

UK Shareholders' Association

**Annual Report and Accounts
for the year ended 31 December 2013**

**THE VOICE OF THE
PRIVATE SHAREHOLDER**

United Kingdom Shareholders' Association Ltd

COMPANY INFORMATION

<i>Directors</i>	Chris Hulme (Chairman) Harry Braund Malcolm Howard (FD, appointed August 2014) Brian Peart Gerald Roberts (resigned June 2013) Peter Wilson (resigned April 2013)
<i>Company Secretary</i>	Elizabeth Baxter
<i>Registered Office</i>	Chislehurst Business Centre 1 Bromley Lane Chislehurst Kent BR7 5LH
<i>Registered Number</i>	04541415

COMPANY ACTIVITY

The United Kingdom Shareholders' Association (UKSA) was founded in 1992 and became a limited company 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 UK by all possible means. It is a not-for-profit body which essentially 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 supports the development of shareholder skills and knowledge through programmes of company visits and meetings organised by a number of active regional branches. It also publishes a regular magazine, the 'Private Investor'. UKSA members advise companies on corporate governance issues and recommend the content and structure of their mini reports. UKSA is not authorised by the relevant authorities to give investment advice and does **not** do so.

SUBSCRIPTION RATE (Individual or couple: £50 per annum)

Individual (or couple): contact Elizabeth Baxter at: uksa@uksa.org.uk

Corporate contact Chris Hulme at: chairman@uksa.org.uk

United Kingdom Shareholders' Association Ltd

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Chairman's Report

I am pleased to report that despite membership numbers falling slightly, UKSA has made good progress in the year.

Our Policy Group, headed up by Eric Chalker and Roger Collinge, have worked tirelessly on our behalf to ensure private investors have a voice. They meet regularly with the Financial Reporting Council (FRC) and the Financial Conduct Authority (FCA); meetings often take several hours, so over the year they are giving us several days of their time, free of charge. In addition, they write several reports, many of which can be found on our website.

Harry Braund, a Board member, looks after our interest in Europe through our membership of EuroFinuse. In 2013, on our behalf, he attended European conferences in Brussels and Vienna. He paid for his own travel and hotel accommodation, so the only cost to UKSA is the annual EuroFinuse subscription.

During the year the board was strengthened through the appointment of Malcolm Howard, as Finance Director. Malcolm has several years experience working to maximize company profitability and this year he has been working on improving UKSA's finances. He has taken out layers of cost, but this has only been possible with the full support of Elizabeth Baxter, our Company Secretary.

As members know, we do not offer investment advice, but we do help members make their own informative decisions through offering them the opportunity to attend analyst style meetings with several companies, the majority of whom are on the main market. I would like to thank those members who organise these meetings, but I would particularly like to thank the directors of the companies we visited in 2013, listed on the following page, for their excellent hospitality.

Finally, I would ask all members to try to recruit one member each in 2014. If we could double our income we really could move forward as a campaigning organization.

Chris Hulme, Chairman

UKSA – Companies providing ‘Analyst’ type meetings in 2013

Albion Ventures	MP Evans
Balfour Beatty	National Grid
BG Group	One Media IP Group
BHP Billiton	Oxford Capital Partners
BP	Pittards
British Polythene International	Rexam
Capital & Counties	Rolls Royce
Capital Plastics	RSA Insurance Group
Chamberlin	Sanderson
Compass Group	Sarasin
Consort Medical	Shaftsbury Group
Cranswick	Share plc
Croda International	Smiths News
Delcam	Sutherland Health Group
EADS (Airbus UK, Oxford)	Tate & Lyle
Gooch & Housego	Tristel plc
HSBC Holdings	Vodafone Group
Innovation Group	Wolseley
Investec	Wynnstay
Land Securities	Yorkshire Fund Managers
Man Group	Young & Co’s Brewery
Marston	

Finance Director's Report

In light of the mid 2013 financial position it was necessary to increase revenue and/or reduce costs. Your Board took the decision not to increase subscriptions and with corporate revenue hard to come by the only option was to cut costs.

By far the largest cost was the rent of an office at the Chislehurst Business Centre costing £6,400 per annum. We therefore negotiated a deal with Liz Baxter to our mutual satisfaction; she would work from home, where an independent business phone line was put in. She negotiated an excellent deal covering both telephone and broadband and her monthly fee includes these costs. Therefore, in 2014 telecoms and office insurance costs will be nil, compared to £736 and £330 respectively in 2013. In 2014, we will be using the Chislehurst Business Centre as a 'virtual' office at a cost of £400 per annum.

A review was carried out with regard to services offered by banks and following this review HSBC agreed to offer free banking. Accordingly, the only bank charges in 2014 will be charges from Paypal. The Board took a decision to put £50,000 (belonging to the Northern Rock campaign) on deposit at three months notice, paying 0.4% per annum, but in 2014, if this money is not used, will generate £200 in interest.

In 2013 we paid £1,870 for accountancy services and professional fees. This will reduce to £900 in 2014. More importantly, the accounts in this report have been independently checked by a firm of accountants who have issued an ICAEW Assurance Report, whereas previously the accounts were unchecked and no assurance was given against material misstatement or fraud.

The Profit & Loss Account shows a loss of (£968), but as the 'Cash Flow Statement' is a better guide at to the financial position this statement is included in this report. This shows an outflow of funds from operations of (£2,935), but this is after receiving £500 being the returned deposit on the CBC office. However, taking account of the savings detailed above and with the proviso that we don't lose any more members, the expectation is that we will either break-even or make a small profit in 2014.

Malcolm Howard, Finance Director

EuroFinuse Activity Report

Euroshareholders was absorbed into a new organization called EuroFinuse in 2012, mainly in the hope to qualify for better EU funding; progress has not been as good as hoped. The new organization was formed to be more 'EU friendly' putting more emphasis on 'retail financial users' rather than 'private investors'.

There is no set formula for membership fees, but there is a cap of €11k for the countries with the largest membership, lead by Sweden with over 60,000 paying members. However, organizations where members do not pay an annual membership fee are given free membership to EuroFinuse; Turkey, for example, with over 50,000 members is given free membership. This situation is under discussion. In 2013 UKSA paid £466 and in 2014 paid £494, a 5% increase (6% with currency difference).

The EuroFinuse office in Brussels get involved in lobbying, information gathering and participation in numerous EU consultations, to which the UKSA policy team have made important technical contributions.

EuroFinuse 'phone in' Board meetings are held every 2/3 months and the leading member countries are Holland (VEB), Sweden (SARF), France (FAIDER) and Germany (DSW). France currently holds the presidency.

EuroFinuse held a general assembly and two conferences in 2013, both attracting high level speakers. The first conference was held in the European Parliamentary building in Brussels in late March entitled 'AUDIT REFORM – IMPACT ON INVESTORS' which attracted a wide audience, highlighting issues of quality, integrity and mandatory rotation of auditors. The second international conference was held on 17/19 October in Vienna entitled 'THE FINANCIAL REPRESSION of SAVERS & INVESTORS'. This conference was followed by an afternoon reception at the Austrian Ministry of Finance.

The October GENERAL ASSEMBLY was attended by 24 delegates from 18 countries, plus 5 staff from the Brussels office, lead by Managing Director, Guillaume Prache. UKSA was represented by Harry Braund and Martin Morton. The AGM discussed the EU grant application with €1.5m available, but only €287k was granted to EuroFinuse. The lions share went to 'Finance Watch' an organization favoured by a number of influential MEP's.

Harry Braund, UKSA Representative to EuroFinuse

Policy Group

The work of UKSA's policy team has continued unabated. The really pleasing thing to report is that, to a large extent, we have begun to fulfil the important objective of taking the initiative in seeking reforms, not simply responding when issues are raised by authorities. This has been evident in 2013 in three respects:

- a) using all possible avenues to press for the restoration of the 'prudence' principle to accounting standards;
- b) being increasingly assertive with the Financial Reporting Council (FRC) in our belief that it should stop expecting institutional shareholders to provide the 'stewardship' it seeks and start to work with us to give individual shareholders a stronger voice; and
- c) taking full advantage of an initiative by the Financial Conduct Authority (FCA) to push for major changes in respect of shares held in pooled nominee accounts.

The battle for 'prudence' is not yet won, but there is reason to think it is being won; in the process we have certainly elevated our standing with a large number of influential bodies. There have been several meetings with senior staff of the FRC, including its chairman and chief executive; this contact has continued into 2014 and I am hopeful of being able to report some real progress quite soon.

Removing the penalties of pooled nominee accounts has long been UKSA's primary policy objective. We now attend regular meetings of an FCA User Group that is being forced to address these issues. It is too early to say what we shall achieve, but we have to a large extent made the running here by bringing information and material to the Group of which it sometimes seems only we and a few others are aware.

One task of the FCA User Group is to monitor the arrival and implementation of the 'regulation' coming from Brussels that will, in due course, require the abolition of share certificates. UKSA members had the opportunity last July to hear at first hand what the UK's share registrars have devised to give previously certified shareholders the same level of control over their shareholdings as they have now. This is known as the 'direct record model', about which UKSA's members now have more information than many other shareholders. There is still a threat, though, that we shall all be forced into pooled nominee accounts: resisting that must be our number one priority.

Eric Chalker, Policy Co-ordinator

Chartered Certified Accountants Independent Assurance 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 2013 on pages 8 to 16, 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 10. You consider that the company is exempt from the statutory requirement 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.

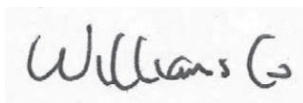
Scope

We conducted our engagement in accordance with the Institute of Chartered Accountants in England & Wales Interim Technical Release AAF 03/06. 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 requirement 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 2013 and of its profit for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).



Williams & Co
Chartered Accountants
8-10 South Street
Epsom
Surrey KT18 7PF

Date..... 13/3/2014

This page does not form part of the statutory financial statements

United Kingdom Shareholders' Association Ltd

Profit & Loss Account for the year ended 31 December 2013

	Notes	2013	2012
		£	£
Income	2	25,885	26,486
Expenses			
Rent, payroll and secretarial services	3	17,826	17,221
Other administration and communications	4	2,481	2,114
Directors & meetings	5	4,188	3,871
Services	6	5,055	6,443
Other	7	(2,647)	1,633
Total expenses		<u>26,903</u>	<u>31,282</u>
Surplus/(Deficit) for the year		(1,018)	(4,796)
Interest Income		50	0
Net Surplus/(Deficit) for the year, before tax		<u>(968)</u>	<u>(4,796)</u>
Tax	9	0	0
Net Surplus/(Deficit) for the year, after tax	14	<u>(968)</u>	<u>(4,796)</u>

United Kingdom Shareholders' Association Ltd

Balance Sheet at 31 December

	Notes	2013	2012
		£	£
FIXED ASSETS			
Tangible assets	10	0	1
CURRENT ASSETS			
Debtors and Prepayments	11	421	2,093
0.4% Bond		50,050	0
Cash		19,411	72,095
		<u>69,882</u>	<u>74,188</u>
Creditors: amounts due with 1 year	12	(10,492)	(13,701)
NET CURRENT ASSETS		<u>59,390</u>	<u>60,487</u>
NET ASSETS		<u><u>59,390</u></u>	<u><u>60,488</u></u>
CAPITAL and RESERVES			
Members' reserves	14	7,185	8,203
Northern Rock campaign reserve	14	52,205	52,285
SHAREHOLDERS' FUNDS		<u><u>59,390</u></u>	<u><u>60,488</u></u>

United Kingdom Shareholders Association Ltd

Cash Flow Statement for the year ended 31 December 2013

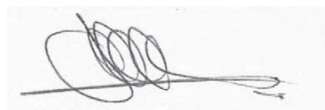
	Notes	2013
		£
Deficit for the year		(968)
(Increase)/decrease in debtors		1,672
Increase/(decrease) in creditors		(3,209)
Interest		(50)
Profit on sale of fixed assets		(250)
Cash paid out on behalf of Northern Rock		(130)
Cash Inflow/(outflow) from operations		<u>(2,935)</u>
Sale of fixed assets		251
Cash Inflow from Investing activities		<u>251</u>
Purchase of 0.4% bond		(50,000)
Cash Outflow from Financing Activities		<u>(50,000)</u>
Net cash outflow		<u>(52,684)</u>
Cash at beginning of year		72,095
Cash at end of year		19,411
Reduction in cash balance		<u>(52,684)</u>

Statement by the Directors on the Unaudited Financial Statements of United Kingdom Shareholders' Association Ltd

We confirm that as directors we have met our duty in accordance with the Companies Act 2006 to:

- ensure that the company has kept proper accounting records;
- prepare financial statements which give a true and fair view of the state of the company as at 31 December 2013 and of its profit/(loss) for that period in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008); and
- follow the applicable accounting policies, subject to any material departures disclosed and explained in the notes to the financial statements.

ON BEHALF OF THE BOARD



Chris Hulme
Chairman



Malcolm Howard
Finance Director

Approved by the Board on 13 March 2014

United Kingdom Shareholders' Association Ltd

Notes for the Financial Statements For the year ended 31 December 2013

1 ACCOUNTING POLICIES

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

Basis of accounting

The financial statements have been prepared under the historical cost convention.

In previous years the company has run shareholder campaigns both on behalf of its members and also for other action groups and consolidated figures were shown in the accounts for both the company itself and the income and expenses for all campaign groups. All campaigns with the exception of the Northern Rock campaign were wound up prior to 2012 and accordingly the accounts in that year related solely to the company. The Northern Rock campaign is currently dormant and in the third quarter £50,000 of its funds were put in a three month notice 0.4% bond. The interest earned of £50 shown in the Profit & Loss Account has therefore been transferred to the 'Northern Rock campaign reserve'. In 2013, all other figures relate solely to the company.

Tangible fixed assets

At the beginning on the year the company owned computer equipment with a written down value of £1 (cost £5,349, depreciation £5,348). This computer equipment was sold during the year to Liz Baxter (Company Secretary) for £251, resulting in a profit on the sales of fixed assets of £250. At 31 December 2013, the company did not have any tangible fixed assets.

Income

Members' subscriptions are annual payments due at varying dates throughout the year. The amount of subscriptions applicable to any period after 31st December 2013 is prepaid by the company and is included in creditors shown in note 12. In previous years subscriptions were accounted for on a cash basis. This change of policy has had the effect that the opening balance of creditors (the closing balance for 2012) has been increased by £8,024 and 'Members' Reserves' have been reduced by the same amount. In 2013, subscriptions have been reduced by £224 to reflect this policy. Donations continue to be accounted for on a cash basis.

United Kingdom Shareholders' Association Ltd

Notes for the Financial Statements For the year ended 31 December 2013

	2013	2012
	£	£
2 INCOME		
Subscriptions	24,176	26,164
Donations	1,589	
Advertising Income & Other	120	322
Total	<u>25,885</u>	<u>26,486</u>
Subscriptions		
2013	<u>2013 (£)</u>	<u>2012</u>
26 new subscriptions at £25	650	
5 new subscriptions at £50	250	
470 renewals at £50	23,500	
501 Total subscriptions	<u>24,400</u>	<u>528</u>
Less: subscriptions in advance	<u>(224)</u>	
	<u><u>24,176</u></u>	
256 South East	12,400	266
72 South West	3,475	80
23 Midlands	1,125	24
44 North East	2,175	42
45 North West	2,250	50
47 Scotland	2,350	54
14 Other regions	625	12
501 Total subscriptions	<u>24,400</u>	<u>528</u>

United Kingdom Shareholders' Association Ltd

Notes for the Financial Statements For the year ended 31 December 2013

	2013	2012
	£	£
3 RENT, PAYROLL AND SECRETARIAL SERVICES		
Rent	5,611	7,030
Payroll	10,065	10,191
Secretarial Services	2,150	0
Total	<u>17,826</u>	<u>17,221</u>

On 31 October Liz Baxter, our Company Secretary, left the payroll to work from home and become self-employed. Her monthly fees are charged to 'secretarial services'. The 'payroll' figure in 2013 includes redundancy pay of £1,456.

4 OTHER ADMINISTRATION COMMUNICATIONS		
Postage	212	200
Stationery	395	219
Telecoms	736	884
Bank charges	215	300
Legal costs	450	
Marketing costs	143	
Office insurance	330	285
Depreciation	0	226
Total – Other admin & communications	<u>2,481</u>	<u>2,114</u>

5 DIRECTORS AND MEETINGS		
Meetings expenses	599	791
Directors' insurance	1,972	2,031
AGM (including postage and stationery)	1,617	1,049
Total Directors and meetings	<u>4,188</u>	<u>3,871</u>

United Kingdom Shareholders' Association Ltd

Notes for the Financial Statements For the year ended 31 December 2013

	2013	2012
	£	£
6 SERVICES		
Website	880	675
Private Investor – Editorial	1,850	1,800
Private Investor – Printing	1,175	1,715
Private Investor – packaging/mailing	686	635
EuroFinuse Subscription	466	455
Regional expenses	(2)	1,163
Total services	<u>5,055</u>	<u>6,443</u>

Regional expenses

The South East region does not charge members for attending company visits and all meetings are held in venues where rooms are provided free in return for members' buying and paying for lunch. Consequently, there are no 'regional expenses' for this region.

The South West region, on the other hand, charge members for attending seminars and for company visits, but room hire and lunches are paid for out of these charges.

Like the South East region, the North East region does not charge members for attending seminars and company visits, but does sometimes incur costs that are reimbursed by the Centre.

	<u>South West</u>	<u>North East</u>
	2013	2013
	£	£
Income for seminars	2,553	
Income for visits	145	
Total Income	2,698	
Room hire	470	75
Lunches and coffee	2,040	
Gratuities	84	
Postage		27
Total costs	2,594	
Surplus/(deficit)	<u>104</u>	<u>(102)</u>

United Kingdom Shareholders' Association Ltd

Notes for the Financial Statements For the year ended 31 December 2013

	2013	2012
	£	£
7 OTHER COSTS		
Professional fees	1,870	1,620
Sundry expenses	98	13
Reversal of previous reserves	(3,865)	
Profit on sale of fixed assets	(250)	
Return of deposit on room rental	(500)	
Total 'Other'	(2,647)	1,633

8 OPERATING PROFIT/(LOSS)

There has been no depreciation charged to the Profit & Loss Account and in accordance with the Company's Articles, the directors did not receive any emoluments.

9 CORPORATION TAX

No Corporation Tax is due on the results for the year (2012: £nil)

10 TANGIBLE FIXED ASSETS

	£
Cost at start of year	5,349
Less disposal	(5,349)
At end of year	<u>nil</u>
Depreciation at start of year	5,348
Less written back on disposal	(5,349)
At the end of year	<u>nil</u>
Net book value at start of year	<u>1</u>
Net book value at end of year	<u>nil</u>

United Kingdom Shareholders' Association Ltd

Notes for the Financial Statements For the year ended 31 December 2013

	2013	2012
	£	£
11 DEBTORS AND PREPAYMENTS		
Other debtors and prepayments	421	2,093
12 CREDITORS – amounts falling due within one year		
Old trade creditors	0	3,865
Audit/accounting fees	985	650
Accruals	91	24
Other creditors	1,068	1,138
Subscriptions in advance	8,348	8,024
Total creditors	<u>10,492</u>	<u>13,701</u>
13 CAPITAL		
The company is limited by guarantee and hence has no share capital. The liability of each member is limited to £1.		
14 RESERVES		
<u>Members' Reserves</u>		
Opening Balance	8,203	16,299
Less: Transfer to creditors (see note 1)		(8,024)
Less: Loss for year	(968)	(4,796)
Less: Transfer to N. Rock campaign reserves (50)		
Add: Transfer to members' reserves		
From closed campaigns		4,724
Closing Balance	<u>7,185</u>	<u>8,203</u>
<u>Northern Rock campaign reserve</u>		
Opening Balance	52,285	37,157
Add(less) surplus for the year	(130)	128
Add:		
Interest transferred from members' reserves	50	
Write back provision for legal costs		15,000
Closing Balance	<u>52,205</u>	<u>52,285</u>

United Kingdom Shareholders' Association Ltd.

The Annual General Meeting of the United Kingdom Association Ltd.

will be held at:

The President's Suite

Royal Air Force Club

128 Piccadilly

London W1J 7PY

At 1-30pm

Formal business at 2-00pm

On Tuesday 29 April 2014

Voting papers are enclosed with this booklet, unless elected to vote by email

