

Registered number: 06465317

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2014**



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

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**COMPANY INFORMATION**

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**DIRECTORS**

Mr C A S Fawcett (resigned 26 November 2013)  
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 NUMBER**

06465317

**REGISTERED OFFICE**

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

**INDEPENDENT AUDITORS**

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

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**HEDGE FUND STANDARDS BOARD LIMITED**  
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**HEDGE FUND STANDARDS BOARD LIMITED**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 JANUARY 2014**

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The directors present their report and the financial statements for the year ended 31 January 2014.

**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 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;
- 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.

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.

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

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 JANUARY 2014**

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**DIRECTORS**

The directors who served during the year were:

Mr C A S Fawcett (resigned 26 November 2013)  
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

**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.

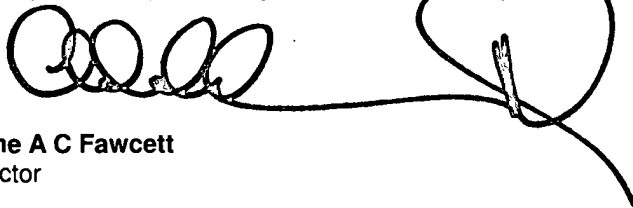
**AUDITORS**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**SMALL COMPANY PROVISIONS**

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 21 May 2014 and signed on its behalf.



**Dame A C Fawcett**  
Director

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

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

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We have audited the financial statements of Hedge Fund Standards Board Limited for the year ended 31 January 2014 which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 11. 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 AUDITORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 1 and 2, 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 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 2014 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.

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

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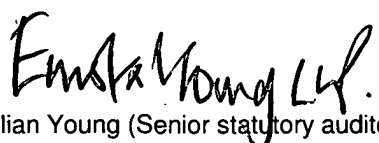
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEDGE FUND STANDARDS BOARD LIMITED**

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**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 not preparing the 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**

London

Date: 27/10/14

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**HEDGE FUND STANDARDS BOARD LIMITED**  
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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JANUARY 2014**

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	Note	2014 £	2013 £
<b>TURNOVER</b>	1	1,041,897	905,075
Administrative expenses		(997,242)	(886,120)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		44,655	18,955
Tax on profit on ordinary activities	4	(3,262)	13
<b>PROFIT FOR THE FINANCIAL YEAR</b>	10	41,393	18,968

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

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 2014.

All activities derive from the continuing operations.



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

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**BALANCE SHEET  
AS AT 31 JANUARY 2014**

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	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	5		2,064		-
<b>CURRENT ASSETS</b>					
Debtors	6	253,849		177,128	
Cash at bank		599,186		428,885	
		<u>853,035</u>		<u>606,013</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(939,380)</u>		<u>(732,100)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(86,345)</u>		<u>(126,087)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(84,281)</u>		<u>(126,087)</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	8		<u>(413)</u>		<u>-</u>
<b>NET LIABILITIES</b>			<u><u>(84,694)</u></u>		<u><u>(126,087)</u></u>
<b>CAPITAL AND RESERVES</b>					
Profit and loss account	10		<u>(84,694)</u>		<u>(126,087)</u>
<b>DEFICIT</b>			<u><u>(84,694)</u></u>		<u><u>(126,087)</u></u>

The financial statements have been prepared in accordance with the 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 April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2014.



**Dame A C Fawcett**  
Director

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

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**HEDGE FUND STANDARDS BOARD LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2014**

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**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 April 2008).

**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 January 31. 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:

Equipment	- 33% straight line
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**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.

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**HEDGE FUND STANDARDS BOARD LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014**

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**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 April 2008).

**2. PROFIT**

The profit is stated after charging:

	2014 £	2013 £
Depreciation of owned fixed assets	732	-
Auditors' remuneration	14,400	14,400
Pension costs	17,654	16,418
Net gain on foreign currency translation	48	-
	<u>          </u>	<u>          </u>

**3. DIRECTORS' REMUNERATION**

	2014 £	2013 £
Aggregate remuneration	250,000	250,000
	<u>          </u>	<u>          </u>

The highest paid director received remuneration of £250,000 (2013 - £250,000).

**HEDGE FUND STANDARDS BOARD LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014**

**4. TAXATION**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	2,849	-
<b>Deferred tax (see note 8)</b>		
Origination and reversal of timing differences	413	(13)
<b>Tax on profit on ordinary activities</b>	<u>3,262</u>	<u>(13)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>44,655</u>	<u>18,955</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	8,931	3,791
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,638	1,628
Capital allowances for year in excess of depreciation	(413)	-
Utilisation of tax losses	(8,307)	(5,419)
<b>Current tax charge for the year (see note above)</b>	<u>2,849</u>	<u>-</u>

**HEDGE FUND STANDARDS BOARD LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014**

**5. TANGIBLE FIXED ASSETS**

	Equipment £
<b>Cost</b>	
At 1 February 2013	4,493
Additions	2,796
At 31 January 2014	<u>7,289</u>
<b>Depreciation</b>	
At 1 February 2013	4,493
Charge for the year	732
At 31 January 2014	<u>5,225</u>
<b>Net book value</b>	
At 31 January 2014	<u>2,064</u>
At 31 January 2013	<u>-</u>

**6. DEBTORS**

	2014 £	2013 £
Trade debtors	232,069	165,569
Prepayments	20,625	11,559
Other debtors	1,155	-
	<u>253,849</u>	<u>177,128</u>

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

	2014 £	2013 £
Trade creditors	10,684	-
Corporation tax	2,849	-
Other taxation and social security	26,993	-
Deferred income	726,754	594,351
Accruals	170,945	137,749
Other creditors	1,155	-
	<u>939,380</u>	<u>732,100</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014**

**8. DEFERRED TAXATION**

	2014 £	2013 £
At beginning of year	-	13
Charge for/(released during) year	413	(13)
At end of year	<u>413</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>413</u>	<u>-</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 2013	(126,087)
Profit for the financial year	41,393
At 31 January 2014	<u>(84,694)</u>

**11. OPERATING LEASE COMMITMENTS**

At 31 January 2014, the company had commitments under one operating lease for land and buildings.

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

	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	2,719	-
Between 2 and 5 years	<u>-</u>	<u>35,347</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2014**

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**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 April 2008).

**13. POST BALANCE SHEET EVENTS**

On the 3rd of April 2014 the company entered into a new 5 year operating lease agreement for office premises. The annual cost of the new lease is £20,240.

**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.