMBERSHIP (YEAR END 30 JUNE)

2013	10,829
2012	10,223
2011	9,443
2010	9,219
2009	8,515
2008	7,542
2007	7,024
2006	6,112
2005	5,377
2004	4,631

Chairman's Statement

Richard Dunbar, CFA, ASIP
Chairman

RICHARD DUNBAR, CFA, ASIP

"We have continued to champion ethics and have sought to build trust in our profession"

It has been my honour and pleasure to serve as Chairman since November 2012. The society has continued to grow over the period to a membership of almost 11,000. Due to both its size and talent, as well as the financial resource it brings, this membership has allowed us to continue to deliver on our mission to serve society's best interests through the provision of education and training, the promotion of high professional and ethical standards and by informing policymakers and the public about the investment profession.

This is a testing time for our profession and a time when the financial services industry in general is under more regulatory and public scrutiny. Our mission and the Code of Ethics and Standards of Professional conduct, which underpin it, have never been more important.

Over the past year, we have continued to ensure that the IMC remains the benchmark entry-level qualification for the investment profession and have supported CFA Institute in the development of the new, global self-study education programme, the Claritas Investment Certificate. In the coming year, we plan to make considerable investment in continuing professional development and will broaden and deepen our offering, which, I believe, will be of value to both members and employers.

We have continued to champion ethics and have sought to build trust in our profession. Our inaugural Professionalism Conference in April showcased our latest papers on this subject and brought together leading industry figures to debate the areas they highlighted. This event was a considerable success and has the potential to put us at the forefront of this important area. The society has continued to speak out on areas that affect our profession. Our well-considered and well-argued submissions and papers, driven by volunteers and staff with a deep understanding of their subjects, are increasingly sought by both regulators and legislators.

The year finished with our 'Integrity First' advertising campaign. I am confident that this has widened awareness of our society but I hope also that you will have taken some pride, as I did, in seeing it and the message it contained, in and around the City.

Our relationship with CFA Institute remains strong, and we continue to support them, and they us, in our shared mission. Similarly we continue to foster relationships with our sister societies around the world.

Operationally we will move premises in November at the end of our lease in Cannon Street. The new premises at Minster House, Mincing Lane will provide some extra space and a small area for use by members.

I would like to thank Will Goodhart and his staffed office team for their work over the year. We are fortunate to have such capable and diligent people supporting the work of our society. I am grateful to all the society's committee members and other volunteers for their efforts and progress this year and to the Advisory Council for their guidance. I chair a board of talented and committed individuals and I would like to thank my fellow office bearers and board members for their contributions. I would also like to thank Richard Rothwell, my predecessor, who stepped down from the board at the AGM in November and who was in the Chair for the first half of the period about which I write. The strength of the society today owes much to his wisdom and drive during his period on the board.

Finally, I thank you, the society's members, for your support of our work and your continued commitment to the highest standards of ethical and professional behaviour.

Treasurer's Report

Peter Mennie, ASIP
Treasurer

PETER MENNIE, ASIP

"Investing in a CPD offering for members in the coming year is the right approach to ensure the society provides the best possible range of support"

The focus for the society over the last few years has been on expanding the range of services offered to members, with a wider range of events and increased advocacy work. This theme continued in the year ended 30 June 2013 with an initial investment in supporting continuing professional development (CPD). The society's pre-tax profit reduced to £124,817 in the year ended 30 June 2013 (2012: £761,464) due to an increase in administrative expenses and an increase in cost of sales as a result of new activities, such as CPD, the Professionalism Conference and the 'Integrity First' advertising campaign. The society expects to continue to invest in continuing education and CPD to help support members and will continue to invest in support for ethics and professionalism in our profession.

Revenue decreased by 4% to £3,011,997 in the year ended 30 June 2013 (2012: £3,147,087). The decrease was mostly due to £309,732 of revenue being recognised in the prior year, relating to the sale of the worldwide rights (excluding the UK rights) of the Investment Management Certificate (IMC) to CFA Institute for which CFA UK received an up-front payment. CFA UK continues to retain ownership of the UK rights and will obtain future benefit from sales made of the Claritas Investment Certificate by CFA Institute. Revenue from examinations and education increased by 4% to £1,385,375 (2012: £1,336,950).

Cost of sales increased by 10% to £942,597 (2012: £855,442) due to costs of the 'Integrity First' advertising campaign, costs for the Professionalism Conference held for the first time in April 2013, a reduction in currency gains compared to the prior year and costs of new content development for CPD. Administrative expenses increased by 29% to £1,791,436 (2012: £1,386,406) due to an increase in staff numbers to an average of 20 during the year to support the society's additional activities (2012: 16), IT consultancy fees and higher website and webcast recording costs.

The society's net assets increased by 9% to £3,786,026 as at 30 June 2013 (2012: £3,481,831). At the year end, the society held £1,204,502 in cash (2012: £1,031,529) across two financial institutions and £3,465,963 (2012: £3,252,106) of investments in liquidity, fixed income, equity, multi-asset and absolute return funds which generated an unrealised profit of £271,838 (2012: £62,837). Against the backdrop of a strong investment reserves position, the Board believes that investing in a CPD offering for members in the coming year is the right approach to ensure the society provides the best possible range of support to members and to support the broader interests of society at large. The Board anticipates that an investment in CPD may also help to diversify our revenue streams which are currently focused on the IMC and membership subscriptions. The Board is mindful of how the society spends its resources and intends to maintain a material investment reserves balance.

I thank Victoria French and her team for their work on the society's finances and operations and I am grateful to my fellow finance committee members for their continued support. They play a vital role in overseeing the finances and in managing operational risk within the society. I would also like to thank Tarik Ben-Saud, chairman of the Investment Policy Committee and the committee as a whole for all their work during the year. Tarik has invested considerable time in devising the best approach to investing the society's reserves; balancing the need for long-term returns and capital preservation.

Highlights

IMC ADVANTAGE ULSTER BUSINESS SCHOOL AGREEMENT

RICHARD DUNBAR, CFA, ASIP ADDRESSES CFA CHARTERHOLDER CEREMONY

July – September 2012

- CFA UK introduces CPD select, providing access to third party executive education at preferential rates and a CPD logging tool
- The Professional Standards and Market Practices committee responds to the Parliamentary Commission on Banking Standards
- The IMC advantage scheme is launched, with the University of Ulster Business School, Aston Business School, BPP Business School, Queen Mary – University of London and Lancaster University the first institutions to achieve recognised partner status
- CFA UK's chief executive and director of education visit Jersey and Guernsey to meet members, regulators, education partners and CFA Program candidates
- Scottish members and senior figures from CFA Institute and CFA UK attend drinks at the Sheraton Hotel in Edinburgh to celebrate new Scottish charterholders
- Mentoring session with the society's charity partner IntoUniversity takes place at their Hackney centres. CFA UK members give one-to-one advice to a number of talented young people with aspirations from disadvantaged backgrounds

October – December 2012

- Senior figures from the investment profession gather as guests of outgoing CFA UK chairman Richard Rothwell, ASIP for the annual chairman's dinner. Guest speaker Bob Jenkins in a widely covered address throws down a gauntlet to the investment profession to "speak up … and stand out in … the regulatory reform of a lifetime"
- Richard Dunbar, CFA, ASIP is appointed new chairman of CFA UK following the society's AGM, to serve a two-year term
- Also at the AGM, voting rights are extended to all member categories of the society and four new board members are welcomed: Dan Draper, CFA, Gerry Fowler, CFA, Omar Kodmani, CFA and Anne Marden, CFA
- More than 170 CFA UK members attend the CFA UK new charterholder ceremony at Bank of America
- 15 CFA UK runners raise over £9,500 for IntoUniversity by completing the Royal Parks Half Marathon
- Eminent speaker and behavioural finance guru Meir Statman enlightens members on the themes of his latest book: *What Investors Really Want*

INVESTING IN BANKS ROUNDTABLE

INTEGRITY FIRST ADVERTISING CAMPAIGN

January – March 2013

- CFA UK issues its first Statements of Professional Standing (SPS) to members with CPD requirements under the remit of the Retail Distribution Review (RDR). Approximately 400 members used CFA UK for this service in 2013
- The second CFA UK financial journalism awards ceremony takes place, with the *Sunday Times* winning Publication of the year, *Investor's Chronicle* winning Article of the year and Kamal Ahmed, Business Editor of the *Sunday Telegraph*, winning the new ethical and professional standards award
- One year on from the launch of our quarterly valuation survey, CFA UK hosts a media lunch and shares our latest findings. The survey continues to generate strong coverage in both institutional and retail investment media
- CFA UK issues its *Investing in banks* position paper and chairs roundtable discussion with leading stakeholders in the global banking debate
- Annual Forecasting 2013 speakers include Michael Saunders, head of West European economic research at Citigroup and Kevin Gardiner, managing director EMEA at Barclays Wealth and Investment Management
- Almost 200 members attend Top Trading Ideas 2013 at Bloomberg, where trades covered ranged from Latin American bonds and Hungarian pharmaceuticals to potato vodka and currency hedges
- Exeter Business School wins the UK round of CFA Institute's Research Challenge. More than 3,500 students and 650 universities in more than 55 countries participate worldwide

April – June 2013

- CFA UK membership rises to a record 10,829 members
- 'Integrity First', the society's first advertising campaign for many years, runs across the tube stations of the City, Westminster and Canary Wharf, supported by online advertising and a microsite
- Almost 300 members and industry peers attend CFA UK's annual conference 'Challenging Investment Orthodoxies' at America Square Conference centre. Speakers include Andrew Lapthorne of Société Générale, Sebastien Page, CFA, of PIMCO and Nardin Baker, CFA, from Guggenheim Partners
- CFA UK's inaugural Professionalism Conference takes place. Speakers include Charles Ellis, CFA, Clive Adamson, director of supervision at the FCA and leading industry figures. Panel sessions discuss how to build and sustain an ethical culture
- The Scottish Analysts' Dinner is held at the Balmoral Hotel, with over 200 leading professionals in attendance. The keynote speech is given by Paul Walsh, then chief executive officer of Diageo
- Eminent speaker Jonathan Ruffer entertains members with his candid views on the skills you need to be a successful investment professional

Examinations and Education

CFA UK delivers on its mission through the provision of education and training. Our work includes the provision and oversight of the Investment Management Certificate (IMC) – the UK's premier threshold competence investment management qualification in the UK – structured learning and continuous professional development (CPD), learning and development (L&D) outreach, university outreach and CFA Program candidate support. This past year involved much work by the society to advance a number of ongoing initiatives, as well as work to explore further areas for development. The Examinations and Education Committee, together with each of its reporting committees, is grateful for the commitment, diligence and enthusiasm shown by Nick Bartlett, the society's director of education, and his excellent team.

IMC PANEL

Upholding the IMC as the premier threshold competence examination for the UK investment management profession is one of the society's key objectives. In 2013, there were just less than 6,000 IMC sittings. Sales of the Official Training Manual (OTM) remained strong. An annual statement of compliance with Ofqual General Conditions was signed in May.

2013 has been a busy year for the IMC with activities focused on the development of the syllabus and official training manual (OTM). Carmen Windsor joined the society as IMC program manager, and we welcomed Isaac Tabner of Stirling University, as a new academic advisor to the IMC Panel. The April 2013 changes to the UK regulatory regime prompted a mid-year update of the Unit 1 (Investment Environment) syllabus. We achieved a rapid response to the changes and began testing the new syllabus on 1 June.

During the year, we launched a two-part project to review the IMC syllabus and the OTM layout and to assess online learning tools for IMC candidates. The new look OTM will be published in October and, following our standard schedule, the new syllabus will be tested from 1 December. The timely completion of the first part of the project leaves us well positioned to contribute to the FCA's end-2013 review of exam standards for those managing investments. Early next year, we will turn our attention to online learning and make recommendations to the Board.

In the meantime, we are preparing for a shift in the way that we administer the IMC exams. Next year, we will move from a three-month to a four-month test publication cycle. This change will improve the society's management of the IMC exams by allowing a longer lead time for test construction.

IMC REGULATORY STATUS AND OFQUAL

We have an annual requirement to maintain the IMC's regulatory status with our governing body, Ofqual. This year saw further changes to the Ofqual regulations within which awarding organisations operate. Now, in addition to a statement of compliance with Ofqual's General Conditions, there are a further four standards related conditions that we need to meet.

With the support of an external consultant, we undertook a comprehensive review to assess the society's compliance with the Ofqual conditions. Our statement of compliance was signed and submitted in May 2013. Further improvements to document and systematise our Ofqual submission process were made this year which should aid our programme of ongoing assessment.

STRUCTURED LEARNING

This has been the first year that CFA UK members subject to the Retail Distribution Review (RDR) have had to request Statements of Professional Standing (SPS). We have issued close to 400 certificates to members, some of whom have also recorded their Continuing Professional Development (CPD) via CFA UK's online logging tool. This year we appointed Dearbhail Lang, CFA, as head of professional learning. Dearbhail has brought fresh ideas and enthusiasm to the topic, supported by strong technical knowledge.

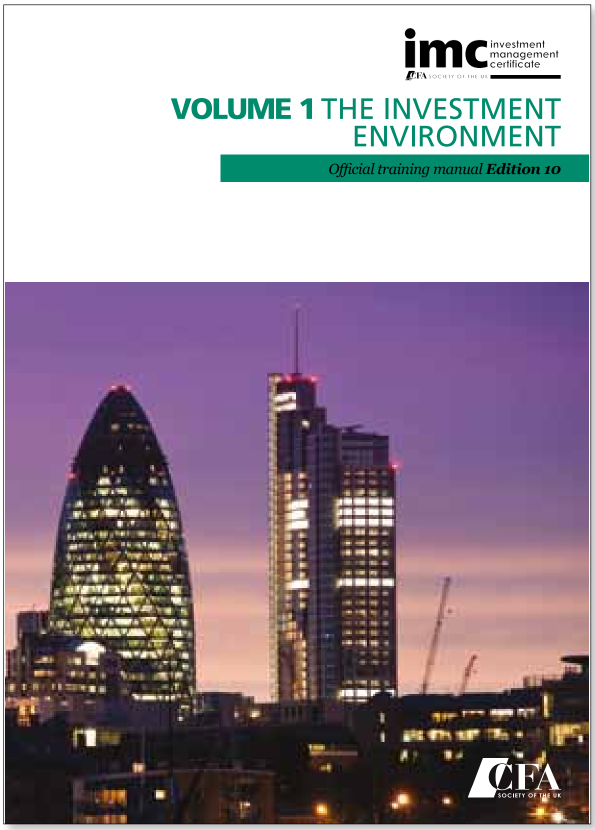
As CPD becomes more important to our members, we have developed a one-page guide to determine which activities count as CPD and have found new ways to deliver engaging CPD content to members.

In the year ahead, our efforts will be focused on implementing a new Learning Management System that will provide a stable platform for all members to access structured and unstructured CPD learning. Packaging high quality content together for specific areas of the profession is one way in which we hope to promote this facility to both CFA UK members and learning and development managers.

OUTREACH AND UNIVERSITY PARTNERSHIPS

Last year saw the launch of IMC Advantage, an initiative recognising the relevance of university undergraduate programmes to the UK investment profession. This year saw the continuing development of this initiative with additional university programmes added. In total, eight universities are now enrolled, recognising the significant alignment between one or more of their Bachelor degrees and the IMC syllabus.

We continue to work to develop our relations with the investment profession. To that end, we held a



very successful CFA UK Professionalism Conference in April. A morning session attended by professionals in learning & development, human resources and training & compliance involved a wide ranging discussion that covered developments in CPD and education, the new qualification landscape, assessment and maintenance of competence, and implementing high standards of ethics and professionalism. The afternoon session featured keynote addresses and panel discussions covering ethics, stewardship, conflicts of interest, fees and compensation, and regulation and professionalism.

CFA CANDIDATE SUPPORT

We continue to provide support to CFA Program candidates working toward their CFA charter. In the past year, we ran multiple revision surgeries helping candidate members studying for CFA Program Levels I, II or III to tackle difficult subject areas. We also helped CFA Program candidate members to form study groups. This popular and well-established CFA Program preparation technique allows candidates to compare notes, discuss problems and to support and motivate each other.

STATEMENT OF PROFESSIONAL STANDING

CFA UK is an FCA Accredited Body responsible for issuing Statements of Professional Standing (SPS) to individual private client financial advisers that have met the necessary requirements each year. The SPS certificate is a document that confirms an adviser has met specific qualification requirements, adheres to a recognised code of ethics and has completed at least 35 hours of continuing professional development (CPD) each year. All retail advisers now require an SPS and in the past year CFA UK has issued close to 400 SPS certificates.

FUTURE

Much of our future work will involve extending our current initiatives: continuing to work on professional and university outreach, refining the IMC and extending our provision of CPD. The availability of high quality content, coupled with cost effective distribution platforms and social media is revolutionising the delivery of educational services. CFA UK is well placed to extend our mission of serving society's best interests through the provision of education and training.

David Bertocchi, CFA
Chairman, Examinations and Education Committee

Continuing Education

Professionalism is an essential aspect of CFA UK's work, and a key differentiator for any professional is their commitment to the pursuit of ongoing learning. CFA UK's continuing education programme strives to provide a broad range of investment content, provided by expert speakers from both practice and academia.

Last year 29% of members attended a CFA UK continuing education event and almost 10% of members viewed a webcast. With professional development now a requirement for around half of CFA UK members, the committee strives to offer events in the most efficient way possible, with events hosted throughout the day and in various locations. Where possible events are filmed or audio recorded, so that as many members as possible are able to access our event programme. In the coming year, it will be interesting to see what impact our decision to make events in this programme free to members has on participation levels.

We divide our events calendar into two main areas, with a weekly programme of over 60 smaller events and a number of flagship events. The weekly programme this year featured a number of high profile contributors, including Elizabeth Corley, CEO of Allianz Global Investors discussing protecting client wealth through uncertainty, Meir Statman the bestselling author and behavioural finance guru on investor psychology and Jonathan Ruffer, chairman and founder of Ruffer, who delighted around 150 members with his highly personal views on what it takes to be a successful investor.

Our flagship events take place between January and June. In April, we added our inaugural Professionalism Conference to this programme. This important event consisted of a morning session with learning & development, human resources and training & competence professionals, in which critical developments in CPD and education in the new regulatory environment were discussed. This was then followed by a half-day conference on applying professional standards at which leaders of high profile investment firms discussed practical ways in which they promote and embed ethical and professional standards within their firms.

In January, we held a successful annual forecasting event at which speakers, including Michael Saunders, chief economist at Citibank and Kevin Gardiner, managing director, Barclays Wealth, provided their views on the wider economic outlook for the year ahead. Members tell us that this event provides an excellent opportunity to marshal their thoughts. The annual forecasting event is complemented by our annual 'Top Trading Ideas' event, which provides highly specific, often unusual, trade suggestions from across asset classes, which this year was hosted by Bloomberg in their main auditorium. For CFA Program candidates and new charterholders, Succeeding in the Investment Profession again offered some revealing insights into what leading employers and recruiters are looking for in today's investment professional, with the CV surgeries at this year's event proving particularly beneficial to attendees.

MICHAEL SAUNDERS OF CITIGROUP ADDRESSES ANNUAL FORECASTING 2013

Finally, this year's annual conference brought almost 200 members together to discuss the latest thinking on correlation, diversification and portfolio construction. Guest speakers included Sebastien Page, CFA, of Pimco on portfolio construction based on diversified risk factors and Nardin Baker, CFA, of Guggenheim Partners on the anomaly of low volatility stock outperformance. Feedback about the conference's more specific focus and its half-day format has been positive and we will take this approach again for the 2014 event.

We remain extremely grateful to our continuing education sponsors and our flagship event sponsors and exhibitors, whose engagement and financial support help make our events programme possible.

Helen Thomas, CFA

Chair, Continuing Education Committee

Membership Committee

MEMBERS AT THE SPRING NETWORKING RECEPTION 2013

It has been a busy year once again for the Membership Committee. We were actively involved in investigating an important change to make voting rights available to all CFA UK members, not just regular members of both CFA UK and CFA Institute. This change was then agreed by an overwhelming majority at the AGM. We were also delighted that CFA UK's Board supported our strong recommendation to use some of the society's resources to fund a 'free to members' Continuing Education programme of events for at least this year.

Society membership grew strongly again year-on-year, with a 5.9% increase in membership meaning CFA UK had 10,829 members as at 30 June 2013, exceeding the 10,600 target set by the Board. We saw particularly strong growth in CFA charterholder memberships and also among CFA Program candidates, who have continued to benefit from our comprehensive member study support programme.

Overall member satisfaction levels have been maintained at 70% and we were particularly pleased to see IMC member satisfaction increase. The committee is working hard to ensure we provide benefits to members across all of CFA UK's member categories.

The committee has worked closely with the society in launching the CFA UK Ambassador Programme. Ambassadors are member volunteers who provide a link between CFA UK and their employer and colleagues by providing information on membership, upcoming events and hosting drop-in sessions where the society can provide information on qualifications, events, careers and other support. The committee plans to heighten its focus on CFA UK Ambassadors this year.

This committee is also responsible for identifying CFA UK's official charity and, over the last 12 months, we have maintained our support for IntoUniversity, which supports young people from disadvantaged backgrounds in attaining a university place or another chosen career aspiration. This year we have supported them through voluntary donations at networking events and through fundraising activities including half marathons and triathlons. Members have given their time and experience to mentor young people at IntoUniversity centres, providing guidance and support at this important stage in a young person's development.

For the year ahead, we are keen to see how CFA UK can engage members more effectively thought better digital content management and we will be working with the staffed office to create an enhanced suite of relevant, tailored third party benefits to enhance the value and prestige of membership.

I thank my fellow committee members and the CFA UK office for their dedication and commitment over the past year, and I look forward to a successful 2013/2014 in which we hope to see further improved member satisfaction and member levels exceed 11,000.

Tony English, ASIP
Chair, Membership Committee

Careers Committee

QUEUE FOR CV SURGERIES, SUCCEEDING IN THE INVESTMENT PROFESSION 2013

The Careers Committee has remained focused on two main areas over the year to end June 2013: the continued development of the society's online jobs board and its programme of careers events.

In total, close to 120 jobs were posted last year – down slightly from the year to end June 2012. Of the advertised positions, the most popular roles were analyst positions (29%), portfolio manager (9%) positions and consultant roles (7%). The remaining roles were offered across a broad spectrum of jobs.

The decline in the number of jobs posted reflects the continuing reduction in the size of the jobs market. For example, the recruitment consultant Astbury Marsden recorded a 39% reduction in jobs while there was a sharp increase in the number of temporary positions. The jobs board generated revenues slightly down from the £31,000 generated in the prior year.

The careers pages of the website site averaged around 3,500 page views per month. We are in touch with around 170 employers with regard to using the jobs board and have identified an additional number to contact over the next 12 months. This contact list should help us to generate continued interest in using the jobs board in the year ahead, notwithstanding a generally more challenging recruitment environment.

Feedback from employers has been positive about our careers work, 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. Following suggestions from the committee, the jobs board has been improved. Enhanced functionality includes better analytics and a more focused job search functionality. The advice section also has new content and a revamped design. We have also discussed ways in which online resources in general could be further improved for our members and this is in hand for launch later this year.

Over the course of the year 16 careers events were held including eight 'Working in …' talks, six career development seminars and the annual 'Succeeding in the Investment Profession' conference, for which there were more than 250 registered attendees. A new feature at this year's conference was the CV surgery for members. Feedback has been positive with 86% 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. We plan to offer more CV and interview surgeries in the year ahead.

I am grateful to all of the committee members for their support over the last year. I thank the staffed office's events team for all of their hard work in organising and supporting careers events and Sarah Maynard, our director of career development, for her work on behalf of the committee and the membership.

Daniel Murray, CFA
Chairman, Careers Committee

Scottish Committee

We now have more than 550 CFA UK members based in Scotland, with around 65% also being CFA charterholders. As our membership grows, so, too, does our influence and we're delighted to have the CFA UK's chairman based again in Scotland following the appointment in November 2012 of Richard Dunbar, CFA, ASIP. Our reach grew further, too, following the appointment to the main board of CFA Institute of Colin McLean, FSIP, which meant Colin has had to step down from the Scottish committee. As a former chair of CFA UK, a widely respected leading investment professional and a driving force for the Scottish committee for many years, Colin's contribution has been outstanding and significant and we thank him for his guidance and dedicated service.

SCOTTISH ANALYSTS' DINNER 2013

Our activity programme for 2012/2013 has been highly focused on delivering interesting and relevant continuing education events for Scottish members. Three events in particular stood out. The first was a presentation in September 2012 from the eminent commentator and MIT Sloan academic Mark Kritzman, CFA, who shared his views on the absorption ratio, and how it provides an implied measure of systemic risk, which enables an investor to assess their portfolio's vulnerability to particular events. Secondly, early in 2013, we held an open discussion in a packed room at the University of Edinburgh Business School concerning why financial services has continued to account for a share of total profits and earnings far in excess of its share of economic activity. The illustrious panel featured Professor John Kay, just prior to the publication of the Kay review for the UK Government, Crawford Gillies, the chairman of Scottish Enterprise and Professor Brian Main, a leading finance academic from the University of Edinburgh. Finally, we were delighted to welcome Rodney Sullivan, CFA, head of publications for CFA Institute and editor of the prestigious *Financial Analysts Journal*, who was kind enough to visit us from Charlottesville to outline his views on effective modern portfolio management in a risk-on / risk-off world.

Our social programme this year included our new charterholder drinks reception in September, at which over 80 members braved some atrocious weather to join the committee together with Will Goodhart, chief executive of CFA UK and Nitin Mehta, CFA, managing director of the EMEA region for CFA Institute, who flew in directly from China to Edinburgh to join us and share his views on the growing importance of the CFA charter for today's investment professional. We then held a Scottish members networking and drinks reception in February at the Sheraton Hotel, where Craig Hurring, director of communications and marketing for CFA UK, joined us to speak about some of the initiatives that CFA UK were working on. There was a particularly good turn out from candidates studying the CFA Program at this event, most of whom had not been to a CFA UK event before, which was very pleasing to see.

Our programme concluded with the prestigious Scottish Analysts' Dinner at the end of April at the Balmoral Hotel. This event continues to be a significant date in the Scottish financial calendar, and we were joined by over 230 attendees this year, with tables hosted by organisations including Turcan Connell, Martin Currie, Credit Suisse and Bank of America Merrill Lynch. They were joined by our very special guest, Paul Walsh, then chief executive officer of Diageo, now chairman of the Compass Group, who provided a fascinating address, with sponsorship kindly provided for the third year in succession by RBC Capital Markets.

Moving forward for the rest of 2013 we have a number of new events planned in addition to our annual social and networking events, including a members' lunch and speaker event during Edinburgh Book Week with Felix Martin and Geoff Mulgan discussing their new book *How to avoid future economic crises* and what should be a fascinating panel discussion, 'What Now For QE?' hosted at Heriot-Watt University featuring prestigious speakers including Russell Napier and Bill Jamieson. From an education perspective, we are also looking to provide more surgeries for Scottish CFA Program candidates, following the successful CFA Program Level I surgery offered this year.

I would like to take this opportunity to thank all our speakers, the other organisations we work with in the investment community in Scotland and the CFA UK staffed office in London for their unfailing support.

Haig Bathgate, CFA
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 (FRAC)

The financial reporting and analysis committee (FRAC) has had a busy year, focused on representing the interests of financial report users in as many spheres as possible. In this report, we hope to highlight some of the key areas we have worked on.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

We have continued to provide feedback to the IASB over the past year and contributed to three key areas: IFRS 8 (segment reporting), IFRS 9 (financial instruments, including the expected loss model) and leasing. We held our first FRAC event for our IFRS 8 response and combined it with a survey. We will look to have more surveys on these topics in the future to inform our views. In general, investors viewed IFRS 8 positively although there were calls for greater consistency of reporting, even within sectors. We have consistently supported the two-category model for IFRS 9 and do not think that reported accounts should be sector specific. With regard to expected credit losses for financial instruments, we believe the 12-month forward view is sensible but that further work needs to be done on the trigger that turns this into a lifetime loss.

FINANCIAL REPORTING COUNCIL (FRC)

We liaised with the FRC on the topic of a framework for disclosures. We support the FRC's proposal to remove clutter and information duplication from financial statements and to focus disclosure on investors' needs. However, we found that users of accounts were less concerned about complexity than the FRC document assumes as it often reflects the complexity of the companies, or transactions, themselves. We also welcomed the FRC's proposals to improve the auditor's report. We believe that any analysis of material misstatements in the audited accounts will prompt more rigorous questioning of the company and its auditors.

PARLIAMENTARY COMMISSION ON BANKING STANDARDS (PCBS)

We responded to the PCBS questions relating to tax, audit and accounting. We believed that one measure to discourage excessive borrowing would be to treat tax and debt in the same way in financial statements. Also, banks should have sufficient equity to absorb losses of any description including unexpected events. However, accounting standards should not be blamed for inadequate loan loss provisions when the underlying problem was a lack of retained earnings. We highlighted that the audit report should be more helpful even though there is a potential conflict of interest.

UK SHAREHOLDERS' ASSOCIATION (UKSA)

UKSA released a paper entitled 'Prudence is missing' that was calling for a return to prudent (i.e. conservative) rather than neutral accounting. We disagreed with this view and found that most investors agreed with us. We therefore responded with letters in the *Financial Times*, a formal response and a meeting with an MP. We support the further refinement of accounting standards rather than a reversion to prudence accounting.

For the coming year, we will focus on enhanced risk disclosure, more refined narrative reporting and the IASB's review of its Conceptual Framework.

Jane Fuller
Chair, Financial Reporting and Analysis Committee

PROFESSIONAL STANDARDS AND MARKET PRACTICES COMMITTEE

The year proved once again that the focus on professional standards continues unabated. Advocacy continues to play an important role for the society and its members. The committee had a busy year responding to numerous consultations and discussion papers. Our submissions related to a wide range of issues that included Libor, whistleblowing, computerised trading, fiduciary duties and the Parliamentary Commission on Banking Standards. We also provided our views on what we would expect from the new conduct regulator, the Financial Conduct Authority.

We have continued to build on our foundations by being more proactive in the promotion of high ethical and professional standards and taken steps to raise CFA UK's profile. Policymakers, standard setters and regulators continue to place great emphasis on conduct and culture. CFA UK has provided a well-timed initiative in this regard with its first Professionalism Conference that also marked the launch of three position papers on stewardship, fees and compensation and conflicts. The conference was well attended and coincided with the launch of the 'Integrity First' campaign.

Member engagement also took a progressive step. We reached out to members that expressed an interest in professional standards and market practices through a lunch series. It was a delight to experience the diversity of the CFA UK membership represented at these lunches. It was pleasing to learn that we have represented members' views fairly to date, but it was also notable that there is greater appetite for CFA UK to use its position as a professional body and to play a more prominent role in the debate on key issues.

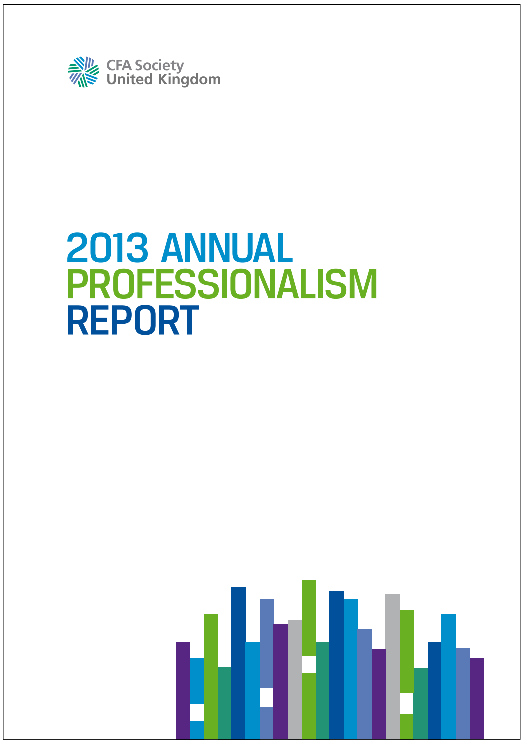
PRACTITIONER PANEL DISCUSSES FEES AND COMPENSATION, PROFESSIONALISM 2013

Regulator engagement continues to be a focal point for the PSMPC. Policymakers and regulators have already started to value the expertise CFA UK can provide. That is evident from the society's engagement in the initiatives on models, metrics and fiduciary duties resulting from the Kay Review's recommendations.

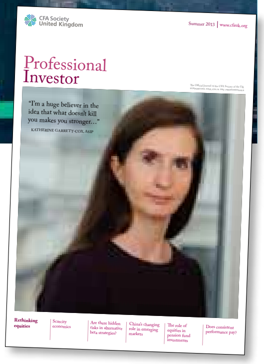
Further position papers relating to professionalism will be launched in the next 12 months and we have ambitions to undertake our own research initiatives to inform and educate policymakers and regulators about the investment profession.

I thank my fellow committee members and the CFA UK office for their dedication and commitment over the past year. I look forward to a successful 2013/2014 in which we hope to see CFA UK members become more involved with our initiatives and for CFA UK to gain an even higher profile with regulators, policymakers and standards setters.

Natalie WinterFrost, CFA
Chair, Professional Standards and Market Practices Committee



Marketing and Communications Committee



This year, revitalising CFA UK's brand has been a major focus for the committee and a great deal of work has been done to modernise all of CFA UK's marketing assets to support our new logo. Members have been complimentary about the new brand too, enjoying the bold, modern design and the closer alignment with CFA Institute's global marketing output.

A major initiative has been the 'Integrity First' advertising campaign. This is the first time in many years that CFA UK has promoted its brand through advertising. We did so in response to feedback from members who are proud of the work we do to promote high professional and ethical standards and wanted us, in the wake of the financial crisis, to be more bold in talking about our members' integrity. It has been exciting walking around the City, Canary Wharf and Westminster seeing our adverts in the tube stations or on the side of black cabs, and the 'Integrity First' microsite had over 1,000 unique viewers downloading position papers or learning more about the society, over 80% of whom have not previously used CFA UK's website. The campaign has achieved our aims of instilling pride in the membership and widening awareness of what it means to be a CFA UK member.

Our media profile has remained strong this year and our work on professionalism, in particular, has delivered positive coverage for CFA UK. The recent Parliamentary Commission into Banking Standards referenced our response and quoted CFA UK on several occasions. Our quarterly valuation survey of asset classes continues to be of interest not only to institutional investors, but also to the informed general public, and we've been delighted that its findings have been used to underpin articles in personal finance commentary within the *Daily Telegraph* and the *Sunday Times*.

Our digital marketing work has seen us maintain best in class email engagement levels with members and CFA Program candidates, where our membership marketing campaigns has been particularly effective. We have also delivered a comprehensive library of digital outputs from events to members this year, in particular via 20 new webcasts. The number of members watching a full webcast has grown by over 30% year on year, with films of our Professionalism Conference, annual conference and Jonathan Ruffer event proving particularly popular. We are keen to increase the amount of content available to members online and in digital format this year.

Digital marketing will remain a primary focus for 2013/2014, too. While website traffic has risen by almost 40% year on year to now stand at over 500,000 unique visitors annually, we recognise that the website we designed and built several years ago no longer supports the needs of our growing society. We need to make some important changes to make it work more effectively on mobile and tablet formats and to make our news and member benefit areas more visible and accessible. Our plan is to introduce an app that will enable members on the move to better access several key member benefits. CFA UK's new learning management system for CPD resources will launch in the coming year and we will be involved in a promotional launch campaign for both members and training managers. Finally, we will spend a great deal of time on data segmentation so that we can best tailor relevant content more accurately across our membership base.

I have recently stepped down as chair of the Marketing and Communications Committee having served for over six years as a member and then chair. I am delighted that Lucy Johnstone, CFA has agreed to take over my responsibility as chair. I know she will be a great success in this role. Thank you to Lucy, to the committee and to Craig Hurring, CFA UK's director of communications and marketing, and his team in the CFA UK office.

Annabel Gillard, CFA
Chair, Marketing and Communications Committee

Investment Policy Committee

The Investment Policy Committee implements the reserves policy 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 to review proposed investments or adjustments to investment positions.

The purpose of the reserves is to ensure that CFA UK has the financial means to continue to provide support to its members in both the short- and long-term. Specific objectives include:

- sustaining basic operations and core member services during a sustained economic downturn;
- providing a source of capital to cover unanticipated temporary revenue shortfalls; and
- creating the ability to fund long-term strategic initiatives.

The purpose of the reserves policy is to provide an investment and operational framework to achieve those objectives. A review of the reserves policy was undertaken by the committee during the year and a revised policy was approved by the Board.

Investment reserves are invested in a range of liquidity, fixed income, equity, multi-asset and absolute return funds and increased by 6.6% during the year to £3,465,963 as at 30 June 2013 (2012: £3,252,106).

During the year an investment was disposed of to rebalance the portfolio, generating £246,166 of proceeds (2012: liquidity fund disposal of £200,000) and realising a loss of £13,920 (2012: £nil). £251,022 of investments were purchased during the year (2012: £752,434).

The society's reserves generated an unrealised profit as at 30 June 2013 of £271,838 (2012: £62,837).

An online performance reporting system was implemented during the year to help manage the investment portfolio and reporting thereon.

I would like to thank my fellow committee members for their time and substantial effort in managing the society's reserves.

Tarik Ben-Saud, CFA
Chairman, Investment Policy Committee

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 Fellowship committee met three times this year and considered 15 individuals for Fellowship. Six new Fellows will be elected in November 2013.

There were 75 Fellows as at 30 June 2013. Fellows' membership dues are met by the society and Fellows may attend society events at no charge.

I thank the other members of the Fellowship Committee for their support and note, in particular, the contributions of Robert Matthews, FSIP and Rick Dentith, FSIP, who both served on the committee for many years and stood down this year.

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 2013.

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 2013:

- Richard Dunbar, CFA, ASIP (Chairman)
- Natalie WinterFrost, CFA (Vice-Chair)
- Peter Mennie, ASIP (Treasurer)
- Jeremy Armitage, CFA, *Resigned 2 November 2012*
- Tarik Ben-Saud, CFA
- David Bertocchi, CFA
- Daniel Draper, CFA, *Appointed 13 November 2012*
- Gerald Fowler, CFA, *Appointed 13 November 2012*
- Annabel Gillard, CFA
- James Irving, CFA
- Ken Kinsey-Quick, CFA, ASIP, *Resigned 13 November 2012*
- Omar Kodmani, CFA, *Appointed 13 November 2012*
- John Marsland, CFA
- Anne Marden, CFA, *Appointed 13 November 2012*
- Ian Paczek, CFA
- Richard Rothwell, ASIP, *Resigned 13 November 2012*
- George Spentzos, CFA, *Resigned 13 November 2012*
- Andreas Utermann, ASIP

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 2013

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 20 to 29. 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 18, 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 *http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx*

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 2013 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.

Andrew Westbrook
(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 2013	Notes	2013	2012
		£	£
Turnover	3	3,011,997	3,147,087
Cost of sales		(942,597)	(855,442)
Gross Profit		2,069,400	2,291,645
Administrative expenses		(1,791,436)	(1,386,406)
Establishment costs	4	(182,328)	(168,120)
Operating Profit		95,636	737,119
Interest receivable and similar income	5	29,181	24,345
Profit on ordinary activities before taxation	6	124,817	761,464
Taxation on profit on ordinary activities	7	(29,623)	(124,684)
Profit on ordinary activities after taxation	14	95,194	636,780

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 2013	2013	2012
	£	£
Profit for the financial year	95,194	636,780
Fair value gains / (losses) on available-for-sale financial assets	209,001	(22,849)
Total recognised gains relating to the year	304,195	613,931

BALANCE SHEET AS AT 30 JUNE 2013	Notes		2013		2012
			£		£
Fixed Assets					
Tangible assets	8		25,427		50,026
Current Assets					
Stock	9	15,441		13,154	
Debtors	10	336,690		261,085	
Investments	11	3,465,963		3,252,106	
Cash at bank and in hand		1,204,502		1,031,529	
			5,022,596		4,557,874
Creditors					
Amounts falling due within one year	12		(1,261,997)		(1,097,402)
Net Current Assets			3,760,599		3,460,472
Total Assets less Current Liabilities			3,786,026		3,510,498
Creditors					
Amounts falling due after more than one year	13		–		(28,667)
Net Assets			3,786,026		3,481,831
Reserves					
Profit and Loss Account	14		3,514,188		3,418,994
Available for Sale Reserve	14		271,838		62,837
Members' Funds			3,786,026		3,481,831

The financial statements on pages 20 to 29 were approved and authorised for issue by the Board of Directors on 4 October 2013 and signed on their behalf by:

R Dunbar, CFA, ASIP, Chairman

P Mennie, ASIP, Treasurer

CASH FLOW STATEMENT	Notes	2013	2012
		£	£
Net cash inflow from operating activities	16	285,513	984,313
Returns on investments and servicing of finance			
Interest received and investment income		29,181	24,345
Net cash inflow from returns on investments and servicing of finance		29,181	24,345
Taxation			
Corporation tax paid		(119,743)	(42,246)
Capital expenditure and financial investments			
Payments to acquire current investments		(251,022)	(752,434)
Proceeds from sale of current investments		232,246	200,000
Payments to acquire tangible fixed assets		(3,202)	(12,643)
Net cash outflow from capital expenditure and financial investments		(21,978)	(565,077)
Increase in cash in the period	16	172,973	401,335

Accounting Principles

A. General

The society is an unquoted company limited by guarantee. The principles of full disclosure and the format of financial statements in the Companies Act 2006 have been followed. These financial statements have been prepared under the historical cost convention.

B. Investment Income

Investment income comprises interest receivable and dividend income.

C. 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
Membership and examination systems software		20%
Office equipment:	computer equipment	33.33%
	other equipment	20%
Furniture and fittings		10% and 20%

D. 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 Available for Sale reserve within the balance sheet. Upon disposal of an investment, the related Available for Sale reserve is recognised and transferred to the Profit & Loss Account.

E. Stock

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. 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.

F. 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.

G. 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.

H. 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.

I. Research and Development

The company does not directly incur any research or development expenditure.

J. 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.

K. Pension Contributions

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

L. 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 the candidate sits an examination or on expiry, one year after registration.

Notes to the Financial Statements for the year ended 30 June 2013

(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 the members of the society.

As at 30 June 2013, the total number of members was 10,829 (2012: 10,223) and the number of Regular members was 7,433 (2012: 6,858).

(2) Employees	**2013**	**2012**
The average monthly number of persons, excluding 14 volunteer directors (2012: 14) employed by the society was:		
Employees	20	16
Staff costs for the above persons:	**£**	**£**
Wages and salaries	1,009,062	840,079
Social security costs	120,504	98,243
Other pension costs	62,994	47,393
	1,192,560	985,715

No remuneration was paid to the directors during the year (2012: nil). No director (2012: nil) is accruing benefits under money purchase or defined benefit pension schemes.

(3) Turnover	**2013**	**2012**
	£	**£**
Subscriptions	886,336	829,522
Publications	184,472	179,738
Journal	17,930	27,428
Examinations	1,385,375	1,336,950
Professional Development	99,746	138,285
CFA Support	18,349	37,424
Social	25,338	25,562
Other Activities	153,483	171,067
CFA Institute Funding	125,001	91,379
CFA Institute – Claritas income	115,967	309,732
	3,011,997	3,147,087

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

Turnover from CFA Institute relating to the Claritas Investment Certificate Program was £115,967 (2012: £309,732). In the previous year ended 30 June 2012, 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) 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.

(4) Establishment costs		2013		2012
	£	£	£	£
Rent	61,242		57,131	
Rates	21,634		19,595	
Lighting and heating	2,520		2,520	
		85,396		79,246
Insurance		11,808		5,747
Office building maintenance		41,173		26,253
Office repairs and renewals and health & safety		2,236		4,037
Office security		1,451		1,199
Office cleaning		4,463		4,243
Lease dilapidations		8,000		6,667
Depreciation		27,801		40,728
		182,328		168,120

(5) Interest receivable and similar income	2013	2012
	£	£
Bank interest	9,275	5,037
Dividend income received	19,906	19,308
	29,181	24,345

(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	27,801	40,728
Exchange gains	(1,406)	(21,411)
Operating leases:		
Plant and machinery	8,704	8,720
Land and buildings	61,242	57,131
Auditor's remuneration – audit services	10,750	10,500
Auditor's remuneration – taxation	6,450	8,650
Auditor's remuneration – other services	4,000	–

Notes to the Financial Statements for the year ended 30 June 2013

(7) Corporation Tax	2013	2012
	£	£
Current Tax: UK corporation tax	23,993	116,598
Underprovision in previous period	3,145	12,062
Total current tax	27,138	128,660
Deferred taxation:		
Origination of timing differences	293	(2,140)
Effect on tax rate change on opening balance	2,192	(1,836)
Total deferred tax change / (credit)	2,485	(3,976)
Tax on profits on ordinary activities	29,623	124,684

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 20%. The differences are explained below:

	2013	2012
Profit on ordinary activities before tax	124,817	761,464
Profit on ordinary activities multiplied by the effective rate of corporation tax of 20% (2012: 25.5%)	24,963	194,194
Effects of:		
Fixed asset differences	4,152	5,295
Expenses not deductible for tax purposes	3,999	–
Income not taxable for tax purposes	(8,348)	(66,082)
Adjustments to brought forward values	–	(1,341)
Depreciation in excess of capital allowances	(1,032)	(1,222)
Other short term timing differences	4,240	3,496
Adjustments to tax charge in respect of previous periods	3,145	11,993
Exempt dividend income	(3,981)	(4,924)
Marginal relief	–	(12,817)
Other differences	–	68
Current tax charge for the year	27,138	128,660

(8) Tangible Fixed Assets	Leasehold improvements	Systems software	Office equipment	Furniture & fittings	Total
Cost	£	£	£	£	£
At 30 June 2012	108,279	281,878	58,972	31,117	480,246
Additions	–	–	1,493	1,709	3,202
At 30 June 2013	108,279	281,878	60,465	32,826	483,448
Depreciation					
At 30 June 2012	77,139	281,878	48,901	22,302	430,220
Charged in the year	20,760	–	4,506	2,535	27,801
At 30 June 2013	97,899	281,878	53,407	24,837	458,021
Net book value					
At 30 June 2013	**10,380**	**–**	**7,058**	**7,989**	**25,427**
At 30 June 2012	31,140	–	10,071	8,815	50,026

(9) Stock	2013	2012
	£	£
Stock	15,441	13,154

(10) Debtors – due within one year	2013	2012
	£	£
Trade debtors	77,808	95,510
Other debtors	46,441	49,709
Prepayments and accrued income	201,771	102,711
Deferred tax asset	10,670	13,155
	336,690	261,085

(11) Investments	2013	2012
	£	£
At 1 July	3,252,106	2,722,521
Acquired in the period (at cost)	251,022	752,434
Less: Disposal in the period	(246,166)	(200,000)
Market value adjustment	209,001	(22,849)
Market value at 30 June	3,465,963	3,252,106

Notes to the Financial Statements for the year ended 30 June 2013

(12) Creditors: Amounts falling due within one year	2013	2012
	£	£
Amounts received in advance	590,326	565,695
Creditors control account	212,938	134,210
Corporation tax liability	23,993	116,667
Other taxation and social security costs	49,364	33,026
Sundry creditors and accruals	385,376	247,804
	1,261,997	1,097,402

(13) Creditors: Amounts falling due after more than one year	2013	2012
	£	£
Accruals	–	28,667

(14) Reserves	2013	2012
	£	£
Profit and Loss Account		
At 1 July 2012	3,418,994	2,782,214
Profit for the financial year	95,194	636,780
At 30 June 2013	3,514,188	3,418,994
Available for sale reserve		
At 1 July 2012	62,837	85,686
Market value adjustment on investments	209,001	(22,849)
At 30 June 2013	271,838	62,837
Total Reserves as at 30 June 2013	3,786,026	3,481,831

(15) Commitments under operating leases	2013	2012
	£	£
At 30 June 2013 the society has annual commitments under non-cancellable operating leases as follows:		
Plant and machinery:		
expiring within 1 year	2,388	–
expiring between 2 and 5 years	6,316	8,704
Land and buildings:		
expiring within 1 year	29,909	–
expiring between 2 and 5 years	–	71,782
	38,613	80,486

(16) Cash flow	2013	2012
	£	£
A. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	95,636	737,119
Depreciation of tangible fixed assets	27,801	40,728
Loss on disposal of current asset investment	13,920	–
Operating cash flows before movements in working capital	137,357	777,847
(Increase) / decrease in stocks	(2,287)	2,706
(Increase) / decrease in debtors	(78,090)	47,410
Increase in creditors	228,533	156,350
Net cash inflow from operating activities	285,513	984,313
B. Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period	172,973	401,335
Net funds at 30 June 2013	1,204,502	1,031,529
Net funds at 30 June 2012	1,031,529	630,194
Movement in net funds in the period	172,973	401,335
C. Analysis of net funds	**At 30 June 13**	**At 30 June 12**
Cash at bank and in hand	1,204,502	1,031,529

(17) Pension Commitments

The society makes contributions to the personal pension schemes of employees. The pension charge for the year was £62,994 (2012: £47,393). At 30 June 2013, pension contributions amounting to £42,408 were outstanding (2012: £21,207) 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.

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:

	2013	2012
	£	£
US Dollar denominated contract	725,594	–

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 2013 amounted to an asset of £4,225 (2012: £nil).

Committee Volunteers as at 30 June 2013

Careers Committee

Daniel Murray, CFA (Chairman)
Caroline Connell, CFA
Stacy Jansz, CFA
Katerina Kosmopoulou, CFA
Istvan Mate-Toth, CFA
Bruno Pellier, CFA
Victoria Thompson, CFA
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Vijay Agrawal, CFA
Edward Bace, CFA
Peter Brackett, ASIP
Michael Collins, ASIP
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Joseph McDonnell, CFA
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Jonathan Philp, CFA, ASIP
David Porter
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Rajesh Solanki, CFA
Mark Wiltshire, CFA

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Alistair Byrne, CFA
Richard Fernand, CFA
William Harer, ASIP
Ilan Heimann, CFA
Ben Kottler, CFA
Philippe Lenoble, CFA
Kirsty McLaren, CFA, ASIP
Ian Paczek, CFA
Helen Thomas, CFA
Prof. Stephen Thomas

Executive Committee

Richard Dunbar, CFA, ASIP (Chairman)
Natalie WinterFrost, CFA (Vice-Chair)
Peter Mennie, ASIP (Treasurer)
Tarik Ben-Saud, CFA
David Bertocchi, CFA
Annabel Gillard, CFA

Fellowship Committee

Yusuf Samad, CFA, FSIP (Chairman)
Kevin Carter, CFA, FSIP
Geoff Lindey, FSIP
Colin McLean, FSIP
Lindsay Tomlinson, FSIP

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Hugh Brennan, CFA
Ronan Langford, CFA
Matthew Lonergan, CFA
Stephen Maher, CFA
Stephen Wackerle, CFA

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Olivia Brindle, CFA
Christopher Bruce, CFA
Neil Dawson
Hilary Eastman, CFA
Colm Friel, CFA
Paul Lee
Kristen Lie, CFA
Marietta Miemietz, CFA
Barbara Petitt, CFA
Humayun Rasheed, CFA
Ian Sealey, CFA
Veenit Surana

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Haig Bathgate, CFA, ASIP
Madeleine Gore, ASIP
Peter Mennie, ASIP
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Niels Andersen, CFA
Olena Clayton
Corey Cook, CFA
Jonathan Davis
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Lucy Johnstone, CFA
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Gerhard Beukes, CFA
Gerry Fowler, CFA
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Alan Livsey, CFA
Nicole Lux
Avinash Rajan
Marie-Christine Riachi, CFA
Ade Roberts, CFA
Ronak Thakrar, CFA
Daniel Ung

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).


CFA Society
United Kingdom
INTEGRITY
FIRST
We believe:
• Competence is critical
• Experience is valuable
• High professional and ethical standards are fundamental
Being a CFA UK member
shows you do too.
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