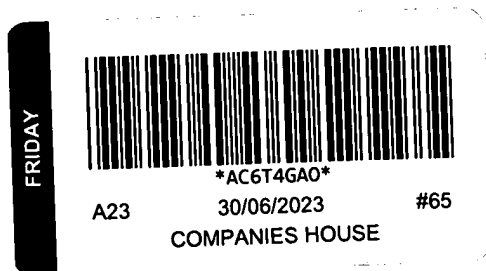


**Association for Financial Markets in Europe**

**Annual report and financial statements**

**For the year ended 31 October 2022**

*Company no: 06996678*



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## Directors and other information

### Directors

The directors who held office during the year were as follows:

Guy America	Vanessa Holtz
Allen Appen (resigned 8 December 2021)	Nicholas Dewi Hughes (appointed 9 December 2021)
Leonardo Arduini	Obbe Arjen Kok (resigned 17 March 2022)
Lionel Bignone (appointed 9 December 2021)	Guy Laffineur (resigned 8 December 2021)
Juan Blasco	James Lancaster (resigned 23 June 2022)
Martine Bond (appointed 17 March 2022)	Davide Menini
Nicholas Burge (appointed 17 March 2022)	Massimo Mocio
Sylvain Cartier	Jonathan Moore (resigned 23 June 2022)
Justin Chapman	Shane O'Cuinn (appointed 23 June 2022)
Efthalia Chryssikou	Olivier Osty
Jose Manuel Colina (resigned 2 September 2022)	Jonathan Peberdy
Gavin Colquhoun	Gary Prince (appointed 17 March 2022)
Kevin Connors (appointed 23 June 2022)	Carl Scott (appointed 22 September 2022)
Paolo Croc�	Rita Sqalli (appointed 22 September 2022)
Adam Farkas	Nathaniel Tyce (resigned 22 September 2022)
Clare Francis (resigned 17 March 2022)	Daniel Watkins
Pierre Gay (resigned 22 September 2022)	
Patrick George	
Michael Haize	

### Secretary

Oliver Moullin

### Registered Office

Association for Financial Markets in Europe  
39<sup>th</sup> Floor  
25 Canada Square  
Canary Wharf  
London  
E14 5LQ  
United Kingdom

### Auditor

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick, RH6 0PA  
United Kingdom

## Strategic report

The Company is an association that represents a broad array of global and European participants in the wholesale financial markets. We advocate for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefitting society across Europe. On behalf of the membership of Association for Financial Markets in Europe (AFME) we:

- Offer a single voice for Europe's capital market participants and advocate their views at national, European Union (EU) and global levels;
- Act as a bridge between market participants and policymakers to build constructive dialogue;
- Offer our policy and product expertise to help achieve a balanced and stable regulatory environment; and
- Promote the contribution of the financial sector to society.

The Company is limited by guarantee with no share capital. The principal risk faced by the Company is associated with member retention, since the majority of its revenue is from membership dues. The Company has a designated team for membership engagement and has also built substantial capital reserves (net assets) to mitigate this risk, with the majority invested in liquid assets, with an 81:19 split (2021: 80:20 split) between assets held in cash and cash equivalents versus those managed as long-term investments by a discretionary fund manager. The fund manager was selected following extensive due diligence and the Company monitors and reports regularly to the AFME Board and Investment Committee on investment performance. The Company has appropriate financial and reporting systems in place and therefore directors do not consider compliance and reputational risks as significant.

The Company has identified several key financial and other performance indicators during the year as follows:

- The Company generated membership fee income of £17m in 2022, up from £16.2m in 2021.
- The Company spent approximately 84% of total expenses on staff, professional fees and consultants in 2022 (2021: 84%).
- Staff, consultant and professional fee costs were £14.9m in 2022, up from £14.1m in 2021.

Total income increased this year to £20.1 million (2021: £17.7 million) due to growth in AFME's non-board memberships and FTT memberships as well as the onboarding of Commodities members. Also, AFME's conference revenue specifically the Global ABS event did particularly well generating revenue of £1.8m. Administration expenses were higher this year at £17.7 million (2021: £16.7 million), driven primarily by an increase in salaries, professional fees and travel expenses partially offset by continued savings from reduced office usage. This remains significantly below 2019 levels of £18.8m. Trade debtors have increased to £13.9 million (2021: £13.6 million) as a smaller proportion of membership billings were collected at year end versus the prior year. This is due to having more membership fees such as FTT and Commodities. The directors still believe that our membership base continues to be credit worthy and are satisfied with the results for the year. Net assets also increased to £23.9 million (2021: £21.7 million) strengthening the reserves.

Our strategic aim for 2023 is to continue to promote and develop a well functioning and competitive European capital markets to support growth and transformational investment needs.

Overall, AFME's principal role in 2023 will be to continue to support our member firms, assisting them to engage constructively and successfully with policymakers across Europe. We will use our network of policy and regulatory relationships to deliver targeted and evidence-based advocacy that draws on our technical knowledge, thought leadership and research. Our aim will be to influence the European regulatory environment so that it works well for members and their clients while benefitting the markets and broader economy in which they operate. In this context we will focus on the following high level strategic priorities, as set out in our 2023 Business Plan: Promoting further development of well-functioning and competitive European capital markets to support growth and transformational investment needs; achieving sound implementation of risk, capital management and control standards for markets and banks in the light of financial innovation in EU and the UK; Harnessing the benefits of new technologies in the development of resilient, integrated and competitive, European digital market, facilitating sustainable finance in Europe and the UK and facilitating regulatory convergence and cooperation in Europe and globally.

By Order of the Board  
Adam Farkas  
Chief Executive



## **Directors' report**

The directors present their Directors' report and financial statements of the Association for Financial Markets in Europe ("the Company") for the year ended 31 October 2022.

### **History**

The Company was incorporated in the United Kingdom on 20th August 2009. On 1 November 2009, the Association for Financial Markets in Europe ("AFME") was formed by the merger of the trade associations London Investment Banking Association and the European operation of Securities Industry and Financial Markets Association. AFME currently have 3 offices London (headquarters), Brussels and Frankfurt.

### **Principal activities and events**

The Company is an association that represents a broad array of global and European participants in the wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. We focus on a wide range of market, business and prudential issues and offer a pan-European perspective, bringing to bear deep policy and technical expertise and constructive influence with European and global policymakers.

We aim to act as a bridge between market participants and policy makers across Europe, drawing on our strong and long-standing relationships, our technical knowledge and fact-based work. We advocate for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society.

### **Future developments**

Information on likely future developments in the business of the Company has been included on the Strategic report on page 2.

### **Research and Development**

The Company has invested £Nil (2021: £14,322) in internal research and development this year. In previous years, investment resulted in improvements to the Customer Relationship Management (CRM) system and website, which in turn contributes to the growth of the business. The directors regard this investment as a prerequisite for success in the medium to long-term future.

### **Share capital**

The Company is limited by guarantee without share capital.

### **Directors**

The directors and secretary who held office during the year are listed on page 1.

### **Political and charitable contributions**

The Company made no political donations nor incurred any political expenditure during the year. The Company made charitable contributions during the year with a value of £13,691 (2021: £21,969).

### **Qualifying third party indemnity provisions**

The Company has arranged qualifying indemnity insurance with a total cost of £7,100 (2021: £9,607) during the year for all of its directors.

### **Financial instruments**

The Company's operations expose it to a financial risk that includes the effects of investment risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by following AFME's strategies which consist of monthly calls with investment advisors to review the

portfolio, quarterly discussions at the Audit & Finance Committee and Investment Committee meetings along with annual meetings with the investment advisors. The Investment Committee manages the risks associated with the investment portfolio.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity and cash flow risk.

#### **Price risk**

The Company is exposed to movements in the Euro and US Dollar currency rates which affects costs of services. The directors monitor this risk and where possible i) the costs are absorbed or ii) when necessary are passed on to service providers.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. The Company is mainly exposed to credit risk from membership and conference sales.

The Company requires a six-month notice period for membership resignation.

#### **Liquidity and Cash Flow**

The main cash flow and liquidity risk for the business is to ensure that bank balances and cash generated from trading is sufficient to service the Company. The Company monitors performance closely to ensure that sufficient cash flows are generated.

#### **Employees**

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind.

The Company's HR procedures make clear that full and fair consideration must be given to application made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining employees who become disabled whilst employed by the Company is offered where appropriate.

#### **Going Concern**

Having considered all relevant factors, including material uncertainties, the Directors consider it appropriate to continue to prepare the Financials Statements on a going concern basis. For further information please see note 1.

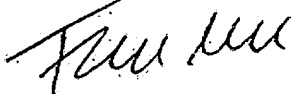
#### **Disclosure of information to auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each director has 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.

#### **Auditor**

BDO LLP were appointed as auditors in 2015 and have expressed their willingness to continue in office. A resolution to re-appoint will be proposed at the annual general meeting.

By order of the Board  
Adam Farkas  
Chief Executive



## **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASSOCIATION FOR FINANCIAL MARKETS IN EUROPE**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Association for Financial Markets in Europe ("the Company") for the year ended 31 October 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in funds, Statement of cash flows, 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).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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.

#### **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. The other information comprises the information included in the Directors' 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 course of 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.

#### **Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:


- We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risks to be management override of controls and revenue recognition.
- Our tests included, but were not limited to, agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and legal advisors, enquiries of management and those charged with governance, review of board minutes and review of internal audit reports.
- We also addressed the risk of management override of internal controls, including testing of journals exhibiting unusual pairings, value or descriptions and evaluating whether there was evidence of bias in estimates (i.e. accruals and prepayments) or judgements by the Directors that represented a risk of material misstatement due to fraud. To address the risk of fraud due to revenue recognition through our journals testing we agreed material manual journal entries to revenue to supporting documentation. Other testing of fraud due to revenue recognition included the testing of cut-off.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### 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.

  
Owen Pettifor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK  
18 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of comprehensive income**  
*for the year ended 31 October 2022*

	<i>Note</i>	2022 £	2021 £
<b>Turnover</b>	2	20,136,996	17,683,314
<b>Expenditure</b>			
Administration expenses		(17,665,955)	(16,701,458)
Other operating income		33,057	13,707
<b>Operating profit</b>		<u>2,504,098</u>	<u>995,563</u>
Other interest receivable and similar income	4	177,198	48,057
Income from fixed asset investments		112,524	69,346
Changes in fair value of investments		(594,691)	302,863
<b>Profit on ordinary activities before taxation</b>	3	<u>2,199,129</u>	<u>1,415,829</u>
Tax on profit on ordinary activities	7	(13,374)	67,839
<b>Profit and total comprehensive income for the year</b>		<u><u>2,185,755</u></u>	<u><u>1,483,668</u></u>

All profit arises from continuing operations.

The notes on pages 13-24 form part of these financial statements

**Statement of financial position**  
 at 31 October 2022

Company no. : 06996678

	Note	2022	2021
		£	£
<b>Fixed assets</b>			
Tangible assets	8	290,776	478,700
Intangible assets	9	11,218	33,319
Investments held at fair value	10	6,080,030	5,758,987
<b>Current assets</b>			
Debtors	11	14,536,087	14,594,756
Cash and Cash equivalents		26,728,993	23,608,479
		<u>41,265,080</u>	<u>38,203,235</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(20,898,471)</u>	<u>(20,213,924)</u>
<b>Net current assets</b>		<b>20,366,609</b>	<b>17,989,311</b>
<b>Provision for liabilities</b>	13	<u>(2,866,718)</u>	<u>(2,564,156)</u>
<b>Net assets</b>		<u><b>23,881,915</b></u>	<u><b>21,696,161</b></u>
<b>Capital &amp; reserves</b>			
Capital reserves		1,638,287	1,638,287
Profit & loss account		22,243,628	20,057,874
<b>Members funds</b>		<u><b>23,881,915</b></u>	<u><b>21,696,161</b></u>

These financial statements were approved by the board of directors on [16 Mar 2023] and were signed on its behalf by:

Adam Farkas  
 Director



The notes on pages 13-24 form part of these financial statements

**Statement of changes in funds**  
*for the year ended 31 October 2022*

	<b>Capital Reserves</b>	<b>Profit and Loss account</b>	<b>Total Member Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 31 October 2020	1,638,287	18,574,206	20,212,493
Total comprehensive income for the year	-	1,483,668	1,483,668
At 31 October 2021	1,638,287	20,057,874	21,696,161
Total comprehensive income for the year	-	2,185,755	2,185,755
At 31 October 2022	1,638,287	22,243,628	23,881,915

Under the rules of the merger, on 1 November 2009 assets and liabilities to the net value of £877,157 were transferred from LIBA and fixed assets to the value of £761,130 were transferred from SIFMA. These transfers were at no cost to the Company and are therefore treated as a total of £1,638,287 capital contribution. Under the Company Memorandum and Articles, total member funds are restricted to the Company's operations or upon dissolution to be transferred to another company or charity with similar objectives and operations that also prohibits the return of funds to members.

**Statement of cash flows**  
*for the year ended 31 October 2022*

	<i>Note</i>	<b>2022</b>	<b>2021</b>
		£	£
<b>Cash flows from operating activities</b>			
Profit for the financial year		2,185,755	1,483,668
Adjustments for (losses)/(gains):			
Depreciation, impairment and amortisation of fixed assets	3, 8, 9	244,092	623,016
Realised and unrealised losses on investments	10	528,958	(335,974)
Dividend income from fixed and current asset investments		-	-
Net interest received	4	(177,198)	(48,057)
Gain on disposal of fixed assets		5,293	35,382
Decrease in trade and other debtors	11	45,295	(61,651)
Increase/(Decrease) in trade and other creditors	12, 13	987,108	972,118
Taxation expense		13,374	(67,839)
<b>Cash from Operations</b>		<b>3,832,676</b>	<b>2,600,663</b>
Taxation Paid		-	-
<b>Net Cash generated from operating activities</b>		<b>3,832,676</b>	<b>2,600,663</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	8	(39,361)	(213,355)
Purchase of intangible fixed assets	9	-	(14,322)
Purchase of fixed asset investments	10	(850,000)	(2,350,000)
Interest received	4	177,198	48,058
Sale of fixed asset investments		-	-
<b>Net cash generated by investing activities</b>		<b>(712,162)</b>	<b>(2,529,620)</b>
<b>Net Increase in cash and cash equivalents</b>		<b>3,120,514</b>	<b>71,043</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>23,608,478</b>	<b>23,537,436</b>
<b>Cash and cash equivalents at end of year</b>		<b>26,728,993</b>	<b>23,608,479</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		13,729,053	17,608,479
Liquid Resources		12,999,940	6,000,000

The notes on pages 13-24 form part of these financial statements

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Association for Financial Markets in Europe is incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

#### *Going Concern*

There are currently no material risks associated with the going concern of The Company in the foreseeable future. Net current asset position is £20.4m at financial year end with a cash balance of £26.7m. The Company remains profitable.

Accumulated reserves are greater than the current year administration expenses and therefore no going concern risk is perceived.

#### *Depreciation*

Depreciation is provided to write off the cost of fixed assets in equal instalments over their estimated useful lives as follows:

Furniture, fittings & equipment	-	5 to 7 years
Computers	-	3 years
Motor vehicles	-	5 years
Leasehold improvements	-	Life of the lease (maximum of 11.25 years) - Useful lives are periodically reassessed to reflect any changes.

#### *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of 3 years, on a straight-line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

#### *Operating leases*

Operating leases are charged to the profit and loss account to the extent of the amounts payable in respect of the period.

#### *Taxation*

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except:

- The recognition of deferred tax assets as limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

**Notes (continued)**

**(forming part of the financial statements)**

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Foreign currencies**

Items included in the financial statement are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in 'sterling', which is the Company's functional and reporting currency.

Foreign currency transactions are translated at the rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period.

**Turnover**

All income is recognised in the statement of comprehensive income when the conditions for receipt have been met.

Membership subscription fees are treated as income on an accrual basis. Amounts received in respect of future years are carried forward in the accounts as deferred income until the relevant subscription year.

FTT protocol fees are also treated as income on an accrual basis. Any amounts received relating to future periods are carried forward in deferred income until the relevant period.

Income from conference services are recognised at the point of delivery of the associated service.

**Financial Assets**

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

**Financial Liabilities**

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

**Provisions for deferred bonuses**

Provisions are recognised when a Company has a legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle this obligation, and a reliable estimate can be made of the amount of the obligation. The effect of the time value of money is not material and therefore provisions are not discounted.

Deferred bonuses for employees are recognised in the financial statements when approved by the board and are only paid to the employees once approved by the Remuneration Committee.



**Notes (continued)**  
**(forming part of the financial statements)**

**Investments**

In accordance with the alternative accounting provisions set out within the Companies Act 2006 investments are stated at fair value as at the balance sheet date.

Unrealised gains and losses, are taken to the statement of comprehensive income as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

Investment income, including any tax recoverable thereon, is included in the financial statements in the year in which it is receivable.

**Judgements in applying accounting policies and key sources of estimating uncertainty**

In preparing these financial statements, the directors have made the following judgements:

**Related parties**

Any one of The Company's Board Members does not have any control over the operations of The Company. Therefore management believes this does not form part of The Company's related party transactions.

**Other key sources of estimation uncertainty:**

**Useful economic lives of property, plant and equipment**

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property, plant and equipment and note 1 for the useful economic lives for each class of asset.

**Provisions for liabilities**

Provisions for liabilities have been made for deferred bonus contracts. These provisions require managements estimate of the costs that will be incurred based on meeting contractual requirements. Deferred bonuses are deferred over a range of 1 to 2 years' subject to the terms and conditions set out in each director service agreement. Deferred bonuses have been awarded but are payable in future years based conditions associated with performance and retention. It is managements judgement that although several conditions exist associated with performance and economic conditions, based on historic trends and forecasts deferred bonuses along with the respective retention estimate have been recognised and are expected to be paid. The Company estimates 100% of deferred bonuses will be paid upon contract specified payment dates.

**Cash flow statement**

Operating cash flow is largely generated through turnover arising from membership and events fees offset by related administrative expenses.

Cash and cash equivalents comprise of cash at bank and in hand, and liquid resources. Cash at bank and in hand are cash deposits with a term of 32 days or less, whilst liquid resource are cash deposits with a notice period of 90 days or less. Interest earned on these balances are deemed to be from investing activities for the purposes of the cash flow statement.

Additional investment activities include cash injections or withdrawals from the investment portfolio managed by Evelyn Partners, recorded as Investments held at fair value on the balance sheet.

**Notes (continued)**  
*(forming part of the financial statements)*

**2 Analysis of turnover**

	2022	2021
	£	£
Turnover is analysed as follows:		
<i>Arising in the United Kingdom:</i>		
Membership subscriptions	17,043,358	16,202,956
FTT Revenue	282,583	195,000
Conference services	685,242	1,285,358
	<u>18,011,183</u>	<u>17,683,314</u>
<i>Arising in mainland Europe:</i>		
Conference services in Belgium	-	-
Conference services in Spain	1,878,988	-
Conference services in Germany	39,331	-
Conference services in France	-	-
Conference services in Netherlands	207,494	-
	<u>20,136,996</u>	<u>17,683,314</u>

**Notes (continued)**  
*(forming part of the financial statements)*

**3 Profit on ordinary activities before taxation**

	2022	2021
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Amortisation and Depreciation charge for the year	244,092	229,572
Impairment charge for the year	-	393,444
Auditor's remuneration		
- Statutory audit	34,140	28,450
- Tax & VAT compliance services	9,660	8,178
- Disbursements	1,879	250
Operating lease expense		
- Land and buildings	312,904	284,288
- Other	923	1,999
Foreign exchange losses (Gains)/Losses	<u>(41,967)</u>	<u>64,299</u>

**4 Interest receivable and similar income**

	2022	2021
	£	£
Bank deposit interest	<u>177,198</u>	<u>48,058</u>

**5 Directors remuneration and key management personnel**

There was one director remunerated by the Company this year who also serves as the sole member of key management personnel. Total benefits during the year were as follows:

	2022	2021
	£	£
Director emolument	<u>1,207,401</u>	<u>1,150,371</u>

**Notes (continued)**  
*(forming part of the financial statements)*

**6 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	No of employees 2022	No of employees 2021
Membership services	70	71
Conference services	7	7
	<u>77</u>	<u>78</u>

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	10,962,321	10,454,049
Social security costs	1,547,995	1,407,663
Pension costs	754,290	830,069
	<u>13,264,606</u>	<u>12,691,781</u>

**7 Taxation**

*Analysis of charge in period:*

	2022 £	2021 £
<i>Current tax</i>		
UK Corporation tax at 19% (2018: 19%)	-	-
Adjustments in respect of prior periods	-	84
Foreign taxation	4,369	-
	<u>4,369</u>	<u>84</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	198,742	(64,209)
Adjustments in respect of prior years	(189,737)	22
Effect of tax rate change on opening balance	-	(3,736)
	<u>9,005</u>	<u>(67,923)</u>
Total deferred tax credit charge/(credit)	<u>9,005</u>	<u>(67,923)</u>
	<u>13,374</u>	<u>(67,839)</u>

**Notes (continued)**  
*(forming part of the financial statements)*

**7 Taxation (continued)**

**Factors affecting the tax charge for the current year**

The current tax charge for the year is lower than the standard rate of tax in the UK of 19.00% (2021: 19.00%). The differences are explained below.

	2022	2021
	£	£
<b>FRS102 reconciliation of current tax charge</b>		
Profit on ordinary activities before tax	2,199,129	1,415,829
Tax on profit on ordinary activities at standard CT rate of 19%	417,835	269,008
<i>Effects of:</i>		
Fixed asset differences	46,015	107,762
Income not taxable for tax purposes	(3,259,618)	(3,149,281)
Expenses not deductible for tax purposes	2,924,046	2,842,898
Adjustments to brought forward values	-	-
Other differences	10,665	4,075
Losses carried back	-	-
Other permanent differences	12,101	2,598
Chargeable gains/(losses)	-	25,838
Foreign tax credits	4,369	-
Adjustments to tax charge in respect of previous periods	-	84
Adjustments to tax charge in respect of previous periods (deferred tax)	(189,737)	22
Deferred tax not recognised	-	(151,697)
Changes in tax rates	47,698	(19,146)
Current tax charge for the period	<u>13,374</u>	<u>(67,839)</u>

**Notes (continued)**  
*(forming part of the financial statements)*

**8 Tangible assets**

	Furniture, fittings & equipment £	Computer £	Leasehold improvements £	Total £
<i>Cost</i>				
At beginning of year	316,403	662,648	1,282,517	2,261,568
Additions	-	39,361	-	39,361
Disposals	-	(15,785)	-	(15,785)
At end of year	<u>316,403</u>	<u>686,224</u>	<u>1,282,517</u>	<u>2,285,144</u>
<i>Depreciation</i>				
At beginning of year	241,618	434,037	1,107,213	1,782,868
Charge for the year	38,106	68,815	115,070	221,991
Disposals	-	(10,492)	-	(10,492)
Impairment	-	-	-	-
At end of year	<u>279,724</u>	<u>492,361</u>	<u>1,222,283</u>	<u>1,994,368</u>
<i>Net book value</i>				
At 31 October 2021	74,785	228,611	175,304	478,700
At 31 October 2022	<u>36,679</u>	<u>193,863</u>	<u>60,235</u>	<u>290,776</u>

**Notes (continued)**  
*(forming part of the financial statements)*

**9 Intangible assets**

	<b>Software</b>
	<b>£</b>
<i>Cost</i>	
At beginning of year	454,649
Additions	-
Disposals	-
At end of year	<u>454,649</u>
<i>Amortisation</i>	
At beginning of year	421,330
Charge for the year	22,101
Disposals	-
At end of year	<u>443,431</u>
<i>Net book value</i>	
At 31 October 2021	33,319
At 31 October 2022	<u>11,218</u>

There were no additions this year relating to development costs that have resulted in improvements to its website.

**10 Investments held at fair value**

Since the 26th June 2015 AFME began investing their reserves in the market with the assistance of Evelyn Partners (previously known as Smith and Williamson Investment Advisors).

	<b>2022</b>
	<b>£</b>
At 31 October 2021	5,758,987
Disposal of investments	-
Cash withdrawn from portfolio	-
Cash Deposited in portfolio	850,000
Gain/(loss) on portfolio	<u>(528,958)</u>
At 31 October 2022	<b>6,080,030</b>

**Notes (continued)**  
*(forming part of the financial statements)*

**11 Debtors**

	2022	2021
	£	£
Trade debtors	13,911,525	13,642,175
Other debtors	137,283	148,837
GFMA and SIFMA	-	265,825
Prepayments and accrued income	416,500	458,135
Corporate tax	10	10
Deferred taxation (see note 14)	70,770	79,775
	<u>14,536,087</u>	<u>14,594,757</u>

Trade debtors represent membership dues billed in October 2022 for the financial year 2023 and uncollected by the year end.

**12 Creditors: amounts falling due within one year**

	2022	2021
	£	£
Trade Creditors	8,358	-
Taxation and social security	102,733	99,973
Other creditors	114	114
Accruals	4,048,610	3,891,065
Deferred income	16,794,035	16,162,444
Deferred Rent Credit	(55,380)	60,327
Corporate tax	-	-
	<u>20,898,471</u>	<u>20,213,923</u>

**13 Provision for liabilities**

	2022	2021
	£	£
At the beginning of the year	2,564,156	2,781,516
Payable within a year (included within accruals)	(1,082,885)	(1,300,824)
Amounts forfeited during the year	-	(61,025)
Amounts added during the year	1,385,447	1,144,489
At end of year	<u>2,866,718</u>	<u>2,564,156</u>

Deferred bonuses have been awarded but are payable in future years based on performance. Deferred bonuses are deferred over a range of 1 to 2 years.



**Notes (continued)**  
*(forming part of the financial statements)*

**14 Deferred taxation**

	2022	2021
	£	£
<i>Deferred taxation</i>		
At beginning of year	(79,775)	(11,852)
Charged during year in respect of timing differences	9,005	(67,923)
<b>Liability at end of year</b>	<b>(70,770)</b>	<b>(79,775)</b>

**15 Financial instruments**

	2022	2021
	£	£
<i>Financial assets</i>		
Financial assets that are debt instruments measured at amortised cost	40,777,800	37,665,314
Financial assets measured at fair value through profit or loss	6,080,030	5,758,987
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost	20,898,471	20,213,924

Financial assets measured at amortised cost comprise of cash and cash equivalents, trade debtors and other debtors.

Financial assets measured at fair value through the statement of comprehensive income comprise of non-current asset investments in a trading portfolio of listed Company shares.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, deferred rent and accruals.

There is no net debt (loans) and therefore a debt disclosure note has not been included here.

Information regarding the Company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

**16 Pension costs**

AFME makes defined contributions to finance employees' pension arrangements. The assets of the schemes are held separately from AFME and are independently administered. Contributions to such schemes are charged to the statement of comprehensive income. The pension charge for the period was £754,290 (2021: £830,069) and no amount (2021: £0) was due from AFME at the end of the year.

**Notes (continued)**  
*(forming part of the financial statements)*

**17 Commitments**

Minimum lease commitments under non-cancellable operating leases are as follows:

	2022	2022	2021	2021
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	122,474	923	202,995	1,999
In the second to fifth years inclusive	705,486	-	121,667	1,846
Over five years	176,372	-	-	-
	<u>1,004,332</u>	<u>923</u>	<u>324,662</u>	<u>3,845</u>

**18 Related party disclosures**

AFME is a member of GFMA (Global Financial Markets Association), which is a global network that coordinates the activities of AFME, SIFMA (US operation of Securities Industry and Financial Markets Association) and ASIFMA (Asia Securities Industry and Financial Markets Association). AFME is a separate entity and has a separate board and governance structure. SIFMA and AFME entered into a Shared Service Agreement at the time of the merger as the Board agreed that SIFMA would provide AFME with HR, Accounting and IT services. The agreement has evolved and SIFMA no longer provides services to AFME however, we still share some systems. SIFMA charged AFME £23,422 (2021: £18,089) for services provided under the shared services agreement during the year, £1,909 (2021: £846.77) of which was outstanding at the year end.

The GFMA was established to address global issues which affect the financial industry without compromising regional strategy or priorities. The GFMA agreement confirms regional involvement as well as detailing the contributions to be made to the running costs of the GFMA by each of the regional associations (AFME, ASIFMA and SIFMA). The GFMA is governed by a separate board.

SIFMA charged AFME £198,533 (2021: £209,279) for services provided under the GFMA agreement during the year, £135,139 (2021: £191,088 owed to AFME) of which is owed to SIFMA at the year end. ASIFMA charged AFME £384,590 (2021: £325,429) for services provided under the GFMA agreement during the year, £182,734 (2021: £136,137) of which was outstanding at the year end.

**19 Post balance sheet events**

There are no significant post balance sheet events which would materially affect the financial statements.