



## UNITED KINGDOM SHAREHOLDERS ASSOCIATION LIMITED

Registered in England No. 4541415

### NOTICE OF AGM AND DIRECTORS REPORT 2008

#### Principal Activities:

The United Kingdom Shareholders Association (known as “UKSA”) was formed in 1992 to support and to represent the views of private (i.e. non institutional) shareholders. It does this by providing investment education and conveying your views to the boards of British companies, to the Government, to the Stock Exchange, to the media and to other bodies.

UKSA campaigns to:

- protect your rights as a shareholder
- improve standards of corporate governance
- ensure a fair market and fair tax treatment for private investors

Registered office: 8, Prince Consort Drive, Chislehurst, BR7 5SB

#### Directors of the Association

Mr. M.G. White, Chairman

Mr. R.W. Lawson

Dr. D.W.J. Miles

Mr. P.S. Raynes

Mr. S.W. Grierson

Mr. M.L. Morton


Mr. M. O’Neill

#### Chairman’s Report

I would particularly like to thank all the volunteers who work so hard to keep UKSA’s activities going around the country and also to all our contributors to PI magazine. The Directors’ report below covers some of our main achievements during the year. In last year’s report we included a long discussion of the challenges and opportunities facing UKSA in pursuing our objectives. This year we are keeping it much briefer, but I would like to highlight two aspects. These are member involvement in and influence of our policies and activities; and the importance and scale of the long term task facing organisations such as ours given the ownership vacuum present in our economy and the shortage of any national plans to tackle it.

**It’s your association.** A group led by Nick Steiner has been experimenting with a series of meetings in the London area to debate and develop policy ideas, and the South-West region has had similar discussions in some of its meetings. The resolutions put forward for the AGM reflect some of the matters you feel most strongly about. I mention some others below.

We are very conscious how important it is that UKSA is a member-led organisation. Volunteers are self-motivated, and unless we make best use of the talents and ideas of our members UKSA will only have a fraction of the influence it could. On page 7 of the February



edition of PI magazine, you will find a piece entitled “Setting UKSA’s priorities and making things happen”. We are working to set up a national network, run quite independently of the board, to enable members across the country to discuss their ideas and to set up groups which can then work with us to implement them. As well as local meetings and PI, we need to use the web to provide a virtual meeting place, and we need people with an organisational bent to come forward to form a small team to make this network happen. Starting with something simple and not over-ambitious, it will develop to reflect the way in which people want to participate. This is a very important role, it could have a huge influence on how UKSA itself develop, and the team will need a mix of people including some with IT skills. Anyone interested should contact me and I put you in contact with each other.


**The scale of the task.** Whilst Roger Lawson’s herculean efforts in respect of the banks have been rewarded with good media coverage, we should not forget the quiet efforts of our regulatory policy team led by Roy Colbran. As a result of their work, we have been able to represent investors’ interests with bodies such as the FSA, the Treasury Committee and the EU, and have achieved some good press coverage in addition to that on the banks. Very recently, we were asked to put forward material in support of a Bill to change the Companies Act to introduce Shareholder Committees, an idea developed many years ago by Maurice Gillibrand, an UKSA member. The Bill was co-sponsored by Bill Cash MP and Frank Field MP.

There is so much to do. Whilst many of our members regard the disastrous losses they have made in the banks as so much water under the bridge, everyone agrees that they illustrate the ownership vacuum present in our economy and the shortage of any national plans to tackle it. This is over and above the regulatory failures which the authorities are admitting in relation to the banks. The silver lining is a political climate in which we have a great opportunity to be listened to. To provide the retirement incomes of the future requires companies to target sustainable dividends, not to use gearing to chase ephemeral capital gains. A useful mantra is to permit managers to get rich slowly with shareholders, rather than quickly at their expense. This would represent a huge cultural change at many companies, and is consequently more difficult than many commentators appear to think.

Never underestimate the power of ideas. If we have well-argued material ready prepared there will be opportunities to get it heard in the media, especially if it is different from the accepted wisdom of the City and the financial services establishment. But developing and reviewing that well-argued material is something which many members can help with.

As well as the ideas in the AGM resolutions 9 to 14, here are some further suggestions put forward by members:

- No capital gains tax on inflationary gains
- Recognition by Government of the benefits of long term investment to society as a whole and encouragement of longer term holding in preference to short term speculation. Apply this principle to senior executives in relation to their bonuses, as well as to shareholders.
- Maintenance of pre-emption rights, especially on AIM.
- More accountability of national regulators such as FSA.
- UKSA to concentrate on matters of importance for the future, even if this means less focus on past misdemeanours. Step back as an organisation from single company campaigns.

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- Change tax regime to remove the unfavourable tax position of equity in a company in comparison to its debt, since this would result in much more sustainable businesses and discourage the use of gearing and share buybacks to manipulate earnings per share.
  - Non-executive directors to be more accountable to outside shareholders.

## **Directors Report**

2008 was an active year for UKSA. The Banking Crisis has heightened investors' awareness of the poor legal position of individual savers in the United Kingdom. As a result UKSA is seeing a fast growth in membership, up almost 50% in 2008 and this rate of growth continues in 2009. The membership rose to 1200 by the end of 2008, well above our target in the Business plan of 1050. No formal "Marketing" has taken place and we do not believe there is any need to pay for advertising given our current prominence in the media.

Our media profile has been radically improved in the last 12 months with regular Television and newspaper coverage of our activities. The highest profile campaign has concerned Northern Rock but we have also been active in promoting shareholders rights in Bradford & Bingley and in the Banking sector generally (more latterly on Lloyds Banking Group specifically). Other companies where we have been active have included the Spark VCT (formerly Quester). These campaigns have raised our public awareness considerably and have resulted in a direct increase in our membership numbers. Other campaigning and public policy activities are mentioned in the Chairman's report above, and we have endeavoured to use PI magazine to cover some of these.


In May 2008 Toby Keynes, our Secretary stood down from the board. Toby was widely respected for the enormous amount of time he put into role which has now grown to such a size that UKSA has put the administration of membership out to a paid contract from July. The role of Company Secretary remained vacant through out the 2<sup>nd</sup> half of 2008 and we hope to fill this role shortly.

We also appointed a new Hon. Treasurer, Peter Horncastle. Unfortunately Peter, who works full time, has found it impossible to carry out this task and as a result has resigned. Stan Grierson has taken over as Treasurer for the time being and has also taken over responsibility for preparing the accounts for 2008. We are looking for a volunteer to take on this position.

Membership fees were increased to £50/head at our AGM in May. This increase has allowed UKSA for the first time to employ part time paid staff to carry out tasks for which volunteers are no longer forthcoming. No further increase is envisaged in 2009.

The Private Investor (PI), our Newsletter, has been improved and the number of editions increased. Bill Johnson has taken over as editor, whilst our previous editor, John Nairn, continues to help with the production. Bill's inimitable style and widespread knowledge of financial issues and company analysis give the magazine a special character, and we always welcome feedback and contributions from members.

InvestFest 2008 took place in May at the Leeds Crowne Plaza Hotel. For the first year the event was organised with the help of Redmayne Bentley, and we would like to thank them for their support of the event. Speakers included Alastair Blair of Investors Chronicle, Colin Mclean of SVM Asset Management, Zed Cama of HSBC and Adam Philips of the FSA.



Our regions have run active programmes of local events. In total we ran well over 60 events including Company Visits, education sessions and Stockbroker updates. The Board would like to thank the Regional Officers for their work. These events are critical in retaining members and promoting investing skills. Two regions were inactive during 2008, Scotland and the Midlands. We are pleased to report that the Scottish Branch is now being revived, thanks to the efforts of Jim McDill and George Miller. The Midlands is still looking for an active member to restart the region and the board would be delighted to hear from anyone interested.

Throughout 2008 we were critically short of volunteers willing to work on the development of the Association. In 2008 the working party looking at the future of UKSA completed its report and this provides many ideas for how we could develop if volunteers are willing to commit their time.

Stan Grierson, who took over as Treasurer earlier this year, is working on the accounts as we write, in an attempt to produce an up-to-date picture in time for the AGM. It has proved difficult to collate information from a number of sources, but with access to a good accountant we look forward to seeing some figures soon

### **Report on the Northern Rock Campaign**

The Northern Rock (NR) nationalisation raised an important issue concerning the compensation payable on the nationalisation of companies, and hence a legal challenge has been supported on this with the assistance of institutional investors. The campaign costs and the associated legal costs incurred by the private shareholder plaintiffs have been fully covered by donations from former shareholders in Northern Rock. There has been no risk to the assets of UKSA or its members associated with it. It is currently the subject of an appeal to the Appeal Court. Similar arrangements have been put in place for the other campaigns to ensure that only those members or supporters who are willing to finance these campaigns or who contribute in other ways, and who would benefit from any success, carry the burdens.

As a result of the massive demands on Roger Lawson's time, it was decided that the NR campaign needed an office with a small number of paid staff to carry out administrative tasks. The board agreed to this on the basis that the contributors to the NR campaign supported it and were prepared to meet the costs. The office is managed by Roger Lawson. Since the NR campaign was set up, a Bradford and Bingley campaign has been set up as well, and the office has carried out administrative for this campaign. We would emphasise that the continued operation of the office is completely determined by the requirements of, and funding provided by, the various campaigns. In the short term, we plan to use the office to carry out the membership function, and UKSA funds would be used to pay for this service. However, UKSA's membership is not currently sufficient to justify an office, though we would be prepared to employ a chief executive, perhaps on a part time basis, if the right person were to come forward and if resources permitted.



**YOUR VOTE IS IMPORTANT; IF YOU DON'T PLAN TO ATTEND  
THE AGM, PLEASE COMPLETE & RETURN YOUR PROXY  
FORM OR FORMS (ATTACHED) AS SOON AS POSSIBLE**

### **NOTICE OF THE AGM**

To be Held at Royal Bath De Vere Hotel, Bath Road, Bournemouth, Dorset, BH1 2EW  
Saturday 9<sup>th</sup> May 2009 at 2:00pm

#### **Directions**

From London or the M25, take the M3 westwards. Follow the M27, A31 and A338 to Bournemouth and then the signs to the city centre. The hotel is right on the seafront.

Portsmouth is 40 miles away to the east, Salisbury 25 miles and Swindon 40 miles to the north.


Hotel parking is restricted to 70 spaces. Overflow parking is arranged in the nearby NCP by the hotel's valets. Parking charges are £15 per day. Sat Nav Coordinates: Latitude: 50.7175 Longitude: -1.872

### **AGENDA**

- 1.To receive the Report of the Board of Directors for the year ended 31<sup>st</sup> December 2008
- 2.To receive the Financial Statements for the year ended 31<sup>st</sup> December 2008
- 3.To receive a report on the Northern Rock Campaign
- 4.To elect as a member of the Board Dr. Derek William James Miles
- 5.To elect as a member of the Board Mr. David Francis Kaye
- 6.To elect as a member of the Board Mr. Edgar H. Ring
- 7.To elect as a member of the Board Mr. Martin Morton
- 8.To elect as a member of the Board Mr. Eric Robert Chalker

#### ***Resolutions from the members of the Association***

The following resolutions have been sent to the board of directors. The board does not provide guidance on the resolutions, but believes all issues raised are appropriate subjects for our association to consider.



*The passing of these resolutions will require considerable effort on the part of our volunteer organisation. Please consider if you are able to contribute time in developing these proposals if they are passed by the meeting.*

Resolutions 9-14 are proposed by Eric Chalker, Supported by: Nick Steiner; Andrew Girvan; George Speyer; Richard Seldon; Keith Haldane; Stan Grierson; Michael O'Neill; Harry Braund; Tony Birks.

9. Resolution: That it should be the primary aim of UKSA to make a stand against the further erosion of private shareholders' rights, to campaign for the enhancement of those rights in general and to establish rights for those holding shares in nominee accounts in particular.

10. Resolution: That the immediate priority for UKSA's board should be the publication and subsequent promotion of a manifesto for private shareholders holding shares directly and, as soon as possible afterwards, extending this to include those holding shares in nominee accounts, these manifestos to be subject to review by UKSA's membership prior to publication if this can be done quickly but otherwise within six months of publication and also from time to time thereafter.

11. Resolution: That the formal report by the UKSA board of directors on the Northern Rock campaign - which it is assumed will be presented to the AGM - be the subject of debate as a separate agenda item.


12. Resolution: That, as the only body which can claim to speak on behalf of private shareholders, UKSA should endeavour to achieve parity of standing with those bodies which represent other stock market interests, including the London Stock Exchange itself, the Financial Services Authority and other regulators too, employing such professional assistance for this purpose as can be afforded, with a view to influencing regulatory matters in our members' interests.

13. Resolution: Recognising that aspects of the present law and regulation disfavour the position of private shareholders and that future changes may make the position worse, the board of UKSA is asked to plan and pursue the promotion of its members' interests with all the major political parties, employing such professional assistance for this purpose as may be thought necessary, with a view to influencing future legislation.

14. Resolution: That it should be the policy of UKSA to seek repeal of the law which allows companies to buy back their own snares (with the exception of investment trusts seeking to control their discounts) and, in the mean time, to campaign against the practice of companies seeking annual authorisation to do this and to encourage its members to vote against such authorisations.

#### Voting Regulations:

- If you are a single member, you are entitled to attend and vote at the meeting
- If you are a joint member, both of you are entitled to vote

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- If you are a corporate member (i.e. an investment club or company action group) you are entitled to appoint one person to attend and vote on the member's behalf.

#### **STATEMENT BY DEREK WILLIAM JAMES MILES, AGE 71**

I am a Fellow of both the Institution of Civil Engineers and the Chartered Management Institute. I am also a Liveryman of the Worshipful Company of Engineers and a Freeman of the City of London. I have worked in more than 50 countries as a consultant and adviser on the construction industry and infrastructure development, and prior to retirement was Director of a self-funding research and consultancy institute at Loughborough University.

I joined UKSA in 2005 and served as Chair of the South East Region, was co-opted to the Board in 2006 and subsequently elected in 2007. My interests are primarily related to enabling private investors to make informed decisions on their investments. In my view this implies a range of activities such as helping to ensure that objective information is available, and providing advice and education on ways of assessing it and setting priorities. However, it also includes exploring ways in which private investors can exercise effective influence on boards of directors and government in areas where their interests are in danger of being drowned out by the block votes of institutions.

Living some distance outside London, I feel that it is important that UKSA remembers the interests of those members who are unable to attend regular meetings and I support the aspiration expressed by our Chairman last year, that we should seek to provide an enjoyable and rewarding experience, which permits members to contribute as much or as little as their time, skills and inclinations allow.


Nominated by the Board of Directors

#### **STATEMENT BY MARTIN MORTON, AGE 77**

Martin Morton has been with UKSA since the days of "Sid". He is now primarily responsible, with Stan Grierson, for UKSA's liaison with Euroshareholders, the co-ordinating organisation of similar bodies across the EU, and slightly further. He generally does not manage his own investments directly but uses a family stockbroker. His major interest is improving the investment climate, though making money comes in handy. Martin spent most of his working life at the CBI with an industrial relations responsibility, both domestically and internationally. When there was no room left for him there he became Director of what is now the Engineering Construction Industry Association. He has been an unsuccessful Parliamentary candidate and was for 25 years on St. Pancras and then Camden Council. He is the Pensioner Trustee at the CBI, Chairman of his local Civic Society and of a Comprehensive School.

Nominated by the Board of Directors

#### **STATEMENT BY EDGAR H. RING, AGE 78**



Spent 47 years in Mechanical & Electrical contracting industry. 27 years as a director, including Managing Director of a subsidiary and the last 14 as a director of 100 million pound company. Some time as non-executive director of a company and some years as Management Consultant, specialising on cash-flow. Served in Electrical Contractors' Association for 42 years, including time as director, member of Council and served on several internal committees. Served on the Joint Contracts Tribunal and on the Committee of Engineering Specialist Contractors. Served on Government NEDO Committee & Latham Report Committee. Am a Fellow of the Institute of Directors; formerly a Chartered Surveyor (M & E Quantity) & a Fellow of the Chartered Management Institute & an Associate of the Institution of Electrical Engineers. As a long time and active investor in a variety of securities (equities, bonds, PIBS, OEICS etc.) hopefully I will be able to contribute something useful to UKSA.

Nominated by the Board of Directors

**STATEMENT BY DAVID FRANCIS KAYE, DMS, Dip. Mgt., AGE 66**


David qualified as a Pharmacist in 1964 and made a career of setting up pharmaceutical production facilities. In 1974 he moved to Ikeja as Production Director for May and Baker Nigeria Ltd to supervise the construction and commissioning of a pharmaceutical factory. He returned to the UK in 1981 and settled in Plymouth in order to educate his children. Working with his Pharmacist wife Brenda he bought, opened and sold several pharmacies finally retiring in 2007. He has no occupational pension and being dependant on investment income finds the current situation very challenging. Investments built up by hard work and sacrifice over more than 40 years are being jeopardised due to reckless borrowing, irresponsible lending, weak regulation, an incompetent government and a sorry opposition. David has past experience of campaigns and lobbying, and has been a Board Member of the National Pharmaceutical Association which has some similarities with UKSA. He has been involved in local politics having stood three times as a candidate for Plymouth City Council and was the member of Plymouth Chamber of Commerce representing small businesses in the City. He successfully lobbied the Nigerian Government to change import tariffs on packaging materials and with other proprietor Pharmacists in the UK obtained a Judicial Review in respect of an unjust claw back of remuneration. David has been investing since 1965 and has attended many courses on the subject. He joined UKSA in 2007, immediately saw the benefits of the organisation and believes that he can apply his experience to building up membership, developing educational programmes, lobbying and campaigning relentlessly. If elected he will work hard for the benefit of UKSA Members.

Nominated by the Board of Directors

**STATEMENT BY ERIC CHALKER, AGE 70**

I want to see UKSA broaden its public stance and become more assertive of general principles that are supportive of better private shareholder rights. I want us to focus on legislative and regulatory changes to provide, strengthen and enforce shareholder rights, engaging with politicians and officials for this purpose, but also to encourage more members to assert their rights over their own investments and for UKSA to work in support of those rights where this can be done to general beneficial effect.





I began buying shares in 2001 and have been an active investor ever since, holding shares in many companies, including unlisted ones and responsibility for portfolios other than my own. Since summer 2007, I have spent less time buying and selling, but have become increasingly concerned by evident discrimination against private shareholders, both within individual companies and generally.

Past Directorships include my own business (1969-2003), several resident-owned property management companies and the Electoral Reform Society (which like UKSA, is a company limited by guarantee). For more than 30 years, I was actively involved in the Conservative Party, holding office (unpaid) at all levels including four years as joint treasurer of its greater London area and membership of Conservative Board of Finance.

I am a member of SIGnet (Serious Investor Groups Network)

Nominated by Martin White, seconded by Nick Steiner