

COMPANY REGISTRATION NUMBER 06465317

HEDGE FUND STANDARDS BOARD LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 JANUARY 2011



**HEDGE FUND STANDARDS BOARD LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr C A S Fawcett
Ms K A Graham
Mr M Hintze
Mr A Lim
Mr P R C Marshall
Mr R Read
Mr G E S Robinson
Mr E Roman
Mr S B Ruddick
Dame A C Fawcett
Mr T F Dunn
Mr D J Neal
Mr M Therrien

Registered office

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Auditor

Ernst & Young LLP
Chartered Accountants
& Statutory Auditor
1 More London Place
London
SE1 2AF

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to promote, establish and act as custodian of standards of best practice for the hedge fund industry

DIRECTORS

The directors who served the company during the year were as follows

Mr A Borges
Mr P L Clarke
Mr C A S Fawcett
Ms K A Graham
Mr M Hintze
Mr A Lim
Mr P R C Marshall
Mr N J M D Moreau
Mr R Read
Mr G E S Robinson
Mr E Roman
Mr S B Ruddick
Sir A M B Large
Mr T F Dunn
Mr D J Neal
Mr M Therrien

Dame A C Fawcett was appointed as a director on 1 June 2011
Sir A M B Large was appointed as a director on 1 December 2010
Mr M Therrien was appointed as a director on 15 July 2010

Sir A M B Large resigned as a director on 31 May 2011
Mr A Borges resigned as a director on 30 November 2010
Mr P L Clarke resigned as a director on 30 November 2010
Mr N J M D Moreau resigned as a director on 30 November 2010

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2011

- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Ernst & Young LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Signed on behalf of the directors



MR P R C MARSHALL
Director

Approved by the directors on 28.10.11

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEDGE FUND STANDARDS BOARD LIMITED

YEAR ENDED 31 JANUARY 2011

We have audited the financial statements of Hedge Fund Standards Board Limited for the year ended 31 January 2011 which comprise the Profit and Loss Account, 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, 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 and express an opinion on 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 (APB'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 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 January 2011 and of its profit 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 MATTERS 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.

**HEDGE FUND STANDARDS BOARD LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEDGE FUND
STANDARDS BOARD LIMITED** *(continued)*

YEAR ENDED 31 JANUARY 2011

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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



JULIAN YOUNG (Senior statutory auditor)
For and on behalf of ERNST & YOUNG LLP, Statutory Auditor
London

31/10/11

**HEDGE FUND STANDARDS BOARD LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2011

	Note	2011 £	2010 £
TURNOVER		784,465	898,167
Administrative expenses	13	(887,509)	(829,487)
OPERATING (LOSS)/PROFIT	2	(103,044)	68,680
Interest receivable		-	33
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(103,044)	68,713
Tax on (loss)/profit on ordinary activities	4	15,102	(14,516)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(87,942)</u>	<u>54,197</u>

The company has no recognised gains or losses other than the profits shown in the profit and loss account for the period ended 31 January 2011

All activities derive from the continuing operations

The notes on pages 8 to 12 form part of these financial statements

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

BALANCE SHEET

31 JANUARY 2011

	Note	2011 £	£	2010 £	£
FIXED ASSETS					
Tangible assets	5		63		1,588
CURRENT ASSETS					
Debtors	6	219,783		370,143	
Cash at bank		<u>181,655</u>		<u>220,232</u>	
		401,438		590,375	
CREDITORS: Amounts falling due within one year	7	<u>434,324</u>		<u>536,524</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(32,886)</u>		<u>53,851</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(32,823)</u>		<u>55,439</u>
PROVISIONS FOR LIABILITIES					
Deferred taxation	8		13		333
			<u>(32,836)</u>		<u>55,106</u>
RESERVES	10				
Profit and loss account	11		<u>(32,836)</u>		<u>55,106</u>
(DEFICIT)/MEMBERS' FUNDS			<u>(32,836)</u>		<u>55,106</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 28.10.11, and are signed on their behalf by



MR P R C MARSHALL
Director

Company Registration Number 06465317

The notes on pages 8 to 12 form part of these financial statements.

YEAR ENDED 31 JANUARY 2011

HEDGE FUND STANDARDS BOARD LIMITED
Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2011

1. ACCOUNTING POLICIES *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. OPERATING PROFIT

Operating profit is stated after charging

	2011 £	2010 £
Staff pension contributions	16,150	16,231
Depreciation of owned fixed assets	1,525	1,483
Auditor's fees	<u>12,000</u>	<u>—</u>

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Aggregate remuneration	<u>208,333</u>	<u>250,000</u>

4. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	£	2010 £	£
Current tax				
UK Corporation tax based on the results for the year at 21% (2010 - 21%)		-		14,782
Over/under provision in prior year		<u>(14,782)</u>		<u>-</u>
Total current tax		<u>(14,782)</u>		14,782
Deferred tax				
Origination and reversal of timing differences (note 8)				
Capital allowances	(320)		(475)	
Losses	<u>-</u>		<u>209</u>	
Total deferred tax (note 8)		<u>(320)</u>		<u>(266)</u>
Tax on (loss)/profit on ordinary activities		<u>(15,102)</u>		<u>14,516</u>

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2011

4. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011	2010
	£	£
(Loss)/profit on ordinary activities before taxation	(103,044)	68,713
(Loss)/profit on ordinary activities by rate of tax	(21,639)	14,430
Expenses not deductible for tax purposes	1,159	225
Capital allowances for period in excess of depreciation	320	273
Utilisation of tax losses	-	(146)
Unrelieved tax losses	5,378	-
Total current tax (note 4(a))	(14,782)	14,782

An announcement was made by the UK Government in the Emergency Budget on 22 June 2010 that legislation was to be introduced in the Finance (No 2) Act 2010 to reduce the main rate of corporation tax from 28% to 26% with effect from 1 April 2011. This was enacted in July 2010. It was also announced that the rate would be reduced by 1% per annum, falling to 23% with effect from 1 April 2014. In addition, the small companies' tax rate will be reduced by 1% to 20%, with effect from 1 April 2011.

5. TANGIBLE FIXED ASSETS

	Equipment
	£
COST	
At 1 February 2010 and 31 January 2011	4,493
DEPRECIATION	
At 1 February 2010	2,905
Charge for the year	1,525
At 31 January 2011	4,430
NET BOOK VALUE	
At 31 January 2011	63
At 31 January 2010	1,588

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2011

6. DEBTORS

	2011 £	2010 £
Trade debtors	201,024	365,000
Corporation tax repayable	14,782	–
Other debtors	3,977	5,143
	<u>219,783</u>	<u>370,143</u>

7. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	47,221	18,393
Corporation tax	–	14,782
Other taxation and social security	–	16,215
Other creditors	387,103	487,134
	<u>434,324</u>	<u>536,524</u>

Included within creditors is an amount due to a former director, Mr A Borges. At 31 January 2011 the amount owed by the company to the former director was £157 (2010 £8,694). The maximum amount outstanding during the year was £157 (2010 £8,694).

8. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	333	599
Profit and loss account movement arising during the year	(320)	(266)
Provision carried forward	<u>13</u>	<u>333</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	13	333
	<u>13</u>	<u>333</u>

A potential deferred tax asset exists amounting to £5,378 (2010 Nil) in respect of unrelieved losses. This has not been brought in the financial statements due to the uncertainty of when the asset may be realised.

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2011

9. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities (effective April 2008)

10. COMPANY LIMITED BY GUARANTEE

The company has no called up share capital. It is limited by guarantee of the members, for such amounts as may be required, not exceeding £1 per member.

The directors are of the opinion that there is no ultimate controlling party of the company.

11. PROFIT AND LOSS ACCOUNT

	2011	2010
	£	£
Balance brought forward	55,106	909
(Loss)/profit for the financial year	(87,942)	<u>54,197</u>
Balance carried forward	<u>(32,836)</u>	<u>55,106</u>

12. CASH FLOW STATEMENT

Under the provision of FRS1 (revised 1996), no cash flow statement has been prepared as the company is classified as a small company in line with the provisions for small companies under Part 15 of the Companies Act 2006.

13. BAD DEBTS WRITTEN OFF

Included within administrative expenses is an amount of £30,000 relating to bad debts written off.