

Registered number: 06465317

HEDGE FUND STANDARDS BOARD LIMITED

(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2016

WEDNESDAY



A58PG4JU

A17

08/06/2016

#282

COMPANIES HOUSE

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

DIRECTORS

Ms K A Graham
Mr M Hintze (resigned 11 February 2015)
Mr A Lim
Mr P R C Marshall
Mr R Read (resigned 26 May 2015)
Mr G E S Robinson
Mr E Roman
Mr S B Ruddick
Mr T F Dunn
Mr D J Neal (resigned 11 February 2015)
Mr M Therrien
Dame A C Fawcett
Mr D Stern
Ms J M Buchan
Mr C M Gradel
Mr D E George (appointed 11 February 2015)
Mr D West (appointed 23 March 2015)
Mr B H Cundick (appointed 23 March 2015)
Mr P A Winslow (appointed 22 August 2015)

REGISTERED NUMBER

06465317

REGISTERED OFFICE

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

INDEPENDENT AUDITORS

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 12
The following pages do not form part of the statutory financial statements:	
Unaudited detailed profit and loss account and summaries	13 - 14

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2016**

The directors present their report and the audited financial statements for the year ended 31 January 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements of Hedge Fund Standards Board Limited (the "Company") for the year ended 31 January 2016 in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

GOING CONCERN

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.

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

DIRECTORS

The directors who served during the year were:

Ms K A Graham
Mr M Hintze (resigned 11 February 2015)
Mr A Lim
Mr P R C Marshall
Mr R Read (resigned 26 May 2015)
Mr G E S Robinson
Mr E Roman
Mr S B Ruddick
Mr T F Dunn
Mr D J Neal (resigned 11 February 2015)
Mr M Therrien
Dame A C Fawcett
Mr D Stern
Ms J M Buchan
Mr C M Gradel
Mr B H Cundick (appointed 23 March 2015)
Mr D West (appointed 23 March 2015)
Mr B H Cundick (appointed 23 March 2015)
Mr P A Winslow (appointed 22 August 2015)

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

This report was approved by the board on 19 May 2016 and signed on its behalf.


Dame A C Fawcett
Director

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

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

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

We have audited the financial statements of Hedge Fund Standards Board Limited for the year ended 31 January 2016, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities statement set out on page 1, 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 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 Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

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

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 from the requirement to prepare a Strategic Report 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

24 May 2016

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2016**

	Note	2016 £	2015 £
TURNOVER		1,190,717	1,142,605
Administrative expenses		<u>(1,103,384)</u>	<u>(1,075,186)</u>
OPERATING PROFIT	2	87,333	67,419
Interest receivable and similar income		<u>15</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		87,348	67,419
Tax on profit on ordinary activities	4	<u>(19,322)</u>	<u>(15,825)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>68,026</u>	<u>51,594</u>

The notes on pages 7 to 12 form part of these financial statements.

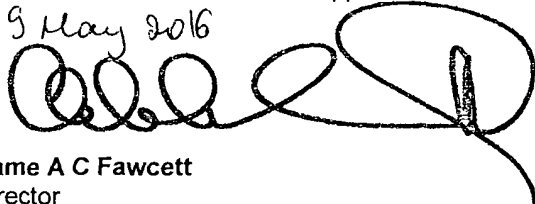
HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 06465317

BALANCE SHEET
AS AT 31 JANUARY 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	5		2,198		3,382
CURRENT ASSETS					
Debtors	6	158,768		119,956	
Cash at bank		922,398		771,951	
		<u>1,081,166</u>		<u>891,907</u>	
CREDITORS: amounts falling due within one year	7	<u>(1,047,998)</u>		<u>(927,713)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>33,168</u>		<u>(35,806)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>35,366</u>		<u>(32,424)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	8		<u>(440)</u>		<u>(676)</u>
NET ASSETS/(LIABILITIES)			<u><u>34,926</u></u>		<u><u>(33,100)</u></u>
CAPITAL AND RESERVES					
Reserves	10		<u>34,926</u>		<u>(33,100)</u>
SURPLUS/(DEFICIT)			<u><u>34,926</u></u>		<u><u>(33,100)</u></u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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

19 May 2016

Dame A C Fawcett
 Director

The notes on pages 7 to 12 form part of these financial statements.

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 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.

1.3 Deferred income

Deferred income represents income collected but not earned as of 31 January 2016. This is primarily composed of subscriptions received at the beginning of the subscription period which run through into the next accounting period.

1.4 Tangible fixed assets and depreciation

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

Fixtures and fittings	- 25% straight line
Equipment	- 33% straight line

1.5 Operating leases

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

1.6 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Cash flow

The financial statements do not include a cash flow statement because the Company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

2. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the Company	1,754	1,629
Auditors' remuneration - Audit services	12,000	12,000
Pension costs	18,808	18,600
Net gain on foreign currency translation	3	140
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

	2016 £	2015 £
Aggregate remuneration	250,000	250,000
	<u> </u>	<u> </u>

The highest paid director received remuneration of £250,000 (2015 - £250,000).

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

4. TAXATION

	2016 £	2015 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	19,558	15,562
Deferred tax (see note 8)		
Origination and reversal of timing differences	(236)	263
Tax on profit on ordinary activities	<u>19,322</u>	<u>15,825</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>87,348</u>	<u>67,419</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	17,470	13,484
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,851	2,342
Capital allowances for year in excess of depreciation	237	(264)
Current tax charge for the year (see note above)	<u>19,558</u>	<u>15,562</u>

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

5. TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At 1 February 2015	7,747	2,489	10,236
Additions	570	-	570
At 31 January 2016	8,317	2,489	10,806
Depreciation			
At 1 February 2015	6,284	570	6,854
Charge for the year	1,132	622	1,754
At 31 January 2016	7,416	1,192	8,608
Net book value			
At 31 January 2016	901	1,297	2,198
At 31 January 2015	1,463	1,919	3,382

6. DEBTORS

	2016 £	2015 £
Trade debtors	124,893	98,031
Prepayments and accrued income	33,875	21,925
	158,768	119,956

7. CREDITORS:

Amounts falling due within one year

	2016 £	2015 £
Trade creditors	26,637	6,807
Corporation tax	19,558	15,562
Other taxation and social security	28,580	27,811
Deferred income	643,863	659,543
Accruals	329,360	155,400
Other creditors	-	62,590
	1,047,998	927,713

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

8. DEFERRED TAXATION

	2016 £	2015 £
At 1 February 2015	676	413
(Charge)/credit for the year included in the profit and loss	(236)	263
31 January 2016	<u>440</u>	<u>676</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	<u>440</u>	<u>676</u>

9. COMPANY STATUS

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

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

10. RESERVES

	Profit and loss account £
At 1 February 2015	(33,100)
Profit for the financial year	68,026
At 31 January 2016	<u>34,926</u>

11. OPERATING LEASE COMMITMENTS

At 31 January 2016, the company had commitments under one operating lease for land and buildings.

The minimum lease payments under this lease agreements are as follows:

	2016 £	2015 £
Expiry date:		
Within 1 year	20,240	20,240
Between 2 and 5 years	<u>42,975</u>	<u>63,215</u>

HEDGE FUND STANDARDS BOARD LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

12. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken which are required to be disclosed under Financial Reporting Standard for Smaller Entities (effective January 2015).

13. CASH FLOW STATEMENT

The financial statements do not include a cash flow statement because the Company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).