

PROSPECT INVESTMENT MANAGEMENT (I) LLP

REPORT AND UNAUDITED ACCOUNTS

YEAR ENDED 31 MARCH 2011

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PROSPECT INVESTMENT MANAGEMENT (I) LLP

I N D E X

Year ended 31 March 2011

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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 2011

Designated members	D J Morrison D B Newlands I A Diacono K M Robinski V A Morrison (appointed 21 March 2011) Prospect Investment Management Limited
Registered office	22 Chancery Lane London WC2A 1LS
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 2011

The members present their report and unaudited accounts for the year ended 31 March 2011

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 £656,528 (2010 - £649,609)

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

Members shall be allocated investment realisation proceeds, upon the sale or other realisation of an investment, in proportion to the agreed terms for that investment.

Approved by the members on 20/7/11 2011 and signed on their behalf by -



D. MORRISON
Designated member

PROSPECT INVESTMENT MANAGEMENT (I) LLP

P R O F I T A N D L O S S A C C O U N T

Year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	1	885,875	796,271
Administrative expenses		<u>(229,701)</u>	<u>(147,081)</u>
Operating profit	2	656,174	649,190
Interest receivable		<u>354</u>	<u>419</u>
Profit for the financial year before members' remuneration and profit shares		656,528	649,609
Members' remuneration charged as an expense		<u>(656,528)</u>	<u>(649,609)</u>
Profit before and after tax for the financial year available for discretionary division among members		-	-

PROSPECT INVESTMENT MANAGEMENT (I) LLP
LLP number: OC 310021
BALANCE SHEET
At 31 March 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	3		1,163		3,002
Investments	4	371,709		389,706	
Less: non-recourse liability	4	(371,709)		(389,706)	
			-		-
			<u>1,163</u>		<u>3,002</u>
Current assets					
Debtors	5		4,050		14,247
Cash at bank and in hand			67,727		71,815
			<u>71,777</u>		<u>86,062</u>
Creditors: amounts falling due within one year	6		(45,956)		(37,964)
Net current assets			<u>25,821</u>		<u>48,098</u>
Total assets less current liabilities			<u>26,984</u>		<u>51,100</u>
Represented by					
Loans and other debts due to members within one year - classified as a liability under FRS 25			<u>26,984</u>		<u>51,100</u>
Total members' interests					
Loans and other debts due to members	7		<u>26,984</u>		<u>51,100</u>

Members' statement

For the year ended 31 March 2011 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 as applied to Limited Liability Partnerships by the Limited Liability Partnerships' (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small companies

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

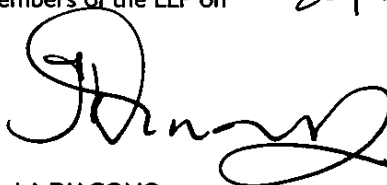
These accounts have been prepared in accordance with the provisions applicable to Limited Liability Partnerships subject to the small Limited Liability Partnerships regime of the Companies Act 2006 (as applied to Limited Liability Partnerships)

The accounts on pages 4 to 9 were approved by the members of the LLP on
and were signed on its behalf by -

2017/11

2011


D. MORRISON
Designated member


I. A. DIACONO
Designated member

PROSPECT INVESTMENT MANAGEMENT (I) LLP

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

Year ended 31 March 2011

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008) and the Statement of Recommended Practice Accounting by Limited Liability Partnerships. The particular accounting policies adopted are as below.

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.

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 2011****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

	2011 £	2010 £
By activity:		
Investment advisory fees	512,476	676,616
Intermediary service fees	319,583	62,999
Service charge and other fees	53,816	56,656
	<u>885,875</u>	<u>796,271</u>

2. Operating profit

Operating profit is stated after charging

Depreciation of tangible fixed assets	2,036	2,082
Operating lease rentals - land and buildings	<u>64,769</u>	<u>62,782</u>

3. Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 April 2010	17,337	17,337
Additions	197	197
At 31 March 2011	<u>17,534</u>	<u>17,534</u>
Depreciation		
At 1 April 2010	14,335	14,335
Provision for the year	2,036	2,036
At 31 March 2011	<u>16,371</u>	<u>16,371</u>
Net book value		
At 31 March 2011	<u>1,163</u>	<u>1,163</u>
At 31 March 2010	<u>3,002</u>	<u>3,002</u>

PROSPECT INVESTMENT MANAGEMENT (I) LLP**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2011****4. Fixed asset investments****Other investments
other than loans****Cost**

At 1 April 2010	915,190
Foreign exchange differences	(49,511)
At 31 March 2011	<u>865,679</u>

Diminution in value

At 1 April 2010	525,484
Foreign exchange differences	(31,514)
At 31 March 2011	<u>493,970</u>

Net book value

371,709

Non-recourse liability

(371,709)

-

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

	2011	2010
	£	£
Trade debtors	4,050	14,247
	<u>4,050</u>	<u>14,247</u>

6. Creditors: amounts falling due within one year

Trade creditors	8,363	9,158
Other taxation and social security costs	34,221	26,321
Accruals and deferred income	3,372	2,485
	<u>45,956</u>	<u>37,964</u>

PROSPECT INVESTMENT MANAGEMENT (I) LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

7. Members interests	Loans and other debts due to members	Total members' interests
	Debts due to/from members	Total
	£	£
Amounts due to members at 1 April 2010	51,100	
Members' interests at 1 April 2010	51,100	51,100
Members' remuneration charged as an expense	656,528	656,528
Members' interests after profit for the year	707,628	707,628
Drawings	(680,644)	(680,644)
Members' interests at 31 March 2011	26,984	26,984
Amounts due to members at 31 March 2011	26,984	

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 £630,267 (2010 - £623,625)

The average number of members in the year was six (2010 - 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 £319,583 (2010 - £311,966) were provided during the year
