



# ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 30 June 2015

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



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# About Us

**CFA UK, which was founded in 1955, is the largest society under CFA Institute's global network of member societies. The Society represents the interests of approximately 11,400 members of the investment profession.**

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.

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

## **Board of Directors as at 30 June 2015:**

**Natalie WinterFrost**, CFA, FIA (Chairman),  
Aberdeen Asset Management

**John Marsland**, CFA (Vice-Chairman),  
Schroder Investment Management

**Peter Mennie**, ASIP (Treasurer),  
Manulife Asset Management

**Tarik Ben-Saud**, CFA, Insight Investment Management

**David Bertocchi**, CFA, Baring Asset Management

**Richard Dunbar**, CFA, ASIP, Aberdeen Asset Management

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

**Gerry Fowler**, CFA, Standard Life Investments

**James Irving**, CFA, London School of Economics

**Steven Major**, CFA, HSBC

**Anne Marden**, CFA, JP Morgan Asset Management

**Daniel Murray**, CFA, EFG Asset Management

**Ian Paczek**, CFA, UBS Asset Management

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

## **Executive staff:**

**Will Goodhart**, Chief Executive

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

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

**Ashley Ramsay**, Director of Member Services

**Bernadette Barber**, Company Secretary

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# This Year at a Glance

CFA UK members made 2014 to 2015 a great year for the Society.

**11,455** members  
each committed to upholding the highest professional standards



NEARLY **700**  
NEW CHARTER HOLDERS  
WELCOMED



We provided study support and exam entries for:

**4,000** IMC Entrants  
**13,000** CFA Candidates



Regulators benefitted from your feedback:  
Our **advocacy team** responded to **13** proposed regulatory and accounting standard changes



**300**  
helped to shape our Society as **volunteers, ambassadors, committee members and mentors**

PROMOTING DIVERSITY IN THE PROFESSION,  
THE **WOMEN'S NETWORK** GREW TO OVER



**3,000** MEMBERS ATTENDED  
**150** EVENTS



WITH OVER **170** SPEAKERS including **Martin Leibowitz, Barry Eichengreen, Lawrence Freedman** and many more

THE ONLINE KNOWLEDGE CENTRE NOW PROVIDES OVER **150** HOURS OF CPD



**45 hours** Certificate Programmes  
**57.5 hours** webcasts



**18 hours** articles  
**32 hours** books

**300**

previous issues of **Professional Investor** and **Investment Analyst Journals** are now available in our digital archive

OVER **60** major investment firms used the CFA UK jobs board to recruit



We asked for your **opinions, insights and predictions**, and your voice was represented over 100 times in more than 20 titles



Together, we are **building a better investment profession**. Thank you.

# Chairman's Report

**2015 marked the Society's 60th anniversary and, throughout this time, we have continuously sought to educate entrants to the investment profession and inform policy-makers and standard-setters about the profession.**

During 2014/2015 our membership has grown above 11,400 and we continue to work on building a better investment profession.

As a professional body, we promote qualifications to ensure that those working in the profession have the technical and ethical skills and knowledge to do so. We also help investment professionals to maintain those skills and their commitment to high ethical and professional standards and all of our members agree annually to abide by CFA Institute's Code of Ethics and Standards of Professional Conduct.

Continuing professional development (CPD) is a key part of professional behaviour. The Society's online Knowledge Centre now provides more than 150 hours of continuing professional development content in a range of different formats – webcasts, podcasts, articles, book assessments and 10-hour programme packages – that have been selected by investment professionals for investment professionals. We work hard to ensure that members have access to the right resources and are pleased that an increasing number of members are taking advantage of this free service.

The work that we do around qualifications, ethics and CPD is important and this year we have focused on building even stronger relationships with firms, by meeting regularly with learning and development teams and recruiting more society members into our in-firm Ambassador Programme. In doing so, we have been able to promote the CFA charter, the IMC, Claritas along with our professionalism agenda.

The development of our services – which as well as CPD span across education, ethics and career development – has only been possible because of the support we have received from our volunteer network. We work with more than 270 members who help the staffed office to make sure that what we provide brings real value to membership. There are lots of different volunteer opportunities available: from helping to shape our content to governance, outreach and strategy. Getting involved with CFA UK is an effective way to develop experience, leadership skills and expand your professional network. I encourage members to consider how they might be able to work with the Society in the coming year. Each volunteer brings knowledge, energy and experience that helps us in our work.

The work we have done with policymakers and standard setters has been extensive and will remain so. We have seen challenge from the media and elsewhere as to the value that our profession delivers, so it is important that CFA UK speaks up for what the investment profession does well and helps to identify solutions where improvements are required. This year's member survey on ethics identified that meeting *duties to clients and avoiding conflicts of interest* are viewed as increasingly challenging. In the coming year, we will look to focus our support for members in such areas with the use of case studies and a programme of events based on the ethical dilemmas faced by investment professionals.

Our relationship with CFA Institute has continued to strengthen over the past year. We have worked closely with CFA Institute on outreach to firms and regulators and are also playing a part in the strategic development of a new shared IT infrastructure alongside our fellow CFA societies. I thank both CFA Institute and the many local societies we work with for their on-going support.

I would also like to take this opportunity to thank Will Goodhart and his dedicated and talented staff for their work over the year. I am grateful to all of the Society's committee members and other volunteers for their efforts and to the Advisory Council for their guidance. I am fortunate to chair a Board of talented and committed individuals and I thank my fellow office bearers and Board members for their support and contributions.

Finally, I thank our members for their commitment to the highest standards of ethical and professional behaviour. Working together we are building a better investment profession.



**Natalie WinterFrost, CFA, FIA, Chairman**

# Treasurer's Report

The Society made a pre-tax loss of £137,725 in the year ended 30 June 2015 (2014: profit of £72,774) which was forecast due to the continued investment in Continuing Professional Development (CPD) and in the Society's IT.

The Board continues to believe that in the context of substantial reserves, investing in CPD, focusing on ethics and professionalism and improving the Society's IT infrastructure, are the best ways to fulfil the Society's mission – delivering benefits both to members and in the public interest.

Revenue increased 11% to £3,186,759 (2014: £2,870,164) due to an increase in examinations revenue and an increase in revenue from CFA Institute's Claritas Investment Certificate Program, in which the Society has a revenue share.

Cost of sales increased by 2% to £870,009 (2014: £850,466) and included increased costs of CPD production and marketing, offset by currency gains.

Administrative expenses increased by 20% to £2,238,437 (2014: £1,871,752) partly due to an increase in staff numbers which increased to 25 (2014: 22) and associated recruitment costs. IT-related costs increased due to the location of the Society's servers offsite in a data centre and enhanced IT support. In addition, IT consultancy costs, associated with the planning of a new CRM and website, resulted in higher administrative expenses during the year.

The Society's establishment costs decreased by 14% to £236,962 (2014: £276,936) due to the prior year including the costs of the Society's office move. The move resulted in an overlap in the lease terms of the new office at Mincing Lane and the previous office at Cannon Street of approximately five months, while the fit-out was completed, which resulted in increased costs in the prior year.

During the year ended 30 June 2015, a loss of £8,807 was realised (2014: gain of £166,824) on the disposal of investments by the Investment Committee following the ongoing review of the Society's investment portfolio.

The Society's net assets were £3,710,585 as at 30 June 2015 which was broadly in line with prior year (2014: £3,726,189). At the year-end, the Society held £1,443,975 in cash (2014: £1,201,246) across two financial institutions and also held £3,052,845 (2014: £3,148,590) of investments in liquidity, fixed income, equity and absolute return funds which generated an unrealised profit to date of £303,758 (2014: £151,229).

A tender exercise was conducted during the year in relation to the Society's auditors and tax advisers due to the fact that Baker Tilly LLP had held office for in excess of fifteen years. Five firms were invited to tender and following a thorough process – involving the Finance committee, the staffed office and the Board – Crowe Clark Whitehill LLP was appointed as the Society's new auditors and tax advisers. We would like to thank Baker Tilly LLP for its work on the Society's behalf over many years.

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 support over the last few years. They play a vital role in overseeing the Society's finances and in managing operational risk at the Society. As I step down as Treasurer at the 2015 AGM I am very confident that the professionalism and commitment of the staff and volunteers will underpin the Society's future activities.



**Peter Mennie, ASIP, Treasurer**

# CFA UK Committee Structure

The Society is supported and governed by 19 volunteer committees that work towards achieving CFA UK and CFA Institute's common goal to lead the investment profession in the public interest.

## CFA Institute has an operational framework that focuses on three key themes:

### CREDENTIALING

providing foundational education that enables professional competence

### MEMBER VALUE

equipping and supporting members to better serve their clients and to further develop their professional careers

### STANDARDS & ADVOCACY

activities that ultimately benefit society by improving both investor protections and investor outcomes

## In-line with the themes above, CFA UK's committees operate under a similar framework:

### EDUCATION

- Continuing Education Committee
- Examinations & Education Committee
- Investment Management Certificate Panel
- Structured Learning Committee

### MEMBER SERVICES

- Careers Committee
- Marketing & Communications Committee
- Membership Committee
- Scottish Committee
- Women's Network

### ETHICS & PROFESSIONALISM

- Ethics Committee
- Fellowship Committee
- Financial Reporting & Analysis Committee
- Market Integrity & Professionalism Committee

### SOCIETY OPERATIONS

- Finance Committee
- Investment Committee

The Society's Board oversees a Management Committee, a Nominations Committee and a Remuneration Committee. The Society also operates a Disciplinary Committee.

# Continuing Education Committee

The Continuing Education (CE) Committee sets the strategic framework for the Society's CE programme, enabling CFA UK to deliver more than 60 such events a year.

## Areas of focus for 2014/2015

- Generation of new ideas for the CE events programme
- Supported CFA UK's staffed office on the half day conferences programme, by contributing ideas for topics and speakers
- Supported the development of different series streams of CE events – the eminent speaker series, the author series and masterclasses

## Areas of focus for 2015/2016

- Continue to lead idea generation by providing more comprehensive feedback on conference topics, potential speakers, suitability for different CE series streams and varying formats
- Review, revise and improve the quality and format of CE, with particular focus on content that can be delivered as live webinars
- Improve committee communication by using new online collaboration tools



“The CE committee has defined effective terms of reference and continues to maintain them, alongside practicing effective, open and direct communication. There has also been a greater involvement of CE committee members in the planning and organisation of CE events and CFA UK conferences.”

Helen Thomas, CFA  
Co-Chair, Continuing Education Committee

Mahmoud El-Shaer, CFA  
Co-Chair, Continuing Education Committee

## Examinations and Education Committee

The Examinations and Education Committee ensures that the Society's exams remain relevant and up-to-date, and oversees the development and administration of new exams. It also reviews all policy issues relating to exams and education and proposes any necessary changes to the Board.

### Areas of focus for 2014/2015

- Continued to maintain ongoing regulatory compliance for the Investment Management Certificate (IMC) exam and to enhance the processes for the delivery of the IMC exam
- Oversaw the roll-out of additional content for the Knowledge Centre – today members have access to a wide variety of topical financial content comprising articles, podcasts, webcasts and CPD certificate programmes
- Continued to support the CFA UK staffed office in their outreach to universities and firms to extend the take-up of the IMC programme and CPD materials
- Began an analysis of the exam and qualification landscape for financial professionals in the UK in the light of regulatory work that is happening at the UK and EU level – our objective is to be prepared to respond to the needs of our members as the regulatory environment evolves



### Areas of focus for 2015/2016

- Maintaining the IMC's position as the leading entry level qualification for investment managers in the UK by retaining regulatory compliance for the exam and continuously improving the content and delivery of the exam
- Continuing to respond to the training, exam and qualification needs of our members as the regulatory environment evolves by engaging with UK and EU regulators to keep abreast of and to influence the direction of regulation
- Continuing to support the CFA UK staffed office in their outreach to universities and firms – this year there will be a focus on engaging with the Learning and Development (L&D) officers of the firms our members work for. We hope this will help create a community for L&D officers to discuss shared issues and for CFA UK to better understand the needs of investment firms on L&D matters
- As our members have an ongoing need for CPD and, increasingly, a need to demonstrate that CPD to regulators, we will continue to oversee the roll-out of new content to the Knowledge Centre for the benefit of our members

“The year ahead will be busy for the Examinations and Education Committee. We have before us an opportunity to better serve the needs of our members particularly in the area of professional development. As well, we will have to keep abreast of potential regulatory changes for UK investment professionals and ensure that our qualification and educational offerings remain relevant.”

David Bertocchi, CFA  
Chair, Examinations and Education Committee

# Investment Management Certificate (IMC) Panel

The IMC Panel is responsible for all aspects of the provision of the IMC examination, the IMC syllabus and the Official Training Manual (OTM).

## Areas of focus for 2014/2015

- New practitioner members added to the panel, which has further deepened the panel's expertise in economics, accounting and regulation
- Updated the syllabus from December 2015 to reflect the purpose and requirements of the Alternative Investment Directive, reforms to pension rules, the Senior Managers & Certification Regime, and the concepts of relative weights and active share
- Undertaken a tender for a supplier of our computer-based tests as the current contract ends in December 2015 – as a result of this we currently expect to extend our relationship with Pearson Vue

## Areas of focus for 2015/2016

- Reviewing opportunities to provide an eBook for the IMC Official Training Manual (OTM)
- Setting up processes to obtain further candidate/practitioner feedback on the developing skills and competencies required of investment professionals
- Exploring ways to increase conversion of IMC holders to CFA UK members
- Remaining alert to consultations and changes in the regulatory environment and how this will impact on FCA examination standards
- Ongoing review of syllabus coverage to ensure continuing relevance of the qualification

“Over 5,500 sittings of the IMC exam are taken each year by candidates seeking to demonstrate their professional competency and understanding of the regulatory environment. The IMC Panel is committed to upholding the standard of this qualification and maintaining its integrity. Following last year's comprehensive review of the syllabus and OTM, the panel will this year turn their focus to exploring e-learning as a delivery mechanism, as well as ways of embracing newly qualified IMC holders into the CFA UK membership.”

Graham Cook, CFA  
Chair, Investment Management Certificate Panel



# Structured Learning Committee

The Structured Learning Committee is responsible for sourcing, delivering and monitoring structured learning for members and other interested parties.

## Areas of focus for 2014/2015

- Launched CPD Certificate Programmes covering the topics of Asset Allocation, Wealth Management, Equity Analysis and Ethics
- Added further structured learning content in terms of articles, books and associated questions to the Knowledge Centre – to date there are 100 webcasts, questions for 16 books, 37 recommended articles and three 10 hour CPD Certificate Programmes
- Reviewed quality and user experience of the Knowledge Centre and recommended changes
- Supported the staffed office by providing feedback on CPD-related marketing campaigns, as well as supporting a social media programme

## Areas of focus for 2015/2016

- Creating a review process for existing content on the platform to ensure consistency in quality and to consider retiring or updating material that is no longer relevant
- Building a more comprehensive guide for members regarding what constitutes structured learning and how to build a robust and effective CPD log
- Continue to develop CPD content, including Certificate Programmes – initially focusing on Fixed Income – books, articles and associated questions
- Support the staffed office in researching the potential for developing a financial modelling qualification

“ Last year saw the successful launch of a number of CPD Certificate Programmes, together with a further build out in terms of the books, articles and other resources available to our members to help them with their CPD. There is now an extensive body of materials available to our membership. The challenge for the Structure Learning Committee will be to ensure that the content continues to be expanded and updated, whilst at the same time encouraging our members to use what is currently available. ”

**Daniel Murray, CFA**  
Chair, Structured Learning Committee



## Careers Committee

The Careers Committee monitors CFA UK's engagement with employers and recruiters, and reviews all policy issues relating to career support.

### Areas of focus for 2014/2015

- Progress was made towards the launch of a new jobs board – the scope for the revised online platform has been agreed and includes greater functionality and improved content plans
- Continued to support members' career development with employers through a series of regular events covering specific roles and highlighting new areas of interest within the industry
- Supported the staffed office with the organisation of workshops for members that focus on the development of additional skills

### Areas of focus for 2015/2016

- Launch the new online jobs board to improve members' access to career opportunities and to increase engagement with employers
- Continue to expand the careers events programme to develop industry specific discussions and enhance skills for personal development
- Seek greater input from CFA UK members on key support strategies and engage with them to improve their support network



“2014/2015 has been an exciting year – and with the agreement and development of the new online jobs board, we feel that this will provide an enhanced experience in the coming year. We are keen to gather feedback after the launch of the jobs board, so that we can continue to improve the offering. We remain focused on supporting the career development of CFA UK members.”

**Caroline Connell, CFA**  
Chair, Careers Committee

# Marketing and Communications Committee

The Marketing and Communications Committee (MACC) is responsible for all issues relating to CFA UK's marketing and communications activities with members and other stakeholders, including the media.

## Areas of focus for 2014/2015

- Continued to drive the digital transformation project, seeking to deliver online and personalised communications in-line with member needs. Outcomes include: customer journey mapping, identifying member segments and assisting with the tender process
- In addition to shaping and proofing content for Professional Investor, MACC established a thematic approach to the editorial process – resulting in structured marketing themes across PR, advocacy and events. MACC and the staffed office also delivered a digital archive of Professional Investor dating from 1961
- Undertook a review of the existing PR strategy and provided the staffed office with recommendations on both the mandate and implementation
- Initiated focus groups for 'unengaged members' to better understand their issues and experiences with the Society. Findings of this research have been shared across CFA UK and CFA Institute to help guide future engagement strategies with this segment of the membership

## Areas of focus for 2015/2016

- Delivery of the digital transformation project to ensure the Society reaches its goal to improve levels of engagement with members and other stakeholders
- Driving a member-focused brand campaign to reinforce CFA UK's mission and position within the investment profession
- Provide members with increased accessibility to professional insights by redesigning Professional Investor in both print and digital formats – with opportunities for member to member discussions
- Continue to review PR strategy, based on member feedback which asked for further exposure and better awareness of CFA UK's reputation as an advocate for its members



“2014/2015 was a successful year for MACC and in the coming year, we will continue to focus on maintaining both a strategy and governance role across all marketing and communications activities. In particular, we are keen to ensure the highest quality outputs are delivered to the Society's members and other stakeholders.”

Lucy Johnstone, CFA  
Chair, Marketing and  
Communications Committee

# Membership Committee

The Membership Committee reviews and monitors the Society's membership participation and leads the Society's strategy to increase member engagement.

## Areas of focus for 2014/2015

- Drove the development of the Ambassador Program, which has proven successful in providing a network to highlight new events and resources to members within firms, as well as a means for members to feedback their views
- Advised and oversaw member engagement activity which has increased over the year with the continued proportion of members registering for events and/or watching webcasts on the Knowledge Centre rising to 33.4%



## Areas of focus for 2015/2016

- Introducing a governance framework to the Ambassador Program, to be led by an Ambassadors Council, and provide a structured process for induction and ongoing support
- Undertaking a review of the Society's Special Interest Groups to ensure they provide value to members. Again, this will include implementing a new governance framework for future management
- Continuing to advise on member engagement activities, with the view to increasing participation through developing new member-focused initiatives – such as the new jobs board
- In addition to monitoring the level of membership participation, the committee will also track a broader range of measures, such as volunteer engagement, and develop measures of quality and depth of engagement to provide a richer understanding of the value offered to members

“The Membership Committee has a number of exciting long-term projects to focus on over the next 12 months. Once completed, we are confident they will provide a strong platform for growth in member participation and greatly improve the quality of services offered to CFA UK members.”

Nat Johnson, CFA  
Chair, Membership Committee

# Scottish Committee

The Scottish Committee works with the CFA UK staffed office in London to provide events for members in Scotland and to attract new members working in Scotland.

## Areas of focus for 2014/2015

- Delivered a number of continuing education events with distinguished expert speakers, such as Russell Napier, FSIP, which resulted in high engagement with our membership
- Continued to foster partnerships with universities to help deliver these events and build early engagement with the next generation of CFA UK members
- Supported the staffed office with organising the flagship annual Scottish Analyst Dinner in April 2015, which brought the Scottish investment community together to hear thought provoking speeches from Stuart Paul, Managing Partner of First State, and Keith Cochrane, Chief Executive of The Weir Group PLC

“2014/2015 brought continued engagement from our membership and strong partnerships with academic institutions in considering and debating a range of important financial topics. We look forward to maintaining and enhancing these relationships in the coming year.”

Paul Hughes, CFA  
Chair, Scottish Committee

## Areas of focus for 2015/2016

- Continue to deliver a program of high quality continuing education events throughout the year
- Improving member networking opportunities by hosting more frequent networking receptions and exploring other ways of connecting and engaging the Scottish community
- Planning is already underway for the next annual Scottish Analyst Dinner



## Women's Network

The Women's Network leads the provision of professional development for women in investment, drives the promotion of investment as a career for young women and informs decision makers, senior leaders and the public about the benefits of diversity in the investment profession.

### Areas of focus for 2014/2015

- Built the profile and impact of the network through employer outreach, relationships with other women's networks and member engagement
- Continued to increase membership of the network – the Women's Network is now the largest community group within CFA UK
- Developed the leadership potential of network members through a series of professional development events
- Began to work strategically with the CFA Institute in the initial development of a global CFA community

### Areas of focus for 2015/2016

- Continuing to develop the impact of the network on diversity in the investment profession, through our flagship events, outreach and member engagement
- Collaborating with employers and other organisations to improve the pipeline of women entering the investment profession
- Building the leadership capabilities of women already in the investment profession by supporting them with a calendar of development events
- Producing thought leadership on diversity within the investment profession, supported by CFA Institute and other CFA women's networks globally



“2014/2015 was an exciting year for the Women's Network, growing to be the largest community group within CFA UK and maintaining the high levels of member and firm engagement with our vision of increasing diversity in the profession. We will look to build on this foundation to impact the pipeline of women entering the profession, to continue to lead thinking in the area of diversity in investment and to work with the industry to build a more diverse profession.”

Virginie Maisonneuve, CFA  
Chair, Women's Network

## Ethics Committee

The Ethics Committee assists CFA UK in promoting the highest levels of professional and ethical conduct. It communicates regularly with members to help determine their needs and develops services to assist employees and employers attain and maintain exemplary ethical standards.

### Areas of focus for 2014/2015

- Formulated policies for handling matters of ethical concern brought to the Society by individual members
- Launched a dedicated ethics area of the CFA UK website
- Developed a framework for ethics case studies and a support guide focusing on whistleblowing, alongside receiving legal advice to assist with further ethics support services
- Held first ethics events, including a case study presentation by Dorothy Kelly and a discussion of professional ethics by Roger Urwin, FSIP, and Jonathan Boersma, CFA

### Areas of focus for 2015/2016

- Develop a new online ethics forum, with a view to providing members with ethical support and advice – a taskforce has been set up to prepare an implementation plan
- Develop ethics case studies and encourage submissions from members – this content will be used in conjunction with a case study formulation training module
- Hold a series of targeted ethics events to encourage members' discussion and debate on topical issues
- Further develop the ethics area of the website, with plans to launch enhanced functionality to take advantage of the planned new CFA UK IT infrastructure



“The Ethics Committee has made solid progress this year, with a procession of deliverables being rolled out. Behind the scenes we have also extended our network, developing links with other professional organisations, academic institutions and charitable bodies.”

James Irving, CFA  
Co-Chair, Ethics Committee

Annabel Gillard, CFA  
Co-Chair, Ethics Committee

# Fellowship Committee

The Fellowship Committee recommends candidates for fellowships to the CFA UK Board. The committee develops events for Fellows and encourages the Society to make use of the resource that the Fellowship represents.

Open to Society members and non-members, CFA UK Fellowship recognises exceptional service to the Society and/or to the investment profession. CFA UK now has 82 Fellows, with new Fellows elected every two years.

## Areas of focus for 2014/2015

- Electing new Fellows, including:
  - Elizabeth Corley, CEO of Allianz Global Investors
  - Chris Hitchen, CEO of the Railways Pension Trustee Company
  - Paul Marsh, Emeritus Professor of Finance at London Business School
  - Roger Urwin, Global Head of Investment Content at Towers Watson
- Involving Fellows in the Society's events and advocacy work

## Areas of focus for 2015/2016

- Welcoming the new Fellows at the January Fellows reception
- Hosting the bi-annual Fellows luncheon
- Participating in the selection of the Society's media awards winners



“The committee was delighted to recommend such a strong slate of candidates for Fellowship. Each has made a significant contribution to the investment profession and it is a pleasure to have the chance to recognise their achievements. Roger, Elizabeth, Chris and Paul lend particular expertise in the fields of culture, professionalism, market discipline and our understanding of investment returns. They are, and have been, at the forefront of the investment profession and we are delighted to welcome them to our ranks.”

Yusuf Samad, CFA, FSIP  
Chair, Fellowship Committee

# Financial Reporting and Analysis Committee

The Financial Reporting and Analysis Committee (FRAC) comments on issues pertaining to corporate reporting – such as accounting standards and audit – as they affect the investment process. Consultations on accounting changes receive considerable lobbying pressure from preparers (companies) and their advisers (accountants). CFA UK plays a key role in providing input into these consultations on behalf of users of accounts, namely analysts and investors, and seeks to provide analytical guidance as well as stimulate debate about key issues from the point of view of users.

## Areas of focus for 2014/2015

- Surveyed members to better understand their concerns. The findings were turned into a report that discussed how analysts and investors use corporate reporting and what improvements need to be made
- Produced a position paper on alternative performance measures, such as non-IFRS earnings, which calls for a formal process to bring together all relevant stakeholders with a view to rendering alternative performance measures more useful
- Organised the inaugural Financial Analyst conference in July featuring the above-mentioned survey and position paper, in addition to a variety of presentations and panel discussions on corporate reporting
- Continued to respond to consultations from bodies including IASB, EFRAG and the FRC. The committee also engaged with the European Commission in the context of its review of IFRS to highlight the merits of IFRS and the risks associated with carve-outs and the lack of a global standard

## Areas of focus for 2015/2016

- Building on the success of the inaugural Financial Analyst conference, the committee will be planning the next conference for July 2016
- Surveying our members regarding their concerns, looking in particular at any changes in their responses to questions from last year to this year
- Fostering innovation that is beneficial to users, with the aim of producing a new position paper on a financial reporting and analysis topic that is important to members
- Continuing to engage with accounting standard-setters, regulators and other relevant bodies to ensure that corporate reporting meets the needs of investors



“ This has been an important year for the FRAC, featuring our first member survey, position paper and conference dedicated to corporate reporting. Momentum is excellent, with new members having brought expertise and enthusiasm to the committee. Our views are regularly sought out by standards setters and other relevant bodies, providing us with a platform to shape accounting standards and other aspects of corporate reporting so that they are useful to investors in making capital allocation decisions. ”

**Marietta Miemietz, CFA**  
Co-Chair, Financial Reporting and Analysis Committee

# Market Integrity and Professionalism Committee

The Market Integrity and Professionalism Committee (MIPC) is responsible for identifying, monitoring and providing views on key regulatory and best practice developments likely to affect CFA UK members.

## Areas of focus for 2014/2015

- Produced five position papers, including *'Measuring and Rewarding Performance: Theory and Evidence in Relation to Executive Compensation'*, which was featured as a leading story in the Financial Times, and papers relating to fees, active/passive management, benchmarks and termism, all to be published later in 2015
- Provided support on the development of the programme and content for the annual Professionalism Conference
- Revised the name of committee from Professional Standards and Market Practice Committee to Market Integrity and Professionalism Committee, to align more closely with the committee's aims and objectives

## Areas of focus for 2015/2016

- The committee will look to generate membership engagement on two key areas this year – *'The Market for Research'* and *'Value of the Investment Profession'* – with a view to producing further position papers
- Following the pilot study on executive remuneration in December 2014, a further project is moving ahead in collaboration with Lancaster University to build on the initial findings

“ This year, the committee's primary focus has been to consider the major issues that have evolved from the changing UK regulatory framework. We look forward to a successful 2015/2016, in which we hope to see more CFA UK members have a voice in the continued reshaping of financial markets. ”

Anne Marden, CFA  
Co-Chair, Market Integrity and Professionalism Committee



## Finance Committee

The Finance Committee reviews the financial reports and forecasts prepared by the staffed office and assists in the development of suitable financial controls and in setting an appropriate risk framework for the Society.

### Areas of focus for 2014/2015

- Continued oversight of the Society's finances and forecasting approaches
- Conducted audit tender exercise
- Recommended the appointment of Crowe Clark Whitehill LLP to the Board as the Society's audit and tax advisers
- Oversight of the investment portfolio and Investment Committee
- Mitigated risks associated with the Society's IT infrastructure and moving towards a new website

### Areas of focus for 2015/2016

- Continuing to have oversight of the Society's operating reserves
- Ongoing review of the Society's projects from a financial and risk perspective
- Ensuring that the IT initiatives move towards completion in a cost-effective manner



“The focus of the committee has been continued scrutiny of the management accounts and financial statements and the systems and controls of the Society, as well as putting in place a framework to refresh and renew the website and IT infrastructure to help the Society achieve its diverse objectives.”

Peter Mennie, ASIP  
Chair, Finance Committee

# Investment Committee

The Investment Committee seeks to implement the reserves policy as defined by the Finance Committee and approved by the Society's Board.

## Areas of focus for 2014/2015

- Maintained a conservative investment approach with the primary emphasis being on capital preservation
- Achieved good diversification amongst a range of investment styles and managers
- Monitored fund expenses
- Ongoing monitoring of fund managers to ensure consistency of investment style, monitoring changes in leadership and flows into their funds



## Areas of focus for 2015/2016

We expect to maintain the same focus on achieving good risk-controlled investment outcomes for the Society's reserves, focusing on capital preservation:

- Delivery of investment performance within the investment mandate
- Ongoing monitoring of managers, exposures and market conditions
- Close collaboration with the staffed office and Board to adjust the investment strategy where needed in light of the Society's desire to use some of its reserves to invest in improving the member experience, to invest in CPD and in strengthening the Society's technology platforms

“The Society's reserves assets have continued to deliver consistent returns in line with the Investment Committee's conservative investment approach, focused on capital preservation.”

Tarik Ben-Saud, CFA  
Chair, Investment Committee

# Directors' Report

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2015.

## 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 2015:

**Natalie WinterFrost**, CFA, FIA (Chair)

**John Marsland**, CFA (Vice-Chair)

**Peter Mennie**, ASIP (Treasurer)

**Tarik Ben-Saud**, CFA

**David Bertocchi**, CFA

**Richard Dunbar**, CFA, ASIP

**Stuart Fiertz**, CFA – Appointed 18 November 2014

**Gerald Fowler**, CFA

**Annabel Gillard**, CFA – Resigned 18 November 2014

**James Irving**, CFA

**Omar Kodmani**, CFA – Resigned 18 November 2014

**Steven Major**, CFA

**Anne Marden**, CFA

**Daniel Murray**, CFA – Appointed 18 November 2014

**Ian Paczek**, CFA

**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

7 October 2015

# 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 of the CFA Society of the UK for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes numbered 1 to 19.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## 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 2015 and of its result 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors report.

Nicola May  
Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

**13 October 2015**

# Financial Statements

| PROFIT AND LOSS ACCOUNT<br>FOR THE YEAR ENDED 30 JUNE 2015    |    | Notes | 2015        | 2014        |
|---|----|-------|-------------|-------------|
|   |    |       | £           | £           |
| <b>Turnover</b>   | 3  |       | 3,186,759   | 2,870,164   |
| Cost of sales   |    |       | (870,009)   | (850,466)   |
| <b>Gross Profit</b>   |    |       | 2,316,750   | 2,019,698   |
| Administrative expenses                                       |    |       | (2,238,437) | (1,871,752) |
| Establishment costs   | 4  |       | (236,962)   | (276,936)   |
|   |    |       | (2,475,399) | (2,148,688) |
| <b>Operating loss</b>   |    |       | (158,649)   | (128,990)   |
| Interest receivable and similar income                        | 5  |       | 29,731      | 34,940      |
| (Loss) / profit on disposal of current asset investments      |    |       | (8,807)     | 166,824     |
| <b>(Loss) / profit on ordinary activities before taxation</b> | 6  |       | (137,725)   | 72,774      |
| Taxation on profit on ordinary activities                     | 7  |       | (30,408)    | (12,002)    |
| <b>(Loss) / profit on ordinary activities after taxation</b>  | 15 |       | (168,133)   | 60,772      |

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

| STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES<br>FOR THE YEAR ENDED 30 JUNE 2015 |  | 2015      | 2014      |
|---|--|-----------|-----------|
|   |  | £         | £         |
| (Loss) / profit for the financial year  |  | (168,133) | 60,772    |
| Fair value gains / (losses) on available-for-sale financial assets                |  | 152,529   | (120,609) |
| Total recognised losses relating to the year                                      |  | (15,604)  | (59,837)  |

# Financial Statements

| BALANCE SHEET AS AT 30 JUNE 2015              | Notes | 2015                    | 2014                    |
|---|-------|-------------------------|-------------------------|
|   |       | £                       | £                       |
| <b>Fixed Assets</b>                           |       |                         |                         |
| Tangible assets                               | 8     | 181,752                 | 169,898                 |
| <b>Current Assets</b>                         |       |                         |                         |
| Stock   | 9     | 16,492                  | 17,137                  |
| Debtors                                       | 10    | 562,380                 | 606,776                 |
| Investments                                   | 11    | 3,052,845               | 3,148,590               |
| Cash at bank and in hand                      |       | 1,443,975               | 1,201,246               |
|   |       | <u>5,075,692</u>        | <u>4,973,749</u>        |
| <b>Creditors</b>                              |       |                         |                         |
| Amounts falling due within one year           | 12    | (1,492,115)             | (1,407,726)             |
| <b>Net Current Assets</b>                     |       | <u>3,583,577</u>        | <u>3,566,023</u>        |
| <b>Total Assets less Current Liabilities</b>  |       | <u>3,765,329</u>        | <u>3,735,921</u>        |
| <b>Creditors</b>                              |       |                         |                         |
| Amounts falling due after more than one year  | 13    | (29,517)                | (8,400)                 |
| <b>Provisions for Liabilities and charges</b> | 14    | <u>(25,227)</u>         | <u>(1,332)</u>          |
| <b>Net Assets</b>                             |       | <u><u>3,710,585</u></u> | <u><u>3,726,189</u></u> |
| <b>Reserves</b>                               |       |                         |                         |
| Profit and Loss Account                       | 15    | 3,406,827               | 3,574,960               |
| Available for Sale Reserve                    | 15    | 303,758                 | 151,229                 |
| <b>Members' Funds</b>                         |       | <u><u>3,710,585</u></u> | <u><u>3,726,189</u></u> |

The financial statements on pages 27 to 39 were approved and authorised for issue by the Board of Directors on 7 October 2015 and signed on their behalf by:

**N WinterFrost**, CFA, FIA, Chairman

**P Mennie**, ASIP, Treasurer

| CASH FLOW STATEMENT  | Notes | 2015           | 2014           |
|--|-------|----------------|----------------|
|  |       | £              | £              |
| Net cash inflow / (outflow) from operating activities                | 17    | 32,896         | (189,513)      |
| <b>Returns on investments and servicing of finance</b>               |       |                |                |
| Interest received and investment income                              |       | 29,731         | 34,940         |
| Net cash inflow from returns on investments and servicing of finance |       | 29,731         | 34,940         |
| <b>Taxation</b>  |       |                |                |
| Corporation tax paid   |       | -              | (23,993)       |
| <b>Capital expenditure and financial investments</b>                 |       |                |                |
| Payments to acquire current investments                              |       | (300,164)      | (1,749,908)    |
| Proceeds from sale of current investments                            |       | 539,631        | 2,113,496      |
| Payments to acquire tangible fixed assets                            |       | (59,365)       | (188,278)      |
| Net cash inflow from capital expenditure and financial investments   |       | 180,102        | 175,310        |
| <b>Increase / (decrease) in cash in the period</b>                   | 17    | <u>242,729</u> | <u>(3,256)</u> |

# 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 relates 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. 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.

## J. 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.

## K. TURNOVER

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

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

# Notes to the Financial Statements

## for the year ended 30 June 2015

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

As at 30 June 2015, the total number of members was 11,455 (2014: 11,190) and the number of Regular members was 8,636 (2014: 7,963).

| 2. EMPLOYEES  | 2015             | 2014             |
|---|------------------|------------------|
| The average monthly number of persons, excluding 14 volunteer directors (2014: 14) employed by the Society was: |                  |                  |
| Total employees   | 25               | 22               |
| The full-time equivalent average monthly numbers of employees was 22 (2014: 20).                                |                  |                  |
|   | £                | £                |
| Staff costs for the above persons:  |                  |                  |
| Wages and salaries  | 1,270,648        | 1,083,073        |
| Social security costs   | 149,688          | 128,655          |
| Other pension costs   | 56,536           | 69,925           |
|   | <u>1,476,872</u> | <u>1,281,653</u> |

No remuneration was paid to the directors during the year (2014: nil). No director (2014: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Expenses incurred by or reimbursed to the directors during the year totalled £1,322 (2014:£549).

# Notes to the Financial Statements

## for the year ended 30 June 2015 (continued)

| 3. TURNOVER                   | 2015             | 2014             |
|-------------------------------|------------------|------------------|
|                               | £                | £                |
| Subscriptions                 | 917,459          | 890,304          |
| Publications                  | 234,636          | 206,337          |
| Journal                       | 8,176            | 18,360           |
| Examinations                  | 1,467,260        | 1,324,505        |
| Professional Development      | 64,191           | 83,074           |
| CFA Support                   | 21,438           | 21,685           |
| Social                        | 34,263           | 24,817           |
| Other Activities              | 151,302          | 147,191          |
| CFA Institute Funding         | 97,419           | 85,727           |
| CFA Institute Claritas income | 190,615          | 68,164           |
|                               | <u>3,186,759</u> | <u>2,870,164</u> |

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

On 1 July 2011, the Society signed an agreement with CFA Institute to support the 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. In the year ended 30 June 2015 the Society received a share of 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                          | 2015           | 2014           |
|---|----------------|----------------|
|   | £              | £              |
| Rent  | 83,196         | 104,234        |
| Rates   | 36,551         | 39,926         |
| Lighting and heating                            | 4,626          | 3,713          |
|   | <u>124,373</u> | <u>147,873</u> |
| Insurance                                       | 17,583         | 17,623         |
| Office building maintenance                     | 29,712         | 35,600         |
| Office repairs and renewals and health & safety | 745            | 398            |
| Office security                                 | 1,159          | 1,411          |
| Office cleaning                                 | 7,479          | 18,491         |
| Lease dilapidations                             | 8,400          | 11,733         |
| Depreciation                                    | 47,511         | 43,807         |
|   | <u>236,962</u> | <u>276,936</u> |

| 5. INTEREST RECEIVABLE AND OTHER INCOME (NET) | 2015          | 2014          |
|---|---------------|---------------|
|   | £             | £             |
| Bank interest                                 | 3,920         | 4,748         |
| Dividend income received                      | 25,811        | 30,192        |
|   | <u>29,731</u> | <u>34,940</u> |

| 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION                                    | 2015     | 2014    |
|---|----------|---------|
|   | £        | £       |
| Profit on ordinary activities before taxation is stated after charging/(crediting): |          |         |
| Depreciation of tangible fixed assets   | 47,511   | 43,807  |
| Currency Exchange gains   | (55,225) | (922)   |
| Operating leases:   |          |         |
| Plant and machinery   | 8,769    | 8,769   |
| Land and buildings  | 81,574   | 104,234 |
| Auditor's remuneration – audit  | 11,500   | 11,200  |
| Auditor's remuneration – taxation   | 3,350    | 5,450   |
| Auditor's remuneration – other services paid to previous auditors                   | 4,950    | 4,000   |

# Notes to the Financial Statements

## for the year ended 30 June 2015 (continued)

| 7. CORPORATION TAX  | 2015          | 2014          |
|---|---------------|---------------|
|   | £             | £             |
| Current Tax: UK corporation tax   | 6,513         | -             |
| Total current tax   | 6,513         | -             |
| Deferred taxation:  |               |               |
| Origination of timing differences   | 23,895        | 12,002        |
| Total deferred tax charge   | 23,895        | 12,002        |
| Tax on profits on ordinary activities   | <u>30,408</u> | <u>12,002</u> |
| <b>Factors affecting tax charge for the year:</b>   |               |               |
| The tax assessed for the year is higher than the effective rate of corporation tax in the UK of 20%.        |               |               |
| The differences are explained below:  |               |               |
| (Loss)/profit on ordinary activities before tax   | (137,725)     | 72,774        |
| (Loss)/profit on ordinary activities multiplied by the effective rate of corporation tax of 20% (2014: 20%) | (27,545)      | 14,555        |
| <b>Effects of:</b>  |               |               |
| Fixed asset differences   | -             | 6,925         |
| Expenses not deductible for tax purposes  | 15,133        | 22,741        |
| Income not deductible for tax purposes  | 17,008        | (33,365)      |
| Adjustments to brought forward values   | -             | 2,483         |
| Other permanent differences   | 2,916         | 573           |
| Chargeable gains  | 1,811         | 7,627         |
| Depreciation in excess of capital allowances  | 2,741         | (25,197)      |
| Other short term timing differences   | 738           | 3,406         |
| Exempt dividend income  | -             | (6,038)       |
| Tax losses relieved in the period   | (6,289)       | 6,289         |
| Other differences   | -             | 1             |
| Current tax charge for the year   | <u>6,513</u>  | <u>-</u>      |

| 8. TANGIBLE FIXED ASSETS | Leasehold Improvements | Systems Software | Office Equipment | Furniture & Fittings | Total          |
|--------------------------|------------------------|------------------|------------------|----------------------|----------------|
|                          | £                      | £                | £                | £                    | £              |
| <b>Cost</b>              |                        |                  |                  |                      |                |
| At 30 June 2014          | 121,232                | 330,778          | 69,863           | 41,574               | 563,447        |
| Additions                | 2,700                  | 33,670           | 14,912           | 8,083                | 59,365         |
| At 30 June 2015          | 123,932                | 364,448          | 84,775           | 49,657               | 622,812        |
| <b>Depreciation</b>      |                        |                  |                  |                      |                |
| At 30 June 2014          | 24,246                 | 281,878          | 59,397           | 28,028               | 393,549        |
| Charged in the year      | 27,069                 | 11,801           | 6,515            | 2,126                | 47,511         |
| At 30 June 2015          | 51,315                 | 293,679          | 65,912           | 30,154               | 441,060        |
| Net book value           |                        |                  |                  |                      |                |
| <b>At 30 June 2015</b>   | <b>72,617</b>          | <b>70,769</b>    | <b>18,863</b>    | <b>19,503</b>        | <b>181,752</b> |
| At 30 June 2014          | 96,986                 | 48,900           | 10,466           | 13,546               | 169,898        |

| 9. STOCK | 2015   | 2014   |
|----------|--------|--------|
|          | £      | £      |
| Stock    | 16,492 | 17,137 |

| 10. DEBTORS - DUE WITHIN ONE YEAR | 2015    | 2014    |
|-----------------------------------|---------|---------|
|                                   | £       | £       |
| Trade debtors                     | 165,724 | 90,531  |
| Other debtors                     | 52,421  | 302,571 |
| Prepayments and accrued income    | 344,235 | 213,674 |
|                                   | 562,380 | 606,776 |

# Notes to the Financial Statements

## for the year ended 30 June 2015 (continued)

| 11. INVESTMENTS   | 2015             | 2014             |
|---|------------------|------------------|
|   | £                | £                |
| At 1 July   | 3,148,590        | 3,465,963        |
| Acquired in the period (at cost)  | 300,164          | 1,749,908        |
| Less: Disposal in the period  | (548,438)        | (1,946,672)      |
| Market value adjustment   | 152,529          | (120,609)        |
| Market value at 30 June   | <u>3,052,845</u> | <u>3,148,590</u> |
| The historical cost of investments held at the year end was £2,749,087 (2014: £2,997,361) |                  |                  |

| 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2015             | 2014             |
|--|------------------|------------------|
|  | £                | £                |
| Amounts received in advance                        | 811,370          | 641,603          |
| Creditors control account                          | 176,628          | 271,510          |
| Corporation tax liability                          | 6,513            | -                |
| Other taxation and social security costs           | 45,504           | 56,336           |
| Sundry creditors and accruals                      | 452,100          | 438,277          |
|  | <u>1,492,115</u> | <u>1,407,726</u> |

| 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 2015          | 2014         |
|---|---------------|--------------|
|   | £             | £            |
| Accruals  | 16,800        | 8,400        |
| Deferred income   | 12,717        | -            |
|   | <u>29,517</u> | <u>8,400</u> |

| 14. PROVISIONS FOR LIABILITIES AND CHARGES | 2015          | 2014         |
|--|---------------|--------------|
|  | £             | £            |
| <b>Deferred tax</b>                        |               |              |
| Provision at 1 July                        | 1,332         | (10,670)     |
| Transfer from profit and loss account      | 23,895        | 12,002       |
| Provision at 30 June                       | <u>25,227</u> | <u>1,332</u> |

| 15. RESERVES                           | 2015             | 2014             |
|--|------------------|------------------|
|  | £                | £                |
| <b>Profit and Loss Account</b>         |                  |                  |
| At 1 July 2014                         | 3,574,960        | 3,514,188        |
| (Loss) / profit for the financial year | (168,133)        | 60,772           |
| At 30 June 2015                        | <u>3,406,827</u> | <u>3,574,960</u> |
| <b>Available for sale reserve</b>      |                  |                  |
| At 1 July 2014                         | 151,229          | 271,838          |
| Market value adjustment on investments | 152,529          | (120,609)        |
| At 30 June 2015                        | <u>303,758</u>   | <u>151,229</u>   |
| Total Reserves as at 30 June 2015      | <u>3,710,585</u> | <u>3,726,189</u> |

| 16. COMMITMENTS UNDER OPERATING LEASES  | 2015          | 2014          |
|---|---------------|---------------|
|   | £             | £             |
| At 30 June 2015 the society has annual commitments under non-cancellable operating leases as follows: |               |               |
| <b>Plant and machinery:</b>   |               |               |
| expiring within 1 year  | 4,737         | -             |
| expiring between 2 and 5 years  | 480           | 6,576         |
| <b>Land and buildings:</b>  |               |               |
| expiring within 1 year  | -             | -             |
| expiring between 2 and 5 years  | 81,574        | 81,574        |
|   | <u>86,791</u> | <u>88,150</u> |

# Notes to the Financial Statements

## for the year ended 30 June 2015 (continued)

| 17. CASH FLOW  | 2015                              | 2014                              |
|--|-----------------------------------|-----------------------------------|
|  | £                                 | £                                 |
| <b>A. Reconciliation of operating profit / (loss) to net cash inflow from operating activities</b> |                                   |                                   |
| Operating loss   | (158,649)                         | (128,990)                         |
| Depreciation of tangible fixed assets  | 47,511                            | 43,807                            |
| Operating cash outflow before movements in working capital   | (111,138)                         | (85,183)                          |
| Decrease / (increase) in stocks  | 645                               | (1,696)                           |
| Decrease / (increase) in debtors   | 44,396                            | (280,756)                         |
| Increase in creditors  | 98,993                            | 178,122                           |
| Net cash inflow / (outflow) from operating activities  | <u>32,896</u>                     | <u>(189,513)</u>                  |
| <b>B. Reconciliation of net cash flow to movement in net funds</b>                                 |                                   |                                   |
| Increase / (decrease) in cash in the period  | <u>242,729</u>                    | <u>(3,256)</u>                    |
| Closing net funds  | 1,443,975                         | 1,201,246                         |
| Opening net funds  | 1,201,246                         | 1,204,502                         |
| Movement in net funds in the period  | <u>242,729</u>                    | <u>(3,256)</u>                    |
| <b>C. Analysis of net funds</b>  |                                   |                                   |
| Cash at bank and in hand   | At 30 June 15<br><u>1,443,975</u> | At 30 June 14<br><u>1,201,246</u> |

## 18. PENSION COMMITMENTS

The Society makes contributions to the personal pension schemes of employees. The pension charge for the year was £56,536 (2014: £69,925). At 30 June 2015, pension contributions amounting to £63,128 were outstanding (2014: £59,438) and are included in creditors.

## 19. 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 had committed were as follows:

|                                | 2015    | 2014 |
|--------------------------------|---------|------|
|                                | £       | £    |
| US Dollar denominated contract | 654,925 | -    |

Currency forward contracts are related to highly probable forecast transactions that are expected to arise in the next eight months. The fair value of currency forward contracts amounted to an asset of £39,908 (2014: £nil). Cash at bank includes a balance of £237,000 (2014: £nil) that is held as security in relation to the currency forward contracts.

# Committee Volunteers as at 30 June 2015

## AMBASSADORS

Jim Barrett, CFA  
Birgitta Cap, CFA  
Samuel Carver  
Elliott Char, CFA  
Sunita Dey, CFA  
Pierre Duriez, CFA  
Gildas Ehrmann, CFA  
Michael Field, CFA  
Katrina Green, CFA  
Marcus Jiang, CFA  
Lior Katz, CFA  
Justin Kew, CFA  
Delphine Leblond, CFA  
Richard Van Lienden, CFA  
Lin Li, CFA  
Ewan McAlpine, IMC  
Susan McDonald, CFA  
Catherine McLaughlin, CFA  
Janet Mui, CFA  
Andreas Nagstrup, CFA  
Martin Nichols, CFA  
Davor Nikolic  
Klaus Paesler, CFA  
Ali Raja, CFA  
Nicholas Samouilhan, CFA  
Stephen Snaith, CFA  
Michael Sneyd, CFA  
Rahul Srivatsa, CFA  
Katie Stafford, CFA  
Toby Suen, IMC  
Teddy Sun  
Matthew Tait, CFA  
Justin Thomas, CFA  
Lianne Walsh, CFA

## CAREERS COMMITTEE

Caroline Connell, CFA (Chair)  
Alastair Dean, CFA  
Sarah Dudney  
Jane Coffey, ASIP  
Gillian Elcock  
Stacy Jansz, CFA  
Katerina Kosmopoulou, CFA  
Shawn Lim, IMC  
István Máté-Tóth, CFA  
Amzi Ozunlu, CFA  
Gary Webber, CFA

## CONTINUING EDUCATION COMMITTEE

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Mahmoud El-Shaer, CFA (Co-Chair)  
Camila Astaburuaga, CFA  
Dr. David Baumslag, CFA  
Francesco Castelli, CFA  
John Citron, CFA  
Michael Collins, ASIP  
Constantin Cosereanu, CFA  
Robert Farago, ASIP  
Bo Huang, CFA  
Qiming Li, CFA  
Samuel Livingstone, CFA  
Lydia Ofori, CFA  
John Peters, CFA  
Jonathan Philp CFA, ASIP  
David Porter  
Lorena Puica, CFA  
Rajesh Solanki, CFA  
Ichiro Tange, CFA

## ETHICS COMMITTEE

Annabel Gillard, CFA (Co-Chair)  
James Irving, CFA (Co-Chair)  
Gabor Bognar, CFA  
Tim Nuding, CFA  
Christina Rulfs, CFA  
Nigel Sydenham, CFA

## EXAMINATIONS AND EDUCATION

David Bertocchi, CFA (Chair)  
Alistair Byrne, CFA  
Graham Cook, CFA  
Richard Fernand, CFA  
William Harer, ASIP  
Ilan Heimann, CFA  
Ozma Khan, IMC  
Ben Kottler, CFA  
Philippe Lenoble, CFA  
Daniel Murray, CFA  
Ian Paczek, CFA  
Duncan Sankey, IMC  
Helen Thomas, CFA  
Prof. Stephen Thomas

## FELLOWSHIP COMMITTEE

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

## FINANCE COMMITTEE

Peter Mennie, ASIP (Chair)  
Chris Bailey, CFA  
Hugh Brennan, CFA  
Matthew Lonergan, CFA  
Stephen Maher, CFA  
Stephen Wackerle, CFA

## FINANCIAL REPORTING AND ANALYSIS COMMITTEE

Paul Lee (Co-Chair)  
Marietta Miemietz, CFA (Co-Chair)  
Olivia Brindle, CFA  
Edoardo Calandro  
James Crawshaw, CFA  
Hilary Eastman, CFA  
Colm Friel, CFA  
Jane Fuller, FSIP  
Anvar Gabidullin, CFA  
Adam Komorowski, CFA  
Kristen Lie, CFA  
Paul Martin  
Ian Sealey, CFA  
Dr. Alison Thomas  
Patricia Tomas-Garcia, IMC

## INVESTMENT MANAGEMENT CERTIFICATE PANEL

Graham Cook, CFA (Chair)  
Douglas Barton, CFA  
Loba van der Bijl  
Lucas Bouwhuis, CFA  
Tony Bronk  
Jocelyn Brown, IMC  
Dr. Mike Buckle  
Ian Coombey, ASIP  
Eliza Dungworth  
Michael Gould, IMC  
Dr. Bernd Hanke, CFA  
Weiyen Hung, CFA  
Frederick Nieto, CFA  
Jonathan Raymond, CFA  
Dr. Isaac Tabner, CFA, ASIP  
Prof. Steve Thomas  
Nick Samouilhan, CFA  
Timothy Scholefield, ASIP  
Peter Wilson

## INVESTMENT COMMITTEE

Tarik Ben-Saud, CFA (Chair)  
Haig Bathgate, CFA, ASIP  
George de Courcy-Wheeler, CFA  
Madeleine Gore, ASIP  
Richard Rothwell, ASIP

## MANAGEMENT COMMITTEE

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

# Committee Volunteers as at 30 June 2015

## MARKETING AND COMMUNICATIONS COMMITTEE

Lucy Johnston, CFA (Chair)  
Niels Andersen, CFA  
JP Carbonnier, CFA  
Stephanie Condra, CFA  
David Clarke, CFA  
Olivia Dahan, CFA  
Tajinder Dhillon, CFA  
Weiyen Hung, CFA  
Philip Lowther  
Simon Roberts, CFA  
Steve Wellard

## MARKET INTEGRITY AND PROFESSIONALISM COMMITTEE

Anne Marden, CFA (Co-Chair)  
Steven Major, CFA (Co-Chair)  
Ansumana Bai-Marrow  
Daniel Broby, ASIP  
Cristina Thorlund  
Rita Dhut, ASIP  
Vivian Huxley, ASIP  
Evangelis Karatzas, IMC  
Colin McLean, FSIP  
David Potterbaum, CFA  
Sheetal Radia, CFA  
Christina Rulfs, CFA  
Mohit Sarda, CFA  
Stephen Smith, CFA, ASIP  
Ahmed Sule, CFA  
Natalie WinterFrost, CFA  
Joy Yang

## MEMBERSHIP COMMITTEE

Nat Johnston, CFA (Chair)  
Samuel Livingstone, CFA (Vice Chair)  
John Angell, ASIP  
Shomik Banerjee, CFA  
Bill Jones, IMC  
Kazutaka Kuroda, IMC  
Andrew Skeat, ASIP  
Robert Wells, CFA

## SCOTTISH COMMITTEE

Paul Hughes, CFA, ASIP (Chair)  
Susan Anderson, ASIP  
Douglas Barton, CFA  
Haig Bathgate, CFA, ASIP  
Richard Dunbar, CFA, ASIP  
Tony Foster, ASIP  
Gerry Fowler, CFA

## STRUCTURED LEARNING COMMITTEE

Daniel Murray, CFA (Chair)  
Omar Azami, CFA  
Mark Harrison, CFA, ASIP  
Daniel Heffernan, CFA  
Alexander Koriath, CFA  
Alan Livsey, CFA  
Nicole Lux, IMC  
Divay Malhotra, CFA  
Sachith Nair, CFA  
Marie-Christine Riachi, CFA  
Ade Roberts, CFA  
Ronak Thakrar, CFA  
Jana Velebova, CFA

## WOMEN'S NETWORK

Katerina Kosmopoulou, CFA (Chair)  
Virginie Maisonneuve, CFA (Honorary Chair)  
Caroline Connell, CFA  
Katherine Cox, CFA  
Miren-Edurne De Frutos, IMC  
Shannon Lowther, CFA  
István Máté-Tóth, CFA  
Sarah Maynard, ASIP  
Helen Thomas, CFA  
Victoria Thompson, 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 Committee (which reviews complaints about members' professional behaviour).





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