

UK Shareholders' Association

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

REPORT AND FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 2014

Registered Number 04541415 (England & Wales)

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 2014

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COMPANY INFORMATION

Directors John Hunter (Chairman, appointed 18 September 2014)
Chris Hulme (Chairman, resigned 19 September 2014)
Brian Peart (Deputy Chairman)
Harry Braund
Eric Chalker (appointed 18 September 2014)
Malcolm Howard (resigned 17 August 2014)
Martin White (appointed 15 November 2014)

Company Secretary Elizabeth Baxter

Registered Office Chislehurst Business Centre
1 Bromley Lane
Chislehurst, Kent
BR7 5LH

Registered Number 04541415

COMPANY ACTIVITY

The United Kingdom Shareholders' Association (UKSA) was founded in 1992 and became a company limited by guarantee on 24 April 2004.

UKSA's fundamental purpose, as set out in its Memorandum of Association, is to promote the interests of individual shareholders and investors within the United Kingdom by all possible means. It is a not-for-profit body which relies on its membership subscriptions for finance and on the voluntary efforts of its members, including board members, for the bulk of its activities.

UKSA's key aims are to:

- Campaign for the rights of private shareholders
- Give its members direct access to company directors
- Help members make better investments
- Support a member community of like-minded people

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

CHAIRMAN'S REPORT

I am pleased to present my first report as Chairman.

UKSA's financial situation has been stabilised, with a surplus of £1,556 in 2014 compared with a loss of £968 in 2013 (after credits of £4,615 that could be considered as exceptional).

Chris Hulme (Chairman) and Malcolm Howard (Finance Director) stepped down during the year. Chris led the Board for more than three years, managing to combine that with a full-time job as a financial adviser. Malcolm led the efforts to reduce UKSA's costs to match its revenues, reflected in these accounts. We are grateful to them both, and they remain active in the organisation.

New directors are Martin White, a former Chairman still active in the City and Eric Chalker as Policy Director. Brian Peart continues as Deputy Chairman and Harry Braund as Chairman of the London & South East region and the director responsible for Europe. I have taken responsibility for finance. I am grateful for the talent and energy this new team are bringing to building on UKSA's considerable strengths.

The post of Policy Director is a new one, and recognises the central importance of campaigning for UKSA's objectives. The separate reports on pages 5 & 6 describe the significant increase in activity in Europe and in policy generally. UK practice is increasingly subject to European regulation, and Harry Braund has been elected to the Board of EuroFinUse (branded as 'Better Finance'), the body that coordinates the private investor interests of the member states.

Although the number of members has fallen slightly from 663 to 641 the decline that has persisted for the last five years has been halted. Since most departing members leave as a consequence of increasing age this stability reflects an encouraging increase in recruitment.

In practice a member organisation develops a range of interests and activities driven by those who volunteer to help. We are entirely dependent on membership for our finance and entirely dependent on active membership for our work. My thanks go to those who do it.

John Hunter, Chairman

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

MEETINGS WITH COMPANIES & DIRECTORS

A distinctive part of UKSA's service is private access to the directors of public companies through its programme of 'analyst-style' meetings. These are small-group visits to hear presentations normally given to analysts or in other restricted circumstances. They are arranged by volunteers, often through their own initiative in achieving a personal acquaintance with Company Chairmen in UKSA's name.

Companies like to gain access to the views of the real investor community and are able to practise their presentations in relaxed surroundings. Members like them because they gain insights that cannot be obtained just from the written word and they can enjoy their host's hospitality. They are an important contributor to UKSA's key aims listed on page 2.

The following companies were visited in 2014:

FTSE100

BP plc
BHP Billiton Plc
British Land Co PLC
Diageo plc
HSBC Bank plc
Land Securities Group plc
Legal & General Group Plc
Pearson PLC
Smiths Group Plc
Standard Chartered PLC
Vodafone Group Plc
Whitbread PLC
Wm Morrison Supermarkets
PLC
Wolseley plc

Overseas

Airbus Group NV

FTSE 250

Ashmore Group plc
The Berkeley Group Holdings plc
REXAM PLC
Senior plc
Shaftesbury PLC
William Hill plc

FTSE Small Cap

Assura plc
Communis plc

AIM

Cluff Natural Resources PLC
EMIS Group plc
Impax Asset Management Group plc
NAHL Group PLC
Plastic Capital plc
(at its Knaresborough factory)
Share plc
Young and Co.'s Brewery, P.L.C.

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

POLICY DIRECTOR'S REPORT

This year's report is, in some ways, a continuation of last year's, but our range of activity and our influence have further increased. I note in particular that more of our members have come forward to contribute to this work and I am constantly impressed by their knowledge of investing matters and their technical expertise in relevant subjects. Collectively, there can be no greater source of wisdom on the practical matters that affect all private investors than can be found in our Association.

As I write this report, a battle is being conducted on the letters page of the Financial Times on fundamental accounting principles. This was initiated by the coalition of pension funds and other major investors, in which UKSA itself is an honoured member because of the contributions made by our policy team member, Roger Collinge. Achieving more reliable accounting – and auditing – practices is fundamental to investor confidence and this remains one of our top priorities, now being supplemented by Mohammed Amin and Mark Gahagan who are enabling us to make a better contribution to Financial Reporting Lab projects.

Preserving and extending shareholder rights continues to be the most demanding of our policy objectives. The Runnymede Declaration we published in September was, in a single page, the first time anyone had spelled out in clear and forthright terms all that is wrong with present practices, what needs to be done to remedy them and ensure that when share certificates disappear investors are not forced into nominee accounts. 'Runnymede' now serves as the platform for our campaigning efforts, but the way forward is complex.

We are in regular contact with officials in the Department of Business who are examining all the matters which concern us. We regularly lobby the Financial Reporting Council on these too (as well as other matters). We have succeeded in engaging the assistance of our friends in Brussels-based 'Better Finance' in seeking changes to the EU's new Shareholder Rights Directive to give those rights to beneficial owners in nominee accounts. We have questioned closely those responsible for the Industry Model devised to replace share certificates and will soon express our formal opinion on it.

Excessive director pay is always a matter of concern and I am delighted that Peter Parry has come forward to tackle the performance-related aspect of this. I am grateful too to Frank Hayes and Nick Steiner for their assistance during the year and for the continuing contributions from Roy Colbran.

Eric Chalker, Policy Director

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

REPORT ON EUROPE

In December 2014 the German Shareholders Association (DSW), led by Jella Benner-Heinacher, organised the annual International Investors Conference in Wiesbaden, on behalf of EuroFinUse under the presidency of Jean Berthon of France. The conference dealt with 'Shareholder Rights in Europe to 2020' with mainly German speakers & was run in conjunction with the EuroFinUse/'Better Finance' General Assembly attended by 35 National Shareholder Associations. UKSA was represented by Martin Morton, Eric Chalker & myself.

'Better Finance' is the representative organisation for private investors in Europe and is represented on a number of European Union bodies including UKSA members with specialist expertise. It is a very necessary voice in the face of powerful institutional interests. EuroFinUse also promotes 'cross-border' voting with AGMs in London, an important target.

The EuroFinUse office is based in Brussels under the direction of Managing Director Guillaume Prache who leads a small professional team representing Shareholder Associations across Europe, from Greece and Lebanon in the east to Portugal and Spain in the west and Scandinavia and Russia in the north. The leading Associations are Sweden (with 60,000+ paying members), Germany, France and The Netherlands.

EuroFinUse depends upon annual membership fees and a grant from the EU which it has to negotiate yearly (a most inefficient way of working) and is expected to be cut in 2015. The bulk of the EU annual funding budget (c4/5th) goes to 'Finance Watch', an MEP sponsored organisation.

The main 'Better Finance' publication of 2014 was 'Private Pensions - The Real Returns', which makes bleak reading for the UK. The report concluded that:

As far as market performances are concerned, all equity indices had recovered their pre-crisis level by the end of 2013, but the real return over a 14 years period from the start of 2000 to the end of 2013 was still NEGATIVE in Belgium, France, Italy, Spain and the UK.

Harry Braund, Europe

DENBY MORRIS LTD

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Kent
BR2 6HE

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

We have performed certain procedures in respect of the company's unaudited financial statements for the year ended 31 December 2014 on pages 8 to 12, made enquiries of the company's directors and assessed accounting policies adopted by the directors, in order to gather sufficient evidence for our conclusion in this report.

This report is made solely to the company's directors, as a body, in accordance with our terms of engagement. Our work has been undertaken so that we might state to the directors those matters that we have agreed to state to them in this 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 directors as a body for our work, for this report or the conclusions we have formed.

Respective responsibilities

You have confirmed that you have met your duty as set out in the directors' statement on page 9. You consider that the company is exempt from the statutory requirements for an audit for the year. Our responsibility is to form and express an independent conclusion, based on the work carried out, to you on the financial statements.

Scope

We conducted our engagement in accordance with the Institute of Chartered Accountants in England & Wales Interim Technical Release AAF03/06. Our work was based primarily upon enquiry, analytical procedures and assessing accounting policies in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). If we considered it to be necessary, we also performed limited examination of evidence relevant to certain balances and disclosures in the financial statements where we became aware of matters that might indicate a risk of material misstatement in the financial statements.

The terms of our engagement exclude any requirements to carry out a comprehensive assessment of the risks of material misstatement, a consideration of fraud, laws, regulations or internal controls, and we have not done so. We are not required to, and we do not, express an audit opinion on these financial statements.

Conclusion

Based on our work, nothing has come to our attention to refute the directors' confirmation that in accordance with the Companies Act 2006 the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the surplus for the year then ended and have been properly prepared in accordance with Financial Reporting Standard for smaller Entities (Effective April 2008).

Paul Denby - Chartered Accountant
Denby Morris Ltd



9 March 2015

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

PROFIT & LOSS ACCOUNT

YEAR TO 31 DECEMBER 2014

	Notes	2014 £	2013 £
Income	2	<u>24,597</u>	<u>25,885</u>
Expenses			
Rent & payroll	3	13,021	17,826
Other admin & communications	4	934	2,481
Directors & meetings	5	2,832	4,188
Services	6	5,607	5,055
Other	7	847	(2,647)
Total Expenses		<u>23,241</u>	<u>26,903</u>
Surplus/(Deficit) for the year		1,356	(1,018)
Interest income		200	50
Net Surplus/(Deficit) for the Year, before tax		<u>1,556</u>	<u>(968)</u>
Tax		-	-
Net Surplus/(Deficit) for the Year, after tax		<u>1,556</u>	<u>(968)</u>

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

BALANCE SHEET

AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
CURRENT ASSETS			
Debtors & prepayments		92	421
Cash		71,004	69,461
		<u>71,096</u>	<u>69,882</u>
CREDITORS: amounts falling due within one year	8	<u>(10,150)</u>	<u>(10,492)</u>
NET CURRENT ASSETS		60,946	59,390
NET ASSETS		<u>60,946</u>	<u>59,390</u>
Financed by:			
CAPITAL and RESERVES			
	9		
Members' reserves	10	8,541	7,185
Northern Rock campaign reserve	11	52,405	52,205
SHAREHOLDERS' FUNDS		<u>60,946</u>	<u>59,390</u>

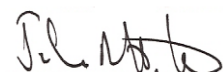
These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

For the financial year ended 31 December 2014 the company was entitled to exemption from audit under section 477 of the Companies Act 2006; and no notice has been deposited under section 476.

The directors acknowledge their responsibilities for:

- (1) ensuring that the company keeps accounting records which comply with section 386 of the Companies Act 2006; and
- (2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

A Cash Flow Statement would not provide any additional information about the company.



John Hunter
Chairman

Approved by the board on 9 March 2015

UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 2014

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Basis of accounting

In previous years the company has run shareholder campaigns both on behalf of its members and also for other action groups. All such campaigns have been wound up with the exception of the Northern Rock campaign. The latter is currently dormant but UKSA holds funds originally donated for that campaign and will disburse these funds at the direction of the Northern Rock Campaign Committee, which operates independently, subject to the basis on which they were donated. Interest on these funds is credited to campaign reserves and any expenses incurred by UKSA are matched by an equal transfer to members' reserves.

Income

Members subscriptions are due annually in advance and are deferred over the following 12 monthly periods. The resulting deferred income is included in creditors (Note 8). All other income is accounted for on a cash basis.

	2014 £	2013 £
2 INCOME		
Subscriptions	23,461	24,176
Donations	1,136	1,589
Advertising & other	-	120
	<u>24,597</u>	<u>25,885</u>

3 RENT & ADMINISTRATIVE SERVICES

Rent	421	5,611
Payroll	-	10,065
Secretarial services	12,600	2,150
	<u>13,021</u>	<u>17,826</u>

This reduction reflects the change in office arrangements described in last year's report.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 2014

	2014 £	2013 £
4 OTHER ADMINISTRATION & COMMUNICATIONS		
Postage	226	212
Stationery	36	395
Telecoms	156	736
Bank charges	111	215
Legal costs	-	450
Marketing	405	143
Office insurance	-	330
	<u>934</u>	<u>2,481</u>
5 DIRECTORS & MEETINGS		
Meeting expenses	185	599
Directors' insurance	1,011	1,972
AGM (including postage & stationery)	1,636	1,617
	<u>2,832</u>	<u>4,188</u>
6 SERVICES		
Website	960	880
The Private Investor - editorial	1,800	1,850
The Private Investor - printing	1,570	1,175
The Private Investor - post & packing	542	686
EuroFinUse subscription	494	466
Regional expenses	241	(2)
	<u>5,607</u>	<u>5,055</u>
7 OTHER COSTS		
Professional fees	815	1,870
Sundry expenses	32	98
Exceptional costs (income)		
Reversal of previous reserves	-	(3,865)
Profit on sale of fixed assets	-	(250)
Return of deposit on room rental	-	(500)
	<u>847</u>	<u>(2,647)</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 2014

	2014	2013
	£	£
8 CREDITORS - Amounts falling due within one year		
Other creditors	1,063	1,068
Accruals	900	1,076
Subscriptions in advance	8,187	8,348
	<u>10,150</u>	<u>10,492</u>

9 SHARE CAPITAL

The company is limited by guarantee hence has no share capital. The liability of each member is limited to £1

10 MEMBERS' RESERVES

Opening balance	7,185	8,203
Surplus/(deficit) for the year	1,556	(968)
Transferred to Northern Rock campaign reserves	(200)	(50)
Closing balance	<u>8,541</u>	<u>7,185</u>

11 NORTHERN ROCK CAMPAIGN RESERVE

Opening balance	52,205	52,285
Surplus/(deficit) for the year	-	(130)
Transferred from members' reserves	200	50
Closing balance	<u>52,405</u>	<u>52,205</u>