CFA Society
United Kingdom

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

CONTENTS

ABOUT US

CFA Society of the UK ('CFA UK', 'the Society' or 'the Company') is a professional membership body representing more than 11,500 investment professionals in the UK that promotes the highest standards of ethics, education and professional excellence in the profession, in order to serve society's best interest.

CFA UK is part of the worldwide network of member societies of CFA Institute, the global, not-for-profit association of investment professionals, that awards the CFA and CIPM designations.

CFA UK's mission is to build a better investment profession by serving the public interest through 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 promote the development of careers in the investment profession and facilitate networking within and across member groups.

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.

Board of Directors as at 30 June 2021:

Daniel Murray, CFA, (Chair), EFG Asset Management (UK)
Graham Cook, CFA, (Vice Chair), Environment Agency Pension Fund
Matthew Lonergan, CFA, CPA, (Treasurer), Dejima Asset Management
Hilary Eastman, CFA, PricewaterhouseCoopers LLP
Gillian Elcock, Denny Ellison Enterprises Ltd
Kieran Ferguson, CFA, The Prince's Foundation
Weiyen Hung, CFA, CAIA, CIPM, FRM, Bank of England
Katerina Kosmopoulou, CFA, J. Stern & Co.
Alan Livsey, CFA, Financial Times
Fraser Lundie, CFA, Hermes Investment Management
Lindsey Matthews, CFA, CIPM, USS
Tim Nuding, CFA, Prosperity Capital Services
Helen Thomas, CFA, Blonde Money
David Zahn, CFA, CAIA, FRM, Franklin Templeton

CFA UK also developed the Certificate in ESG Investing ('ESG Certificate') which is being transferred 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 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.

Leadership team:

Will Goodhart, Chief Executive
Christina Curtin, Director of Education
Victoria French, ACA, Director of Finance and Operations
Ashley Ramsay, Director of Member Services

Company Secretary:

Bernadette Young, FCG

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

Against the uncertainty of COVID-19, the past year has been remarkably successful for the Society. We have built on some of our recent achievements, whilst adapting our practices for the 'new normal' of people's working lives. This process includes taking into consideration the increased global emphasis on sustainability. We have met, and will continue to meet, the investment community's needs for skills and knowledge. We have continued to bring the investment community together across our study programmes and related exams, events and special interest groups. Our programming and other resources are helping people to build rewarding careers within an inclusive and diverse investment community, and our advocacy work is helping the investment profession serve its stakeholders well. The success of that work depends on the contributions of our many volunteers as well as on our ability to draw on our broad membership base. The pandemic has provided the impetus for us to focus our attention on what really matters and has accelerated our recognition of sustainability as a core focus for CFA UK.

Despite the continued impact of global events, we have successfully transitioned the Certificate in ESG Investing to CFA Institute. This marks a unique position for our locally developed qualification to be adopted as a global product. By taking over the administration of the certificate, CFA Institute is positioned to enable the worldwide investment industry to evolve by placing sustainable practices at the heart of investment considerations. CFA Institute will continue the work started by CFA UK, in strengthening market integrity by delivering the benchmark knowledge and skills required to integrate ESG factors into the investment process. At the same time, CFA UK remains committed to pushing forward sustainable investor education. CFA UK will pilot a new Certificate in Climate and Investing in December 2021, to be launched from Spring 2022 which will provide investment professionals with the knowledge and skills they need to see their investment practice through the lens of climate change.

CFA UK continues to recognise how challenging circumstances have been for our members and the profession. Some intensive stakeholder research was undertaken earlier this year and the results have given us new insight into the importance of building community within the membership. Our mission to build a better investment profession has been adapted for the changing times. We are steering a new journey towards not just being a membership body for individual participation, but also bringing together members and the wider industry as a community to co-create the tools needed for the sustainable investment profession of the future. We are starting by widening membership criteria to graduates of the Certificate in ESG Investing and those who will sit the Certificate in Climate and Investing.

We have continued to develop our 'digital first' mantra both in terms of delivering member value through virtual conferences, webinars, podcasts, online training, virtual networking and multimedia learning, as well as in supporting our staffed office remote working teams. We are carefully navigating to hybrid work patterns for the staffed office as we get back to in-person meetings and events, as social distancing eases. The adoption of a digital offering has seen greater volunteer participation and higher levels of engagement – leading us to plan greater investment in improving all our digital experiences for members and exam candidates. Benefits from the first phases of this investment in robust technology are starting to be realised. We will be delivering further improvements to modernise and strengthen our digital platforms, to support all of our main activities and to enhance access for all of our membership.

In May 2021, CFA Institute selected CFA UK as the Outstanding Society of the Year, in recognition of our work on sustainability and on improving the volunteer experience. We were delighted and grateful to be recognised in this way.

Following last year's governance review and adoption of the amended Articles, the Board of CFA UK has continued to implement the recommendations including the first phase of the reduction in the Board size and will continue to invite remote attendance at the AGM.

Finally, as I step down as Chair, Graham Cook steps down as Vice Chair and Matthew Lonergan steps down from the Treasurer role, I would like to extend my sincere gratitude to my fellow Board members – particularly the three incoming officers for shadowing us this year – Will Goodhart and the staffed office for their support over the past three years and also Bernadette Young and her team at Indigo Governance for their invaluable support to the Board. This is an exciting and challenging time for CFA UK and I am confident that the Society will thrive under the direction of the incoming Board and leadership team.

Daniel Murray, CFA
Chair

TREASURER'S REPORT

The financial year ended 30 June 2021 was an extraordinary year for CFA Society of the UK ('CFA UK') due to the success of the Certificate in ESG Investing ('the ESG Certificate'). CFA UK made an operating profit of £572,159 (2020: loss of £14,028) and a total profit before taxation of £1,199,662 (2020: £19,857) which was boosted by investment gains.

Following the increasing international demand for the ESG Certificate, the qualification was sold to CFA Institute during the year, with CFA Institute being better placed to manage and service a global qualification as a part of its product range. CFA UK will receive a one-off payment (part of which was received and recognised within revenue in the year ended 30 June 2021 with the balance being received in 2022) plus an ongoing share of global revenues, on a reducing basis to 2035. As part of the sale agreement, CFA Institute launched an advertising campaign in selected international markets during the past financial year.

Total revenue increased 43% to £6,007,657 in the year to 30 June 2021 (2020: £4,200,180) due to an increase in examination and training manual revenue from the ESG Certificate. However, in other areas, the COVID-19 pandemic has continued to negatively impact CFA UK in terms of reduced revenues from in-person events, a reduction in membership numbers and a reduction in CFA Institute funding. It should be noted that CFA UK events are normally run at a loss as they are a benefit to members.

Membership subscriptions revenue decreased 5% to £1,363,132 in the year to 30 June 2021 (2020: £1,440,215) due to lower member numbers of 11,622 as at 30 June (2020: 12,125). The number of Regular members who are also members of CFA Institute decreased 2% (2020: increased 6%) due to CFA Program examinations being postponed. For the coming membership year, ending 30 June 2022, the base price of the CFA UK membership fee has been kept at the same £120 level as in the prior year.

CFA Institute funding revenue decreased 25% to £534,869 (2020: £717,278) mainly due to project funding not being available in the current year. Professional development revenue from events decreased 98% to £1,180 (2020: £71,123) due to the cancellation of in-person chargeable events, although an online virtual events programme was made available.

Cost of sales increased by 56% to £2,177,898 (2020: £1,393,118) mainly due to increased costs associated with the ESG Certificate, including £888,124 (2020: £3,700) of gross revenue share and partner revenue share payable to CFA Institute as part of the sale agreement and to CFA Societies for marketing services.

Administrative expenses increased 17% to £2,946,194 (2020: £2,512,716) due to an increase in staff and temporary staff to support the expansion in activities and project management costs for the first two phases of the implementation of a MS-Dynamics customer relationship management (CRM) system, which includes membership functionality and events administration. Establishment costs were broadly static at £311,406 (2020: £308,374).

The lease on the office at Mincing Lane was extended in July 2021, for a further three years to December 2024, at a reduced rate of rent, with a possible break date from December 2022.

Interest receivable and similar income increase to £557,070 (2020: £46,721) including unrealised gains on investments of £585,441 (2020: unrealised loss of £35,556).

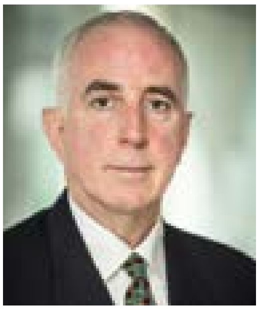
At the year-end, CFA UK held £4,032,801 in cash (2020: £1,945,619) across four financial institutions, which makes up the Operating Reserves. CFA UK also held £5,048,777 (2020: £3,789,159) of investments which make up the Investment Reserves.

The investments are managed by the Investment Committee with oversight by the Finance Committee and the Board. The purpose of the Investment Committee is to contribute to the long-term sustainability of CFA UK by integrating sustainable investment principles to preserve and grow the real capital value of the Investment Reserves. The investment portfolio takes a medium level of risk and has a targeted annual return of CPI plus 1%, over a medium-term horizon of three to seven years. The portfolio is diversified across three broad asset classes: fixed income, equities and other (multi-asset) and across three investment styles: active, passive, and liquid alternatives.

During the past two financial years, the Investment Committee increased both the frequency of meetings and the level of monitoring of the portfolio due to the pandemic. In the year ended 30 June 2021 the committee ensured there was sufficient liquidity in the portfolio, further increased diversification and made additional investments of net £674,177 (2020: net £87,254) before gains due to unrealised investment revaluations. As a part of the commitment to sustainability, all fund managers in the portfolio are now signatories to the UN Principles for Responsible Investment.

Over the 12-month period to 30 June 2021, the investment portfolio gained 17.86% (2020: incurred a loss of 0.7%) which was significantly higher than the +3.5% benchmark. The portfolio had annualised returns over three years to 30 June 2021 of 5.8% and over seven years to 30 June 2021 of 5.5%, with both periods exceeding the medium-term return objective.

Net assets were £5,229,514 as at 30 June 2021 which was 21% higher than at the prior year end (2020: £4,314,717).



Matthew Lonergan, CFA, CPA
Treasurer

DIRECTORS' REPORT

The directors submit their report and the financial statements of CFA Society of the UK for the year ended 30 June 2021.

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 2021:

DIRECTORS	DATE RESIGNED/APPOINTED DURING THE YEAR
Daniel Murray, CFA (Chair)	
Graham Cook, CFA (Vice Chair)	
Matthew Lonergan, CFA, CPA (Treasurer)	
Hilary Eastman, CFA	
Gillian Elcock	
Kieran Ferguson, CFA	Appointed 24 November 2020
Weiyen Hung, CFA, CAIA, CIPM, FRM	
Katerina Kosmopoulou, CFA	
Alan Livsey, CFA	
Fraser Lundie, CFA	
Lindsey Matthews, CFA, CIPM	
Tim Nuding, CFA	
Helen Thomas, CFA	
Stephen Wackerle, CFA, FCA, CA(SA), SIRM	Resigned 24 November 2020
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 the foreseeable future 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
Secretary

30 September 2021

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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of CFA Society of the UK for the year ended 30 June 2021 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 2021 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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.

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

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.

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

30 September 2021

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021	Notes	2021	2020
		£	£
Revenue	4	6,007,657	4,200,180
Cost of sales		(2,177,898)	(1,393,118)
Gross profit		3,829,759	2,807,062
Administrative expenses		(2,946,194)	(2,512,716)
Establishment costs	5	(311,406)	(308,374)
		(3,257,600)	(2,821,090)
Operating profit / (loss)		572,159	(14,028)
Interest receivable, similar income and gains	6	557,070	46,721
Loss on disposal of fixed assets		(3,628)	(89)
Gain / (loss) on disposal of fixed asset investments		74,061	(12,747)
Profit on ordinary activities before taxation	7	1,199,662	19,857
Taxation on profit on ordinary activities	8	(284,865)	(43,710)
Profit / (loss) on ordinary activities after taxation	15	914,797	(23,853)

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

FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET AS AT 30 JUNE 2021	Notes		2021		2020
		£	£	£	£
Fixed assets					
Tangible assets	9	27,330		35,790	
Intangible assets	10	287,752		99,641	
Investments	11	5,048,777		3,789,159	
			5,363,859		3,924,590
Current assets					
Stock		40,609		18,383	
Debtors	12	340,247		267,350	
Cash at bank and in hand		4,032,801		1,945,619	
		4,413,657		2,231,352	
Creditors					
Amounts falling due within one year	13	(1,818,012)		(640,797)	
Net current assets			2,595,645		1,590,555
Total assets less current liabilities			7,959,504		5,515,145
Provisions for liabilities and charges	14		(296,978)		(106,502)
Deferred income			(2,433,012)		(1,093,926)
Net assets			5,229,514		4,314,717
Reserves					
Profit and loss account	15		5,229,514		4,314,717
Members' funds			5,229,514		4,314,717

The financial statements on pages 11 to 23 were approved and authorised for issue by the Board of Directors on 27 September 2021 and signed on their behalf by:

D Murray, CFA, Chair

M Lonergan, CFA, CPA, Treasurer

FINANCIAL STATEMENTS (CONTINUED)

CASH FLOW STATEMENT	Notes	2021	2020
		£	£
Net cash provided by / (used in) operating activities	17	2,988,854	(32,060)
Cash flows from investing activities			
Interest received and investment income		17,490	23,283
Payments to acquire fixed asset investments		(1,727,327)	(954,482)
Proceeds from sale of fixed asset investments		1,127,211	854,481
Payments to acquire tangible fixed assets		(13,551)	(20,260)
Payments to acquire intangible assets		(231,022)	(51,963)
Net cash used in investing activities		(827,199)	(148,941)
Taxation			
Corporation tax paid		(74,473)	(56,814)
Net increase / (decrease) in cash and cash equivalents		2,087,182	(237,815)
Cash and cash equivalents at beginning of year		1,945,619	2,183,434
Cash and cash equivalents at end of year		4,032,801	1,945,619

ACCOUNTING PRINCIPLES

A. Status of the Company

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

B. General

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

The financial statements are presented in Sterling (£).

C. Going concern

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

D. Key judgements and estimates

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

E. Investment income

Investment income comprises interest receivable and dividend income.

F. Tangible fixed assets

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

Depreciation rates used are as follows:

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

G. Intangible assets

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

Website development costs 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 £4,182,910 (2020: £2,013,983), financial assets at fair value through profit or loss of £5,048,777 (2020: £3,835,020) and financial liabilities at amortised cost of £1,669,881 (2020: £513,963).

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 and Certificate in ESG 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 2021

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 2021, the total number of members was 11,622 (2020: 12,125) and the number of Regular members was 10,394 (2020: 10,654).

2. EMPLOYEES	2021	2020
The average monthly number of persons employed by the Society was:		
Total employees	28	26

The full-time equivalent average monthly number of employees was 28 (2020: 25).
The figures above do not include the 14 volunteer, non-executive directors (2020: 14).

Staff costs for the above persons:	2021	2020
	£	£
Wages and salaries	1,676,677	1,425,576
Social security costs	196,393	166,516
Other pension costs	103,715	97,619
	1,976,785	1,689,711

No remuneration was paid to the directors during the year (2020: nil). No director (2020: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Expenses incurred by or reimbursed to the directors during the year totalled £57 (2020: £764).

3. KEY MANAGEMENT PERSONNEL	2021	2020
	£	£
The total staff costs for the leadership team were £777,407 (2020: £633,585).		
Staff costs for the above persons:		
Wages and salaries	640,164	513,783
Social security costs	88,343	70,902
Other pension costs	48,900	48,900
	777,407	633,585

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. REVENUE	2021	2020
	£	£
Subscriptions	1,363,132	1,440,215
Examinations	2,269,774	1,203,261
Publications	654,494	415,386
Online Training Manual	913,410	254,279
Professional Development	1,180	71,123
CFA Support	450	7,525
Social	-	5,689
Other Activities	270,348	85,424
CFA Institute Funding	534,869	717,278
	6,007,657	4,200,180

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 from the Certificate in ESG Investing relating to the provision of online learning materials. The balance of the fees for the Certificate in ESG Investing is disclosed within Examinations, together with the examination fees for the Investment Management Certificate.

Other Activities includes an amount relating to the sale of the Certificate in ESG Investing qualification to CFA Institute. An initial payment was received during the year with a second payment due during the year ended 30 June 2022, plus a revenue share from gross sales of the qualification, by CFA Institute. The revenue share is ongoing until 2035.

5. ESTABLISHMENT COSTS		2021		2020
	£	£	£	£
Rent	116,365		116,365	
Rates	54,692		54,270	
Lighting and heating	4,600		4,812	
		175,657		175,447
Insurance		28,504		27,215
Office building maintenance		36,454		35,547
Office repairs and renewals and health & safety		-		(175)
Office security		394		4,256
Office cleaning		9,103		7,238
Depreciation		18,383		17,738
Amortisation		42,911		41,108
		311,406		308,374

6. INTEREST RECEIVABLE, SIMILAR INCOME AND GAINS/ (LOSSES)	2021	2020
	£	£
Bank interest	695	5,959
Dividend income received	16,795	17,324
Movement in fair value of hedge	(45,861)	58,994
Movement in fair value of investments	585,441	(35,556)
	557,070	46,721

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2021	2020
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	18,383	17,738
Amortisation of intangible assets	42,911	41,108
Loss on disposal of fixed assets	3,628	-
Currency exchange losses / (gains)	28,407	(22,602)
Operating leases:		
Plant and machinery	6,316	6,316
Land and buildings	116,365	116,365
Auditor's remuneration – audit	13,000	12,700
Auditor's remuneration – taxation	24,510	17,225

8. CORPORATION TAX	2021	2020
	£	£
Current Tax: UK corporation tax	94,389	74,473
Total current tax	94,389	74,473
Deferred taxation:		
Origination of timing differences	190,476	(30,763)
Tax on profits on ordinary activities	284,865	43,710

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%.

	2021	2020
The differences are explained below:		
Profit on ordinary activities before tax	1,199,662	19,857
Profit on ordinary activities multiplied by the effective rate of corporation tax of 19% (2020: 19%)	227,936	3,773
Effects of:		
Expenses not deductible for tax purposes	1,704	15,118
(Profit)/loss on member income not deductible	(48,742)	27,612
Other permanent differences	232	559
Other short-term timing differences	(524)	(328)
Change in rate of deferred tax from 19% to 25%	71,275	-
FRS102 adjustments	32,984	(3,024)
Total tax charge for the year	284,865	43,710

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

9. TANGIBLE FIXED ASSETS	Leasehold Improvements	Office Equipment	Furniture & Fittings	Total
	£	£	£	£
Cost				
At 30 June 2020	122,992	99,531	46,827	269,350
Additions	-	13,550	-	13,550
Disposals	-	(38,814)	-	(38,814)
At 30 June 2021	122,992	74,267	46,827	244,086
Depreciation				
At 30 June 2020	122,992	76,302	34,266	233,560
Charged in the year	-	15,066	3,317	18,383
Disposals	-	(35,187)	-	(35,187)
At 30 June 2021	122,992	56,181	37,583	216,756
Net book value				
At 30 June 2021	**-**	**18,086**	**9,244**	**27,330**
At 30 June 2020	-	23,229	12,561	35,790

10. INTANGIBLE ASSETS	Systems Software	Website	CRM	Total
	£	£	£	£
Cost				
At 30 June 2020	342,308	148,955	51,963	543,226
Additions	-	-	253,421	253,421
Disposals	-	-	(22,400)	(22,400)
At 30 June 2021	342,308	148,955	282,984	774,247
Depreciation				
At 30 June 2020	339,722	103,863	-	443,585
Charged in the year	2,297	29,791	10,823	42,911
Disposals	-	-	(1)	(1)
At 30 June 2021	342,019	133,654	10,822	486,495
Net book value				
At 30 June 2021	**289**	**15,301**	**272,162**	**287,752**
At 30 June 2020	2,586	45,092	51,963	99,641

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

11. FIXED ASSET INVESTMENTS	2021	2020
	£	£
At 1 July	3,789,159	3,737,461
Acquired in the period (at cost)	1,727,327	954,482
Less: Disposal in the period	(1,053,150)	(867,228)
Market value adjustment	585,441	(35,556)
Market value at 30 June	5,048,777	3,789,159

The historical cost of investments held at 30 June 2021 was £4,156,190 (2020: £3,313,851).

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	2021	2020
	£	£
Trade debtors	137,730	23,230
Other debtors	12,379	45,134
Prepayments and accrued income	190,138	153,125
Forward exchange contract asset	-	45,861
	340,247	267,350

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Creditors control account	419,807	169,916
Corporation tax liability	94,389	74,473
Other taxation and social security costs	53,742	52,361
Sundry creditors and accruals	1,250,074	344,047
	1,818,012	640,797

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

14. PROVISIONS FOR LIABILITIES AND CHARGES	2021	2020
	£	£
Deferred tax provision at 1 July	106,502	137,265
Transfer from profit and loss account	190,476	(30,763)
Deferred tax provision at 30 June	296,978	106,502

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

15. RESERVES	2021	2020
	£	£
Profit and loss account at 1 July	4,314,717	4,338,570
Profit / (loss) for the financial year	914,797	(23,853)
Profit and loss account at 30 June	5,229,514	4,314,717

16. COMMITMENTS UNDER OPERATING LEASES	2021	2020
	£	£
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	2,987	480
Due between 2 and 5 years	13,760	120
Due in more than 5 years	573	-
Land and buildings:		
Due within 1 year	108,013	116,012
Due between 2 and 5 years	50,007	58,006
	175,340	174,618

17. CASH FLOW	2021	2020
	£	£
Reconciliation of operating profit to net cash provided by operating activities		
Operating profit / (loss)	572,159	(14,028)
Depreciation of tangible fixed assets	18,383	17,738
Amortisation of intangible assets	42,911	41,108
(Increase) in stock	(22,226)	(2,591)
(Increase) / decrease in debtors	(118,758)	113,553
Increase/ (decrease) in creditors	1,157,299	(270,113)
Increase in deferred income	1,339,086	82,273
Net cash provided by / (used in) operating activities	2,988,854	(32,060)

18. PENSION COMMITMENTS

The Society makes contributions to the pension schemes of employees. The pension charge for the year was £103,715 (2020: £97,619).

At 30 June 2021, pension contributions amounting to £4,492 (2020: £3,903) were outstanding and are included in creditors.

19. CURRENCY DERIVATIVES – CASH FLOW HEDGE

	2021	2020
	£	£

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:

	2021	2020
US Dollar denominated contract	-	1,187,341

Currency forward contracts are related to highly probable forecast transactions that are expected to arise in the next eleven months. In the current year the fair value of currency forward contracts amounted to £nil (2020: a debtor of £45,861).

Cash at bank includes a balance of £237,000 (2020: £237,000) that is held as security in relation to the currency forward contract facilities.

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