

**J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

**(Registered number 991876)**

**Annual Report for the year ended 31 December 2012**

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# **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

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## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

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## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report and the audited accounts of J P. Morgan Private Fund Management Limited, company number 991876 (the 'Company') for the year ended 31 December 2012.

#### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the Company is acting as the Authorised Corporate Director ('ACD') for an Open Ended Investment Company ('OEIC'). The financial position of the Company remains satisfactory.

During 2012 the Company resigned as ACD of two OEIC's sub funds and it remains ACD on one remaining sub fund

On 14 March 2013 the Directors agreed to transfer the remaining sub-fund out of J P Morgan PB Funds ICVC and subsequently close J P Morgan PB Funds ICVC. J P Morgan Private Fund Management Limited's appointment as ACD will then terminate. The Directors intend to wind up the operations of the company and as such the financial statements have been prepared using the liquidation basis of accounting

This transfer and consequent liquidation of the company is targeted for completion within 12 months from the date of approval of the financial statements. The Directors will proceed with an orderly wind down of the company. There are no foreseen circumstances or anticipated fire sale event which would result in assets and liabilities being realised at values lower than their carrying amount. Assets and liabilities have therefore not been valued at a break up basis

No closure costs or losses have been accrued as the Directors do not anticipate incurring such costs to carry out its liquidation plan to the date of termination

#### **FUTURE OUTLOOK**

No change to the activity of the Company is envisaged for the foreseeable future

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

As an ACD the Company does not incur any risk other than limited operational and credit risk.

#### **KEY PERFORMANCE INDICATORS ('KPIs')**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

#### **RESULTS AND DIVIDENDS**

The profit on ordinary activities for the year before taxation was nil (2011 nil). No dividends have been paid during the year (2011 Nil)

#### **DIRECTORS**

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

J H Cole	(Appointed 30 January 2013)
R D Gullan-Whur	(Resigned 21 February 2012)
R R Madeley	(Resigned 11 July 2012)
R J Walton	

**J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

**COMPANY SECRETARY**

The secretary of the Company who served during the year was as follows.

J P Morgan Secretaries (UK) Limited

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each person who is a director of the company at the date of approval of this report confirms that.

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's independent auditors are unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's independent auditors are aware of that information.

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

### **THIRD PARTY INDEMNITIES**

An indemnity is provided to the directors of the Company under the By-laws of JPMorgan Chase & Co against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the By-laws of JPMorgan Chase & Co is kept at the registered office of the Company.

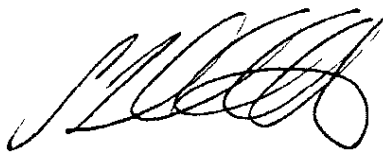
### **CREDITORS PAYMENT POLICY**

The JPMorgan Chase & Co. Group policy is to pay invoices (including those in respect of the Company) upon presentation, except where other arrangements have been negotiated with the supplier.

### **INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

By order of the Board



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for and on behalf of  
J P Morgan Secretaries (UK) Limited  
Secretary  
16 April 2013

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

We have audited the financial statements of or the year ended J P Morgan Private Fund Management Limited which comprise of the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and its results 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 Companies Act 2006

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

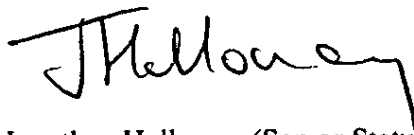
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime.

### **Emphasis of Matter – Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting. Following the year end the directors have decided that the company will cease trading during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate. All assets and liabilities are cash based and classified as current. As such, no adjustments have been required to be made in these financial statements to reduce assets to their realisable values, to provide for liabilities and to reclassify fixed assets and long-term liabilities as current assets and liabilities.



Jonathan Holloway (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 April 2013



**J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Turnover	2	121,963	606,348
Operating costs	3	(121,963)	(606,348)
Gross profit		-	-
Operating profit		-	-
Profit on ordinary activities before taxation	4	-	-
Taxation on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		-	-
Retained profit for the year	11	-	-

The turnover on ordinary activities is derived entirely from continuing operations. There are no recognised gains or losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the financial results on ordinary activities before taxation and the financial results for the year and their historical cost equivalents.

The notes on pages 11 to 16 form part of these accounts.

**J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED****BALANCE SHEET AT 31 DECEMBER 2012**

	<u>Note</u>	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Current assets			
Debtors	8	754,190	759,287
		<u>754,190</u>	<u>759,287</u>
Creditors' amounts falling due within one year	9	(7,383)	(12,480)
		<u>746,807</u>	<u>746,807</u>
Net current assets		<u>746,807</u>	<u>746,807</u>
Net Assets		<u>746,807</u>	<u>746,807</u>
Capital and reserves			
Called up share capital	10	50,000	50,000
Profit and loss account	11	696,807	696,807
Equity Shareholder's funds	11	<u>746,807</u>	<u>746,807</u>

Approved and authorised for issue by the board of directors on 16 April 2013 and signed on its behalf by



R J Walton  
Director  
16 April 2013

The notes on pages 11 to 16 form part of these accounts.

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. Accounting policies**

##### **(a) Basis of preparation**

On 14 March 2013 the Directors agreed to transfer the remaining sub-fund out of J P Morgan PB Funds ICVC and subsequently close J P Morgan PB Funds ICVC J P Morgan Private Fund Management Limited's appointment as ACD will then terminate The Directors intention is to wind up the operations of the company and as such the financial statements have been prepared using the liquidation basis of accounting

This transfer and consequent liquidation of the company is targeted for completion within 12 months from the date of approval of the financial statements The Directors will proceed with an orderly wind down of the company. There are no foreseen circumstances or anticipated fire sale event which would result in assets and liabilities being realised at values lower than their carrying amount. Assets and liabilities have therefore not been valued at a break up basis

No closure costs or losses have been accrued as the Directors do not anticipate incurring such costs to carry out its liquidation plan to the date of termination

A summary of the more important accounting policies, which have been applied consistently, is set out below.

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards and consistent with the accounting policies set out below

##### **(b) Profit and Loss account items**

Items are recorded on an accruals basis Management fees are accrued on a daily basis, based on a percentage of the net asset value of the funds under management.

##### **(c) Cash flow statement**

A cash flow statement has not been incorporated in these financial statements The Company has taken advantage of the provisions of FRS 1 (Revised 1996) 'Cash Flow Statements', which exempt a Company from preparation of a cash flow statement in cases where it is wholly owned subsidiary of a group whose accounts are also publicly available

##### **(d) Related Party Transactions**

In accordance with the exemption afforded by FRS 8 'Related Party Disclosures', certain details of transactions with parent and fellow subsidiary companies are not disclosed as they are included in the consolidated financial statements of a group which are publicly available. Related party transactions with the Open Ended Investment Companies for which the Company acts as Authorised Corporate Director are disclosed in note 12

##### **(e) Agreement with J P Morgan International Bank Limited**

J P. Morgan International Bank Limited (the immediate parent) performs a number of services for J P Morgan Private Fund Management Limited, including the employment of staff, provision of office space and equipment In consideration for receiving the free use of the cash balances from J P Morgan Private Fund Management Limited and in recognition of the fact that under Investment Manager Agreement (IMA's) J.P Morgan

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

International Bank Limited receives all of J P Morgan Private Fund Management Limited's revenue, J P Morgan International Bank Limited agrees to bear the cost of any future invoices payable by J.P. Morgan Private Fund Management Limited This includes, but is not limited to Audit fees, Regulatory fees and any pension commitments for previous employees.

(f) **Foreign currency translation**

Foreign currency income and expense items are translated at the rate prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are translated into sterling at market rates prevailing at the balance sheet date and resulting gains and losses would be taken to turnover or operating costs. The functional currency is deemed to be pounds sterling (GBP) which is also the presentation currency

GBP USD rate for 31 December 2012 was £1.\$ 1 6153 (2011. £\$1.5397)

(g) **FRS 29 exemption**

In accordance with FRS 29 "Financial Instruments Disclosures," the company is exempt from presenting the disclosures required by this standard, since the company is a wholly owned subsidiary of a parent undertaking whose consolidated financial statements are publicly available and include disclosures that comply with the standard

## **2 Turnover and segmental information**

All turnover arises in the United Kingdom. The Company has only one class of business and operates in only one geographic segment.

Turnover is made up of	<u>31 December</u>	<u>31 December</u>
	<u>2012</u>	<u>2011</u>
	£	£
Management fees	121,963	555,055
VAT recovery	-	51,293
	<u>121,963</u>	<u>606,348</u>

The Company acts as agent rather than principal in its dealings in the shares of the OEICs for which it is Authorised Corporate Director Accordingly purchases and sales of such shares are excluded from turnover and operating costs

Following the judgement of the European Court of Justice in the Abbey National case on 4 May 2006, HM Revenue & Customs has published a revised policy with regard to the VAT exemption for the management of Authorised Collective Investment Schemes As a result, the Company and Funds reclaimed an amount of VAT that has previously been paid on registration fees and administration fees

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

### **3 Operating costs**

Operating costs are made up of	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Investment management charges and other revenue payable to J P Morgan International Bank Limited	121,963	606,348
	<u>121,963</u>	<u>606,348</u>

### **4 Profit on ordinary activities before taxation is arrived at after charging**

	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Auditors' remuneration	-	-
	<u>-</u>	<u>-</u>

Auditor's remuneration of £5,299 (2011: £5,299) was borne by the Company's immediate parent (J.P. Morgan International Bank Limited). The Company had no employees for the year (2011: Nil) as the staff were employed by J.P. Morgan International Bank Limited. Pursuant to an inter-entity services agreement, with effect from 1<sup>st</sup> October 2003 all the Company's costs are borne by the Company's immediate parent.

### **5 Directors' Emoluments and Other Benefits**

	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Aggregate emoluments paid by other group companies	33,181	80,120
Number of Directors receiving shares under long term investment schemes	1	4
Number of Directors to whom retirement benefits are accruing under a defined contribution scheme	2	3

The aggregate amount of defined contribution payments to director's pension was £2,964 (2011 - £6,530)

There were no transactions between the Company and its directors and officers during the year

No disclosure is required for the highest paid Director for 2012 as the aggregate Directors' emoluments were less than £200,000

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

6. Taxation on profits on ordinary activities

No tax was paid during the current year (2011 nil).

7 Dividends

No dividends were proposed or paid during the current year (2011 nil).

	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
8 <u>Debtors</u>		
Accrued management fees	7,383	12,480
Amount due from parent banking Company	746,807	746,807
	<u>754,190</u>	<u>759,287</u>

9 Creditors amounts falling due within one year

	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Amounts owed to group undertakings	<u>7,383</u>	<u>12,480</u>
	<u>7,383</u>	<u>12,480</u>

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

### 10 Equity share capital

	<u>31 December</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Issued and fully paid		
25,000 'A' shares of £1 each	25,000	25,000
25,000 'B' shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

### 11 Reconciliation of movements in Shareholder's Funds as at 31 December 2012

	<u>Profit and</u> <u>Loss</u> <u>Account</u> £	<u>Called up</u> <u>Share</u> <u>Capital</u> £	<u>Total</u> <u>Shareholders</u> <u>Funds</u> £
Balance brought forward	696,807	50,000	746,807
Retained profit for the year	-	-	-
Balance carried forward	<u>696,807</u>	<u>50,000</u>	<u>746,807</u>

### 12 Related party transactions

The Company acts as Authorised Corporate Director for one Open Ended Investment Company ('OEIC') with a total of one sub fund (2011 one OEIC with three sub funds) (collectively, "the funds") The aggregate value of transactions was £0 for new share issues (2011 £0) and £0 for redemptions for the year (2011. £0)

The Authorised Corporate Director is J P Morgan Private Fund Management Limited, and is responsible for managing and administering the affairs of the Company in compliance with the Collective Investments Schemes ('COLL') Sourcebook The Authorised Corporate Director may delegate its management and administration functions (including Fund Accounting, and registration) to third parties including associates subject to the rules in the COLL Sourcebook

The Depositary is National Westminster Bank plc and has retained the services of JPMorgan Chase Bank, N A as associate of the Authorised Corporate Director, to assist the Depositary to perform its function of custodian of documents of title or documents evidencing title to the Scheme Property of the Company

The clients of the OEIC are J P Morgan International Bank Limited clients The marketing and oversight of the funds resides with J P. Morgan International Bank Limited and as such all management fees received are paid in full to the immediate parent

The amounts received in respect of gross management fees were £121,963 (2011 £555,055) At the end of the accounting period £7,383 was accrued for management fees (2010 £12,480)

## **J.P. MORGAN PRIVATE FUND MANAGEMENT LIMITED**

### **13 Contingent Liabilities and Commitments**

There are no contingent liabilities or commitments at 31 December 2012 (2011 Nil)

### **14 Ultimate Parent Undertaking**

The Company's immediate parent undertaking is J P Morgan International Bank Limited, which is registered in England and Wales

The parent Company of the largest group for which consolidated statements are prepared and the ultimate holding Company is JPMorgan Chase & Co which is incorporated in the State of Delaware in the United States of America. The entity which J P Morgan International Bank Limited consolidates into in the United Kingdom is J P Morgan Capital Holdings Limited

The financial statements of this Company and the consolidated financial statements of J P Morgan Capital Holdings Limited are available to the public and can be obtained from the Company's registered office

25 Bank Street  
Canary Wharf  
London  
E14 5JP  
England

### **15 Post Balance Sheet Event**

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On 14 March 2013 the Directors agreed to transfer the remaining sub-fund out of J.P. Morgan PB Funds ICVC and subsequently close J P Morgan PB Funds ICVC. J P Morgan Private Fund Management Limited's appointment as ACD will then terminate. The Directors' intention is to wind up the operations of the company and as such the financial statements have been prepared using the liquidation basis of accounting.

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