

OC310021

8

PROSPECT INVESTMENT MANAGEMENT (I) LLP

REPORT AND UNAUDITED ACCOUNTS

YEAR ENDED 31 MARCH 2007

SATURDAY



AULBHRFN

A08

21/07/2007

315

COMPANIES HOUSE

PROSPECT INVESTMENT MANAGEMENT (I) LLP

I N D E X

Year ended 31 March 2007

	Page
General information	2
Members' report	3
Profit and loss account	4
Balance sheet	5
Accounting policies	6
Notes to the financial statements	7

PROSPECT INVESTMENT MANAGEMENT (I) LLP

G E N E R A L I N F O R M A T I O N

Year ended 31 March 2007

Designated members	D J Morrison D B Newlands I A Diacono K M Robinski Prospect Investment Management Limited
Registered office	Rotherwick House 3 Thomas More Street London E1W 1YX
Registered number	OC 310021
Bankers	C Hoare & Co 37 Fleet Street London EC4P 4DQ
Solicitors	S J Berwin 10 Queen Street Place London EC4R 1BE
FSA membership number	425516
FSA principal firm	
Name	Prospect Investment Management Limited
FSA membership number	189093

PROSPECT INVESTMENT MANAGEMENT (I) LLP

M E M B E R S ' R E P O R T

Year ended 31 March 2007

The members present their report and unaudited accounts for the year ended 31 March 2007

Activities and future prospects

The LLP is registered with the Financial Services Authority (FSA) as an appointed representative for its designated member, Prospect Investment Management Limited

The principal activity of the LLP is that of providing investment advice

The members are satisfied with the financial position of the LLP at the year end and of its result for the year. The members expect that the present level of activity will be sustained for the foreseeable future

Results for the year and allocation to members

The profit for the year available for division among the members was £1,347,556 (2006 - £762,535)

Designated members

Those members who held the position of designated member during the year are shown on page 2

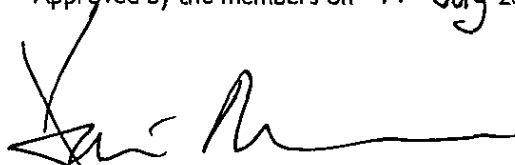
Members' interests

Members are required to subscribe for capital in accordance with the LLP deed dated 31 March 2005 and the members' individual agreed terms. No interest is paid on capital

No member has the right directly or indirectly to withdraw or receive back any part of their subscribed capital, other than pro-rata to their capital contributions, except upon ceasing to be a member or upon the termination and dissolution of the LLP

Members may receive drawings representing payment on account of profits to be allocated on a monthly basis subject to there being profits available. Members are allocated residual profits for a financial year following the finalisation of the financial statements for that year. The partnership retains from a member's profit allocation and drawings such amount as may be required to cover any current or foreseen losses, liabilities and expenditure of the LLP

Approved by the members on 19th July 2007 and signed on their behalf by:-


D J MORRISON
Designated member

PROSPECT INVESTMENT MANAGEMENT (I) LLP

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2007

	Note	2007 £	2006 £
Turnover	1	1,571,819	978,626
Administrative expenses		(238,959)	(224,475)
Operating profit	2	1,332,860	754,151
Interest receivable		14,696	8,384
Profit for the financial year before members' remuneration and profit shares		1,347,556	762,535
Members' remuneration charged as an expense		(1,347,556)	(762,535)
Profit for the financial year available for discretionary division among members		-	-

There are no recognised gains and losses other than the profit for the year and the previous year. All amounts relate to continuing operations.

PROSPECT INVESTMENT MANAGEMENT (I) LLP

BALANCE SHEET

At 31 March 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	3		5,899		2,088
Investments	4	208,039		689,856	
Less: non-recourse liability	4	(208,039)		(689,856)	
			<u>5,899</u>		<u>2,088</u>
Current assets					
Debtors	5		21,005		23,879
Cash at bank and in hand			305,776		374,857
			<u>326,781</u>		<u>398,736</u>
Creditors: amounts falling due within one year	6		(52,735)		(43,992)
Net current assets			<u>274,046</u>		<u>354,744</u>
Total assets less current liabilities			<u>279,945</u>		<u>356,832</u>
Represented by					
Loans and other debts due to members within one year - classified as a liability under FRS 25			279,945		356,832
Total members' interests					
Amounts due from members			-		(4,620)
Loans and other debts due to members	7		279,945		356,832
			<u>279,945</u>		<u>352,212</u>

Members' statement

The LLP is entitled to the exemption provided by section 249A(1) of the Companies Act 1985 as applicable to limited liability partnerships not to have these accounts audited

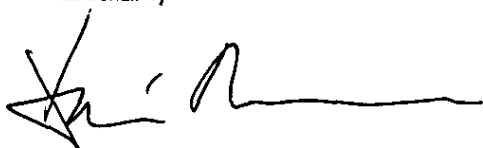
The members acknowledge their responsibilities for

- ensuring that the LLP keeps accounting records which comply with section 221 of the Companies Act 1985, and
- preparing accounts which give a true and fair view of the state of affairs of the LLP as at 31 March 2007, and of its profit for the year then ended in accordance with the requirements of section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the LLP

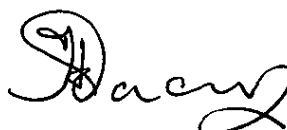
Special provisions

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as applicable to limited liability partnerships relating to small LLPs

The financial statements on pages 4 to 9 were approved by the members of the LLP on 14th July 2007 and were signed on its behalf by:-



D J MORRISON
Designated member



I A DIACONO
Designated member

PROSPECT INVESTMENT MANAGEMENT (1) LLP

A C C O U N T I N G P O L I C I E S

Year ended 31 March 2007

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005) and the Statement of Recommended Practice Accounting by Limited Liability Partnerships. The particular accounting policies adopted are as below.

Accounting period

The financial statements cover the year ended 31 March 2007. The comparative amounts cover the period 16 November 2004 to 31 March 2006.

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 less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment - 2 years straight line

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Investments

Investments and related non-recourse liabilities are stated at cost less provision for any permanent diminution in value. Where the investments are denoted in foreign currencies, the balances for the investment and the associated non-recourse liability are recorded at the exchange rate ruling at the balance sheet date.

Income recognition

Income is recognised in the accounts in the year to which it relates on an accruals basis.

Income from disbursements recharged to clients is not offset against the corresponding expenses.

Members' remuneration

A member's share in the profit or loss for the year is accounted for as an allocation of profits.

Operating leases

Rental payable under the operating lease is charged on a straight line basis over the term of the lease.

PROSPECT INVESTMENT MANAGEMENT (I) LLP**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2007****1. Turnover**

Turnover represents amounts receivable for services provided during the year exclusive of VAT

The contributions of the various activities to turnover are set out below

	2007	2006
	£	£
By activity		
Investment advisory fees	807,867	696,374
Intermediary service fees	675,128	178,966
Service charge and other fees	88,824	103,286
	<u>1,571,819</u>	<u>978,626</u>

2. Operating profit

Operating profit is stated after charging

Depreciation of tangible fixed assets	1,391	4,066
Operating lease rentals - land and buildings	<u>48,761</u>	<u>45,315</u>

3 Tangible fixed assets**Computer equipment**
£**Cost**

At 1 April 2006	6,154
Additions	<u>5,202</u>
At 31 March 2007	<u>11,356</u>

Depreciation

At 1 April 2006	4,066
Provision for the year	<u>1,391</u>
At 31 March 2007	<u>5,457</u>

Net book value

At 31 March 2007	<u>5,899</u>
At 31 March 2006	<u>2,088</u>

PROSPECT INVESTMENT MANAGEMENT (I) LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

4. Fixed asset investments	Other investments other than loans	
	2007	2006
	£	£
Cost		
At 1 April 2006 (US\$1,200,000)	689,856	-
Additions (US\$1,200,000)	-	688,308
Foreign exchange differences	(77,976)	1,548
At 31 March 2007 (US\$1,200,000)	<u>611,880</u>	<u>689,856</u>
Diminution in value		
At 1 April 2006	-	-
Impairment for the year	403,841	-
At 31 March 2007	<u>403,841</u>	<u>-</u>
Net book value	208,039	689,856
Non-recourse liability	<u>(208,039)</u>	<u>(689,856)</u>
	-	-

The fixed asset investments represent the cost of shares purchased by the LLP on a deferred payment basis

The consideration payable by the LLP for the investments will not become due until it realises its holdings in the relevant investments and may not exceed the amount realised on sale

5. Debtors	2007	2006
	£	£
Trade debtors	21,005	19,259
Amounts due from members	-	4,620
	<u>21,005</u>	<u>23,879</u>

6. Creditors, amounts falling due within one year

Trade creditors	16,201	24,864
Other taxation and social security costs	28,284	10,128
Accruals and deferred income	8,250	9,000
	<u>52,735</u>	<u>43,992</u>

PROSPECT INVESTMENT MANAGEMENT (I) LLP**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2007**

7. Members interests	Members' other interests	Loans and other debts due to members	Total members' interests
	Other reserves	Debts due to/from members	Total
	£	£	£
Amounts due to members		356,832	
Amounts due from members		(4,620)	
Members' interests at 1 April 2006	-	352,212	352,212
Members' remuneration charged as an expense	-	1,347,556	1,347,556
Members' interests after profit for the year		1,699,768	1,699,768
Drawings	-	(1,424,443)	(1,424,443)
Introduced by members	-	4,620	4,620
Members' interests at 31 March 2007	-	279,945	279,945
Amounts due to members		279,945	
Amounts due from members		-	
		279,945	

Loans and other debts due to members rank equally with debts due to ordinary creditors in a winding up

The profit attributable to the member with the largest entitlement to profit is £862,779 (2006 - £491,373)

The average number of members in the year was five (2006 - five)

8. Ultimate controlling party

The members of the LLP consider D J Morrison to be its ultimate controlling party

9. Related party transactions

During the year, the LLP provided services to Prospect Investment Management Limited, a designated member of the LLP and a company of which David Morrison is the controlling shareholder. Services to the value of £1,135,722 (2006 - £651,466) were provided during the year and at the year end £nil (2006 - £nil) was due from Prospect Investment Management Limited.