



ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 30 June 2022



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ABOUT US

CFA Society of the UK's ('CFA UK', 'the Society' or 'the Company') purpose is to educate, connect and inspire the investment community to build a sustainable future. We meet the investment community's needs for skills and knowledge. We bring the investment community together. We help people build rewarding careers within an inclusive and diverse investment community and we help the investment community serve its stakeholders well.

CFA UK is a professional body representing close to 12,000 members across the UK's investment community and is a proud member of CFA Institute's worldwide network of member societies. CFA Institute leads the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society.

CFA UK is the awarding body for the Investment Management Certificate ('IMC'), a Level 4 qualification for investment professionals that meets the Financial Conduct Authority's requirements (either solely or in combination with other qualifications) for managing investments and advising on and dealing in securities and derivatives.

CFA UK developed the Certificate in ESG Investing ('ESG Certificate') which has been sold to CFA Institute. The ESG Certificate is a Level 4 qualification which delivers the knowledge and skills required by investment professionals to integrate ESG (environmental, social and governance) factors into the investment process.

CFA UK has also developed the Certificate in Climate and Investing ('Climate Certificate'), a Level 4 qualification which delivers the knowledge and skills required by investment professionals to understand climate as it relates to investing and how to integrate climate change considerations into the investment process.

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

Board of Directors as at 30 June 2022:

Lindsey Matthews, CFA, CIPM, (Chair) USS Ltd
Tim Nuding, CFA, (Vice Chair), Prosperity Capital Services
Hilary Eastman, CFA, (Treasurer), PricewaterhouseCoopers LLP
Gillian Elcock, RWC Partners Ltd
Kieran Ferguson, CFA, The Prince's Foundation
Weiyen Hung, CFA, CAIA, CIPM, FRM, IMC, Bank of England
Katerina Kosmopoulou, CFA, IMC, J. Stern & Co.
Philippe Lenoble, CFA, AustralianSuper (UK) Ltd
Fraser Lundie, CFA, IMC, Hermes Investment Management
Sylvia Solomon, ASIP, IMC, Equitile Investments
Helen Thomas, CFA, Blonde Money
David Zahn, CFA, CAIA, FRM, Franklin Templeton

Leadership team:

Will Goodhart, IMC	Chief Executive
Ashley Ramsay	Chief Operating Officer
Victoria French, ACA	Chief Financial Officer
Christina Curtin	Director of Education
Anna Pinch	Director of Customer Experience
Shaheen Verjee, CFA	Director of Outreach

Secretary:

Indigo Corporate Secretary Limited

Registered Office:

4th floor, Minster House, 42 Mincing Lane, London, EC3R 7AE
Telephone: 020 7648 6200
Email: info@cfauk.org
Website: www.cfauk.org

CHAIR'S REPORT



CFA UK continues to support and deliver value for its members, and in the post-pandemic environment we are evolving our strategy to remain best placed to do so. This year marks the start of a new strategic planning cycle - with a renewed purpose and vision - so that we are well positioned and committed to creating long-term value for all our members.

Recent years have seen the increasing importance of sustainability issues in the investment profession and at CFA UK. We are working with Climate Partners to advance our own sustainability profile as an organisation and remain focused on ensuring that the industry has the right skills and competencies to support our clients as the world transitions to net zero.

Building on the highly successful Certificate in ESG Investing, the new Certificate in Climate and Investing that we launched earlier this year helps candidates to see the investment world through a climate lens. In the year ahead, we are aiming to add to the series with the launch of a Certificate in Impact and Investing. We are proud of the work that we have done to pioneer professional education in the field of sustainable investment and of the fruitful relationship that we have built with CFA Institute to allow that work to benefit a global audience.

In order to support our new strategic approach, with effect from 1 July 2022, the Society has realigned its staffed office structure, introduced new roles and extended its leadership team to be better positioned for delivering the strategic goals, focused on customer experience, and to allow for greater succession planning in uncertain times.

The success of our work remains dependent on the contributions of many volunteers as well as on our ability to draw on our broad membership base. We are undertaking a comprehensive review of the current volunteer structure, committees and working groups with the aim of streamlining and providing the right level of effectiveness and volunteer support for the Society and

its outputs. Technology transformation remains a high priority as we seek to further improve our digital offer. There is still a long way to go but we are starting to see some of the benefits from the first phase of investment.

The return to in-person events has been welcome for all of us and I was delighted to see so many old and new faces at this year's excellent summer reception. So many of our members join us and remain with the Society to seek out professional connections and this will be an area of focus and investment in the year ahead.

The Board remains confident that the Society's strategic priorities and key growth areas of qualifications and membership will continue to deliver value and benefit. We will continue to pursue growth opportunities and invest in the right direction to support our objectives. Tim Nuding, CFA, Helen Thomas, CFA and David Zahn, CFA will retire from the Board at the conclusion of the 2022 AGM. I thank them for their contributions, drive and commitment to the Board over the last six years and would also like to thank all of our volunteers for the support, guidance and enthusiasm that you have given over the past year. You help make what we do fun, as well as effective and impactful.

On behalf of the Board, I would also like to thank Will Goodhart, his leadership team and the whole society staff and advisory team for their contributions to the ongoing success of the Society.

Lindsey Matthews, CFA, CIPM
Chair



TREASURER'S REPORT



The financial year ended 30 June 2022 was an extraordinary year for CFA UK primarily due to a one-off revenue increase from the performance of the ESG Certificate. CFA UK made an operating profit of £3,325,087 (2021: £572,159) and a total profit before taxation of £2,793,339 (2021: £1,199,662) including investment losses of £544,692 (2021: £659,502 investment gains).

CFA Institute contracted, in 2021, to purchase the ESG Certificate from CFA UK. Given the global interest in ESG investing and CFA Institute's infrastructure, which enables it to market, manage and service global qualifications as part of its product range, the Board took the decision to sell the ESG Certificate to CFA Institute so that it could promote and distribute it globally. The transfer of the ESG Certificate to CFA Institute was completed during the current financial year and CFA UK received a completion payment, plus a share of global registrations revenue from CFA Institute.

Total revenue increased 42% to £8,557,988 in the year to 30 June 2022 (2021: £6,007,657) mainly due to the ESG Certificate gross revenue share and a completion payment from its sale. CFA UK will continue to receive a revenue share from CFA Institute, on a reducing percentage share basis, until 2035.

Total examination, online training manual and publications revenue was broadly static from prior year at £3,813,305 (2021: £3,837,678) and included revenue from the new Climate Certificate, developed by CFA UK, which was launched during the year. The examination, online training manual and publications revenue figure included legacy ESG revenues of £2,267,260 (2021: £2,277,026). This will reduce materially in the coming financial year, and to nil thereafter, representing the rundown of ESG revenue, including the open examination registrations transferred to CFA Institute.

Membership subscriptions revenue increased 4% to £1,413,866 (2021: £1,363,132) from slightly higher member numbers of 11,852 (2021: 11,622). CFA Institute funding revenue decreased 22% to £416,768 (2021: £534,869)

as a result of a change in the funding model. Professional development revenue from events remained at a low level of £2,500 (2021: £1,180), a consequence of the ongoing impact from the pandemic. In-person chargeable events were cancelled in the first half of the year, but have now resumed and will be held in conjunction with an ongoing virtual events programme.

Cost of sales decreased by 18% to £1,792,961 (2021: £2,177,898) mainly due to decreased costs associated with the ESG Certificate, including £308,532 (2021: £891,139) of gross revenue share paid to CFA Institute, in the first phase of the transfer agreement when CFA UK operated the examination and paid partner revenue share to other CFA Societies for marketing services. Cost of sales increases in the year ended 30 June 2022 included development costs for the Climate Certificate and public relations consultancy costs, which were previously part-funded by CFA Institute.

Administrative expenses increased 5% to £3,105,475 (2021: £2,946,194) and included an increase in staff salaries and associated costs. Establishment costs increased 7% to £334,465 (2021: £311,406) which included the amortisation of intangible systems assets. The lease on the office at Mincing Lane was extended at a reduced rent in July 2021, to December 2024, with a nine-month notice period, for both the landlord and for CFA UK. In the coming financial year costs associated with the investment CFA UK is making in its technology transformation are expected to increase materially as the transformation programme progresses.



CFA UK's investments increased by 12.2% to £5,663,433 as at 30 June 2022 (2021: £5,048,777) including additional investments of net £938,649 (2021: net £674,177) prior to investment revaluations. The increase to the investment portfolio was possible as a result of the ESG Certificate gross revenue share and completion payment. The investment portfolio contributes to the long-term financial stability of CFA UK and is managed by the Investment Committee with oversight by the Finance Committee and the Board. The portfolio takes a medium level of risk and has a targeted annual return of UK CPI inflation plus 1%, over a medium-term horizon of three to seven years. As part of CFA UK's commitment to sustainability, all fund managers in the portfolio are now signatories to the UN Principles for Responsible Investment.

The Investment Committee increased the frequency of meetings and the level of monitoring of the portfolio over the past few years as a result of the pandemic and the recent market volatility due to the Ukraine invasion and surging inflation. In the year ended 30 June 2022 the committee ensured there was sufficient liquidity in the portfolio, increased the levels of cash held and further increased diversification.

Over the 12-month period to 30 June 2022, the investment portfolio incurred a loss of 7.8%, which was lower than the inflation benchmark return of +9.6% (2021: gain of +17.9% which was higher than the +3.5% inflation benchmark return). The portfolio had annualised returns over three years to 30 June 2022 of +2.6 % and over seven years of +3.4%.

At 30 June 2022 CFA UK held £3,257,691 in cash (2021: £4,032,801) across four financial institutions.

Net assets were £7,604,857, which was 45% higher than at the prior year end (2021: £5,229,514).

Hilary Eastman, CFA
Treasurer



DIRECTORS' REPORT

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2022.

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 2022:

DIRECTOR	DATE RESIGNED/APPOINTED DURING THE YEAR
Lindsey Matthews , CFA, CIPM (Chair)	
Tim Nuding , CFA (Vice Chair)	
Hilary Eastman , CFA (Treasurer)	
Graham Cook , CFA	Resigned 23 November 2021
Gillian Elcock	
Kieran Ferguson , CFA	
Weiyen Hung , CFA, CAIA, CIPM, FRM, IMC	
Katerina Kosmopoulou , CFA, IMC	
Philippe Lenoble , CFA	Appointed 23 November 2021
Alan Livsey , CFA	Resigned 23 November 2021
Matthew Lonergan , CFA, CPA	Resigned 23 November 2021
Fraser Lundie , CFA, IMC	
Daniel Murray , CFA	Resigned 23 November 2021
Sylvia Solomon , ASIP, IMC	Appointed 23 November 2021
Helen Thomas , CFA	
David Zahn , CFA, CAIA, FRM	

Going concern

After reviewing the entity's forecasts and projections, the directors have reasonable expectations that the entity has adequate resources to continue in operational existence for at least the next twelve months and that the financial statements should therefore continue to be prepared on the going concern basis.

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 Young, FCG, on behalf of
Indigo Corporate Secretary Limited
Secretary

13 October 2022



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; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business for at least the next twelve months.

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 CFA SOCIETY OF THE UK

Opinion

We have audited the financial statements of CFA Society of the UK for the year ended 30 June 2022 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its results, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.



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

- adequate and proper accounting records have not been kept; 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;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Financial Reporting Standard 102. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Company for fraud.

The laws and regulations we considered in this context were taxation legislation, employment legislation, General Data Protection Regulation (GDPR), Ofqual regulations and Financial Conduct Authority (FCA) regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CFA SOCIETY OF THE UK (CONTINUED)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, agreeing income to supporting documentation on a sample basis, performing analytical review work, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

14 October 2022





FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2022		Notes	2022	2021
			£	£
Revenue	4		8,557,988	6,007,657
Cost of sales			(1,792,961)	(2,177,898)
Gross profit			6,765,027	3,829,759
Administrative expenses			(3,105,475)	(2,946,194)
Establishment costs	5		(334,465)	(311,406)
			(3,439,940)	(3,257,600)
Operating profit			3,325,087	572,159
Interest receivable, similar income and gains	6		10,461	17,490
(Loss) / profit on revaluation of investments			(323,994)	585,441
Profit / (loss) on revaluation of hedge			2,483	(45,861)
Loss on disposal of fixed assets			-	(3,628)
(Loss) / gain on disposal of fixed asset investments			(220,698)	74,061
Profit on ordinary activities before taxation	7		2,793,339	1,199,662
Taxation on profit on ordinary activities	8		(417,996)	(284,865)
Profit on ordinary activities after taxation	15		2,375,343	914,797

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



BALANCE SHEET AS AT 30 JUNE 2022		Notes	2022	2021
			£	£
Fixed assets				
Tangible assets	9	25,395	27,330	
Intangible assets	10	220,645	287,752	
Investments	11	5,663,433	5,048,777	
			5,909,473	5,363,859
Current assets				
Stock		50,077	40,609	
Debtors	12	1,049,882	340,247	
Cash at bank and in hand		3,257,691	4,032,801	
		4,357,650	4,413,657	
Creditors				
Amounts falling due within one year	13	(1,460,594)	(1,818,012)	
Net current assets			2,897,056	2,595,645
Total assets less current liabilities			8,806,529	7,959,504
Provisions for liabilities and charges			(160,398)	(296,978)
Deferred income			(1,041,274)	(2,433,012)
Net assets			7,604,857	5,229,514
Reserves				
Profit and loss account	15		7,604,857	5,229,514
Members' funds			7,604,857	5,229,514

The financial statements on pages 14-26 were approved and authorised for issue by the Board of Directors on 4 October 2022 and signed on their behalf by:

L Matthews, CFA, Chair

H Eastman, CFA, Treasurer

FINANCIAL STATEMENTS (CONTINUED)

CASH FLOW STATEMENT	Notes	2022	2021
		£	£
Net cash provided by operating activities	17	474,782	2,988,854
Cash flows from investing activities			
Interest received and investment income		10,461	17,490
Payments to acquire fixed asset investments		(2,084,319)	(1,727,327)
Proceeds from sale of fixed asset investments		924,972	1,127,211
Payments to acquire tangible fixed assets		(16,046)	(13,551)
Payments to acquire intangible assets		-	(231,022)
Net cash used in investing activities		(1,164,932)	(827,199)
Taxation			
Corporation tax paid		(84,960)	(74,473)
Net (decrease) / increase in cash and cash equivalents		(775,110)	2,087,182
Cash and cash equivalents at beginning of year		4,032,801	1,945,619
Cash and cash equivalents at end of year		3,257,691	4,032,801



ACCOUNTING PRINCIPLES

A. Status of the Company

CFA Society of the UK was incorporated on 13 July 2000 and is limited by the guarantee of its members. Every Regular member of the Society undertakes to contribute such amount as may be required (not exceeding £1) to the Society's assets if it should be wound up. The address of the registered office is 4th floor, Minster House, 42 Mincing Lane, London, EC3R 7AE.

B. General

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

C. Going concern

After reviewing the entity's forecasts and projections, the directors have reasonable expectations that the entity has adequate resources to continue in operational existence for at least the next twelve months. The entity therefore continues to adopt the going concern basis in preparing its financial statements.

D. Key judgements and estimates

In the view of the directors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

E. Investment income

Investment income comprises interest receivable and dividend income.

F. Tangible fixed assets

Tangible fixed assets are stated at historical cost and depreciation is provided on these assets at rates calculated to write down each asset to its estimated residual value evenly over its expected useful life.

Depreciation rates used are as follows:

Leasehold improvements over the lease term	
Office equipment – computers	33.33%
Office equipment – other	20%
Furniture and fittings	10% and 20%

G. Intangible assets

Membership and examination systems software costs are included in intangible assets and are amortised using a rate of 20%.

Website development costs and customer relationship management (CRM) development costs have been capitalised within intangible assets as they can be identified within a specific project anticipated to produce future benefits. Once brought into use they will be amortised on the straight-line basis over the anticipated life of the benefits arising from the completed project.

H. Investments

Investments comprise an investment portfolio of funds invested in fixed income, equity and other liquid investments. Investments are held at fair value and are revalued to market value at the balance sheet date with revaluation gains and losses being recognised in the profit and loss account.

I. Stock

Stock includes examination training material publications and is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

J. Deferred income

Deferred income represents amounts received in advance in relation to membership subscriptions and examination fees which are recognised over the period of the membership year and when the examination is sat, respectively.



K. 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.

L. 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.

M. 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 financial derivatives or 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. Valuation techniques that are used include comparisons to recent market transactions or reference to other instruments which are substantially the same. Inputs to such valuation techniques rely on market inputs where such information is readily available. Where such information is not available entity-specific inputs are used.

At the balance sheet date, the Company held financial assets at amortised cost of £4,117,420 (2021: £4,182,910), financial assets at fair value through profit or loss of £5,665,916 (2021: £5,048,777) and financial liabilities at amortised cost of £832,737 (2021: £1,669,881).

N. 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.

O. Pension contributions

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

P. Revenue

Revenue 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, Certificate in ESG Investing and Certificate in Climate and Investing examination fees are recognised when candidates sit an examination, or on expiry, one year after registration.

Revenue relating to online training materials and hard copy publications is recognised on the delivery of the materials to the candidate.

Q. Related party transactions

There were no related party transactions during the period.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. MEMBERS

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

As at 30 June 2022, the total number of members was 11,852 (2021: 11,622) and the number of Regular members was 10,774 (2021: 10,394).

2. EMPLOYEES

2022

2021

The average monthly number of persons employed by the Society was:

Total employees	30	28
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The full-time equivalent average monthly number of employees, including the leadership team, was 28 (2021: 28). The figures above do not include the 12 volunteer, non-executive directors (2021: 14).

Staff costs for the above persons:

2022

2021

	£	£
Wages and salaries	1,749,376	1,676,677
Social security costs	205,928	196,393
Other pension costs	112,761	103,715
	<u>2,068,065</u>	<u>1,976,785</u>

No remuneration was paid to the directors during the year (2021: nil). No director (2021: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Expenses incurred by or reimbursed to the directors during the year totalled £nil (2021: £57).

3. KEY MANAGEMENT PERSONNEL

2022

2021

	£	£
The total employee benefits of the leadership team of the Society were £730,203 (2021: £777,407).		
Staff costs for the above persons:		
Wages and salaries	598,916	640,164
Social security costs	79,237	88,343
Other pension costs	52,050	48,900
	<u>730,203</u>	<u>777,407</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

4. REVENUE	2022	2021
	£	£
Subscriptions	1,413,866	1,363,132
Examinations	3,190,395	2,269,774
Publications	399,845	654,494
Online Training Manual	223,065	913,410
Professional Development	2,500	1,180
CFA Support	175	450
Social	2,699	-
Other Activities	2,908,675	270,348
CFA Institute Funding	416,768	534,869
	8,557,988	6,007,657

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

Online Training Manual revenue relates to the portion of revenue relating to the provision of online learning materials from the Certificate in ESG Investing and the Certificate in Climate and Investing. The balance of the fees paid is disclosed within Examinations, together with the examination fees for the Investment Management Certificate. Publications revenue relates to hard copy learning materials.

Other Activities includes a gross revenue share of £2,182,514 from CFA Institute, which forms part of the contract for the sale of the ESG Certificate (2021: nil) and a completion payment of £556,684 (2021: £183,392). CFA UK will continue to receive a revenue share, on a reducing percentage share basis, until 2035.

5. ESTABLISHMENT COSTS	2022			2021	
	£	£	£	£	£
Rent	108,190		116,365		
Rates	54,799		54,692		
Lighting and heating	8,646		4,600		
		171,635		175,657	
Insurance		33,511		28,504	
Office building maintenance		34,786		36,454	
Office repairs and renewals and health & safety		395		-	
Office security		3,309		394	
Office cleaning		5,741		9,103	
Depreciation		17,981		18,383	
Amortisation		67,107		42,911	
		334,465		311,406	

6. INTEREST RECEIVABLE, SIMILAR INCOME AND GAINS	2022	2021
	£	£
Bank interest	571	695
Dividend income received	9,890	16,795
	<u>10,461</u>	<u>17,490</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2022	2021
	£	£

Profit on ordinary activities before taxation is stated after charging/(crediting):

Depreciation of tangible fixed assets	17,981	18,383
Amortisation of intangible assets	67,107	42,911
Loss on disposal of fixed assets	-	3,628
Currency exchange (gains) / losses	(23,912)	28,407
Operating leases:		
Plant and machinery	8,001	6,316
Land and buildings	108,190	116,365
Auditor's remuneration – audit	13,750	13,000
Auditor's remuneration – taxation	3,200	24,510
Auditor's remuneration – other services	550	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

8. CORPORATION TAX	2022	2021
	£	£
Current tax: UK corporation tax	564,006	94,389
Under provision in previous period	(9,430)	-
Total current tax	<u>554,576</u>	<u>94,389</u>
Deferred taxation:		
Origination of timing differences	(136,580)	190,476
Tax on profits on ordinary activities	<u><u>417,996</u></u>	<u><u>284,865</u></u>

Factors affecting tax charge for the year:

The tax assessed for the year is lower than the effective rate of corporation tax in the UK of 19%.

The differences are explained below:

Profit on ordinary activities before tax	2,793,339	1,199,662
Profit on ordinary activities multiplied by the effective rate of corporation tax of 19% (2021: 19%)	530,734	227,936

Effects of:

Expenses not deductible for tax purposes	13,316	1,704
Profit on member income not deductible	(56,921)	(48,742)
Other permanent differences	-	232
Other short-term timing differences	(885)	(524)
Over provision in previous period	(9,430)	-
Deferred tax: change in rate of tax from 19% to 25%	(38,496)	71,275
FRS102 adjustments	(20,322)	32,984
Total tax charge for the year	<u><u>417,996</u></u>	<u><u>284,865</u></u>



9. TANGIBLE FIXED ASSETS	Leasehold Improvements	Office Equipment	Furniture & Fittings	Total
	£	£	£	£
Cost				
At 30 June 2021	122,992	74,267	46,827	244,086
Additions	-	16,046	-	16,046
At 30 June 2022	122,992	90,313	46,827	260,132
Depreciation				
At 30 June 2021	122,992	56,181	37,583	216,756
Charged in the year	-	14,841	3,140	17,981
At 30 June 2022	122,992	71,022	40,723	234,737
Net book value				
At 30 June 2022	-	19,291	6,104	25,395
At 30 June 2021	-	18,086	9,244	27,330
10. INTANGIBLE ASSETS	Systems Software	Website	CRM	Total
	£	£	£	£
Cost				
At 30 June 2021	342,308	148,955	282,984	774,247
Additions	-	-	-	-
At 30 June 2022	342,308	148,955	282,984	774,247
Depreciation				
At 30 June 2021	342,019	133,654	10,822	486,495
Charged in the year	289	11,600	55,218	67,107
At 30 June 2022	342,308	145,254	66,040	553,602
Net book value				
At 30 June 2022	-	3,701	216,944	220,645
At 30 June 2021	289	15,301	272,162	287,752

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

11. FIXED ASSET INVESTMENTS	2022	2021
	£	£
At 1 July	5,048,777	3,789,159
Acquired in the period (at cost)	2,084,319	1,727,327
Less: Disposal in the period	(1,145,670)	(1,053,150)
Market value adjustment	(323,993)	585,441
Market value at 30 June	<u>5,663,433</u>	<u>5,048,777</u>

The historical cost of investments held at 30 June 2022 was £5,389,596 (2021: £4,156,190).

Fixed asset investments include a portfolio of funds invested in fixed income, equity and other investments, managed by the Investment Committee. Investments are able to be liquidated within a three-month period if needed.

12. DEBTORS: DUE WITHIN ONE YEAR	2022	2021
	£	£
Trade debtors	49,000	137,730
Other debtors	21,010	12,379
Prepayments and accrued income	977,389	190,138
Forward exchange contract asset	2,483	-
	<u>1,049,882</u>	<u>340,247</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2022	2021
	£	£
Trade creditors	265,611	419,807
Corporation tax liability	564,006	94,389
Other taxation and social security costs	63,851	53,742
Sundry creditors and accruals	567,126	1,250,074
	<u>1,460,594</u>	<u>1,818,012</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES	2022	2021
	£	£
Deferred tax provision at 1 July	296,978	106,502
Transfer from profit and loss account	(136,580)	190,476
Deferred tax provision at 30 June	<u>160,398</u>	<u>296,978</u>

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



15. RESERVES	2022	2021
	£	£
Profit and loss account at 1 July	5,229,514	4,314,717
Profit for the financial year	2,375,343	914,797
Profit and loss account at 30 June	<u>7,604,857</u>	<u>5,229,514</u>

16. COMMITMENTS UNDER OPERATING LEASES	2022	2021
	£	£

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Plant and machinery:

Due within 1 year	11,378	2,987
Due between 2 and 5 years	24,785	13,760
Due in more than 5 years	-	573

Land and buildings:

Due within 1 year	116,012	108,013
Due between 2 and 5 years	-	50,007
	<u>152,175</u>	<u>175,340</u>

17. CASH FLOW	2022	2021
	£	£

Reconciliation of operating profit to net cash provided by operating activities

Operating profit	3,325,087	572,159
Depreciation of tangible fixed assets	17,981	18,383
Amortisation of intangible assets	67,107	42,911
Increase in stock	(9,468)	(22,226)
Increase in debtors	(707,152)	(118,758)
(Decrease) / increase in creditors	(827,035)	1,157,299
(Decrease) / increase in deferred income	(1,391,738)	1,339,086
Net cash provided by operating activities	<u>474,782</u>	<u>2,988,854</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

18. PENSION COMMITMENTS

The Society makes contributions to the pension schemes of employees. The pension charge for the year was £112,761 (2021: £103,715).

At 30 June 2022, pension contributions amounting to £9,149 (2021: £4,492) were outstanding and are included in creditors.

19. CURRENCY DERIVATIVES - CASH FLOW HEDGE

2022

2021

£

£

The Society utilises foreign currency forward contracts to hedge future transactions and cash flows and to manage exchange rate risk. The instruments purchased are primarily denominated in the currencies of the Society's principal markets.

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

US Dollar denominated contract	579,154	-
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Currency forward contracts are related to highly probable forecast transactions that are expected to arise in the next two months. In the current year the fair value of currency forward contracts amounted to a debtor of £2,483 (2021: nil).

Cash at bank includes a balance of £237,000 (2021: £237,000) that is held as security in relation to the currency forward contract facilities.





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