

HEDGE FUND STANDARDS BOARD LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 JANUARY 2012

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COMPANIES HOUSE

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
Mr T F Dunn
Mr D J Neal
Mr M Therrien
Dame A C Fawcett

Registered office

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

Auditor

Ernst & Young LLP
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 2012

The directors present their report and the financial statements of Hedge Fund Standards Board Limited ('the company') for the year ended 31 January 2012

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. The company's principal activities together with factors likely to affect its future development, its financial position, financial risk management, objectives and its risk exposures are set out above.

The company has adequate financial reserves together with a strong client base and commitments from its founding members. As a consequence, the directors believe that the company is well placed to continue as a going concern and to manage its business risk successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate reserves to continue in operational existence for the period of at least 12 months from the date of signing the accounts. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

DIRECTORS

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

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

Mr T F Dunn

Mr D J Neal

Mr M Thermen

Dame A C Fawcett

(Appointed 1 June 2011)

Sir A M B Large

(Resigned 31 May 2011)

DIRECTORS' RESPONSIBILITIES

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:

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2012

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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

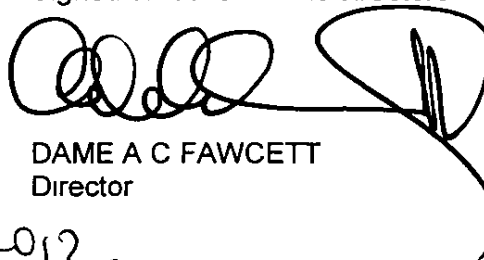
Ernst & Young LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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



DAME A C FAWCETT
Director

Approved by the directors on 31 July 2012

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 2012

We have audited the financial statements of Hedge Fund Standards Board Limited for the year ended 31 January 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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**

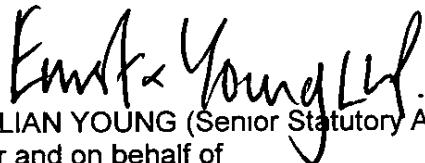
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEDGE FUND
STANDARDS BOARD LIMITED *(continued)***

YEAR ENDED 31 JANUARY 2012

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

1 More London Place
London
SE1 2AF

2/8/12

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

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2012

		2012	2011
	Note	£	(restated) £
TURNOVER		862,113	784,465
Administrative expenses		(845,170)	(956,671)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		16,943	(172,206)
Tax on profit/(loss) on ordinary activities	5	–	15,102
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>16,943</u>	<u>(157,104)</u>

All activities derive from the continuing operations

The notes on pages 9 to 14 form part of these financial statements

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 JANUARY 2012

	2012	2011 <i>(restated)</i>
	£	£
Profit/(Loss) for the financial year attributable to the members	16,943	(157,104)
Prior year adjustment (see note 6)	<u>(69,162)</u>	<u>-</u>
Total gains and losses recognised since the last annual report	<u>(52,219)</u>	<u>(157,104)</u>

The notes on pages 9 to 14 form part of these financial statements.

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

BALANCE SHEET

31 JANUARY 2012

		2012	2011 (restated)
	Note	£	£
FIXED ASSETS			
Tangible assets	7	—	63
CURRENT ASSETS			
Debtors	8	90,373	219,783
Cash at bank		384,468	181,655
		<u>474,841</u>	<u>401,438</u>
CREDITORS: Amounts falling due within one year	9	<u>619,883</u>	<u>563,486</u>
NET CURRENT LIABILITIES		<u>(145,042)</u>	<u>(162,048)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(145,042)</u>	<u>(161,985)</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	10	13	13
		<u>(145,055)</u>	<u>(161,998)</u>
RESERVES	12		
Profit and loss account	13	(145,055)	(161,998)
DEFICIT		<u>(145,055)</u>	<u>(161,998)</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 31 July 2012 and are signed on their behalf by


DAME A C FAWCETT
Director

Company Registration Number 06465317

The notes on pages 9 to 14 form part of these financial statements.

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

1. ACCOUNTING POLICIES

Basis of accounting

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)

Turnover

Turnover is attributable to the principal activity of the company and arose in the United Kingdom and relates to contributions, contributions to working capital, signatories and fees from institutional investors

Fixed assets

All fixed assets are initially recorded at cost

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

Equipment - 33% straight line

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

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

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2012	2011
	£	£
Staff pension contributions	16,733	16,150
Depreciation of owned fixed assets	63	1,525
Auditor's fees	16,800	12,000
Net loss on foreign currency translation	8	—

3. AUDITORS' REMUNERATION

The Auditors' remuneration is further analysed below

	2012	2011
	£	£
Audit of the financial statements	16,800	12,000

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	(restated) £
Aggregate remuneration	118,505	262,495

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax		
Over/under provision in prior year	-	(14,782)
Total current tax	-	(14,782)
Deferred tax		
Origination and reversal of timing differences (note 9)		
Capital allowances	-	(320)
Tax on profit/(loss) on ordinary activities	-	(15,102)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2011 - 21%)

	2012	2011 (restated)
	£	£
Profit/(loss) on ordinary activities before taxation	16,943	(172,206)
Profit/(loss) on ordinary activities by rate of tax	3,389	(36,163)
Expenses not deductible for tax purposes	1,826	1,159
Capital allowances for period in excess of depreciation	13	320
Utilisation of tax losses	(5,228)	-
Unrelieved tax losses	-	19,902
Total current tax (note 4(a))	-	(14,782)

6. PRIOR YEAR ADJUSTMENT

In the prior year the Company failed to recognise administrative expenses totalling £54,162. Accordingly prior year administrative expenses and accruals have each been increased by £54,162.

In addition, the Company recognised staff costs for the year incorrectly, resulting in an adjustment to the prior year opening reserves of £60,000 and additional administrative expenses of £15,000.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

7. TANGIBLE FIXED ASSETS

	Equipment £
COST	
At 1 February 2011 and 31 January 2012	<u>4,493</u>
DEPRECIATION	
At 1 February 2011	4,430
Charge for the year	63
At 31 January 2012	<u>4,493</u>
NET BOOK VALUE	
At 31 January 2012	<u>-</u>
At 31 January 2011	<u>63</u>

8. DEBTORS

	2012	2011
	£	£
Trade debtors	56,000	201,024
Corporation tax repayable	14,782	14,782
Other debtors	19,591	3,977
	<u>90,373</u>	<u>219,783</u>

9. CREDITORS: Amounts falling due within one year

	2012	2011 (restated)
	£	£
Trade creditors	13,152	47,221
Other creditors	606,731	516,265
	<u>619,883</u>	<u>563,486</u>

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

10. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012	2011 (restated)
	£	£
Provision brought forward	13	333
Profit and loss account movement arising during the year	-	(320)
Provision carried forward	<u>13</u>	<u>13</u>

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

	2012	2011 (restated)
	£	£
Excess of taxation allowances over depreciation on fixed assets	13	13
	<u>13</u>	<u>13</u>

A potential deferred tax asset exists amounting to £12,327 (2011 £5,378) 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.

11. 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).

12. 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.

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

13. PROFIT AND LOSS ACCOUNT

	2012	2011 <i>(restated)</i>
	£	£
Balance brought forward as previously reported	(32,836)	55,106
Prior year adjustment (see note 6)	(129,162)	(60,000)
Balance brought forward restated	(161,998)	(4,894)
Profit/(loss) for the financial year	16,943	(157,104)
Balance carried forward	(145,055)	(161,998)

14. 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

15. BAD DEBTS WRITTEN OFF

Included within administrative expenses is an amount of £NIL (2011 £30,000) relating to bad debts written off