

COMPANY REGISTRATION NUMBER 06465317

HEDGE FUND STANDARDS BOARD LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 JANUARY 2013

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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
Mr D Stern

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 2013

The directors present their report and the financial statements of the company for the year ended 31 January 2013

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 below

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 Therrien
Dame A C Fawcett
Mr D Stern

(Appointed 31 January 2013)

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 year

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2013

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

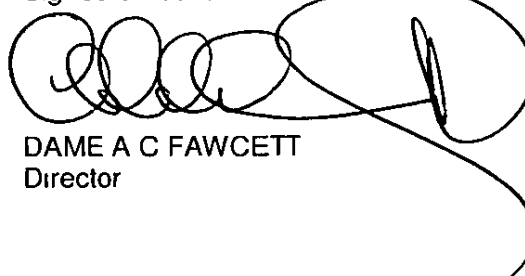
Ernst & Young LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006

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 21 May 2013

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 2013

We have audited the financial statements of Hedge Fund Standards Board Limited for the year ended 31 January 2013 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, 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 the 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 2013 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 2013

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

23/5/13

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2013

	Note	2013 £	2012 £
TURNOVER		905,075	862,113
Administrative expenses		(886,120)	(845,170)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,955	16,943
Tax on profit on ordinary activities	4	13	-
PROFIT FOR THE FINANCIAL YEAR		18,968	16,943

The company has no recognised gains or losses other than the profits and losses shown in the profit and loss account for the year ended 31 January 2013

All activities derive from the continuing operations

The notes on pages 9 to 13 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 2013

	2013	2012
	£	£
Profit for the financial year attributable to the members	18,968	16,943
Total recognised gains and losses relating to the year	<u>18,968</u>	<u>16,943</u>
Prior year adjustment	<u>-</u>	<u>(129,162)</u>
Total gains and losses recognised since the last annual report	<u>18,968</u>	<u>(112,219)</u>

The notes on pages 9 to 13 form part of these financial statements

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

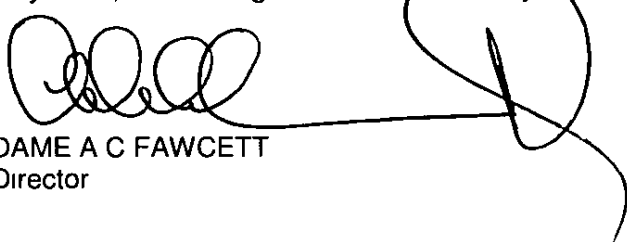
BALANCE SHEET

31 JANUARY 2013

	Note	2013 £	£	2012 £	£
FIXED ASSETS					
Tangible assets	5		—		—
CURRENT ASSETS					
Debtors	6	177,128		90,373	
Cash at bank		<u>428,885</u>		<u>384,468</u>	
		606,013		474,841	
CREDITORS: Amounts falling due within one year	7	<u>732,100</u>		<u>619,883</u>	
NET CURRENT LIABILITIES			(126,087)		(145,042)
TOTAL ASSETS LESS CURRENT LIABILITIES			(126,087)		(145,042)
PROVISIONS FOR LIABILITIES					
Deferred taxation	8		—		13
			<u>(126,087)</u>		<u>(145,055)</u>
RESERVES	10				
Profit and loss account	11		(126,087)		(145,055)
DEFICIT			<u>(126,087)</u>		<u>(145,055)</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 21 May 2013, and are signed on their behalf by



DAME A C FAWCETT
Director

Company Registration Number 06465317

The notes on pages 9 to 13 form part of these financial statements

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2013

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

Deferred income

Deferred income represents income collected but not earned as of January 31. This is primarily composed of subscriptions received at the beginning of the subscription period which run through into the next accounting period.

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.

HEDGE FUND STANDARDS BOARD LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2013

1. ACCOUNTING POLICIES *(continued)*

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

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

2. OPERATING PROFIT

Operating profit is stated after charging

	2013 £	2012 £
Staff pension contributions	16,418	16,733
Depreciation of owned fixed assets	—	63
Auditor's fees	14,400	16,800
Net loss on foreign currency translation	—	8
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2013 £	2012 £
Aggregate remuneration	250,000	118,505
	<u> </u>	<u> </u>

4. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2013 £	2012 £
Deferred tax		
Origination and reversal of timing differences		
Capital allowances	(13)	—
	<u> </u>	<u> </u>

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2013

4. TAXATION ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2012 - 20%)

	2013	2012
	£	£
Profit on ordinary activities before taxation	<u>18,955</u>	<u>16,943</u>
Loss on ordinary activities by rate of tax	(3,791)	(5,375)
Expenses not deductible for tax purposes	(1,628)	(1,826)
Capital allowances for period in excess of depreciation	-	(13)
Utilisation of tax losses	<u>5,419</u>	<u>7,214</u>
Total current tax	<u>-</u>	<u>-</u>

5. TANGIBLE FIXED ASSETS

	Equipment
	£
COST	
At 1 February 2012 and 31 January 2013	<u>4,493</u>
DEPRECIATION	
At 1 February 2012 and 31 January 2013	<u>4,493</u>
NET BOOK VALUE	
At 31 January 2013	<u>-</u>
At 31 January 2012	<u>-</u>

6. DEBTORS

	2013	2012
	£	£
Trade debtors	165,569	56,000
Corporation tax repayable	-	14,782
Prepayments	11,559	6,446
Accrued income	-	13,145
	<u>177,128</u>	<u>90,373</u>

HEDGE FUND STANDARDS BOARD LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2013

7. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	–	13,152
Deferred income	594,351	473,200
Accruals	137,749	132,432
Other creditors	–	1,099
	<u>732,100</u>	<u>619,883</u>

8. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2013 £	2012 £
Provision brought forward	13	13
Profit and loss account movement arising during the year	(13)	–
Provision carried forward	<u>–</u>	<u>13</u>

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

	2013 £	2012 £
Excess of taxation allowances over depreciation on fixed assets	–	13
	<u>–</u>	<u>13</u>

A potential deferred tax asset exists amounting to £10,117 (2012 £12,327) 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2013

11. PROFIT AND LOSS ACCOUNT

	2013	2012
	£	£
Balance brought forward as previously reported	(145,055)	(32,836)
Prior year adjustment	—	(129,162)
Balance brought forward restated	(145,055)	(161,998)
Profit for the financial year	18,968	16,943
Balance carried forward	<u>(126,087)</u>	<u>(145,055)</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