PROSPECT INVESTMENT MANAGEMENT (I) LLP

REPORT AND UNAUDITED ACCOUNTS

YEAR ENDED 31 MARCH 2014

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COMPANIES HOUSE

PROSPECT INVESTMENT MANAGEMENT (1) LLP

I N D E X

Year ended 31 March 2014

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PROSPECT INVESTMENT MANAGEMENT (I) LLP

GENERAL INFORMATION

Year ended 31 March 2014

Designated members	D J Morrison D B Newlands I A Diacono K M Robinski V A Morrison 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
FCA membership number	425516
FCA principal firm	
Name	Prospect Investment Management Limited
FCA membership number	189093

PROSPECT INVESTMENT MANAGEMENT (1) LLP

MEMBERS' REPORT

Year ended 31 March 2014

The members present their report and unaudited accounts for the year ended 31 March 2014.

Activities and future prospects

The LLP is registered with the Financial Conduct Authority (FCA) 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 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 £2,306,792 (2013 - £1,699,855).

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 amounts 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 22 July 2014 and signed on their behalf by:-

D J MORRISON
Designated member

PROSPECT INVESTMENT MANAGEMENT (I) LLP

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	1	2,434,244	*1,826,586*
Administrative expenses		(128,769)	*(127,181)*
Operating profit	2	2,305,475	*1,699,405*
Interest receivable		1,317	*450*
Profit for the financial year before members' remuneration and profit shares		2,306,792	*1,699,855*
Members' remuneration charged as an expense		(2,306,792)	*(1,699,855)*
Profit before and after tax for the financial year available for discretionary division among members		-	-

BALANCE SHEET

At 31 March 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	3		2,766		*2,724*
Investments	4	368,873		*445,278*	
Less: non-recourse liability	4	(355,333)		*(431,468)*	
			13,540		*13,809*
			16,306		*16,533*
Current assets					
Cash at bank and in hand			287,232		*108,967*
			287,232		*108,967*
Creditors: amounts falling due within one year	5		(73,627)		*(35,995)*
Net current assets			213,605		*72,972*
Total assets less current liabilities			229,911		*89,505*
Represented by:					
Loans and other debts due to members within one year - classified as a liability under FRS 25			229,911		*89,505*
Total members' interests					
Loans and other debts due to members	6		229,911		*89,505*

Members' statement

For the year ended 31 March 2014 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 22 July 2014 and were signed on its behalf by:-

D J MORRISON
Designated member

I A DIACONO
Designated member

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
Office equipment	- 5 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

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

1. Turnover

Turnover represents amounts receivable for services provided during the year exclusive of VAT. All turnover relates to services provided within the UK.

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

	2014	2013
	£	£
By activity:		
Investment advisory fees	378,708	*415,203*
Delegated Intermediary service fees and commissions	2,015,221	*1,375,851*
Service charge and other fees	40,315	*35,532*
	2,434,244	*1,826,586*

2. Operating profit

Operating profit is stated after charging:

Depreciation of tangible fixed assets	2,879	*1,428*
Operating lease rentals - land and buildings	38,857	*70,387*

3. Tangible fixed assets

	Office equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2013	769	21,478	22,247
Additions	-	2,921	2,921
At 31 March 2014	769	24,399	25,168
Depreciation			
At 1 April 2013	308	19,215	19,523
Provision for the year	154	2,726	2,879
At 31 March 2014	462	21,941	22,402
Net book value			
At 31 March 2014	307	2,458	2,766
At 31 March 2013	461	2,263	2,724

4. Fixed asset investments

	Other investments other than loans
	£
Cost	
At 1 April 2013	915,180
Foreign exchange differences	(70,402)
At 31 March 2014	844,778
Diminution in value	
At 1 April 2013	469,902
Foreign exchange differences	6003
At 31 March 2014	475,905
Net book value	368,873
Non-recourse liability	(355,333)
	13,540

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.

The amount by which the net book value exceeds the non-recourse liability represents the portion of the investment purchased outright.

5. Creditors: amounts falling due within one year

Trade creditors	49,462	974
Other taxation and social security costs	20,115	31,193
Accruals and deferred income	4,050	3,828
	73,627	35,995

6. Members interests

	Loans and other debts due to members	Total members' interests
	£	Total £
Amounts due to members at 1 April 2013	89,505	
Members' interests at 1 April 2013	89,505	89,505
Members' remuneration charged as an expense	2,306,792	2,355,633
Members' interests after profit for the year	2,396,297	2,445,138
Drawings	(2,166,386)	(2,166,385)
Members' interests at 31 March 2014	229,911	278,753
Amounts due to members at 31 March 2014	229,911	

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 £1,758,319 (2013 - £1,355,275).

The average number of members in the year was six (2013 - six).

7. Ultimate controlling party

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

8. 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 D J Morrison is the controlling shareholder. Services to the value of £2,015,221 (2013 - £1,375,851) were provided during the year. At the year end, the LLP owed Prospect Investment Management Limited £48,841 (2013 - £nil).

During the year Prospect Investment Management Limited charged the LLP £7,000 (2013 - £7,000) in appointed representative and regulatory fees, £nil (2013 - £nil) remained outstanding at the year end.

PROSPECT INVESTMENT MANAGEMENT (I) LLP

DETAILED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2014

	£	2014 £	£	2013 £
Turnover				
Investment advisory fees		378,708		*415,203*
Delegated investment advisory fees and commission		2,015,221		*1,375,851*
Directorship fees		40,315		*35,532*
		2,434,244		*1,826,586*
Bank interest receivable		1,317		*450*
		2,435,561		*1,827,036*
Expenditure				
Accountancy fees	7,950		*8,251*	
Bank charges	844		*815*	
Charitable donations	-		*50*	
Depreciation	2,879		*1,428*	
Entertainment	4,995		*11,596*	
Regulatory fees and expenses	2,000		*2,000*	
Appointed representative fees	5,000		*5,000*	
Legal and professional fees	-		*4,625*	
Motor and travel	47,303		*6,741*	
Publications and subscriptions	480		*571*	
Rent	38,857		*70,876*	
Telephone and fax	5,517		*6,872*	
Sundry expenditure	6,050		*4,131*	
Exchange differences	270		*115*	
Irrecoverable VAT	6,025		*4,110*	
Information costs	599		-	
		(128,769)		*(127,181)*
Profit for the financial year before members' remuneration and profit shares		2,306,792		*1,699,855*
Members' remuneration charged as an expense		(2,306,792)		*(1,699,855)*
Profit before and after tax for the financial year available for division among members		-		-