PROSPECT INVESTMENT MANAGEMENT (I) LLP

REPORT AND UNAUDITED ACCOUNTS

YEAR ENDED 31 MARCH 2015

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PROSPECT INVESTMENT MANAGEMENT (1) LLP

I N D E X

Year ended 31 March 2015

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PROSPECT INVESTMENT MANAGEMENT (I) LLP

GENERAL INFORMATION

Year ended 31 March 2015

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 (I) LLP

MEMBERS' REPORT

Year ended 31 March 2015

The members present their report and unaudited accounts for the year ended 31 March 2015.

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.

Results for the year and allocation to members

The profit for the year available for division among the members was £1,270,128 (2014 - £2,306,792).

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 21/07/ 2015 and signed on their behalf by:-

D J MORRISON
Designated member

PROSPECT INVESTMENT MANAGEMENT (I) LLP

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	1	1,328,515	*2,434,244*
Administrative expenses		(58,807)	*(128,769)*
Operating profit	2	1,269,708	*2,305,475*
Interest receivable		420	*1,317*
Profit for the financial year before members' remuneration and profit shares		1,270,128	*2,306,792*
Members' remuneration charged as an expense		(1,270,128)	*(2,306,792)*
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 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	3		1,398		2,766
Investments	4	12,390		368,873	
Less: non-recourse liability	4	-		(355,333)	
			12,390		13,540
			13,788		16,306
Current assets					
Cash at bank and in hand			49,118		287,232
			49,118		287,232
Creditors: amounts falling due within one year	5		(20,134)		(73,627)
Net current assets			28,984		213,605
Total assets less current liabilities			42,772		229,911
Represented by:					
Loans and other debts due to members within one year - classified as a liability under FRS 25			42,772		229,911
Total members' interests					
Loans and other debts due to members	6		42,772		229,911

Members' statement

For the year ended 31 March 2015 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 21/07/ 2015 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:

	2015 £	2014 £
By activity:		
Investment advisory fees	342,972	*378,708*
Delegated Intermediary service fees and commissions	981,283	*2,015,221*
Service charge and other fees	4,260	*40,315*
	1,328,515	*2,434,244*

2. Operating profit

Operating profit is stated after charging:

Depreciation of tangible fixed assets	2,457	*2,879*
Operating lease rentals - land and buildings	15,906	*38,857*

3. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2014	769	24,399	25,168
Additions	-	1,089	1,089
At 31 March 2015	769	25,488	26,257
Depreciation			
At 1 April 2014	462	21,940	22,402
Charge for the year	154	2,303	2,457
At 31 March 2015	616	24,243	24,859
Net book value			
At 31 March 2015	153	1,245	1,398
At 31 March 2014	307	2,458	2,766

4. Fixed asset investments

	Other investments other than loans
	£
Cost	
At 1 April 2014	844,778
Disposal	(381,239)
Foreign exchange differences	(1,149)
At 31 March 2015	12,390
Diminution in value	
At 1 April 2014	475,905
Disposal	(475,905)
At 31 March 2015	-
Net book value at 31 March 2015	12,390
Non-recourse liability	-
	12,390
Net book value at 31 March 2014	368,873
Non-recourse liability	(355,333)
	13,540

Fixed asset investments that were purchased by the LLP on a deferred payment basis were disposed of during the year which resulted in the loss on disposal and the non-recourse liability creditor being debited and credited respectively to the profit and loss account during the year.

5. Creditors: amounts falling due within one year

Trade creditors	258	49,462
Other taxation and social security costs	16,796	20,115
Accruals and deferred income	3,080	4,050
	20,134	73,627

6. Members interests

	Loans and other debts due to members	Total members' interests
	£	Total £
Amounts due to members at 1 April 2014	229,911	
Members' interests at 1 April 2014	229,911	229,911
Members' remuneration charged as an expense	1,270,128	1,270,128
Members' interests after profit for the year	1,500,039	1,500,039
Drawings	(1,457,267)	(1,457,267)
Members' interests at 31 March 2015	42,772	42,772
Amounts due to members at 31 March 2015	42,772	

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 £1,099,328 (2014 - £1,758,319).

The average number of members in the year was six (2014 - 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 £981,283 (2014 - £2,015,221) were provided during the year. During the year Prospect Investment Management Limited also charged the LLP £7,000 (2014 - £7,000) in appointed representative and regulatory fees. At the year end, the LLP owed Prospect Investment Management Limited £nil (2014 - £48,841).

PROSPECT INVESTMENT MANAGEMENT (1) LLP

DETAILED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2014

	£	2015 £	£	2014 £
Turnover				
Investment advisory fees		342,972		*378,708*
Delegated investment advisory fees and commission		981,283		*2,015,221*
Directorship fees		4,260		*40,315*
		1,328,515		*2,434,244*
Bank interest receivable		420		*1,317*
		1,328,935		*2,435,561*
Expenditure				
Accountancy fees	5,690		*7,950*	
Bank charges	773		*844*	
Depreciation	2,457		*2,879*	
Entertainment	4,111		*4,995*	
Regulatory fees and expenses	2,000		*2,000*	
Appointed representative fees	5,000		*5,000*	
Motor and travel	10,334		*47,303*	
Publications and subscriptions	553		*480*	
Rent	15,906		*38,857*	
Telephone and fax	4,024		*5,517*	
Sundry expenditure	1,579		*6,050*	
Exchange differences	1,149		*270*	
Irrecoverable VAT	4,632		*6,025*	
Information costs	599		599	
		(58,807)		*(128,769)*
Profit for the financial year before members' remuneration and profit shares		1,270,128		*2,306,792*
Members' remuneration charged as an expense		(1,270,128)		*(2,306,792)*
Profit before and after tax for the financial year available for division among members		-		-