

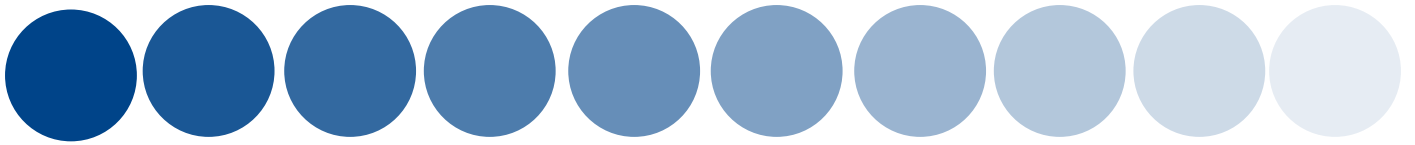
Annual Report & Accounts

for the year ended 31 December 2007



Alternative Investment Management Association





About AIMA

The Alternative Investment Management Association (AIMA) is the professional trade association for the hedge fund and related industries. Its members manage **75%+ of global hedge fund assets and 70%+ fund of funds assets**. It has over 1,280 corporate members in 47 countries. Members include the leading hedge fund managers, fund of hedge funds managers, prime brokers, legal and accounting services and fund administrators.

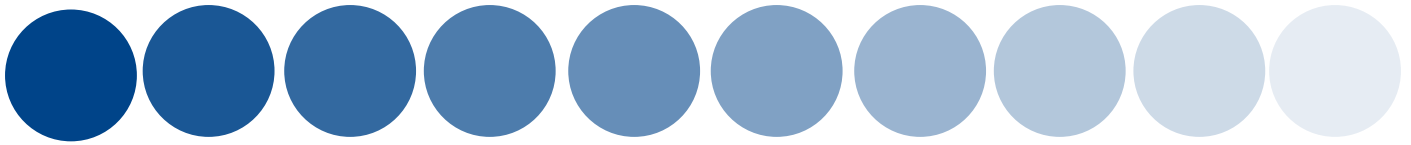
AIMA's members benefit from the association's active influence in policy development, its leadership in industry initiatives, including education and sound practice manuals and its excellent reputation with regulators worldwide.

AIMA is a dynamic organisation that reflects its membership's interests and provides it with a vibrant global network.

AIMA is committed to developing industry skills and educational standards, and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) and the CAIA Association.

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Chairman's Statement



Christopher Fawcett, *Chairman*

It has been my privilege to serve as AIMA's chairman since 2003 during which time the hedge fund industry has grown incredibly strongly; however, there is no doubting that the challenges which have been thrown up since the seriousness of the credit crunch first became apparent in August 2007 are providing and will continue to provide a stern test for the business models of virtually all participants in the industry. Those who have neglected the long term competitive advantage to be gained from operating sound practices, will, like the family who did not fix the roof when the sun was shining, find that life may get a great deal tougher. However, despite low levels of new business formation, a subdued performance environment, unprecedented concerns about counterparty risks, fears of knee-jerk regulatory or legislative responses and lower allocations of capital, it is surely right to be confident that the industry will yet again demonstrate its remarkable ability to adapt to new paradigms and eventually emerge yet stronger once the credit crunch has abated. Doomsayers and the ill-informed who have predicted the end of the hedge fund era will be disappointed at the low level of disorderly fund failures seen so far in this market hiatus. Shutdowns there have been aplenty, but almost all have been conducted in an orderly and therefore un-newsworthy manner.

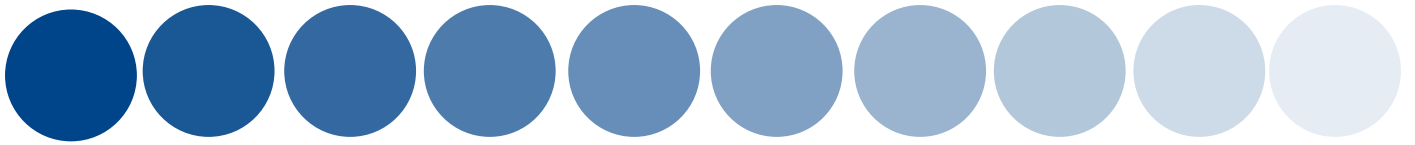
I consider below three important points worthy of more detailed consideration: two external/ market issues and one issue internal to AIMA.

Part of the solution, not part of the problem

Weighty reports are still being written on the probable causes of the market dislocation that erupted twelve months ago and I do not propose to speculate further on the contributory factors; however I am on safe ground in stating that hedge funds are the "dogs that did not bark" – namely that policymakers from G8 downwards and some regulators were so busy expecting a systemic problem to be caused by a hedge fund failure that attention was diverted from other more important areas of financial activity. Whilst it is completely inappropriate to highlight publicly this juxtaposition, it would be equally wrong to overlook the role that pools of private capital, including hedge funds, can play in providing contra-cyclical capital to aid the process of market rehabilitation and recovery. In the entirely correct desire to prevent a repetition of these events, it will be essential to avoid inappropriate or politically-motivated regulation that ends up crimping the capacity of private capital to act. With governments of most persuasions desperate to avoid committing tax payers' money to provide blanket guarantees to weakened financial institutions, there will be few alternatives but to encourage private capital to participate.

Attacks on short-selling

As the effects of the credit crunch have continued to take their toll on market confidence and levels of liquidity, a familiar but dangerous bear market phenomenon is gaining a new and unwelcome lease of life: an assault from legislators, regulators and the media on the practice of short-selling, particularly in relation to equities. This technique is an absolute bedrock of modern capital markets providing as it does the twin benefits of efficient price-discovery and enhanced liquidity. There have been numerous academic studies published which support the fundamental thesis that short-selling assists markets to operate. However, it is depressingly predictable that calls for restrictions on this wholly legitimate and beneficial practice tend to occur during bear markets. Regrettably, such calls are often accompanied by so far unsubstantiated claims of abusive behaviour or claims that short-selling is uniquely prone to abusive behaviour. I would urge all



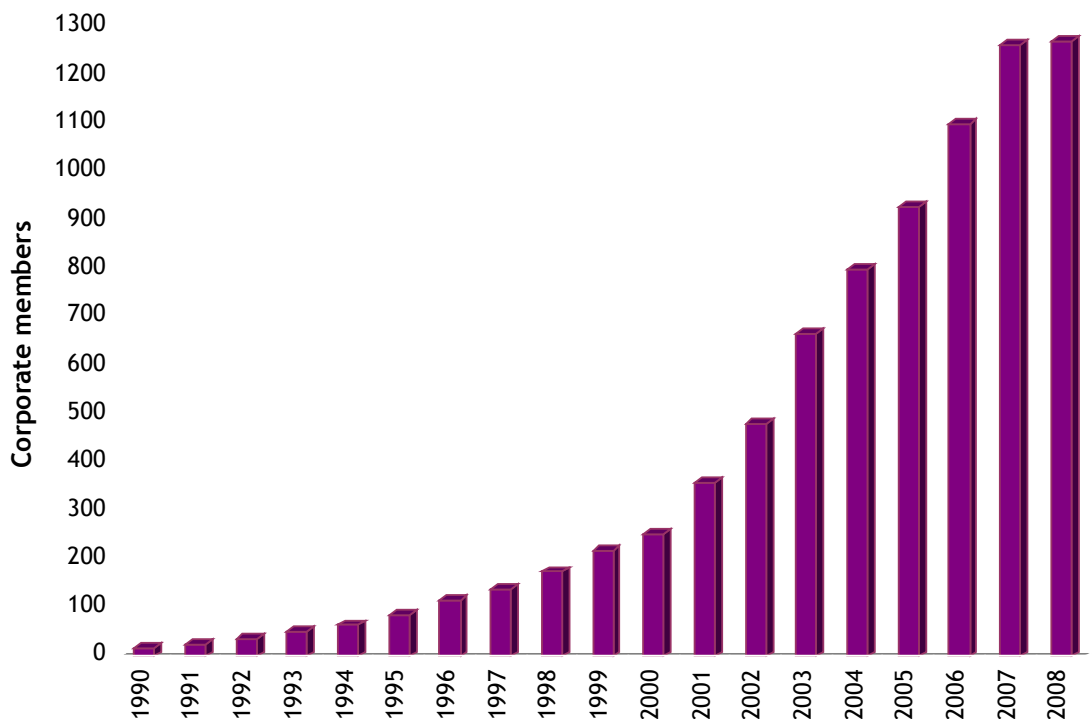
commentators and decision makers to think very carefully before using the words “abusive” and “short-selling” in the same sentence because the longer term damage caused by this association will be to the efficient operation of markets and therefore to the efficient allocation of capital between investors and companies.

Changes to AIMA’s structure and governance

It is axiomatic that changes in the industry and changing requirements from its membership should be suitably reflected in the way that AIMA organises itself. Earlier in the year we wrote to the membership to announce important changes in two main areas: in the way that AIMA is structured and in the composition of the Council. I am pleased to announce that we had a very strong and supportive response to these proposals and that the new regional structure consisting of the three regions: Americas, EMEA and Asia-Pacific as well as the new Council composition will come into effect after the membership vote at this year’s AGM on 25th September. The new Board will concentrate its efforts on pursuing the Association’s strategic agenda for its two year term to 2010 and on cementing the new organisational structure which sees the creation of three new Regional Advisory Committees formed as sub-committees of the Council. At the end of each two year term of the Council we say a warm goodbye to departing directors and we greet the new incumbents; this time around there is a heavier-than-usual slate of departures so I have the considerable pleasure in thanking them all for their unstinting and selfless contributions to smooth governance during their period of service.

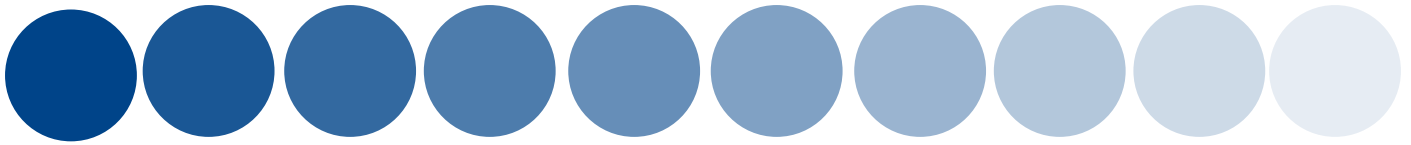
Membership numbers

I will conclude by providing details of how AIMA’s membership has evolved over the last twelve months. Despite numbers of members being slightly down year-on-year, we have met our budget forecast which predicted that cancellations would rise as a result of harsher economic conditions. I am delighted to report that the number of applications from new members is now running at historic levels.



As ever, I am grateful to the Executive team of AIMA for their enterprise and enthusiasm in supporting the Council to work on your behalf.

Christopher Fawcett,
Chairman



CEO's Statement



Florence Lombard, *Chief Executive Officer*

There has been the inevitable and continued rise in the amount of attention being focused on the hedge fund industry, everywhere in the world. Views are opined at great length on the role that hedge funds have to play in the credit crunch and current market dislocation; regulatory authorities have taken varying steps to address market concerns, including market abuse, yet - in some cases - backward steps in the way in which they have handled certain issues; investors have seen the value of their portfolios fall across the majority of asset classes resulting in redemptions from hedge funds; and the media continues to act as a giant melting pot for all of this.

The impact on AIMA and its personnel cannot be under-estimated. AIMA's head office in London moved to newer and larger premises during 2007. Staff increased from 8 to 15 and, globally, from 9 to 17. We particularly welcomed the appointment of Andrew Baker as Deputy CEO. A long-standing member of AIMA and a very experienced industry professional, Andrew brings valuable experience to the AIMA Executive team. The appointment of specialist consultants for policy and communications has become a key aspect of our strategy. The volume of output generated by volunteer committee and working group members was substantial and greater than ever before. The following Statement offers only highlights of the extensive body of work generated during the year.

Education

This is the pillar that underpins all activities undertaken by AIMA. The Association is recognised internationally as the leader in this area. We have always provided, and will continue to provide, complimentary access to our wide body of materials to all of the above stakeholders, institutional investors, policy makers and regulators, as well as - of course - to our valued membership.

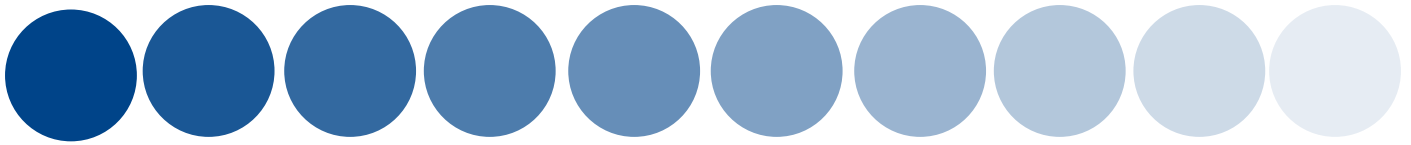
A key highlight of the year was the creation of our Investor Steering Committee. Comprising eleven institutional investors such as CalPERS and the World Bank Pension Plan, this Committee's task is to offer to AIMA strategic and practical advice on its activities and, particularly, how to meet the needs of the institutional investor community, so important to our members. 2008 will see the launch of AIMA's largest ever piece of work - a hedge fund 'roadmap' designed and written for fiduciaries and trustees, and authored by Alex Ineichen of UBS.

The AIMA Journal continues to inform all stakeholders and AIMA's website - home to a wide range of informative and non-commercial information - welcomed over 500,000 visitors who each enjoyed extended sessions online with us. (This translates to over 12.5 million hits.) Work has been on-going to further develop this powerful communication and information tool.

The ability to hold and refer to consistent data is paramount for AIMA and, this year, we began to build an in-house research function. Its goal is to support all other areas of activity within AIMA by working with the leading hedge fund data providing companies and informing all of our output, including policy position papers and regulatory responses.

Policy

Our dialogue with policymakers and governments around the world grew noticeably.



Europe

We held our first hedge fund seminar in Brussels with the assistance of Hume Brophy, our European Government Affairs consultants. Attendance was unprecedented at such an event with over 60 attendees including Members of the European Parliament and Cabinet staff.

USA

Two delegations were sent to Washington during the year - comprising senior AIMA staff and Council Members. Supported by Ogilvy Government Relations, our US Government Affairs consultants, meetings were conducted at the highest levels including with the US Treasury, Senators, Congressmen and SEC's Commissioners and staff.

G7

In addition to AIMA's Chairman and CEO travelling to Berlin to meet with the German Chancellor's Office and the Ministry of Finance, during this country's chairmanship of G7 and the European Union, we were invited to attend the G7 hedge fund outreach meeting in Washington in May. Our aim had been to prevent the enforcement of a global code of conduct for the industry and our efforts in this area were successful.

UK

AIMA provides regular and private briefings on hedge fund matters to both UK and foreign nationals presiding over government affairs. Meetings were held with Government Ministers and staff in addition to visiting dignitaries to the City of London.

Regulation and tax

The work of this dedicated and central department has continued apace. Its output during 2007 included submissions in regulatory and fiscal consultations on 'Industry Guidance', funds of alternative investment funds and phone taping (FSA, UK), anti-fraud rules (SEC, USA), the Investment Manager Exemption (HMRC, UK), soft commission, valuations and funds of hedge funds (IOSCO), offshore derivatives (SEBI, India), indices for UCITS (CESR) and private placement (EC).

Guidance and 'matrices' to assist members were produced in the areas of anti-money laundering, MiFID, market ethics, dealing commission, EU Savings Tax, CRD and ICAAP. Increased interaction with regulators and fiscal authorities and with AIMA's regulatory sub-committees around the world were also features of the team's work.

Regulatory Forum

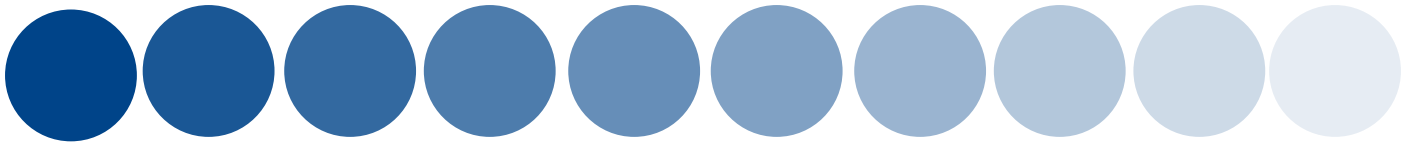
We were pleased to host our fourth international regulatory forum. Held in London, it was attended by representatives of 43 regulatory and policy bodies from 29 jurisdictions - our largest to date. This series of fora, also held in Asia, provide a private and confidential forum between the delegate constituencies of regulators, policymakers (including elected politicians) and their advisers, and senior members of the hedge fund industry. Topics discussed included financial stability, corporate governance and market ethics.

We extend our sincere gratitude to PricewaterhouseCoopers and KPMG who provided us with invaluable secondees to support our Tax Committee. They enabled us to concentrate and enhance our activities in our increasing and vitally important work regarding tax.

Sound Practices

AIMA's extensive body of work was improved upon in 2007 with the launch of the new Guide to Sound Practices for Hedge Fund Valuation, updated Guide to Sound Practices for European Hedge Fund Managers and the updated series of Illustrative Due Diligence Questionnaires for the Selection of Managers and Service Providers.

With strong support of and recognition by leading organisations of AIMA's work - including IOSCO and the Financial Stability Forum as well as several central banks - the proactive nature of AIMA



and its members in addressing the requirement for industry practices has paid substantial benefit; the Association's standing in the global community and the adoption of its quality guidance by the financial community is significant.

2007 saw the creation of the Hedge Fund Working Group in the UK - an initiative by 14 of the larger UK (and one European) managers to develop a voluntary 'comply or explain' regime for hedge fund managers. AIMA was pleased to support this initiative.

Additionally, the US President's Working Group was focused on the creation of sound practice reports for the investor and manager communities in the US. Again, AIMA was fully supportive of the initiative and those involved in the generation of the reports and met several times with the PWG ahead of publication of their reports.

We are working closely with both organisations – plus the Managed Fund's Association - to lead the initiative to bring about harmonisation of industry practices.

Media and communications

A strong communications programme is imperative to enable the industry to progress and prosper. 2007 was a very busy year for our team. Our objective is to inform the media and not to see our name in highlights. That said, the opportunity to have a voice in the media, with quotes, resulted in a year-on-year increase of 45% in AIMA-related press cuttings. We gave over 100 media briefings and interviews and held an inaugural, high-level press event in London for leading hedge fund managers and service providers, which attracted over 40 top level national and international journalists.

Topics dealt with by the communications team ranged from market ethics to MiFID, from short selling to financial stability.

aimafocus, our members' newsletter, has proven to be a great success with our news being delivered to you in a streamlined manner rather than via a multitude of emails.

AIMA Sponsoring Members

We have enjoyed another year of support from Citigroup Alternative Investments, Ernst & Young, Fortis, Man Investments and Simmons & Simmons who were joined this year by Thomson Reuters.

AIMA Personnel

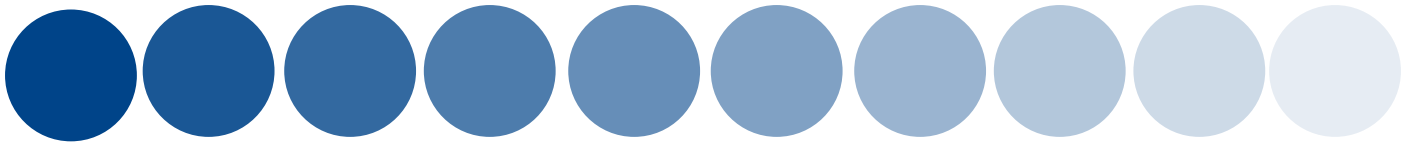
Regular feedback is one of recognition and, at times, surprise at the quality and quantity of output by such a relatively small team. The respect with which their dedication and professionalism is viewed is a great source of pride to all involved and something which I believe to be well-deserved. I extend to each of them my heartfelt appreciation for all they do for the industry.

AIMA Council

In addition to our Chairman's words of thanks, I would like to extend my own to each of the outgoing AIMA Council Members. Their leadership and dedication have been extraordinary; the hours and days devoted to the promotion of the hedge fund industry across the globe is exceptional and, dare I say, quite unique to this organisation and this industry. It has been a personal privilege to work with such talented individuals over so many years.

Accounts

The financial year 2007 was another strong year for the Association. We have increased our staff and moved to larger premises to ensure we can meet the challenges which the future will undoubtedly present to us. Overall income grew to £2,316,287, (mostly made up of membership fees), the expenses relating to our global activities were £2,220,266, resulting in a net profit post taxation of £193,885.

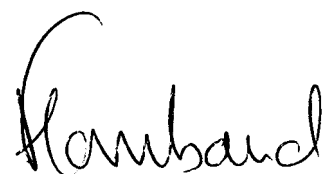



A personal milestone

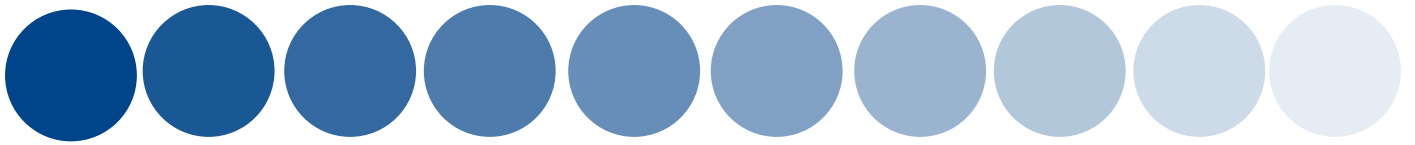
In January 2008 I celebrated my 15 years working for AIMA and for our constantly evolving industry and its trade body. Although signs were already there, we could not have fully anticipated then, the impact that 2008 would have on the global financial markets.

I believe that the investment management sector is undergoing fundamental changes and that our industry's role in the sector is reaching new heights. Our response to this increased responsibility over the forthcoming months and years will be paramount.

All at AIMA, staff and new Board of Directors look forward to this challenge and to working with our members to address the many issues that will come our way.



Florence Lombard
Chief Executive Officer



AIMA Team

2008

CEO
Deputy CEO
Director

Florence Lombard
Andrew Baker
Emma Mugridge

Policy

CEO
Communications & Policy Associate
Government Affairs support

Florence Lombard
Angie Elrick
Hume Brophy (Europe)
Ogilvy (USA)

Regulatory & Tax

Director, Regulatory & Tax
Associate Director, Regulatory & Tax
Regulatory Assistant
Secretary
Tax Committee

Mary Richardson
Matthew Jones
Sara Forgione
Vivienne Ball

Sound Practices

Deputy CEO
Executive PA
Sound Practices Committee

Andrew Baker
Ali Wilson

Education and Research

Director
Investor Steering Committee

Emma Mugridge

Communications

Director
Communications & Policy Associate
Communications support

Emma Mugridge
Angie Elrick
Hume Brophy

Membership Services

Manager
Administrator

John Stephens
Hannah Creal

Operations and Administration

Operations Officer
Executive PA
Executive PA
PA and Events Coordinator
Receptionist

Kirk Taylor
Ali Wilson
Loraine Michael
Lucy Coates
Stacie Milton

AIMA Canada (branch office)

General Manager

Lynda Briant

AIMA Hong Kong (branch office)

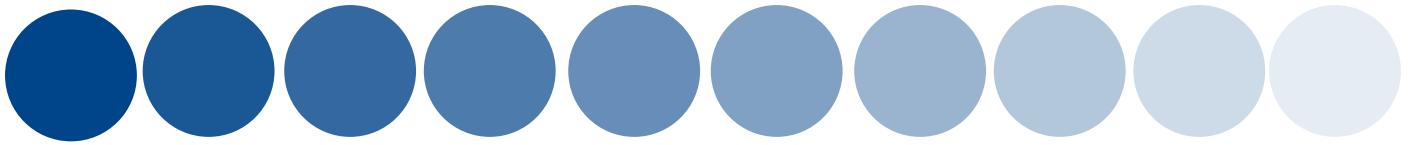
Assistant

Ann Cheung

AIMA Singapore (branch office)

Manager

Sue Lynn



Directors and Officers

Directors

Andrew J. Baker (appointed 6 September 2007)
Neil Andrew Brown (retired 7 September 2007)
Dermot S. L. Butler*, **
Peter P. Douglas
Christopher A. S. Fawcett*, **
Ian D. Hamilton
C. H. A. (Clayton) Heijman
T. Kim Ivey
Sohail E. Jaffer
Klaus J. Jäntti*
K. P. Christophe Lee
Florence A. Lombard
Massimo Maurelli
Pierre-Yves Moix
Emma L. Mugridge
Paul E. R. Sater*, ** (appointed 15 May 2007)
Phil Schmitt
Andrew C. Stepaniuk
Tetsuro Uemae
Jean-François A. Vert
Mary A. Richardson

Company Secretary

Mary A. Richardson

Registered Office

167 Fleet Street, London EC4A 2EA

Auditor

Rees Pollock
35 New Bridge Street, London EC4V 6BW

Banker

National Westminster Bank
116 Fenchurch Street, London EC3M 5AN

Solicitor

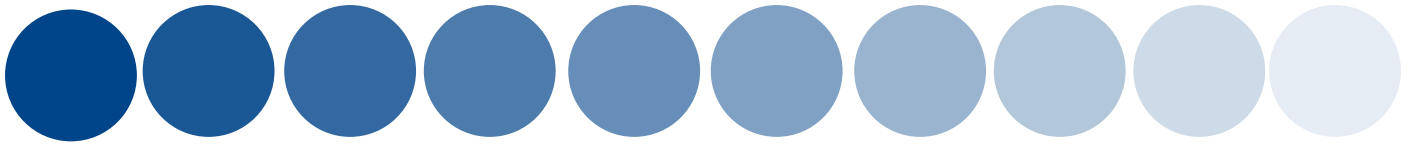
Simmons & Simmons
CityPoint, One Ropemaker Street, London EC2Y 9SS

Registered Number

04437037

* Members of AIMA's Remuneration Committee

** Members of AIMA's Membership Committee



Directors' Report

The directors present their report and the accounts of the company for the year ended 31 December 2007.

Principal activities and business review

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

The directors are pleased to report that revenue from membership fees increased by 16% to approximately £2.1 million during the year under review. Other income, arising from the sale of the AIMA Journal and other research publications, together with investment income received, took the total income receivable for the year to £2.3 million for the year under review.

The increase in overhead costs can be attributed to higher headcount and the move to new, larger offices in August 2007. The higher headcount is as a result of the continued development of the administrative, regulatory, media and lobby teams, which reflects the Association's increasing role as the global representative body for the hedge fund industry.

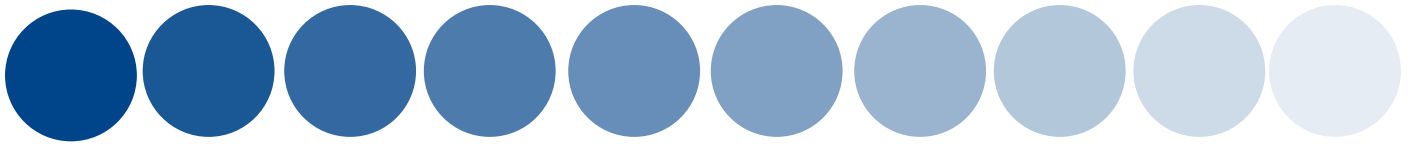
The profit for the financial year, after taxation, amounts to £193,885, which the directors recommend is added to the reserves of the Association.

Directors' Responsibilities

The directors are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 these accounts, 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 accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with 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 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 may differ from legislation in other jurisdictions.

Each of the persons who is a director at the date of approval of this annual report confirms that:

- in so far as they are aware there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Donations

During the year the company made the following contributions:

	2007	2006
	£	£
Charitable	904	8,000

Auditor

A resolution to re-appoint Rees Pollock as auditor for the ensuing year will be proposed at the annual general meeting.

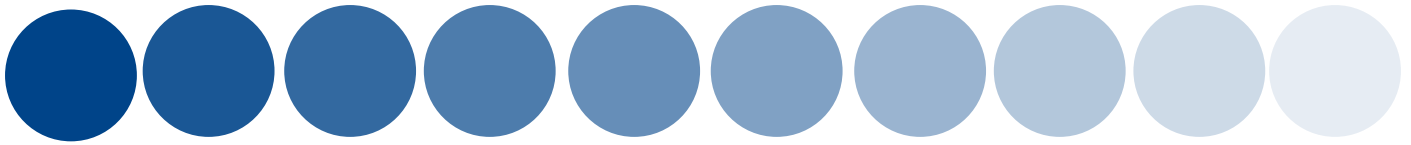
Small company provisions

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

ON BEHALF OF THE BOARD

M. A. Richardson
Company Secretary

10 September 2008



Independent Auditor's Report to the Members of the Alternative Investment Management Association Limited

We have audited the accounts of The Alternative Investment Management Association Limited for the year ended 31 December 2007, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These accounts have been prepared on the basis of the accounting policies set out therein.

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 auditor

The directors' responsibilities for preparing the accounts 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 accounts 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 accounts 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 accounts.

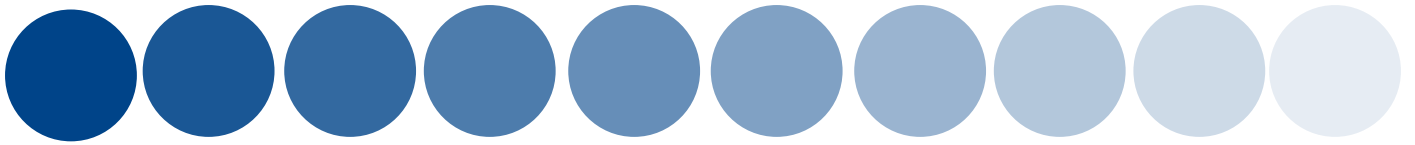
In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.



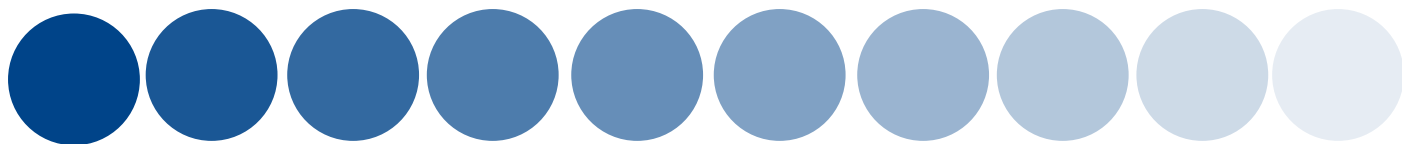
Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Rees Pollock, London
Chartered Accountants & Registered Auditors

10 September 2008



Profit and Loss Account

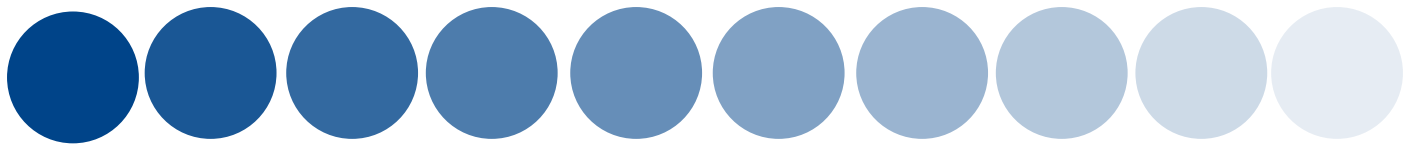
for the year ended 31
December 2007

	Note	2007 £	2006 £
Turnover	2	2,316,287	2,097,354
Administrative expenses		<u>2,220,266</u>	<u>1,532,265</u>
Operating profit	5	96,021	565,089
Interest receivable		<u>116,820</u>	<u>73,175</u>
Profit on ordinary activities before taxation		212,841	638,264
Tax on profit on ordinary activities	6	18,956	11,542
Profit for the financial year		193,885	626,722

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes from page 16 form part of these accounts.



Balance Sheet

At 31 December 2007

	Note	2007	2006
		£	£
Fixed Assets			
Tangible assets	7	185,946	71,990
Current Assets			
Debtors	8	132,958	143,618
Cash at bank and in hand		1,758,926	1,497,301
		1,891,884	1,640,919
Creditors: <i>amounts falling due within one year</i>	9	472,143	301,107
Net current assets		1,419,741	1,339,812
Total assets less current liabilities		1,605,687	1,411,802
Reserves			
Capital contribution	11	293,014	293,014
Profit and loss account	12	1,312,673	1,118,788
Members' funds	13	1,605,687	1,411,802

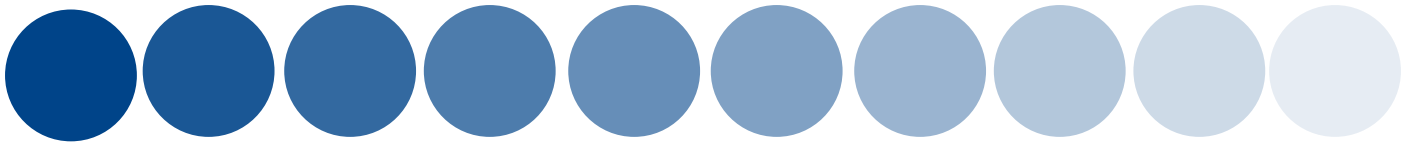
These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These accounts were approved by the board on 10 September 2008 and signed on its behalf by:

C A S Fawcett
Director

F A Lombard
Director

The notes from page 16 form part of these accounts.



Notes to the Accounts

for the year ended 31 December 2007

1

ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

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

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over the remaining lease period
Fixtures & Fittings	-	4 years straight line basis
Equipment	-	4 years straight line basis

Operating lease

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

Pension costs

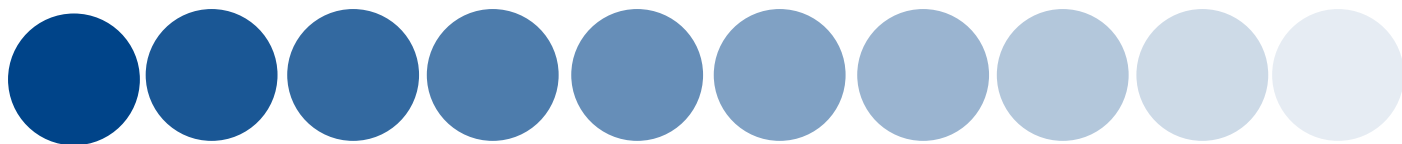
The company makes payments into defined contribution personal schemes for members of staff who have completed the required qualifying service. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable and contributions actually paid are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

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.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.



Notes to the Accounts

for the year ended 31 December 2007

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 chapters located in Australia, Canada, Cayman Islands, Hong Kong, Singapore and South Africa.

The Japanese chapter became a separate legal entity on 1 June 2006. The company received an administrative fee for the provision of services to its members during the year.

3

OPERATING COSTS

Operating costs totalling £177,686 (2006: £202,850) represent expenditure incurred by the overseas chapters of the Association located in Australia, Canada, Cayman Islands, Hong Kong, Singapore and South Africa.

4

DIRECTORS' EMOLUMENTS

	2007	2006
	£	£
Aggregate emoluments	610,621	435,510
Value of company pension contributions to money purchase schemes	26,265	19,390
	636,886	454,900

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

The number of directors who accrued benefits under company pension schemes was as follows:

	2007	2006
Money purchase schemes	4	3



Notes to the Accounts

for the year ended 31 December 2007

5

OPERATING PROFIT

Operating profit is stated after charging:

	2007	2006
	£	£
Staff pension contributions	17,076	13,207
Depreciation of owned fixed assets	65,009	44,439
Auditor's fees	7,500	5,000
Operating lease costs:		
Land and buildings	88,392	48,463
Net loss on foreign currency translation	<u>5,326</u>	<u>571</u>

6

TAXATION ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	2007	2006
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2006 - 19%)	18,956	11,542
Total current tax	18,956	11,542

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than that calculated using the standard rate of corporation tax in the UK of 20% (2006 - 19%) as described in the reconciliation below.

	2007	2006
	£	£
Profit on ordinary activities before taxation	<u>212,841</u>	<u>638,264</u>
Profit on ordinary activities multiplied by the rate of tax	42,568	121,270
Effects of:		
Income not taxable	(23,451)	(111,058)
Fixed asset timing differences	(2,243)	56
Expenses not deductible for tax purposes	2,319	1,274
Taxed at a different rate	(237)	-
Total current tax (note 5(a))	18,956	11,542



Notes to the Accounts

for the year ended 31 December 2007

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TANGIBLE FIXED ASSETS

	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2007	48,855	63,764	68,363	180,982
Additions	121,790	35,476	21,699	178,965
At 31 December 2007	170,645	99,240	90,062	359,947
Depreciation				
At 1 January 2007	32,570	32,877	43,545	108,992
Charge for the year	26,434	23,387	15,188	65,009
At 31 December 2007	59,004	56,264	58,733	174,001
Net book value				
At 31 December 2007	111,641	42,976	31,329	185,946
At 31 December 2006	16,285	30,887	24,818	71,990

8

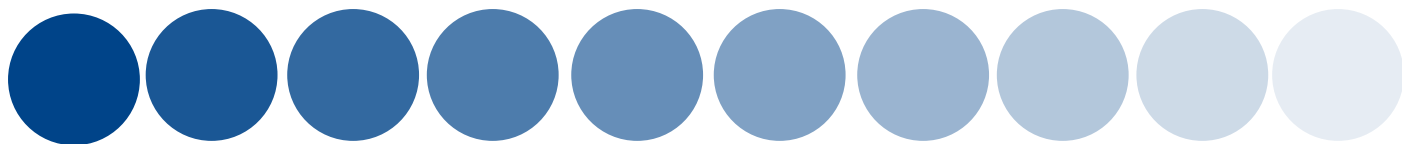
DEBTORS

	2007	2006
	£	£
Trade debtors	11,539	55,784
VAT recoverable	28,756	4,301
Other debtors	92,663	83,533
	132,958	143,618

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CREDITORS: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	102,079	51,530
Other creditors including taxation and social security:		
Taxation and social security	208,417	132,325
Accruals and deferred income	161,647	117,252
	472,143	301,107



Notes to the Accounts

for the year ended 31 December 2007

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COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2007	2006
	£	£
Operating leases which expire		
Within 1 year	-	32,635
Within 2 to 5 years	111,345	-
	111,345	32,635

11

COMPANY LIMITED BY GUARANTEE

As a company limited by guarantee, the company has no 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.

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PROFIT AND LOSS ACCOUNT

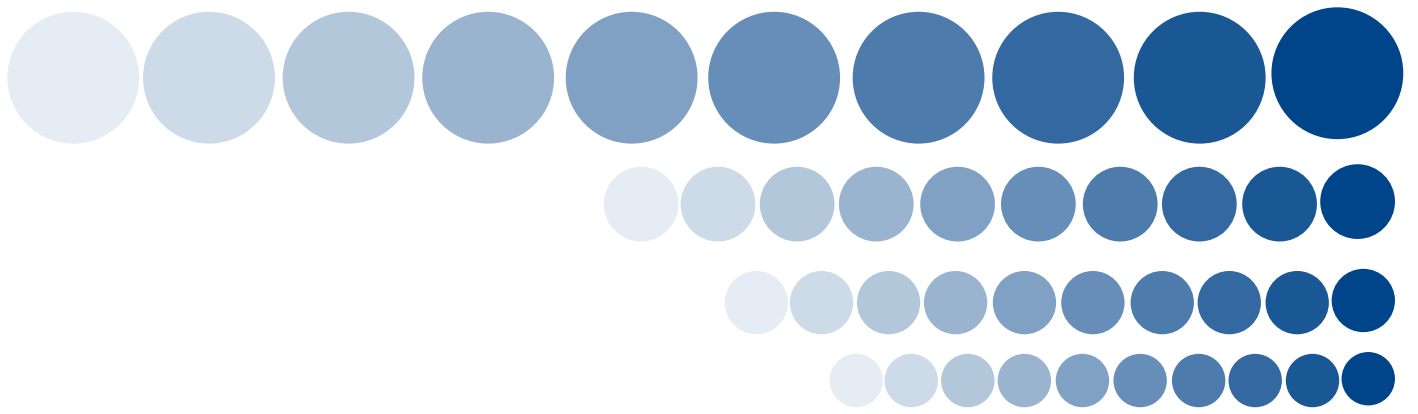
	2007	2006
	£	£
Balance brought forward	1,118,788	492,066
Profit for the financial year	193,885	626,722
Balance carried forward	1,312,673	1,118,788

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RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	193,885	626,722
Opening capital and reserves	1,411,802	785,080
Closing capital and reserves	1,605,687	1,411,802





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