

**COMPANY REGISTRATION NUMBER 06465317**

**HEDGE FUND STANDARDS BOARD LIMITED  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

MONDAY



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

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **The board of directors**

Mr A Borges  
Mr P L Clarke  
Mr P F Dunning  
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

### **Registered office**

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

### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

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

## **THE DIRECTORS' REPORT**

### **PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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The directors have pleasure in presenting their report and the financial statements of Hedge Fund Standards Board Limited ("the company") for the period from 7 January 2008 to 31 January 2009.

#### **INCORPORATION**

The company was incorporated on 7 January 2008 and commenced trading on 25 July 2008.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the period 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 period were as follows:

Mr A Borges	(appointed 1 July 2008)
Mr P L Clarke	(appointed 9 July 2008)
Mr P F Dunning	(appointed 9 July 2008)
Mr C A S Fawcett	(appointed 1 February 2008)
Ms K A Graham	(appointed 9 July 2008)
Mr M Hintze	(appointed 1 February 2008)
Mr A Lim	(appointed 9 July 2008)
Mr P R C Marshall	(appointed 1 February 2008)
Mr N J M D Moreau	(appointed 9 July 2008)
Mr R Read	(appointed 9 July 2008)
Mr G E S Robinson	(appointed 1 February 2008)
Mr E Roman	(appointed 1 February 2008)
Mr S B Ruddick	(appointed 9 July 2008)
Mr N R Kawkabani	(appointed 1 February 2008 and resigned 9 July 2008)
Mr K J Jantti	(appointed 1 February 2008 and resigned 9 July 2008)
Mr P M Ruddock	(appointed 1 February 2008 and resigned 9 July 2008)
Mr R C Standing	(appointed 1 February 2008 and resigned 9 July 2008)
Mr S Fink	(appointed 1 February 2008 and resigned 9 July 2008)
Mr M U A Alen-Buckley	(appointed 1 February 2008 and resigned 9 July 2008)
Mr M L Cohen	(appointed 1 February 2008 and resigned 9 July 2008)
Mr J S Meyer	(appointed 1 February 2008 and resigned 9 July 2008)
Mr S C Fiertz	(appointed 1 February 2008 and resigned 9 July 2008)
Mr B R M Oppetit	(appointed 1 February 2008 and resigned 9 July 2008)
Sir A M B Large	(appointed 1 February 2008 and resigned 9 July 2008)
Peregrine Secretarial Services Ltd	(appointed 7 January 2008 and resigned 1 February 2008)

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

## **THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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). The financial statements 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records that 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 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.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were members of the board at the time of approving the directors' report are listed on page two. Having made enquiries of the fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### **AUDITOR**

Ernst & Young LLP were appointed as auditors during the period.

It is proposed to re-appoint Ernst & Young LLP as auditors for the ensuing year.

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

**THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

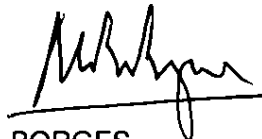
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**SMALL COMPANY PROVISIONS**

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

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

Signed on behalf of the directors



A BORGES

Director

Approved by the directors on 7 October 2009.

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

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

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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We have audited the company's financial statements for the period from 7 January 2008 to 31 January 2009 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements 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 financial statements.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 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)***

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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**OPINION**

In our opinion:

- the financial statements 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 January 2009 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
London

Date: 16 October 2009

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

**PROFIT AND LOSS ACCOUNT**

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

		Period from 7 Jan 08 to 31 Jan 09
	Note	£
<b>TURNOVER</b>		<b>602,509</b>
Administrative expenses		(602,365)
<b>OPERATING PROFIT</b>	2	<b>144</b>
Interest receivable		1,364
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,508</b>
Tax on profit on ordinary activities		(599)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>909</b>

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 2009.

All activities derive from continuing operations.

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



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

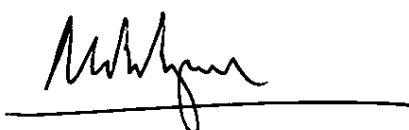
## **BALANCE SHEET**

**31 JANUARY 2009**

	Note	£	31 Jan 09 £
<b>FIXED ASSETS</b>			
Tangible assets	5		2,887
<b>CURRENT ASSETS</b>			
Debtors	6	39,601	
Cash at bank		120,036	
		159,637	
<b>CREDITORS: Amounts falling due within one year</b>	7	(161,016)	
<b>NET CURRENT LIABILITIES</b>			(1,379)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,508
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	8		(599)
			909
<b>RESERVES</b>			
Profit and loss account	9		909
<b>MEMBERS' FUND</b>			909

These financial statements 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 financial statements were approved by the directors and authorised for issue on 7 October 2009, and are signed on their behalf by:



MR A BORGES  
Director

Date: 7 October 2009

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**

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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### **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 January 2007).

#### **Turnover**

The turnover shown in the profit and loss account represents amounts receivable during the period, and comprises underwriting advances from the thirteen founders and signatories fees from the Hedge Fund Managers that have complied with the Hedge Fund Standards.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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**2. OPERATING PROFIT**

Operating profit is stated after charging:

	Period from 7 Jan 08 to 31 Jan 09
	£
Staff pension contributions	5,895
Depreciation of owned fixed assets	<u>1,422</u>

Auditor's Remuneration

The auditors have agreed to waive their right to receive a fee for the audit of the company for the period ended 31 January 2009.

**3. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 7 Jan 08 to 31 Jan 09
	£
Aggregate emoluments	<u>145,833</u>

**4. TAXATION ON ORDINARY ACTIVITIES**

**Analysis of charge in the period**

	Period from 7 Jan 08 to 31 Jan 09
	£
Deferred tax:	
Origination and reversal of timing differences (note 8)	
Capital allowances	808
Losses	<u>(209)</u>
Total deferred tax (note 8)	<u>599</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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**4. TAXATION ON ORDINARY ACTIVITIES *(continued)***

**Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28.43%.

	<b>Period from 7 Jan 08 to 31 Jan 09</b>
	<b>£</b>
Profit on ordinary activities before taxation	<b><u>1,508</u></b>
Profit on ordinary activities by rate of tax	<b>429</b>
Expenses not deductible for tax purposes	<b>179</b>
Capital allowances for period in excess of depreciation	<b>(808)</b>
Unrelieved tax losses	<b>209</b>
Tax chargeable at different rates	<b>(9)</b>
Total current tax	<b><u>-</u></b>

**5. TANGIBLE FIXED ASSETS**

	<b>Equipment £</b>
<b>COST</b>	
Additions	<b><u>4,309</u></b>
<b>At 31 January 2009</b>	<b><u>4,309</u></b>
<b>DEPRECIATION</b>	
Charge for the period	<b><u>1,422</u></b>
<b>At 31 January 2009</b>	<b><u>1,422</u></b>
<b>NET BOOK VALUE</b>	
<b>At 31 January 2009</b>	<b><u>2,887</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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**6. DEBTORS**

	<b>31 Jan 09</b>
	<b>£</b>
Trade debtors	<b>24,500</b>
Other debtors	<b>15,101</b>
	<b><u>39,601</u></b>

**7. CREDITORS: Amounts falling due within one year**

	<b>31 Jan 09</b>
	<b>£</b>
Trade creditors	<b>17,116</b>
Other taxation and social security	<b>40,313</b>
Accruals and deferred income	<b>103,587</b>
	<b><u>161,016</u></b>

**8. DEFERRED TAXATION**

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

	<b>31 Jan 09</b>
	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<b>808</b>
Tax losses available	<b>(209)</b>
	<b><u>599</u></b>

**9. PROFIT AND LOSS ACCOUNT**

	<b>Period from 7 Jan 08 to 31 Jan 09</b>
	<b>£</b>
Balance at 7 January 2008	<b>-</b>
Profit for the financial period	<b>909</b>
Balance at 31 January 2009	<b><u>909</u></b>

**10. 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 January 2007).

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

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 7 JANUARY 2008 TO 31 JANUARY 2009**

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**11. 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.

**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 VII of the Companies Act 1985.