

# Case study: Hedge Fund start-up.

“BCS was integral to our outsourced team and invaluable in designing a system to ensure our new fund met its regulatory reporting requirements. I have worked with BCS on several projects and have always found them highly professional, extremely competent, and very supportive and responsive.”

Giles McClelland, COO

## **In brief:**

A company within the alternative investment arena seeking FCA (Financial Conduct Authority) registration and post registration compliance reporting.

## **Who:**

Hedge Fund start up.

## **What:**

Going the extra mile to achieve up to date compliance reporting.



## Getting ready for regulation

### The background:

A new hedge fund start-up approached us for assistance in preparing the financial projections required for submission to the FCA in support of their registration application. They also then required our ongoing support in relation to quarterly FCA compliance reports and RegData submissions.

### The problem:

The initial challenge for this client was to obtain FCA registration, followed closely by the need to set up a management information system (MIS) to meet the quarterly RegData Capital Adequacy and Liquid Asset monitoring requirements.

### The solution:

Firstly, we worked closely with the COO and the client's external compliance consultants, focusing on the initial FCA registration for which we prepared a detailed first year financial forecast including Profit & Loss, Balance Sheet, Cashflow, Capital Adequacy and Liquid Asset calculations.

Once complete, we moved on to designing the MIS and bespoke chart of accounts to generate and meet the client's ongoing reporting requirements. Our FCA compliance services covered accountancy, taxation, payroll and company secretarial processes. Our accountancy services integrate through bespoke templates which generate FCA compliance reports and RegData submissions.

Our MIS included our RegData master calculation sheet to track both the Capital Resource Requirement Test which encompassed the client's Own Funds calculation including Common Equity Tier 1 (CET 1), Additional Tier 1 (ADT 1) and Tier 2 (T2) against their Funds Under Management Requirement (FUMR), Fixed Overhead Requirement (FOR), Professional Negligence Capital Requirement (PNCR) and their Additional Own Funds (AOF) calculation.

We also prepared a Liquid Asset Test template encompassing their Liquid Assets calculation including Cash At Bank and Trade Receivables against their Professional Negligence Capital Requirement (PNCR), their Additional Own Funds (AOF) calculation, Funds under management (excess over Base Requirement) and their Variable Capital Requirement.

Each of the above was produced monthly for this client and forms part of our standard MIS package for FCA registered clients, producing the required RegData reports (MIF001, MIF002, MIF003, FIN067, FCA029 and FCA030) efficiently.

Despite much of the above only being required by the FCA on a quarterly basis, we monitor this monthly as part of our clients MIS package, so our clients will always be aware of any potential FCA compliance deficits at the earliest opportunity, enabling corrective action to be taken as required and in advance of FCA filing deadlines.

We are a strong believer in taking the time to learn about our clients by listening to their needs. Communication is key in creating efficient and robust reporting systems fit for growth and which ensure continued compliance with the FCA.

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David O'Farrell, BCS Wilson Partners

**If you'd like to learn more then please [get in touch](#).**