

The United Kingdom Society of Investment Professionals

REPORT AND ACCOUNTS

For the year ended 30 June 2007



The UK Society of Investment Professionals

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

ABOUT US

The UK Society of Investment Professionals (UKSIP) represents the interests of more than **7,000** leading members of the investment profession.

The society was founded in 2000 and is the successor to the Society of Investment Analysts which was founded in 1955. UKSIP is a leading member society of CFA Institute

We are committed to leading the development of the investment profession through the promotion of the highest ethical standards and through the provision of education, professional development, advocacy, information and career support on behalf of our members.

UKSIP supports the following designations:

- **CFA** – Chartered Financial Analyst
- **ASIP** – Associate of the Society of Investment Professionals
- **IMC** – Investment Management Certificate

Members of the Board of Directors 2006/2007:

Colin McLean FSIP (Chairman)	<i>SVM Asset Management</i>
David Sellors FSIP CFA (Vice Chairman)	<i>Capital International</i>
Joe Biernat CFA (Honorary Treasurer)	<i>European Credit Management</i>
Sarah Deans ASIP	<i>JP Morgan</i>
John Finch ASIP	<i>HSBC Actuaries & Consultants</i>
Stephen Inkley FSIP	<i>Daiwa SB Investments</i>
Tom Joski CFA	<i>Broadmark Asset Management</i>
Geoff Lindey FSIP	
Richard Rothwell ASIP	<i>Stoneware Capital</i>
Yusuf Samad CFA	<i>Hewitt</i>
George Spentzos CFA	<i>Brevan Howard Asset Management</i>
Richard Szwarzak CFA	<i>Trafalgar Capital Management</i>
Mark Tapley FSIP CFA	<i>London Business School</i>
Jane Vessey CFA	<i>Wentworth Advisors</i>

Officers as at 3rd October 2007:

Will Goodhart	Chief Executive/Company Secretary
Sean Lo	Director of Finance
Peter Watkins	Director of Education & Outreach
Guy McCulloch	Director of Marketing & Communication

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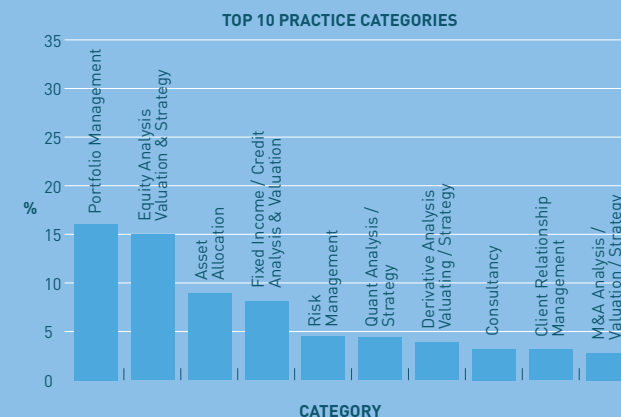
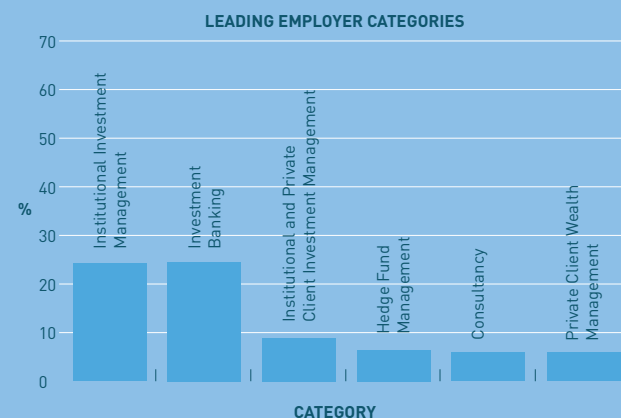
Website: www.uksip.org

THE STATS

CFA charterholder membership up **35%**
(3,703 as at 18th June 2007)

UK enrolled CFA candidates up **22%**
(approximately 8,400 in year to 30th June)

IMC registration numbers up **36%**
(more than 5,400 in year to 30th June)





Colin W McLean FSIP
Chairman, UKSIP

“We plan increased use of surveys and other consultation with members in order to guide advocacy”

The society has completed a year of major change, with restructuring of its office and activities in order to serve members better. Under the leadership of the new chief executive, Will Goodhart, much has already been achieved. Will and his team are implementing a strategy that will create an effective professional body. The next few months should see more of these plans reach fruition, with clear benefits to members. This will involve regular measurement of results, and use of member surveys to guide our programmes. The society has also made good progress in raising its profile within the financial sector. We plan to work closely with CFA Institute; in a complementary role that reflects the society's strengths in representing members' interests within the UK and also to CFA Institute.

The society has grown to a professional body of more than 7,000 members by June 2007. The year has seen broad ranging programmes for professional development and networking, in addition to work on advocacy and employer outreach. In this year's report, I would like to highlight the achievements of the past year and current challenges and opportunities.

MEMBER COMMUNICATIONS

A key area of change in the society's services is to make better use of technology in communicating with members and providing services. The new CRM system is now operational and is already delivering benefits in promoting events and maintaining up-to-date member details. The society's website has been redesigned and restructured to incorporate member news and a new job section. This facility is part of a programme to deliver value to younger members. The society has also published a careers guide, and held career development events. A new e-newsletter enables more timely communications with members, and this has allowed *Professional Investor* to be expanded and moved to a quarterly format. The enlarged magazine is more strongly themed and its content reflects member feedback. We plan increased use of surveys and other consultation with members in order to guide advocacy and the society's influence on change in the industry.

ACTIVE PROFESSIONAL DEVELOPMENT PROGRAMME

A strong professional development programme is often cited by members as the service they most value. This year the society has continued a high quality programme of more than 40 events.

Recognizing that not all members work in the City, these have been held in a wider range of locations, in centres such as Canary Wharf and Edinburgh. A member committee works to ensure that seminars address topics that are relevant to members, and this is linked to the body of knowledge maintained by CFA Institute. It is encouraging that members place a high value on updating their own knowledge and maintaining their competence at high levels in a changing financial sector. Members also value the opportunity at events to network with other investment professionals.

We plan in the coming year to make better use of member feedback from events to guide the programme. The society's CRM technology now allows better targeting of communications to members according to their interests. New special interest groups are being set up, which should help to create relevant events, help members network with peers, and allow focused advocacy to regulators and standard setters. During the year, a successful one day conference on risk was held, in a joint initiative with CFA Institute. We intend to develop further conferences in the coming year, including some in partnership with other professions and organisations. I would like to thank Jane Vessey and Iain Simpson for their leadership of the PD Committee and for maintaining this important programme▶



“Clear targets have been set by which member involvement and value can be measured”

PROPOSED NAME CHANGE

In 2004, AIMR changed its name to CFA Institute, a move which has improved recognition and raised its profile. Since then, the majority of member societies globally have changed their name to reflect that link, incorporating the letters CFA. All have found this alignment of brands beneficial in raising awareness. To evaluate the potential benefits and identify any concerns, your Board commissioned research involving focus group meetings with members. A working group with membership balanced between the ASIP and CFA qualifications also conducted interviews and reported to the Board. Following this, there has been an extended period of consultation with members, including an e-mail survey and additional interviews.

Based on this evaluation, your Board has concluded that it would be in the interest of all members to change the name of the society to CFA Society of the UK (abbreviated as CFA UK) and this special resolution is to be put to a member vote at the AGM in November. We believe that it will improve the effectiveness of the organization in serving members, particularly in advocacy and contact with employers. It will remove potential confusion, recognizing that the society's current name is not as well known as it should be. The qualifications ASIP and FSIP will be unchanged, but I am pleased to report that the status of these qualifications will be recognized with the additional endorsement; *‘a qualification of CFA Institute’*. Logos for these qualifications are currently being designed to reflect the look and type of CFA Institute.

SERVING INVESTMENT PROFESSIONALS

I would like to thank the society's office team for their work over the past year in providing a wide range of services to members and organizing an increased number of high quality events. Many events and activities rely on members volunteering their time and enthusiasm. I would like to thank all the members who have helped over the past year to maintain a strong programme in the society.

New initiatives have been taken to recognize the contribution of volunteers through awards and in other ways. Staff support for volunteer committees has been enhanced, with the restructuring of the office and improved information on the society's website on committees. It has been a busy year for the society, and this has also involved considerable time commitment by the Board. I would like to thank all the directors for their work over the year.

The society is growing strongly. Changes implemented this year have configured the society's office to deliver improved services to members and be more effective in advocacy of standards. Members have made it clear that they value the society as a professional body and as their voice within the investment industry. Your Board and the office team recognize this must be achieved by providing high quality services and publications, of demonstrable value to members. Clear targets have been set by which member involvement and value can be measured. Over the year, UKSIP has done a great deal to maintain its status as the leading professional body for qualified investment professionals. ■

Colin W McLean FSIP
Chairman



Joe Biernat
Treasurer

“The society’s balance sheet remains solid and the society continues to maintain a good level of liquid reserves”

In the year to June 30th 2007, the society generated a pre-tax loss of £106,712. The society recorded a small pre-tax surplus in the previous year. In the course of the last year, the society completed a significant restructuring of the staffed office. As a result, recruitment and redundancy costs experienced a considerable increase. The rise in these costs and the additional depreciation from new systems was the primary cause of the pre-tax loss. The other key contributor to the loss was the increase in the cost of delivering the IMC examination. The move to computer-based testing provides the society with the opportunity to extend its educational and other services to members, but the immediate increase in costs was not matched by the increase in revenues last year.

Turnover increased 10% to just over £1.46 million. Revenues received from IMC sittings rose to £592k. Small price increases and a solid increase in demand for the individual investment practice and UK Regulations & Markets papers helped the society to generate an increase in revenues from its examinations and educations operations.

Membership revenues grew sharply last year. The 15% increase in membership numbers – to 7,024 by 29th June – combined with the increase in membership charges introduced last year

– helped drive a 30%+ growth in membership revenues. We expect to see further growth in membership numbers and dues this year as a result of the continued strength of CFA programme registrations and the introduction of more active marketing campaigns to lapsed members and potential members.

Professional development and social event revenues are also expected to increase again in the year to June 2008 following their 4% climb last year. The society will continue to provide an excellent programme of discussion events for members, but will also introduce an extended series of seminars which should draw a higher number of attendees. Registration fees for members will be held at, or close to, the same levels as last year and webcast and eminent speaker events will now be provided free to members. Registration fees for non-members have been increased.

The society will continue to hold its successful annual dinners in both London and Edinburgh. The expense of these events will be covered by booking fees for tables and by sponsorship revenues. The society intends to increase sponsorship revenues relating to its professional development and social event programmes and has recently entered into a sales agency agreement with Ten Alps to support that activity.

Professional Investor’s advertising revenues should also benefit from the establishment of the new sales agency arrangement. The cost of publishing *Professional Investor* will fall following the decision to move from a 10 times a year publishing schedule to a quarterly schedule. The society believes that advertising revenues will be maintained despite the reduced frequency of publication. The relaunch of the society’s website and the introduction of e-newsletters will also provide opportunities for revenue generation.

Employee costs and overheads are forecast to be stable over the next year, but the society will continue to invest in IT projects in order to allow improved accessibility to services for members and to allow the society to communicate with members more effectively.

The society’s balance sheet remains solid and the society continues to maintain a good level of liquid reserves. The society is committed to ensuring that, other than in exceptional circumstances, revenue and expenditure are kept closely aligned. The formation of a finance committee will help us to maintain that policy and to communicate the society’s financial performance to members. ■

Joe Biernat CFA
Honorary Treasurer

Highlights

‘The FSSC is delighted that such a well known professional body in the investment sector has come forward with a submission against the Appropriate Exam Standards. The numerous firms and individuals that use the IMC can continue to have confidence that it matches the nationally agreed standards for the role. Consistency is one of the key principles of our exam review and this submission is an excellent example of that working in practice.’

Teresa Sayers
Chief Executive

‘UKSIP and CFA Institute are uniquely placed to help those in the investment profession to maintain their expertise and should do more to promote post-CFA education so as to offer members and employers a full lifecycle of professional development’.

UKSIP / CFA Institute Advisory Council

2006

July

Joint event with Energy Savings Trust in Guildhall Yard

September



Portfolio analysis discussion event led by John Marsland, Patrick Burns and Francis Cowell

Social reception for successful Level III candidates in Scotland

Annual Dinner at the Savoy sponsored by Payden & Rygel. Guest speaker: Ian Hislop

October

Bronwen Maddox address to Scottish members

Inaugural Global Investment Risks conference jointly held with CFA Institute, chaired by Liam Halligan and with contributions from Eric Chaney, Michael Cox, Gabriel Stein and Kevin Norrish

November

CFA Information briefing in Canary Wharf

Members' comments on changes to financial statements sought at workshop led by Richard Barker

AGM and Autumn drinks reception

Launch of first careers magazine

Fixed Income seminar at UKSIP offices featuring Marcus Schueler, Edward Eyerman and Charles Robertson

December

Appointment of Will Goodhart as chief executive

CFA level I examination held

Record number of new CFA charters awarded in the UK during 2006

Introduction of new data management system for membership

Record quarter for IMC examination sittings

2007

January

Annual forecasting event chaired by David Smith and featuring Michael Saunders, Kevin Gardiner and Suki Mann

Mark Tapley leads discussion event on *Puzzles in investment theory*

February

Graham Dixon presentation on the T-charter

CFA Institute luncheon presentation in Edinburgh

Eminent speaker lecture – Bob Parker vice chairman of asset management at Credit Suisse

Membership numbers pass 6,500

Hedge funds event addressed by Vikas Agarwal, Bruce Robson and Richard Watkins

March

Spring reception for members at Grocers' Hall

Measuring absolute return performance discussion led by Nicola Ralston and Talbot Stark

Equity valuation seminar featuring Andrew Smithers, Ken Lee, Tom Beckman and Kari Sigurdsson

CFA review course at LSE

April

Annual Dinner in Scotland sponsored by Artemis

May

Eminent speaker lecture – Lindsay Tomlinson vice chairman of Barclays Global Investors

Stewart Hamilton talks to society members in Edinburgh and London on 'Greed & Corporate Failure'

Society responds to FSA consultative paper on 'Training & Competence'

CFA Institute ethics symposium – the Market Integrity Challenge – held in London featuring John Plender, Lindsay Tomlinson and Angela Knight

Financial Services Skills Council (FSSC) announces that the society is the first institution to successfully submit a qualification to meet the appropriate exam standards for managing investments

IMC Panel approves new IMC syllabus

June

CFA Day – celebrating CFA Institute's 60th Anniversary – sees CFA Institute and society leaders open the London Stock Exchange

CFA level I, II and III examinations held. Total number of UK registered CFA candidates for the financial year tops 8,400

UKSIP cocktail reception at the Guildhall Art Gallery to celebrate CFA Institute's 60th Anniversary

Inaugural meeting of the UKSIP/CFA Institute Advisory Council

Membership passes 7,000

Examinations and Education

The Investment Management Certificate (IMC) continues to be the most popular entry-level examination in the UK investment industry and in May the society was recognised as the first institution to offer a qualification (the IMC) meeting the FSSC's revised appropriate exam standards for managing investments.

Following the move to computer-based testing in March 2006, the society has seen a sharp and persistent increase in demand for the IMC examination. More than 5,000 registrations were recorded in the year to the end of June 2007. The figures for the last quarter of the year – the first period for which comparable data is available – show demand for the IMC to have increased by close to 40% year on year.

The society is pleased with the performance of the computer-based testing process. The ease of registration and examination booking has had a positive impact on volume. We have continued to automate and upgrade the examination development and registration processes during the course of the year and we are grateful for the continuing efforts of Tanis Jardin and Martin Davies in executing these changes.

This year has also seen the development of an amended syllabus for the IMC. The society has maintained a consistent methodology and approach to the IMC, but has updated the modules relating to accounting and regulation in order to reflect changes in those areas. We are extremely grateful for the widespread assistance and support that we received

from the industry during this process. I am particularly grateful to the IMC Panel – in particular its chairman Peter Mennie, Tony Bronk and our academic advisers, Mike Buckle, Steve Thomas and Owain ap Gwilym – for the considerable work that they put in to the syllabus review. The updated syllabus has been released to training companies and will come into use from December.

The society was delighted with the May recognition from the Financial Services Skills Council that the IMC is the first qualification to meet the new exam standards for managing investments that were introduced in November 2006. Notes FSSC chief executive Teresa Sayers: "The FSSC is delighted that such a well known professional body in the investment sector has come forward with a submission against the Appropriate Exam Standards. The numerous firms and individuals that use the IMC can continue to have confidence that it matches the nationally agreed standards for the role. Consistency is one of the key principles of our exam review and this submission is an excellent example of that working in practice." In order to meet the standards, the society first needed to obtain an extension of its status as a qualification awarding body. The society achieved a three-year extension of its status as an awarding

body earlier this year and we are extremely grateful to our outgoing Director of Education, Julian Le Fanu, for managing this process.

Peter Watkins joined the society as the new Director of Education and Outreach in early September. He will build on the strong platform enjoyed by the IMC to ensure that the society plays an appropriate role in delivering professional qualifications for the investment profession. The extension of awarding body status and the recognition of the IMC from the FSSC will greatly assist Peter as he communicates the continuing benefits of the qualification to employers following the introduction of the changes to the UK training and competence regime in November 2007.

In addition to the society's significant and continuing commitment to the IMC, the society has also provided support to candidates registered for the CFA programme during the course of the last year.

The society was delighted to welcome Cindy Sharman as Education Manager last year. Cindy will maintain the society's support of CFA candidates through practice exams and the Koppel & Wiley review course. The society



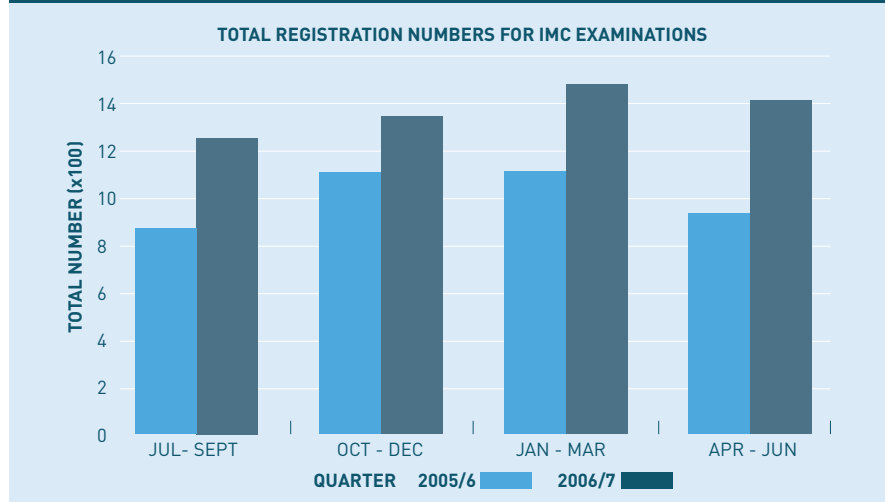
‘The society has maintained a consistent methodology and approach to the IMC.’

intends to research member and candidate support for the extension of CFA support activity.

A record number of UK candidates registered for the CFA programme last year, achieving above average success rates. The society is delighted to assist these candidates through its various offerings and is pleased to be able to offer scholarships for the programme as a result of CFA Institute’s generosity. Up to 10 candidates each year receive scholarships directly from each CFA Institute member society. UKSIP’s preference is to advance scholarships to those candidates that would otherwise be self-financing, rather than those who might be supported by their firm.

In addition to the possibility of the society providing an extended range of CFA support programmes planned for the year ahead, the society will also launch the inaugural UK Investment Research Challenge for teams from accredited universities in 2008. These challenges have been a tremendous success in

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North America and we look forward to working with CFA Institute’s programme partners on the Investment Research Challenge this year.

This has been a busy and successful year for the society in respect of its educational programmes and the IMC exam. I am grateful for the assistance of all of the

members of the Examinations and Education Committee and the IMC Panel and I thank them on behalf of the society for their determination to provide the industry with first-rate professional qualifications. ■

Richard Rothwell
ASIP

Professional Development

Professional development (PD) remains a key part of the society's mission, enabling members to build their technical expertise and to maintain their industry knowledge. The Professional Development Committee's role has been to draw up a programme of events designed to achieve those aims on behalf of a large and diverse membership.

Over the last year the PD Committee has successfully maintained its offering of about 40 events covering a range of topics in the CFA Candidate Body of Knowledge. Market conditions for attracting delegates were challenging during the first half of the year, but attendance picked up in 2007 with a record number of events being fully booked. The message is 'book early to avoid disappointment'.

This year saw the launch of a successful conference on 'Global Investment Risks' held jointly with CFA Institute. We intend to hold that conference again this year and to introduce additional half-day conferences that will become regular features of the society's events calendar. The first of these – 'Working in the Investment Profession' – was held in September.

The committee continues to look for ways in which it can improve the PD service for members and has noticed a growing demand for specialized events. Such events are often best organized by those who are experts in their field. With this in mind, the society encourages the formation of special interest groups.



"The society will now offer the popular 'Eminent Speaker' lectures and the lunchtime webcasts free to members."

Two were already in place at the beginning of the year: one for quantitative specialists and another which covers the new energy field. One has been launched this year and others are now under development. Helen Thomas is the chair of the new group for foreign exchange. That group's first event will be held early in the autumn. Others will be established to cover the fields of commodities, emerging markets, equities, fixed income and independent research.

Looking forward, as part of the society's efforts to improve member benefits we have changed the pricing structure for professional development events. PD is not a profit-making venture and to ensure that members' subscriptions do not subsidise non-members, the price differential has been increased substantially. In addition, the society will also now offer the popular 'Eminent Speaker' lectures and the

lunchtime webcasts free to members. Advance booking will still be required and non-attendance will incur a charge.

The professional development programme would not be possible without our volunteer members and we would like to take this opportunity to thank committee members and members of the Scottish Committee for their support and hard work. We would also like to express our gratitude to the firms who have supported the society by providing venues for events – in particular Reuters, Lehman Brothers, HSBC and Credit Suisse in London, and Ernst & Young and Baillie Gifford in Scotland. The society intends to hold a greater number of events away from its offices and welcomes information on potential venues at members' firms. ■

Jane Vessey **CFA**
Iain Simpson **CFA**

Advocacy

At the society's last AGM, members approved an amendment to the society's objects which for the first time formally established advocacy as part of the society's mission. This change will help UKSIP to fulfill its mission to lead and promote the development of the investment profession. The society intends to determine which issues to raise or to comment on by identifying topics that impact on individuals working in the profession, rather than on firms. Firms' interests are represented by the various trade associations. The society has the unique opportunity to consider issues from the viewpoint of its members. The promotion of the highest ethical standards will be central to the society's work.

To undertake this new approach, the infrastructure to support the advocacy role has been reviewed. The Accounting Advocacy Committee (AAC), which has achieved notable success in the past in improving the quality of financial statements for the benefit of investors, has been strengthened and a new chair has been appointed. We are particularly delighted that Jane Fuller has agreed to lead the committee as there is a full pipeline of issues to tackle in the year ahead.

The Regulatory Advocacy Committee has also been reinvigorated under the chairmanship of Geoff Lindey, FSIP and has been renamed the Investment Professional Advocacy Committee (IPAC). The IPAC will cover a broad range of interests and hence, when considering specific topics it may need to co-opt members with the appropriate expertise.

Member involvement will be crucial if we are to represent members' interests accurately. Previously, this has been



Jane Fuller

limited to direct participation in the work of the relevant committee or commenting on responses to proposed regulatory changes. We have also held occasional professional development events, such as the lunchtime discussion event in October 2006 at which Richard Barker, a Research Fellow for the International Accounting Standards Board (IASB) presented the IASB's latest thinking on the presentation and interpretation of financial statements for comment by members. The enhancement of the society's IT infrastructure during the last year allows us to take a more active approach. Better membership data – that can be more easily manipulated – enables us to target surveys and comments to those members interested in a particular field. We look forward to providing a broader proportion of the membership with the opportunity to inform our advocacy efforts.

In the coming year, we also intend to strengthen our relationship with CFA Centre for Financial Market Integrity both in London and the United States. Building and maintaining links with regulators, professional bodies and trade associations will help us to be aware of new developments at an early stage. Greater liaison both within and without the society will inform our thinking and strengthen the society's influence. ■

Mary Guy-Jones

SCOTTISH COMMITTEE

The Scottish Committee has had another busy year with a wide range of professional development events, combining bespoke events for Scottish members (drawing on seminars that have been successful in London) and making use of the CFA Institute retained speaker programme. We are also pleased to report the continued success of our collaboration with the Scottish branch of the Securities & Investment Institute on events of interest to both our memberships. On the social side, over 200 attended the Scottish Dinner which was again held in April at the Balmoral Hotel in Edinburgh, with principal speaker Angus Cockburn from Aggreko. We also repeated our autumn drinks reception at the Royal College of Physicians, an opportunity for Scottish UKSIP members to meet and congratulate new CFA charterholders. Further professional development seminars are planned on topics including nanotechnology and behavioural finance, and it is our intention to follow London's success in hosting CFA Institute webcasts.

Members of the Scottish Committee were delighted to have the opportunity to meet with our new Chief Executive, Will Goodhart, in April, and appreciated his return visit to Edinburgh in June to see the committee in action. We remain committed to serving the Scottish membership which numbers more than 450, and I would like to take this opportunity to thank committee members who regularly give up their time and resources to ensure that our professional development and social programmes meet the expectations of our members. ■

Elaine Morrison **ASIP**

Information

This has been a busy year for the society in respect of its marketing and communications, though many of the projects that the committee has worked on over the last 12 months will only come into effect during the 2007/08 financial year.

general member awareness and satisfaction with society services and has also overseen surveys relating to the ASIP qualification and members' potential support for a society name change.

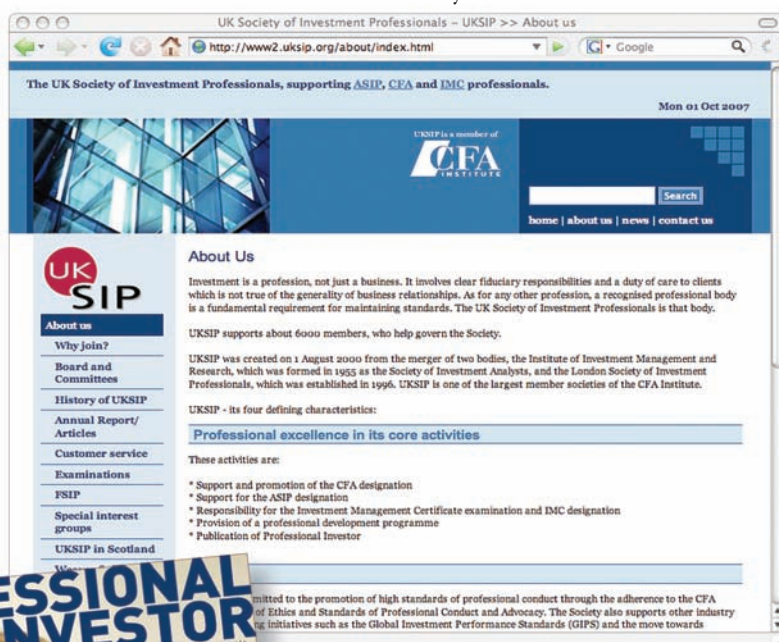
Early in 2007, the Marketing and Communications Committee initiated a project to redesign the society's website, the official magazine – *Professional Investor* – and the society's marketing material. The intention has been to present a design that is more appealing to the society's members. The new website – which incorporates a careers site delivered and maintained by *eFinancial Careers* – was launched in June. The first issue of the redesigned *Professional Investor* was distributed to members in the autumn. The first e-newsletters will also start to be distributed during the autumn.

During the year, the Marketing and Communications Committee took on responsibility for all member communication and *Professional Investor's* editorial board – which remains responsible for reviewing unsolicited member contributions – now reports to the committee. Richard Szwagrzak, chairman of the editorial board joined the committee during the year. The committee was also delighted to welcome Steve Wellard, the new director of marketing and communications for Europe, Middle East and Africa at CFA Institute and was pleased to note the appointment, in August 2007, of Guy McCulloch as the society's first dedicated director of marketing and communications. ■

SalesLogix – a new client relationship management (CRM) system – was fully introduced for all membership classes during the course of the year. The implementation of the CRM system allows us to maintain more accurate and robust data on members and to target our communication with members more effectively. System enhancements continue to be made and we believe that the full benefits of the new CRM will only start to be apparent to members during the new financial year.

The committee has undertaken several membership surveys this year relating to

Tom Joski
CFA



Membership

The society's membership continues to grow at double digit rates and closed the year to the end of June at just over 7,000.

As last year, the most aggressive growth (25%) was recorded in regular charterholder membership and in IMC membership. We were also pleased to see a sharp increase (47%) in CFA candidate membership. Regular, non-charterholder numbers also increased strongly. Affiliate numbers declined as members moved into regular membership. Membership renewal rates remain strong with an average rate of over 90%. The strongest renewal rates are generated in the regular membership category.

The Membership Committee was reconstituted during the year. The committee's responsibilities are now focused on monitoring the membership participation rate and the management of an annual member satisfaction survey. The committee will also assist the society to develop additional member benefits and to communicate the benefits of membership to members and non-members.

A new member database was introduced last year, enabling us to maintain faster and more effectively the quality of information on members. We intend to extend the depth of the information that we hold on members so that we can better target information relating to education, professional development, advocacy and career support. The care and maintenance of member data is a priority for the society and will receive additional investment in the year ahead.

The society intends to undertake more active promotion of membership benefits this year in order to increase its

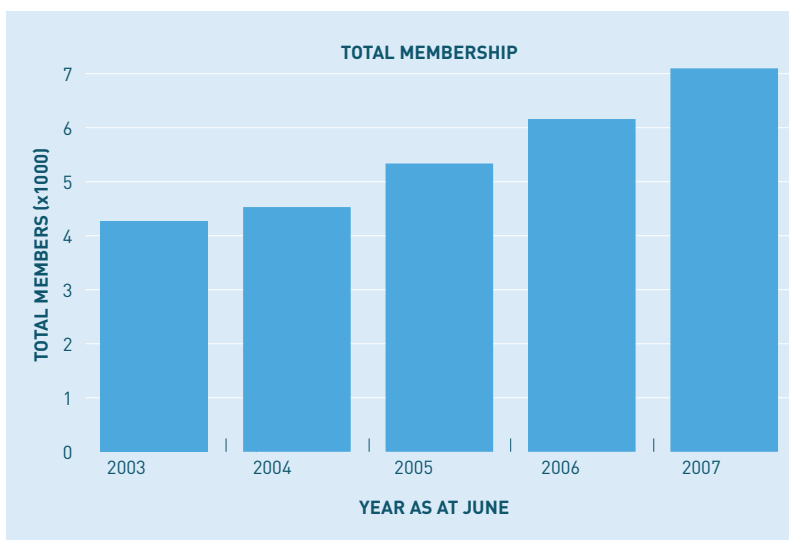
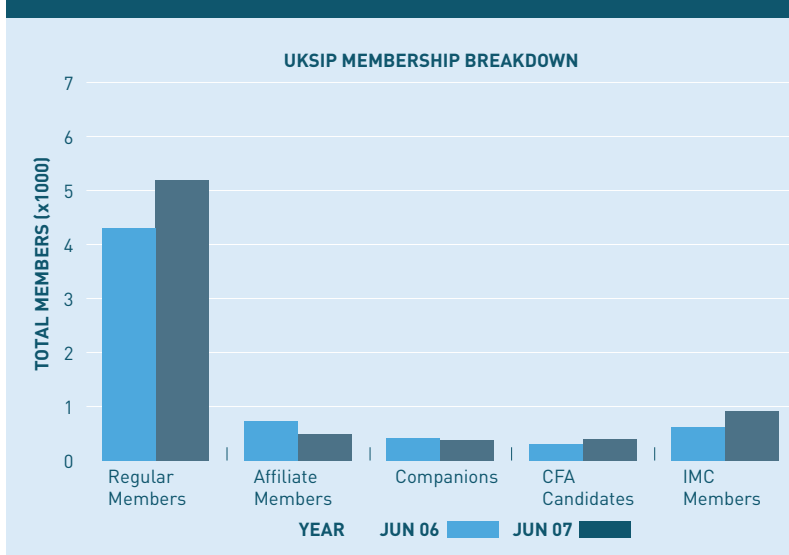
penetration rate in the UK market. The society recently appointed its first marketing director – Guy McCulloch – to help us achieve our ambitious objectives for satisfaction rates, participation rates and membership growth.

I would like to thank my former and current committee members for their

support and enthusiasm. This last year has been a successful and important one for the society and I look forward to reporting a further increase in membership numbers and activity next year. ■

George Spentzos
CFA

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DIRECTORS' REPORT

RESPONSIBILITIES

Directors' responsibilities in the preparation of financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors submit their report and the financial statements of The United Kingdom Society of Investment Professionals for the year ended 30 June 2007.

Directors and their interests

The following directors have held office since 1 July 2006:

C W McLean FSIP (Chairman)	R Rothwell ASIP
D Sellors FSIP CFA (Vice Chairman)	G M Lindey FSIP
J Biernat CFA (Honorary Treasurer)	Y Samad CFA
S Deans ASIP	G Spentzos CFA
J Finch ASIP	R Szwagrzak CFA
S A Inkley FSIP	D M Tapley FSIP CFA
T Joski CFA	J Vessey CFA

PRINCIPAL ACTIVITIES

The company's principal activity during the year was providing services, as a professional body, for investment professionals, principally to those holding the ASIP, CFA or IMC designations.

AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors were unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. ■



By order of the board
Will Goodhart
Secretary
2nd October 2007

Independent auditors' report to the members of the United Kingdom Society of Investment Professionals

WE HAVE AUDITED THE FINANCIAL STATEMENTS ON PAGES 16 TO 22.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and

explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Treasurer's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements. ■

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley
Kent
BR1 1LT

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2006 £
Turnover	4	1,466,293	1,329,787
Cost of Sales		<u>(595,964)</u>	<u>(539,333)</u>
Gross Profit		870,329	790,454
Administrative Expenses		(875,878)	(706,301)
Establishment Costs	5	(167,775)	(143,962)
Other Operating Income	6	<u>8,483</u>	<u>6,073</u>
Operating Loss		(164,841)	(53,736)
Interest receivable and similar income	7	<u>58,129</u>	<u>58,667</u>
(Loss)/Profit on Ordinary Activities before Taxation	8	(106,712)	4,931
Taxation on loss/profit on ordinary activities	9	<u>2,987</u>	<u>(19,735)</u>
Loss on ordinary activities after taxation	14	<u>(103,725)</u>	<u>(14,804)</u>

The operating loss for the year arises from the Society's continuing operations. No separate Statement of Total Recognised Gains and Losses is included as all such gains and losses have been dealt with in the profit and loss account.

BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	2007 £	2006 £
Fixed Assets			
Tangible Assets	10	265,832	307,733
Current Assets			
Debtors	11	235,859	245,024
Cash at bank and in hand		<u>1,225,627</u>	<u>1,160,441</u>
		1,461,486	1,405,465
Creditors			
Amounts falling due within one year	12	(520,025)	(399,193)
Net Current Assets		<u>941,461</u>	<u>1,006,272</u>
Total Assets less Current Liabilities		1,207,293	1,314,005
Provisions for liabilities and charges	13	<u>(15,481)</u>	<u>(18,468)</u>
Net Assets		<u>1,191,812</u>	<u>1,295,537</u>
Reserves			
Profit and Loss Account	14	<u>1,191,812</u>	<u>1,295,537</u>

The Financial Statements on pages 16 to 22 were approved and authorised for issue by Members of the Board on 2nd October 2007 and signed on their behalf by:

C McLean
Chairman

J Biernat
Honorary Treasurer

ACCOUNTING PRINCIPLES

(1) GENERAL

The Society is an unquoted company limited by guarantee. The principles of full disclosure and the format of financial statements in the Companies Act 1985 have been followed. These financial statements have been prepared under historical convention.

(2) INVESTMENT INCOME

This comprises interest receivable.

(3) TANGIBLE FIXED ASSETS

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

Depreciation rates used are as follows:

Leasehold improvements: over the term of the lease

Membership & Examination Systems Software 20%

Office equipment - computer equipment 33.33%

- other equipment 20%

Furniture and fittings 10% and 20%

(4) CORPORATION AND DEFERRED TAXATION

Liability for corporation tax is restricted to surpluses arising from trading with non-members and to income from investments.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

(5) LEASED ASSETS AND OBLIGATIONS

For operating leases, the annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

(6) RESEARCH AND DEVELOPMENT

The Society does not directly incur any research or development expenditure.

(7) FOREIGN CURRENCY TRANSLATION

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account on arriving at the operating loss.

(8) PENSION CONTRIBUTIONS

The company makes contributions to the personal pension plans of employees. The cost of providing pensions for employees are charged in the profit and loss account when they arise.

(9) TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to members and customers.

NOTES TO THE ACCOUNTS

(1) The income and property of the Society must be applied solely towards the objects of the Society and no distribution of any surpluses may be made to its Members. As a company limited by guarantee, each member has no equity interest and has undertaken to contribute an amount up to £1 to the assets in the event of a deficiency on winding-up. In the event of a surplus on winding-up the distribution must be to a similar organisation or charity. At 30 June 2007, the number of Regular members (voting members at AGM) were 5,178. (2006: 4,199)

(2) EMPLOYEES

The average monthly number of persons (including directors) employed by the Society was

	2007	2006
• Management	14	14
• Administration	11	11
	<u>25</u>	<u>25</u>

Staff costs for the above persons:

	£	£
Wages and salaries	453,165	435,770
Social security costs	52,466	49,252
Other pension costs	30,225	28,762
	<u>535,856</u>	<u>513,784</u>

No remuneration was paid to the directors during the year (2006: nil). Transactions with directors are disclosed in note 3, Related Party Transactions. No director (2006: nil) is accruing benefits under money purchase or defined benefit pension schemes.

(3) RELATED PARTY TRANSACTIONS

Taxbriefs Limited received payment of £2,586 (2006: £1,410) on behalf of Pegasus Learning, a partnership between Wentworth Advisers and Taxbriefs Limited, for supplying CFA Practice Exams to UKSIP. Jane Vessey is a current Director of the company and of Wentworth Advisers. All transactions were at arm's length.

(4) TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2007 £	2006 £
Subscriptions	450,395	341,511
Publications	87,350	64,427
Journal	69,663	77,195
Examinations	592,510	587,180
Professional Development	69,093	71,821
CFA Support	82,876	96,512
Social	79,354	71,048
Other Activities	35,052	20,093
	<u>1,466,293</u>	<u>1,329,787</u>

The Society's turnover and loss before taxation were all derived from its principal activity. Sales were made entirely in the United Kingdom.

ACCOUNTS

		2007	2006
	£	£	£
(5) ESTABLISHMENT COSTS:			
Rent	46,993		46,911
Rates	27,412		16,752
Lighting and Heating	<u>2,520</u>		<u>2,520</u>
		76,925	66,183
Insurance		4,370	4,000
Office building maintenance		17,466	17,466
Office repairs and renewals and Health & Safety		1,484	1,040
Office Security		1,516	1,230
Office cleaning		5,395	5,868
Weaver Suite Hire Expenses		1,083	192
End of Lease Dilapidations		(17,000)	4,000
Depreciation		<u>76,536</u>	<u>43,983</u>
		<u>167,775</u>	<u>143,962</u>
(6) OTHER OPERATING INCOME		£	£
Rental Income		<u>8,483</u>	<u>6,073</u>
(7) INTEREST RECEIVABLE AND SIMILAR INCOME		£	£
Bank Interest		58,129	45,370
Treasury Stock Interest		<u>0</u>	<u>13,297</u>
		<u>58,129</u>	<u>58,667</u>
(8) (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		£	£
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):			
Depreciation and amounts written off tangible fixed assets:			
Charged for the year:			
Owned assets		76,536	43,983
Exchange (gains)/losses		(10,079)	10,874
Operating lease rentals:			
Plant and machinery		7,778	9,244
Land and buildings		46,993	46,911
Auditors' remuneration			
Paid to Baker Tilly UK Audit LLP		8,250	0
Paid to Baker Tilly		<u>0</u>	<u>8,500</u>

(9) CORPORATION TAX

	2007	2006
	£	£
Current Tax: UK corporation tax	0	3,843
Underprovision in previous period	0	90
Total current tax	<u>0</u>	<u>3,933</u>
Deferred Taxation:		
Origination of timing differences	(2,987)	15,802
Tax on (loss)/profits on ordinary activities	<u>(2,987)</u>	<u>19,735</u>
Factors affecting tax charge for the year:		
The tax assessed for the year is higher than the effective rate of corporation tax in the UK for small companies of 20% (2006: 19%). The differences are explained below:		
(Loss)/profit on ordinary activities before tax	(106,712)	4,931
(Loss)/profit on ordinary activities multiplied by effective rate of corporation tax of 20% (2006: 19%)	(21,342)	937
Adjustment to tax in respect of previous period		90
Effects of:		
Expenses not deductible for tax purposes - fixed assets	1,762	2,781
Expenses not deductible for tax purposes	15,943	16,885
Short term timing differences	2,493	(64)
Depreciation in excess of capital allowances	656	0
Capital allowances in excess of depreciation	0	(15,802)
Marginal relief	0	(894)
Unrelieved tax losses carried forward	488	0
Current Tax charge for the year	<u>0</u>	<u>3,933</u>

(10) TANGIBLE FIXED ASSETS

	Leasehold Improvements	Systems Software	Office Equipment	Furniture & Fittings	Total
Cost	£	£	£	£	£
At 1 July 2006	65,873	247,243	101,375	37,207	451,698
Additions	0	34,635	0	0	34,635
At 30 June 2007	<u>65,873</u>	<u>281,878</u>	<u>101,375</u>	<u>37,207</u>	<u>486,333</u>
Depreciation					
At 1 July 2006	29,274	10,242	82,836	21,613	143,965
Charged in the year	14,637	43,551	15,627	2,721	76,536
At 30 June 2007	<u>43,911</u>	<u>53,793</u>	<u>98,463</u>	<u>24,334</u>	<u>220,501</u>
Net book value					
At 30 June 2007	<u>21,962</u>	<u>228,085</u>	<u>2,912</u>	<u>12,873</u>	<u>265,832</u>
At 30 June 2006	<u>36,599</u>	<u>237,001</u>	<u>18,539</u>	<u>15,594</u>	<u>307,733</u>

ACCOUNTS

	2007	2006
	£	£
(11) DEBTORS - DUE WITHIN ONE YEAR		
Trade debtors	100,069	134,039
Other debtors	43,530	43,939
Prepayments	92,260	67,046
	<u>235,859</u>	<u>245,024</u>
(12) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Amount received in advance	(432,676)	(171,331)
Trade creditors	(20,118)	(75,079)
Corporation Tax	0	(3,843)
Sundry Creditors and Accruals	(67,231)	(148,940)
	<u>(520,025)</u>	<u>(399,193)</u>
(13) PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Tax		
Balance at 1 July 2006	18,468	2,666
Transfer from profit and loss account	(2,987)	15,802
Balance at 30 June 2007	<u>15,481</u>	<u>18,468</u>
Deferred taxation provided in the financial statements are as follows:		
Accelerated capital allowances	18,783	18,468
Other Short term timing differences	(2,814)	0
Unrelieved tax losses carried forward	(488)	0
	<u>15,481</u>	<u>18,468</u>
(14) RESERVES		
Profit and Loss Account		
At 1 July 2006	1,295,537	1,310,341
Loss for the financial year	(103,725)	(14,804)
At 30 June 2007	<u>1,191,812</u>	<u>1,295,537</u>
(15) COMMITMENTS UNDER OPERATING LEASES		
At 30 June 2007 the society has annual commitments under non-cancellable operating leases as follows:		
Plant and machinery:		
expiring within 1 year	0	733
expiring between 2 and 5 years	6,312	6,312
Land and buildings:		
expiring between 2 and 5 years	59,114	59,114
	<u>65,426</u>	<u>66,159</u>

(16) PENSION COMMITMENTS

The society makes contributions to the personal pension schemes of employees. The pension charge for the year was £30,225 (2006: £28,762). At 30 June 2007, pension contributions amounting to £4,071 were outstanding (2006: £1,607) and are included in creditors.

(17) CONTINGENT LIABILITIES

The society has entered into a five year contract until 28 February 2011 with Pearson Driving Assessments Ltd for the provision of computer based testing of the IMC examinations, subject to a minimum annual contract value of £100,000.

Committee Members and UKSIP/CFA Institute Advisory Council as at 1st September 2007

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