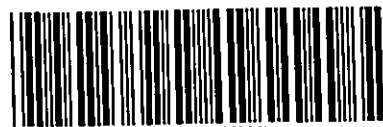


Brevan Howard Services Limited

Registered No. 4457655

Report and Financial Statements
31 March 2009

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Brevan Howard Services Limited

Registered Number: 4457655

Report and financial statements for the eight months ended 31 March 2009

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Brevan Howard Services Limited

Registered Number 4457655

Report and financial statements for the eight months ended 31 March 2009

Officers and professional advisers

Directors

James Vernon
Charlotte Godwin

Secretary

Throgmorton Secretaries LLP
42 - 44 Portman Road
Reading
Berkshire
RG30 1EA

Registered Office

42 - 44 Portman Road
Reading
Berkshire
RG30 1EA

Bankers

Barclays Bank PLC
One Churchill Place
London
E14 5HP

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Brevan Howard Services Limited (the "Company") is incorporated in England & Wales

Brevan Howard Services Limited

Registered Number: 4457655

Directors' report

The directors present their annual report together with the financial statements of the Company for the eight months ended 31 March 2009

Business review and future developments

The profit of the Company is reported in the profit and loss account on page 8 of these financial statements. During the reporting period, the Company was a corporate member of Brevan Howard Asset Management LLP ("BHAMLLP"). Its principal activity is to incur staff and infrastructure expenses on behalf of BHAMLLP. The directors do not expect any change in the Company's business activity in the foreseeable future. The principal risks and uncertainties facing the Company are described below under 'Financial Risk Management Objectives and Policies'.

Change in financial year end

The financial year end of the Company has changed from 31 July to 31 March, resulting in a shortened current accounting period of eight months from 1 August 2008 to 31 March 2009. The prior year financial statements were drawn up to 31 July 2008.

Directors

The directors who served during the period were as follows:

J Vernon
C Godwin

Dividends

No dividends have been paid or proposed for the period (2008 £nil).

Financial risk management objectives and policies

The Company's activities expose it to certain risks as described below:

Cash flow risk is managed by the fact that the Company receives advance drawings during the year to cover operating expenses incurred on behalf of BHAMLLP and as such has cash available to settle liabilities as they fall due. This business model protects the Company against liquidity risk. The Company's financial assets are cash balances, loans, prepayments and other receivables. The Company's credit risk is primarily attributable to its loan and other receivable balances which are subject to allowances for doubtful debts. Credit risk on liquid funds is limited as the counterparties chosen are banks with high credit-ratings assigned by international credit-rating agencies and are subject to regular review.

Going concern

The financial statements are prepared on the going concern basis. The Company made a profit during the eight months ended 31 March 2009. The directors believe the business is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the Company has adequate capital and liquidity to meet its current and long term obligations and to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing these financial statements.

Directors' indemnities

During the reporting period the Company made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Brevan Howard Services Limited

Registered Number 4457655

Directors' report (contd.)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

James Vernon, Director
10 August 2009



Brevan Howard Services Limited

Registered Number: 4457655

Statement of directors' responsibilities

The directors are responsible for preparing 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed and ,
- 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.

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.

Independent auditors' report to the members of Brevan Howard Services Limited

We have audited the financial statements of Brevan Howard Services Limited ("the Company") for the eight months ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 15. 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 495 and 496 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. 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 adequate accounting records, if we have not received all the information and explanations we require for our audit, or if disclosures of directors' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, of the state of the Company's affairs as at 31 March 2009 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Director's Report is consistent with the financial statements.



Calum Thomson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
United Kingdom
10 August 2009

Brevan Howard Services Limited

Registered Number: 4457655

Profit and loss account Eight months ended 31 March 2009

	Notes	1 August 2008 to 31 March 2009 £	Year ended 31 July 2008 £
Turnover			
Appropriations from BHAMLLP	1	76,738,784	284,131,530
Other income	1	<u>121,493</u>	<u>215,345</u>
		76,860,277	284,346,875
Administrative expenses	3, 4	<u>(67,867,055)</u>	<u>(282,516,501)</u>
Operating profit	2	8,993,222	1,830,374
Interest receivable		<u>85,760</u>	<u>191,776</u>
Profit on ordinary activities before taxation		9,078,982	2,022,150
Tax on profit on ordinary activities	5	<u>(2,725,163)</u>	<u>(627,442)</u>
Profit on ordinary activities after taxation		<u>6,353,819</u>	<u>1,394,708</u>
Profit for the period	12	<u>6,353,819</u>	<u>1,394,708</u>

All amounts are in respect of continuing operations

There are no recognised gains or losses in the current reporting period and prior year other than those reported in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

Brevan Howard Services Limited

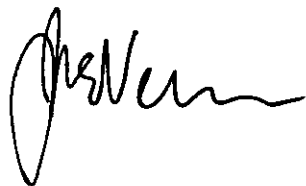
Registered Number: 4457655

Balance sheet As at 31 March 2009

	Notes	31 March 2009 £	31 July 2008 £
Fixed assets			
Tangible assets	6	12,803,574	5,408,968
Investments	7	4,750,000	4,750,000
		<u>17,553,574</u>	<u>10,158,968</u>
Current assets			
Debtors and prepayments	8	6,517,018	8,406,562
Cash at bank and in hand		6,693,007	1,718,095
		<u>13,210,025</u>	<u>10,124,657</u>
Current liabilities			
Creditors amounts falling due within one year	9	(19,459,337)	(15,333,182)
Net current liabilities		<u>(6,249,312)</u>	<u>(5,208,525)</u>
Net assets		<u>11,304,262</u>	<u>4,950,443</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	<u>11,304,162</u>	<u>4,950,343</u>
Shareholders' funds - equity	12	<u>11,304,262</u>	<u>4,950,443</u>

The notes on pages 11 to 18 form part of these financial statements

These financial statements were approved and authorised for issue by the Board of Directors on 10 August 2009 and were signed on its behalf by



James Vernon
Director

10 August 2009

Brevan Howard Services Limited

Registered Number: 4457655

Cash flow statement
Eight months ended 31 March 2009

	Notes	1 August 2008 to 31 March 2009 £	Year ended 31 July 2008 £
Net cash inflow from operating activities	15(a)	15,361,772	3,313,187
Returns on investments and servicing of finance	15(a)	85,760	191,776
Taxation	15(a)	(142,921)	(2,673,407)
Capital expenditure and financial investment	15(a)	<u>(10,329,699)</u>	<u>(4,765,627)</u>
Increase /(decrease) in cash	15(b)	<u>4,974,912</u>	<u>(3,934,071)</u>

Brevan Howard Services Limited

Registered Number. 4457655

Notes to the financial statements Eight months ended 31 March 2009

1. Accounting policies

The significant accounting policies are described below. They have all been applied consistently throughout the period and the preceding year.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and have been prepared on a going concern basis as discussed in the Directors' report. The significant accounting policies are described below. These have all been applied consistently throughout the period and the preceding year.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets on a straight-line basis over 36 months (IT equipment and motor vehicles) and 60 months (fixtures and fittings and leasehold improvements).

Fixed asset investment

Fixed asset investments are stated at cost less provision for any impairment in value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover, which is stated net of value added tax, principally represents appropriations from BHAMLLP which has its activities in the UK and other income from service agreements with related parties.

Brevan Howard Services Limited

Registered Number: 4457655

Notes to the financial statements Eight months ended 31 March 2009

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rates ruling on the date of the transaction. Differences arising from the rate movement between due date and the actual payment are included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and the differences arising are taken to the profit and loss account.

Pension costs

The Company operates a defined contribution pension scheme. Contributions are recognised when they fall due.

2. Operating profit

This is stated after charging

	Notes	1 August 2008 to 31 March 2009 £	Year ended 31 July 2008 £
Auditors' remuneration			
Audit of annual accounts		21,212	24,460
Other services relating to tax		8,750	210,620
Depreciation	6	<u>2,533,917</u>	<u>3,006,912</u>

3. Staff costs

		1 August 2008 to 31 March 2009 £	Year ended 31 July 2008 £
Wages, salaries and secondment fees		42,704,485	245,183,648
Social security costs		10,861,809	12,226,022
Pension costs (see note 13)		<u>674,282</u>	<u>1,495,429</u>
		<u>54,240,576</u>	<u>258,905,099</u>

The Company had an average of 214 employees and secondees during the period (2008 - 192)

Brevan Howard Services Limited

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**Notes to the financial statements
Eight months ended 31 March 2009****4. Directors' emoluments**

	1 August 2008 to 31 March 2009	Year ended 31 July 2008
	£	£
Emoluments - paid and accrued	<u>224,054</u>	<u>449,178</u>

Included above are emoluments of £222,863 (2008 - £249,844) in respect of the highest paid director

Pension contributions of £5,632 (2008 - £13,356) were paid on behalf of the directors during the period Pension contributions of £5,632 (2008 - £7,761) were made on behalf of the highest paid director

5. Tax on profit on ordinary activities**i) Analysis of tax charge on ordinary activities**

	1 August 2008 to 31 March 2009	Year ended 31 July 2008
	£	£
Current tax		
United Kingdom corporation tax at weighted average of 28% (2008 29.33%)		
Based on profit for period	(4,626,748)	(801,322)
Adjustment in respect of prior year	<u>(62,483)</u>	<u>2</u>
	(4,689,231)	(801,320)
Double taxation relief	<u>10,625</u>	<u>-</u>
	(4,678,606)	(801,320)
Overseas tax on profits for the period	<u>(10,625)</u>	<u>-</u>
Total current tax	(4,689,231)	(801,320)
Deferred tax		
Deferred tax movements - current period	1,964,068	182,134
Deferred tax movements - prior year	-	-
Deferred tax movements - future decrease in corporation tax rates	<u>-</u>	<u>(8,256)</u>
Total deferred tax	<u>1,964,068</u>	<u>173,878</u>
Tax on profit on ordinary activities	<u>(2,725,163)</u>	<u>(627,442)</u>

Brevan Howard Services Limited

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**Notes to the financial statements
Eight months ended 31 March 2009****5. Tax on profit on ordinary activities (continued)
ii) Factors affecting current tax charge for the current period**

	1 August 2008 to 31 March 2009 £	Year ended 31 July 2008 £
Profit on ordinary activities before tax	<u>9,078,982</u>	<u>2,022,150</u>
United Kingdom corporation tax at weighted average of 28% (2008 29 33%)	(2,542,115)	(593,099)
Effects of		
Expenses not deductible for tax purposes	(101,117)	(7,971)
Timing differences on capital allowances	(187,541)	(182,134)
Timing differences on salaries accrued but not paid within nine months of period end	(1,776,527)	-
Depreciation on ineligible assets	(19,448)	(18,118)
Prior year adjustment	<u>(62,483)</u>	<u>2</u>
Current tax charge for period	<u>(4,689,231)</u>	<u>(801,320)</u>

6. Tangible fixed assets

	Fixtures and fittings £	IT equipment £	Motor Vehicles £	Leasehold £	Total £
Cost					
At 1 August 2008	2,924,839	13,709,762	71,190	-	16,705,791
Additions	403,126	2,594,530	-	7,332,043	10,329,699
Disposals	<u>(1,223,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,223,173)</u>
At 31 March 2009	<u>2,104,792</u>	<u>16,304,292</u>	<u>71,190</u>	<u>7,332,043</u>	<u>25,812,317</u>
Accumulated depreciation					
At 1 August 2008	2,008,324	9,241,039	47,460	-	11,296,823
Charge for the period	337,005	1,833,591	15,820	347,501	2,533,917
Disposals	<u>(821,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(821,997)</u>
At 31 March 2009	<u>1,523,332</u>	<u>11,074,630</u>	<u>63,280</u>	<u>347,501</u>	<u>13,008,743</u>
Net book value at 1 August 2008	<u>916,515</u>	<u>4,468,723</u>	<u>23,730</u>	<u>-</u>	<u>5,408,968</u>
Net book value at 31 March 2009	<u>581,460</u>	<u>5,229,662</u>	<u>7,910</u>	<u>6,984,542</u>	<u>12,803,574</u>

Brevan Howard Services Limited

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Notes to the financial statements Eight months ended 31 March 2009

7. Investments

	31 March 2009 £	31 July 2008 £
At 1 August	4,750,000	4,500,000
Additions	-	250,000
At 31 March	<u>4,750,000</u>	<u>4,750,000</u>

This investment represents the capital contributed to BHAMLLP. As at the balance sheet date, the directors have reviewed the audited financial statements of BHAMLLP and do not believe that the market value of the investment is less than cost. As such no impairment provision is required.

8. Debtors and prepayments

	31 March 2009 £	31 July 2008 £
Amounts due within one year		
Loans	-	-
Trade debtors	-	966
Prepayments	2,449,674	1,872,931
Other debtors	192,850	533,828
Amounts due from related parties	1,226,649	1,150,721
Amounts due from BHAMLLP	-	3,686,848
Deferred tax asset (note 10)	2,647,845	683,777
Corporation tax	-	477,491
	<u>6,517,018</u>	<u>8,406,562</u>

9. Creditors

	31 March 2009 £	31 July 2008 £
Amounts due within one year		
Trade creditors	1,346,553	1,267,798
Corporation tax	4,068,819	-
Other taxes and social security	1,871,013	754,047
Other creditors	54,013	47,081
Accruals	12,118,939	13,264,256
	<u>19,459,337</u>	<u>15,333,182</u>

Brevan Howard Services Limited

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Notes to the financial statements Eight months ended 31 March 2009

10. Deferred tax asset

	31 March 2009 £	31 July 2008 £
Provision for liabilities and charges comprises		
Provision for deferred tax - accelerated capital allowances	(871,318)	(683,777)
Provision for deferred tax - salaries accrued but not paid within nine months of period end	<u>(1,776,527)</u>	<u>-</u>
	<u>(2,647,845)</u>	<u>(683,777)</u>

The movement on the deferred tax provision comprises

At 1 August	(683,777)	(509,899)
Credit for the period	<u>(1,964,068)</u>	<u>(173,878)</u>
At 31 March	<u>(2,647,845)</u>	<u>(683,777)</u>

The deferred tax asset is included within the debtors balance (see note 8)

11. Share capital

	31 March 2009 £	31 July 2008 £
Authorised 1,000,000 Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and paid 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

12. Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 1 August 2008	100	4,950,343	4,950,443
Profit for the period	<u>-</u>	<u>6,353,819</u>	<u>6,353,819</u>
At 31 March 2009	<u>100</u>	<u>11,304,162</u>	<u>11,304,262</u>

Brevan Howard Services Limited

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Notes to the financial statements Eight months ended 31 March 2009

13. Pension commitments

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. There were no unpaid contributions outstanding at the year end.

14. Related parties

Alan Howard has the majority voting rights in the Company. The Company entered into a number of transactions with other entities in which Alan Howard, or a trust of which he is a beneficiary, has the majority of the voting rights. These entities are considered related parties and details of these transactions are set out below.

The Company purchased secondment and administrative services of £729,134 (2008 £173,804,442) from Brevan Howard Employment Services Limited ("BHESL"). The Company also provided BHESL and other related parties with corporate support services of £121,493 (2008 £215,344) and was owed £1,105,933 (2008 £1,150,721) by these entities at the year end.

The Company received corporate services, including research and risk oversight, from related parties totalling £2,072,773 (2008 £2,435,185) during the period and owed £381,117 (2008 £472,739) to these entities at the year end.

The Company received partnership allocations as a member of BHAMLLP (see Profit and loss account, page 8) and incurred staff and infrastructure expenses on behalf of BHAMLLP. At the year end BHSL had a debtor balance with BHAMLLP of £120,715 (2008 £3,686,848).

Brevan Howard Services Limited

Registered Number: 4457655

Notes to the financial statements Eight months ended 31 March 2009

15. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	1 August 2008 to 31 March 2009	Year ended 31 July 2008
	£	£
Operating profit	8,993,222	1,830,374
Depreciation	2,533,917	3,006,912
Loss on disposal of tangible fixed assets	401,176	-
Decrease in debtors	3,376,121	12,845,773
Increase / (decrease) creditors	57,336	(14,369,872)
Net cash inflow from operating activities	15,361,772	3,313,187
Interest received	85,760	191,776
Returns on investments and servicing of financing	85,760	191,776
UK Corporation tax paid	(142,921)	(2,673,407)
Taxation	(142,921)	(2,673,407)
Payments to acquire tangible fixed assets	(10,329,699)	(4,515,627)
Payment to acquire fixed asset investment	-	(250,000)
Capital expenditure and financial investment	(10,329,699)	(4,765,627)

(b) Analysis and reconciliation of net funds

	At 1 August 2008	Cash flows	At 31 March 2009
	£	£	£
Cash at bank and net funds	1,718,095	4,974,912	6,693,007