



Alternative Investment  
Management Association

1990-2010

**20th**  
ANNIVERSARY

# AIMA Annual Report 2009



*Celebrating 20 years of global leadership*

# Annual Report 2009

## Chairman's Statement

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By Todd Groome



The past year has been another very active and challenging period for the industry and AIMA. The financial crisis provoked a global policy response that saw the world's largest economies seek a common and consistent path forward on financial regulatory reform, with efforts focused more than ever before on international cooperation and organisations, most prominently the G20. AIMA, and its global membership and network, was well positioned to contribute to these policy considerations.

On the business side, our industry has begun to grow again and deliver attractive returns for investors. Continuing the trend of the last decade, the investor base and growth have become increasingly driven by institutional investors, seeking better risk-adjusted returns and capital protection in these volatile markets.

Our manager member firms, of all sizes, continue to build world class institutional-quality infrastructures, as reflected by the quality of professional staff in areas such as risk management, compliance, reporting and operations, and governance. The "institutionalisation" of the hedge fund industry is an indisputable trend and reality, and brings many benefits for investors and managers. Nevertheless, we should never let it dampen the entrepreneurial and innovative nature of the industry.

As you are no doubt aware, this has been a very busy year for AIMA on the policy front. We witnessed many twists and turns as significant national and international legislative and regulatory proposals have been considered. AIMA has been active in these discussions with all of the international bodies and key national policy makers, including in the US, UK, EU, Hong Kong, Japan, Singapore, Canada, Cayman Islands and Australia. We are now moving from a period of legislative debate to one of implementing legislation through regulation and rule writing, as well as more granular discussions with public authorities regarding the practicalities of executing their supervisory mandates.

I am pleased to report that our discussions with policymakers have been overwhelmingly constructive and very effective, as demonstrated by the fact that key aspects of our February 2009 policy platform are prominently featured in the legislation and regulatory reforms of major jurisdictions. World leaders have agreed that hedge fund managers should register with their national regulators, and that larger managers should periodically report systemically relevant data to regulators in the interests of financial stability. Policymakers are increasingly acknowledging that our industry does not present a distinct stability risk, which is also influencing the regulatory details. As a result, importantly, in most parts of the world, more micro or product level regulation is not being pursued. We are also pleased that policymakers continue to call for a consistent and coordinated global approach, and thus seek to avoid protectionist outcomes. It was important that we came out early with our policy platform, allowing our message to produce a constructive and influential dialogue with policymakers at an early stage.

However, our policy work is not done, the rule making and implementation process is very important, as many details are being debated and different approaches considered. Moreover, key legislative issues in Europe, including in particular the proposed AIFM directive, remain unresolved. The AIFM initiatives remain the greatest regulatory threat to our industry, and while the proposed

directive has been improved over the past 15 months, it remains problematic for managers, investors and service providers, and is effectively unworkable in certain important aspects. While we have made much progress in the policy area, as a practical matter, it must be acknowledged that the cost of regulatory compliance is rising, and for smaller managers such costs could be material. So we have made significant efforts to ensure that compliance with the new regulatory framework does not create material barriers for smaller and new managers, and policymakers understand this important issue. The key message here: much progress has been made on public policy initiatives, a practical and reasonable regulatory framework is emerging, but please do not consider it "mission accomplished," as important work remains, particularly in Europe.

Much of the approved financial legislation has been principles-based, therefore as noted above, there is an enormous amount of detail that needs to be resolved by supervisors. It is here that AIMA is perhaps best positioned to act on behalf of the industry. Throughout AIMA's 20 year history, we have maintained an excellent dialogue with front-line supervisors. In many respects, this was consistent with our long-standing focus on education and best practices, which included work with public officials, seeking to improve supervisory understanding of industry practices and a consistency of approach.

AIMA's relationships extend not only to key national supervisors but to global bodies tasked by the G20 with coordinating international initiatives, such as the Financial Stability Board and the International Organization of Securities Commissions (IOSCO). The global dimension is very important, as so much is now being debated and agreed at a global rather than a national level. I strongly believe that IOSCO will become a particularly important supervisory body for the hedge fund industry, and therefore our strong relationship and regular dialogue with this international group of supervisors is very important. This increasing international dimension plays to AIMA's strengths, with our global focus and diverse membership, as well as strong national AIMA teams in key jurisdictions.

While the global financial crisis has meant an increased focus on policy and regulatory issues, the strength of AIMA's international reputation is in large part derived from our important work over the last 20 years in the field of sound practices and education. This is why I often refer to AIMA as having a dual mandate: advocacy and education. I continue to believe we need to vigorously pursue both mandates, and that these are related and synergistic missions, essentially both focused on education.

In the past year we released two AIMA Guides on Sound Practices, one regarding Fund of Funds Managers and one on Hedge Fund Administration. We also released our updated Illustrative Due Diligence Questionnaire (DDQ), which addresses a variety of important issues raised during the 2008-2009 period, including a greater focus on operational issues. I want to thank all of the members and volunteers who contributed their time and insights to this important work. It is vital that this good work continues, and we have an ambitious series of sound practices and educational work currently in the pipeline.

We have taken a variety of steps in the past 12 months to strengthen the Association. As highlighted last year, we revised the fee structure for all members for the first time in many years. We did so in a very open and consultative manner, recognising the challenging nature of the economy, the markets, and our members' businesses. This was done to ensure that the Association could continue to provide a first class service to its members regarding both our policy work and our efforts in education and sound practices.

Our finances are on a sound footing. And in the past 12 months we have enjoyed an increase in membership, including particularly in the US. I believe this reflects the increasingly global nature of the policy and regulatory discussions, and AIMA's unique and advantageous position in that regard. Nevertheless, I would like to ask that each member during the upcoming 12 months seek to attract one or two new members. This will strengthen our membership and policy footprint, as well as our finances. I sincerely believe that AIMA membership remains a very attractive proposition, and the best vehicle for industry initiatives.

We also continued to attract high quality professionals to the Association's executive team and the Council, reflecting our global focus. In the past 15 months we were fortunate to add to the Council Paul Ruddock from Lansdowne Partners in London, Phil Tye from DragonBack Capital in Hong Kong, and Jamie Dinan from York Capital in New York. In addition, Florence Lombard, who stepped down from the AIMA executive team in April after 17 years of service, has remained on the Council, and brings significant industry relationships.

With the September elections, we will likely be adding two more senior professionals from manager firms based in London and Hong Kong, as well as a senior officer from a global hedge fund investor based in New York. This year's elections have benefitted

from multiple candidates and a strong membership turnout in most regions. I am grateful to all the candidates who stood for office, and to all of the members who participated in the process.

Finally, with regard to the Council, I wish to give a special thanks to Doug Shaw of Blackrock in London and Peter Douglas of GFIA in Singapore for their service on the Council. Both have been strong contributors to the Council for several years, and have taken important leadership roles nationally and regionally, including as Chairs of their respective Regional Advisory Councils. Although their terms on the Council have expired, they have both indicated a desire to stay involved with the Association, and I very much look forward to their ongoing contributions. We thank you both for your time and commitment.

In 2008, as part of a restructuring of the Council, three Regional Advisory Councils (RACs) were established. The RACs were created to preserve the important voice of national and regional members, and to ensure that local and regional interests are clearly represented. In an effort to further strengthen AIMA's decision-making structures during 2010, we have sought to increase the role of and dialogue with the RACs, to ensure that they are an important contributor and sounding-board for work programmes and priorities for AIMA, as intended. We encourage all members to be aware of these national and regional bodies, and to use them to express your priorities for the Association.

Also in 2010, we sought to expand the activities and the influence of our Investor Steering Committee (ISC), a group of leading hedge fund investors from different types of institutions and representing all parts of the globe. This year we have sought to incorporate their insights more fully into our policy discussions and our work on a variety of private sector initiatives. For example, the ISC has been an important contributor to our work regarding industry standards, as well as private sector initiatives to consider and potentially develop a more standardised set of performance and risk reporting metrics. Later this year, the ISC and London executives also expect to publish work outlining investor priorities related to operational systems and other infrastructure requirements at hedge fund firms. We greatly thank the ISC members for their time and effort.

We are keenly aware that AIMA's global and professionally diverse membership provides us with significant influence as an organisation. The fact that our membership includes a wide range of industry participants, including fund managers and fund of fund managers, as well as various service providers, consultants, investors, prime brokers, and administrators and custodians, means that we can draw on all of this experience and expertise in our policy and education work. AIMA remains the only association with such breadth and depth of membership and expertise, which is why we are so well positioned and able to act on behalf of the global industry.

We work diligently at the Executive and at the Council to develop and utilise the global and professional diversity of our membership, including through the RACs and the ISC. I strongly believe that our global network and focus, and our membership composition, have significantly strengthened our policy message and effectiveness with policymakers during the past two years, and this diversity has long been a major strength of our work in education and sound practices.

Related to these membership attributes and our multiple missions, and with the clear understanding that we are a member organisation, I wish to encourage all of you to become more involved in AIMA - nationally and globally, with the executive teams based in your home country and in London. Look for opportunities to join working groups or standing committees on topics of particular interest and/or expertise, or run for an elected position, and certainly do not ever hesitate to contact national or regional representatives, the London executive team, or members of the Council, and provide us with your suggestions and views on AIMA's activities. AIMA is your association, so seek to ensure that your views are heard.

Our good work is only possible because of the exceptional generosity of our members, who contribute so much of their time and professional insight to our committees and working groups around the world. Indeed, it is through our national, regional and global structures that our members play such an important part in the Association and its ability to meet its multiple missions. Membership involvement is crucial to the success of AIMA, and I would like to pay tribute to all of you who volunteer and participate. AIMA staff and volunteers around the world, including in Australia, Canada, the Cayman Islands, Hong Kong, Japan, London, Singapore and elsewhere, are making significant and crucial contributions to our work programmes. Thank you all, for everything that you do.

And Happy 20th Anniversary to AIMA!

# Chief Executive Officer's Statement

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By Andrew Baker



2009 was a defining year for the Association. Given the enormous problems created by the global financial crisis, the wave of legislation and regulation affecting the industry across the globe and the severe challenges faced by our own industry, the Association had to re-shape its core activities in order to be able to respond in the most effective way.

Throughout this period of tumultuous change and activity all of our efforts have been devoted to securing the best possible outcome for the industry; those successes that have been achieved so far would have been impossible without the commitment and dedication of our members both directly in committees and working groups and indirectly via financial contributions.

## POLICY

As the financial crisis continued to dominate the political agenda across the globe throughout 2009, AIMA's activities were again concentrated on emphasising the need for international co-ordination, coherence and a considered approach to any new supervisory framework for the industry. To support this work, we have developed many new relationships with governmental and political bodies and further cemented existing ones built up over the past. Highlights of our work with the various national and international bodies are set out below:

### Europe

The main focus of our attention in 2009 was the EU draft proposal for a Directive on Alternative Investment Fund Managers. This led us to reinforce our EU presence substantially by coordinating our efforts with Public Affairs consultancies FIPRA and Hume Brophy and establishing the AIMA-AIFMD Steering Group, which helped inform our work. In order effectively to promote the industry and to work towards a more workable Directive for hedge fund managers we engaged in an intensive round of meetings and discussions with the various European institutions involved: the Commission, Council of Ministers and the European Parliament.

### Engagement with the European Council

Working with, successively, the Czech and Swedish Presidency of the European Union, we developed strategic relationships with Member States across the EU. We established and maintained a dialogue with the relevant members of the Presidency teams and had numerous meetings with representatives of the various Member State governments across the EU. We followed these meetings up, where appropriate with briefing notes and information as to the Directive provisions which caused most concern.

### Engagement with European Parliament

AIMA's policy team again invested considerable time in meeting with the MEPs from the Economic and Monetary Affairs Committee including Rapporteur Jean-Paul Gauzès (France Conservative), the Shadows Syed Kamall (UK, Conservatives), Wolf Klinz (Germany, Liberal) and Robert Goebbels (Luxembourg, Socialist), as well as many other MEPs influential in the debate and their assistants. This work included a specific educational session on hedge funds for parliamentary assistants and the publication of a newsheet on the European hedge fund industry and its relevance and importance to the EU.

### Engagement with European Commission

Following the publication of the draft Directive, AIMA engaged with the European Commission in order, again, to explain where many of the provisions in the draft were unworkable for the industry as currently structured. AIMA published its Position Paper

and this was widely circulated to relevant stakeholders, setting out specifically which draft provisions were likely to cause problems and why.

#### **UK Treasury Select Committee's Banking Crisis Inquiry**

Early in 2009, along with a panel of four senior hedge fund managers from AIMA's membership I gave evidence before the Committee on the role, and regulation, of hedge funds in the banking crisis, and whether any reforms were desirable. Hedge Funds were not mentioned in the final report of the Committee.

#### **IOSCO**

In support of IOSCO's work in 2009 in developing the G20 commitment to global response to the financial crisis, we continued to work with IOSCO (in particular, the IOSCO Task forces on short selling; unregulated financial markets and products; and unregulated financial entities), submitting formal responses to their consultations and working with them to explore common regulatory solutions. This included the publication in May 2009 of AIMA's template for a global short selling reporting regime.

In addition, and in conjunction with the US President's Working Group on Financial Markets, the Managed Funds Association and the Hedge Fund Standards Board, AIMA contributed to the works of the Financial Stability Board in developing global industry standards for the hedge fund industry. We led the development, publication and updating of the Hedge Fund Matrix, an online tool bringing together the sound practices works of these different bodies into one location.

#### **USA**

In 2009 we continued to make every effort to reinforce our relationships with US policymakers and regulators, including our Chairman's testimony before the U.S. House Financial Services Sub-Committee on Capital Markets, Insurance and Government Sponsored Enterprises on the hearing on "Perspectives on Hedge Fund Regulation" as well as meetings with Mary Schapiro, Chairwoman, Jennifer B. McHugh, Legal Counsel to Chairwoman and Andrew 'Buddy' Donohue from the SEC, Heidilynne Schultheiss, United States Treasury Department and Dean Shahinian, Senator Dodd's Banking Committee.

#### **ASIA**

In the latter part of 2009, we visited governmental authorities in the major financial centres of Asia to argue for a coherent and harmonised approach to legislation and regulation in our sector.

#### **REGULATION AND TAX**

This dedicated and central department has continued its busy output during 2009. This included substantial and close work on the AIFM Directive, submissions in regulatory and fiscal consultations on numerous subjects, including:

- short selling (IOSCO, CESR, AFM, SFC, CONSOB, FSA, SEC)
- investment adviser registration in the USA (House of Representatives, Senate, SEC )
- remuneration policies (EC, FINMA, FSA)
- hedge fund oversight; unregulated entities; unregulated markets and products; funds of funds (IOSCO)
- disclosure of Contracts for Difference (FSA)
- UCITS Depositary Function (EC)
- OTC derivatives (EC)
- effective resolution arrangements for investment banks
- offshore funds regulations; qualifying investment test for CIS; trading and investment for AIFs; FAIFs in the UK (HMRC, HMT)

Guidance to assist members was produced regarding the UK Bank Payroll Tax. We added to our online Jurisdictional Resource, augmenting our programme of sponsorship of different national sections.

We wish to extend our considerable thanks to members of our working groups, to Regulatory and Tax Committees in National Groups and to our Tax Committee for their participation in such work and developing relationships with regulators and policymakers around the world. We also thank Simmons & Simmons and Gide Loyrette Nouel LLP for their very generous provision of regulatory and tax secondees during the year.



## **COMMUNICATIONS AND MEMBERSHIP**

The financial crisis highlighted the severe problems the industry has faced in its portrayal in the media. Hostile commentary and the repetition of misconceptions in the press, which grew widespread during the crisis, threatened to create an atmosphere in which politicians would be emboldened to criticise the industry and propose unhelpful laws, and in which investors would be driven away.

We sought to set the agenda proactively and present a positive vision of the industry by re-calibrating the dialogue with the main media channels. We devoted considerable time and effort in cultivating close and long-term relationships with journalists within the trade press and the financial and business media based on mutual interest and support. By offering off-the-record briefings to the media with leading industry figures we sought to increase understanding and combat the perception that journalists had difficulty gaining access to the industry.

We used research to provide fresh and innovative figures on the industry, establishing its social value, its value to investors, to individual national economies and to the global economy.

We aligned our media strategy with the Association's goals, in particular with on-going policy and regulatory initiatives. Our weekly newsletter, the AIMA Weekly News, which was launched in April 2009, kept members regularly informed about important industry issues, while the twice-monthly AIFMD Campaign Updates gave members a more detailed account of the progress of the Directive campaign. At the same time, we complemented our engagement with policymakers in Washington, Brussels and other important financial centres with closer cooperation with the key business media in those locations.

Globally, we offered greater support to our network of tireless spokespeople around the world. The Global Communications Group was established, which enabled us to improve the coordination of communications activities at a global level and provided a forum for consultation, liaison and the sharing of best practices.

Two industry communications forums were created, one drawing on people with communications/PR responsibilities for member firms, while the other comprised representatives of leading PR agencies with hedge fund industry clients. These groups enabled us to coordinate our communications strategies across the industry and consult with colleagues on communications activities, as well as learning from shared experiences.

On the membership front, we welcomed 203 new member firms in 2009, up 9% on the previous year - a very commendable effort in a difficult market. Much of the growth came from hedge fund managers and fund of hedge fund managers.

## **AIMA'S SPONSORING MEMBERS**

I would like to thank our Sponsoring Members, who now comprise CME Group, Ernst & Young, Fauchier Partners, ITLab, Man, Prime Fund Solutions and Simmons & Simmons, for their continued support, both financial and technical, which is enormously appreciated.

## **ADVISERS AND SERVICE PROVIDERS**

I would also like to thank our many advisers and service providers who are always ready to provide us with guidance and support when asked. They are too numerous to receive a mention, but special thanks must go to our accountants, MacIntyre Hudson, our legal counsel, Simmons & Simmons, and our auditors, Rees Pollock.

## **AIMA STAFF**

Last but certainly not least, I would like to thank AIMA's staff in Head Office and around the world, who continue to rise to the many challenges presented to them with great dedication and professionalism.

We have been delighted to welcome AIMA's new Director of Policy and Government Affairs, Jiri Krol, a Czech national who worked previously at the European Commission in Brussels. He has impressed us with his knowledge, experience and energy and has fitted in well into the AIMA "family".

# **The Alternative Investment Management Association Limited**

Report and Financial Statements

*31 December 2009*



COMPANY INFORMATION

<b>The Board of Directors</b>	A J Baker P E Sater P P Douglas F A Lombard C A S Fawcett W T Groome D A Shaw S G Simon P M Ruddock P A Tye J G Dinan
<b>Company secretary</b>	M A Richardson
<b>Company number</b>	04437037
<b>Registered office</b>	2nd Floor 167 Fleet Street London EC4A 2EA
<b>Auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	National Westminster Bank 116 Fenchurch Street London EC3M 5AL
<b>Solicitors</b>	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS

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**DIRECTORS' REPORT**  
for the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009.

**Principal activities and business review**

The principal activity of the company during the year continued to be the representation of the hedge fund management sector and related services.

Revenue from membership fees amounted to approximately £2.4 million, a decrease of 13% on the preceding year. The directors attribute this decrease to a higher level of membership cancellations experienced compared to previous years, but it is worth noting that the number of members recovered towards previous levels by the end of the year.

The decrease in other income reflects the loss of advertising revenue from the AIMA Journal, which is now freely available through the Association's website. The decrease in investment income reflects the interest rate reductions during the period under review.

The increase in overhead costs is attributable to the continued development of the administrative, regulatory, research, media and lobby teams, which reflects the Association's increasing role as the global representative body for the hedge fund industry.

The loss for the year, after taxation, amounts to £561,132, which has been financed from the reserves of the Association.

The directors are pleased to report that membership fee income, in respect of the current year, is projected to be approximately £3.2 million. The directors are therefore confident that the Association will return to profit in 2010, and it is their intention to rebuild the reserves to the previous level.

**Directors**

The directors who served during the year were:

A J Baker  
P E Sater  
P P Douglas  
F A Lombard  
C A S Fawcett  
W T Groome (appointed 13 May 2009)  
D A Shaw  
S G Simon  
P M Ruddock (appointed 10 June 2009)  
P A Tye (appointed 3 December 2009)

J G Dinan was appointed as a director on 22 April 2010.

**Donations**

During the year the company made charitable donations of £Nil (2008: £4,380).

**DIRECTORS' REPORT**  
for the year ended 31 December 2009

**Statement of directors' responsibilities**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

**Auditors**

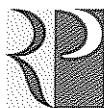
The auditors, Rees Pollock, have expressed their willingness to continue in office.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 15 September 2010 and signed on its behalf.



M A Richardson  
Company secretary



## REES POLLOCK

*Chartered Accountants*

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION LIMITED

We have audited the financial statements of The Alternative Investment Management Association Limited for the year ended 31 December 2009, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime.

Jonathan Moulds (Senior statutory auditor)

for and on behalf of

**Rees Pollock, Statutory Auditors**

Partners: Simon Rees FCA CTA, Johnny Moulds FCA, Catherine Kimberlin FCA, Jonathan Munday FCA CTA, Chris Dimmock FCA, Chris Barnett ACA CTA, Phil Vipond ACA, Rees Pollock Limited.  
16 September 2010

Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales

VAT Registration No. 524 9426 37

PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2009

	Note	2009 £	2008 £
<b>TURNOVER</b>	1	2,461,818	2,889,601
Administrative expenses		(3,040,667)	(2,832,378)
<b>OPERATING (LOSS)/PROFIT</b>	5	(578,849)	57,223
Interest receivable		17,935	113,955
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(560,914)	171,178
Tax on (loss)/profit on ordinary activities	6	(218)	(21,441)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	13	(561,132)	149,737

The notes on pages 6 to 11 form part of these financial statements.

**BALANCE SHEET**  
as at 31 December 2009

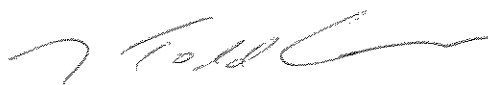
	Note	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Tangible assets	7		101,573		139,995
Fixed asset investments	8		-		-
			<u>101,573</u>		<u>139,995</u>
<b>CURRENT ASSETS</b>					
Debtors	9	189,301		171,126	
Cash at bank and in hand		1,479,232		2,504,104	
		<u>1,668,533</u>		<u>2,675,230</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	(575,814)		(1,059,801)	
<b>NET CURRENT ASSETS</b>			<u>1,092,719</u>		<u>1,615,429</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,194,292</u>		<u>1,755,424</u>
<b>MEMBERS' FUNDS</b>					
Capital contribution	13		293,014		293,014
Profit and loss account	13		901,278		1,462,410
	14		<u>1,194,292</u>		<u>1,755,424</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 September 2010.



A J Baker  
Director



W T Groome  
Director

The notes on pages 6 to 11 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they adopt the going concern basis in preparing the financial statements.

**1.3 Turnover**

The turnover shown in the profit and loss account represents the value of subscriptions and other income receivable by the company during the year, stated net of value added tax. Income is recognised only to the extent that it relates to the accounting period.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	over the remaining lease period
Fixtures & fittings	-	4 years straight line basis
Equipment	-	4 years straight line basis

**1.5 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.6 Pension costs**

The company makes payments into defined contribution personal schemes for members of staff who have completed the required qualifying service. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable and contributions actually paid are shown either as accruals or prepayments.

**1.7 Deferred taxation**

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

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 in arriving at the operating profit.

2. TURNOVER

The turnover for the year was derived from the company's principal continuing activity. The company operates principally in the U.K., but also through National Groups located in Australia, the Cayman Islands, Hong Kong, Singapore and South Africa.

On 19 June 2009 The Alternative Investment Management Association Canada (AIMA Canada) became a subsidiary undertaking of the company. Its entitlement to a proportion of the fees for that region has been reflected in the financial statements.

3. OPERATING COSTS

Operating costs totalling £429,526 (2008: £424,081) represent expenditure incurred by the National Groups of the Association located in Australia, the Cayman Islands, Hong Kong, Singapore and South Africa. It also includes AIMA Canada's entitlement to fees received for that region.

Included in operating costs is a member fee contribution received from the AIMA Japan Non-Profit Mutual Benefit Corporation of £10,900 (2008: £15,834).

4. DIRECTORS' REMUNERATION

	2009	2008
	£	£
Aggregate emoluments (including pension contributions)	588,186	767,348

During the year retirement benefits were accruing to 2 directors (2008 - 4) in respect of money purchase pension schemes.

Directors' emoluments are those received by the two full-time directors employed by the Association.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

5. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	57,032	66,749
Auditors' remuneration	8,000	7,300
Pension costs	61,297	54,611
Operating lease costs	111,346	102,065
Net loss/(gain) on foreign currency translation	7,142	(26,677)
	<u>          </u>	<u>          </u>

6. TAXATION

	2009 £	2008 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on (loss)/profit for the year	-	21,441
Adjustments in respect of prior periods	218	-
	<u>          </u>	<u>          </u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u>218</u>	<u>21,441</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from that calculated using the standard rate of corporation tax in the UK of 21% (2008: 21%) as described in the reconciliation below.

	2009 £	2008 £
Profit on ordinary activities before taxation	(560,914)	171,178
	<u>          </u>	<u>          </u>
	2009 £	2008 £
Profit on ordinary activities multiplied by the rate of tax	(117,792)	35,947
Effects of:		
Amounts attributable to members not taxable	117,913	(14,609)
Fixed asset timing differences	75	223
Expenses not deductible for tax purposes	45	134
Taxed at a different rate		(254)
Adjustment in respect of prior period	(23)	
	<u>          </u>	<u>          </u>
Total	<u>218</u>	<u>21,441</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 January 2009	170,645	99,705	110,395	380,745
Additions	-	-	18,610	18,610
	<u>170,645</u>	<u>99,705</u>	<u>129,005</u>	<u>399,355</u>
At 31 December 2009	170,645	99,705	129,005	399,355
<b>Depreciation</b>				
At 1 January 2009	83,364	78,726	78,660	240,750
Charge for the year	24,361	11,877	20,794	57,032
	<u>107,725</u>	<u>90,603</u>	<u>99,454</u>	<u>297,782</u>
At 31 December 2009	107,725	90,603	99,454	297,782
<b>Net book value</b>				
At 31 December 2009	<u>62,920</u>	<u>9,102</u>	<u>29,551</u>	<u>101,573</u>
At 31 December 2008	<u>87,281</u>	<u>20,979</u>	<u>31,735</u>	<u>139,995</u>

8. FIXED ASSET INVESTMENTS

On 19 June 2009 the company gained a controlling interest in AIMA Canada. This controlling interest was gained at no cost. Details of the profit/(loss) and the capital and reserves (net assets) of this subsidiary are given below, converted at the year end foreign exchange rate.

Subsidiary	Profit/(loss) 2009 £	Net assets 2009 £	Profit/(loss) 2008 £	Net assets 2008 £
AIMA Canada	<u>(11,925)</u>	<u>165,068</u>	<u>73,565</u>	<u>168,281</u>

9. DEBTORS

	2009 £	2008 £
Trade debtors	111,209	14,270
Other debtors	78,092	156,856
	<u>189,301</u>	<u>171,126</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

10. **CREDITORS:**  
Amounts falling due within one year

	2009 £	2008 £
Trade creditors	108,377	84,993
Corporation tax	241	21,441
Social security and other taxes	280,172	279,864
Other creditors	187,024	673,503
	<u>575,814</u>	<u>1,059,801</u>

11. **OPERATING LEASE COMMITMENTS**

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows:

	2009 £	2008 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>111,345</u>	<u>111,345</u>

12. **COMPANY LIMITED BY GUARANTEE**

The company is a private company limited by guarantee and consequently does not have share capital. In the event of a winding up, should the company be unable to meet its liabilities, the members have agreed to contribute £10 to the assets of the company.

The capital contribution is the contribution received from the Alternative Investment Management Association, when the company commenced activity.

13. **RESERVES**

	Capital contribution £	Profit and loss account £
At 1 January 2009	293,014	1,462,410
Loss for the year	-	(561,132)
At 31 December 2009	<u>293,014</u>	<u>901,278</u>

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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

14. RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS

	2009 £	2008 £
Opening members' funds	1,755,424	1,605,687
(Loss)/profit for the year	(561,132)	149,737
	<hr/>	<hr/>
Closing members' funds	1,194,292	1,755,424
	<hr/>	<hr/>

15. CONTRIBUTION TOWARD THE AIFMD CAMPAIGN

The purpose of the fund, which was formed in October 2009, is to pay for the costs of engaging the services of Government Affairs advisers to undertake the public affairs work within the European Union in relation to AIMA's campaign on the European Commission's proposed Alternative Investment Fund Managers Directive. The contributions, costs and unspent funds as at 31 December 2009 have not been included in these financial statements.

	2009 £	2008 £
Contributions received	595,519	-
Costs	(375,550)	-
	<hr/>	<hr/>
	219,969	-
	<hr/>	<hr/>