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**Fulcrum Asset Management LLP**

**Members' Report and Audited Financial statements**

For the year ended 31 March 2010

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COMPANIES HOUSE

## **Administrative information**

### **Members**

G Davies  
A D Stevens  
S Shaikh  
J Davidson  
FAM Services Limited

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Bankers**

Coutts & Co  
188 Fleet Street  
London  
EC4A 2HY

### **Legal Advisors**

Simmons and Simmons  
CityPoint  
One Ropemaker Street  
London  
EC2Y 9SS

### **Registered Office**

6 Chesterfield Gardens  
London  
W1J 5BQ

## **Members' report**

**For the year ended 31 March 2010**

The members present their report and the audited financial statements of Fulcrum Asset Management LLP ('the LLP' or 'the Partnership') for the year ended 31 March 2010

### **Principal activity and review of the business**

The LLP was authorised to conduct investment business by the Financial Services Authority ("FSA") on 14 April 2004. The principal activity of the LLP in the year under review was that of investment fund management.

The results and the financial position at year end were considered satisfactory by the members. The LLP's balance sheet as detailed on page 8 shows a satisfactory position. Members' other interests amount to £1,494,853 (2009 £1,665,882).

### **Results for the year and distribution**

The loss for the year of £176,029 (2009 £494,118) has been transferred to reserves.

### **Future developments**

There are no plans which will significantly change the activities and risks of the LLP.

### **Going concern**

The LLP has considerable financial resources. It is envisaged that assets under management will be maintained at such a level that the related management fee income will continue to comfortably exceed costs during the next twelve months.

The members have assessed the going concern status of the LLP and concluded that there are no material uncertainties that may cast significant doubt about the LLP's ability to continue as a going concern. They therefore continue to adopt a going concern basis of accounting in the financial statements.

### **Members' profit allocation**

Any profits are shared among the members as decided by the designated members and governed by the original Partnership Agreement dated 9 March 2004.

### **Policy for members' drawings, subscriptions and repayment of members' capital**

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 9 March 2004. In summary, each member shall upon admission to the LLP make a capital contribution of such amount as shall be determined by the managing member. No member shall have the right to withdraw or receive back any part of the capital contribution except upon the winding-up of the LLP. Allocation of profits among the members, and the amount of a member's drawings, are determined at the discretion of the managing member.

### **Pillar 3 disclosure**

Details of the LLP's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Service Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), will be available on written request from our registered office.

## Members' report

For the year ended 31 March 2010

### Members

The members of the LLP during the year and up to the date of this report were as follows

G Davies	(Designated member)
A D Stevens	(Designated member)
S Shaikh	(Designated member)
J Davidson	(Appointed 1 January 2010)
FAM Services Limited	(Managing member)

### Statement of disclosure of information to auditors

The members have taken all steps that they ought to have taken as members to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information. So far as the members are aware, there is no relevant audit information of which the LLP's auditors are unaware.

### Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual Members' Meeting.

On behalf of the members



A Stevens  
Designated Member

22 July 2010

## **Statement of members' responsibilities in respect of the financial statements**

The Designated Members are responsible for preparing the Member's Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require the members to prepare financial statements for each financial year. Under the regulation the Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the regulation the Designated Members 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 LLP and of the profit or loss of the LLP for that year. In preparing the financial statements, the Designated Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Designated Members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Fulcrum Asset Management LLP**

We have audited the financial statements of Fulcrum Asset Management LLP (the "LLP") for the year ended 31 March 2010 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Cash flow statement and the related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditors**

As described in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 of the state of the Limited Liability Partnership's affairs as at 31 March 2010 and of its loss for the year then ended, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the requirements of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. We also report to you if, in our opinion, the LLP has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' 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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP'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.

**Independent auditors' report**  
**to the members of Fulcrum Asset Management LLP**  
(continued)

**Opinion**

In our opinion the financial statements

- give a true and fair view of the state of affairs of the Limited Liability Partnerships' affairs as at 31 March 2010 and of its loss for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

*Ernst & Young LLP*

Jeremy Young (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
26 July 2010

## Profit and loss account

For the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	3,299,709	2,742,231
Administrative expenses		(3,493,081)	(3,286,193)
Operating loss	3	(193,372)	(543,962)
Interest receivable		17,343	49,844
Loss for the financial year available for discretionary division among members	8	(176,029)	(494,118)

All amounts are in respect of continuing activities

## Statement of total recognised gains and losses

The LLP has no recognised gains or losses other than the loss for the current and previous year as shown above and therefore no separate statement of total recognised gains and losses has been presented



Registered No OC306401

**Balance sheet**

As at 31 March 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
<b>Current assets</b>			
Debtors	5	1,252,821	768,064
Cash at bank		484,845	1,205,710
		<u>1,737,666</u>	<u>1,973,774</u>
<b>Creditors amounts falling due within one year</b>	6	(242,813)	(207,892)
<b>Net current assets</b>		<u>1,494,853</u>	<u>1,765,882</u>
<b>Creditors amounts falling due after one year</b>	7	-	(100,000)
<b>Net assets attributable to members</b>		<u>1,494,853</u>	<u>1,665,882</u>

**Represented by**

<b>Equity</b>			
Members' capital	8	2,165,000	2,160,000
Other reserves	8	(670,147)	(494,118)
		<u>1,494,853</u>	<u>1,665,882</u>

**Memorandum of members' total interests**

		<i>2010</i> £	<i>2009</i> £
Loans and other debts due from members		(603,229)	(289,126)
Members' other interests		1,494,853	1,494,853
<b>Members' total interests</b>	8	<u>891,624</u>	<u>1,205,727</u>

The financial statements were approved by the members on 22 July 2010 and authorised for issue on their behalf by

  
A Stevens  
Designated Member

## Cash flow statement

For the year ended 31 March 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Net cash outflow from operating activities	9(a)	(329,105)	(311,933)
Returns on investments and servicing of finance			
Interest received		17,343	49,844
Transactions with members	9(b)	(309,103)	1,153,089
Net cash (outflow) / inflow before management of liquid resources and financing		(620,865)	891,000
Financing			
Subordinated loan repayment		(100,000)	-
(Decrease) / increase in cash		(720,865)	891,000

### Reconciliation of net cash flow to movement in net funds

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
(Decrease) / increase in cash in the year		(720,865)	891,000
Change in net debt resulting from cash flows	9(c)	(720,865)	891,000
Net funds at 1 April		1,205,710	314,710
Net funds at 31 March		484,845	1,205,710

## Notes to the financial statements

For the year ended 31 March 2010

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable UK Accounting Standards under the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2006

#### Revenue recognition

Revenue is recognised to the extent that the LLP obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax duty

#### Expenses

Expenses incurred have been recognised on an accruals basis

#### Foreign currencies

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

#### Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP which will be assessed on the individual members and not on the LLP

#### Profit allocations

Amounts due to members following a discretionary division of profits are credited to members' current accounts in the period when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and any drawings paid in respect of these unallocated profits are included within debtors

### 2 Turnover

Turnover, which is stated net of any value added tax, represents management fees and performance fees arising from continuing activities in the United Kingdom. All turnover during the year was generated from the investment management of funds domiciled in the Cayman Islands

An analysis of turnover by geographical area is given below

	2010	2009
	£	£
Europe	1,175,062	1,030,228
Cayman Islands	2,124,647	1,712,003
	<u>3,299,709</u>	<u>2,742,231</u>

## Notes to the financial statements

For the year ended 31 March 2010

### 3 Operating loss

Operating loss is stated after charging/(crediting)

	2010	2009
	£	£
Auditors' remuneration – audit services	3,000	3,000
Exchange rate loss / (gain)	39,766	(21,007)
	<u>          </u>	<u>          </u>

### 4 Members' remuneration

	2010	2009
	£	£
Loss for the financial year available for division among members	(176,029)	(494,118)
	<u>          </u>	<u>          </u>
Profit that is attributable to the member with the largest entitlement to profit	-	-
	<u>          </u>	<u>          </u>

The average number of members during the year was 5 (2009 4)

### 5 Debtors

	2010	2009
	£	£
Trade debtors	-	12,799
Amounts due from members	603,229	289,126
Prepayments and accrued income	649,224	463,745
VAT	368	712
Other debtors	-	1,682
	<u>          </u>	<u>          </u>
	1,252,821	768,064
	<u>          </u>	<u>          </u>

## Notes to the financial statements

For the year ended 31 March 2010

### 6. Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	-	2,875
Amounts due to Fulcrum Asset Management Limited	151,665	173,643
Accruals	56,038	6,000
Other creditors	35,110	25,374
	<u>242,813</u>	<u>207,892</u>

### 7. Creditors: amounts falling due after one year

	2010	2009
	£	£
Subordinated loan	-	100,000
	<u>-</u>	<u>100,000</u>

The subordinated loan of £100,000 from Prisma Capital Management International LLP was entered into on 20 February 2008. Interest due on the loan is limited to all interest earned on the £100,000 and is payable on the repayment of the loan. During the year the permission of the Financial Services Authority was sought and the loan was repaid, inclusive of any interest due.

## Notes to the financial statements

For the year ended 31 March 2010

### 8 Reconciliation of movements in members' interests

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Members' other interests</i>	<i>Loans and other debts due to/(from) members</i>	<i>Members' total interests</i>
	£	£	£	£	£
Members' interests at 1 April 2009	2,160,000	(494,118)	1,665,882	(289,126)	1,376,756
Loss available for discretionary division among members	-	(176,029)	(176,029)	-	(176,029)
Members' interests after loss for the year	2,160,000	(670,147)	1,489,853	(289,126)	1,200,727
Capital contribution	5,000	-	5,000	-	5,000
Drawings	-	-	-	(251,622)	(251,622)
Other payments to members	-	-	-	(62,481)	(62,481)
Members' interests at 31 March 2010	2,165,000	(670,147)	1,494,853	(603,229)	891,624

## Notes to the financial statements

For the year ended 31 March 2010

### 9. Notes to the cash flow statement

#### (a) Reconciliation of operating loss to net cash outflow from operating activities

	2010	2009
	£	£
Operating loss	(193,372)	(543,962)
(Increase) / decrease in debtors	(170,654)	66,611
(Decrease) / increase in creditors	34,921	165,418
Net cash outflow from operating activities	(329,105)	(311,933)

#### (b) Analysis of cash flows for headings netted in the statement of cash flows

	2010	2009
	£	£
<b>Transactions with Members:</b>		
Capital contributions by members	5,000	750,000
Repayment of capital contributions to members	-	(10,000)
Distributions to members	-	(221,239)
Drawings	(251,622)	(114,894)
Other (payments) / receipts (to) / from members	(62,481)	749,222
	(309,103)	1,153,089

#### (c) Analysis of changes in net debt

	At 1 April 2009	Cash flows	At 31 March 2010
	£	£	£
Cash at bank	1,205,710	(720,865)	484,845

### 10. Related parties

No disclosure has been made of transactions between the LLP and its parent undertaking, FAM Services Limited, in accordance with paragraph 3(c) of FRS 8 "Related Party Disclosures"

During the year, management and performance fees of £3,299,709 (2009 £2,742,231) became due from Fulcrum Asset Management Limited. At the year end there was a balance due to Fulcrum Asset Management Limited of £151,665 (2009 £173,232)

### 11. Parent undertaking and ultimate controlling party

The immediate parent undertaking of the LLP is FAM Services Limited which has included the LLP in its group financial statements, copies of which are available from its registered office at 6 Chesterfield Gardens, London W1J 5BQ. The ultimate controlling party is Fulcrum Asset Management Limited, a company registered in the Cayman Islands.