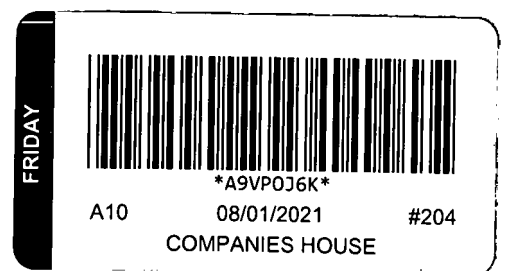


**TOPAZ FILM PARTNER 1 LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2018**



## **TOPAZ FILM PARTNER 1 LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	N A Forster D M Reid
<b>Company secretary</b>	S J Cruickshank
<b>Registered number</b>	04285205
<b>Registered office</b>	15 Golden Square London W1F 9JG
<b>Independent auditor</b>	Shipleys LLP Chartered Accountants and Statutory Auditor 10 Orange Street London WC2H 7DQ

# **TOPAZ FILM PARTNER 1 LIMITED**

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## **TOPAZ FILM PARTNER 1 LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the period ended 31 December 2018.

#### **Principal activity**

Topaz Film Partner 1 Limited ("the Company") is a wholly-owned subsidiary of Freeshire Limited (formerly Ingenious Media Limited), which is a wholly-owned subsidiary within the Fernlakes group (formerly Ingenious Media Holdings Limited) ("the Group"). The principal activity of the Company continues to be to trade as a partner in Topaz Film Partners ("the Partnership"), a partnership formed to pursue commercial film opportunities through a combination of sale and leaseback transactions and film development projects. The directors are not aware of any likely major changes in the Company's activities in the next year.

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position have been reviewed by the directors. As part of the Group, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The amounts owed to Group undertakings take the form of loans granted and the terms of these loans mean that they are only repayable to the extent that funds are received from the investments by the Company. The directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future, and accordingly, they continue to adopt the going concern basis in preparing the Directors' Report and Financial Statements, which they feel is wholly appropriate.

Further details regarding the adoption of the going concern basis can be found in note 1.2.

#### **Principal risks and uncertainties**

The key business risks faced by the Company can be affected by a number of factors some of which may result from matters beyond the Company's control. This may include for example conditions in the domestic and global financial markets and the wider economy, as well as change in legislation. The directors have specifically considered the impact of the COVID19 world pandemic outbreak on the business - please refer to note 1.2 Going concern for further details. The financial risk and operational management policies are determined for the Group as a whole and are discussed in the Group's Directors' Report and Financial Statements.

#### **Financial risk management**

The Company is exposed to financial risk through its financial assets and liabilities. The Company has an investment in the Partnership which it reviews on a regular basis. All other balances are predominantly amounts owed by or owing to companies within the Group or are connected to the investment in the Partnership.

#### **Liquidity risk**

The Group operates a group-wide treasury management strategy to manage the liquidity requirements of the Group as a whole (including the Company), which is discussed in the Group's Report and Financial Statements.

#### **Future developments and events after the balance sheet date**

The Company intends to continue to undertake its principal activity.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 state of affairs 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The result for the period, after taxation, amounted to £5 (year ended 30 June 2017: £nil).

The directors do not propose to pay a final dividend (year ended 30 June 2017: £nil).

No interim dividend was paid during the period (year ended 30 June 2017: £nil).

**Directors**

The directors who served during the period and subsequently were:

N A Forster  
D M Reid

**Provision of insurance to directors**

All directors were covered by Directors and Officers liability insurance, provided by the ultimate parent company Fernlakes Limited, throughout the period and this will continue to remain in force.

**Change of year end**

On 22 November 2018 it was resolved to amend the accounting period of the Company and to extend it to 31 December so as to be coterminous with the year end of the Group. Accordingly, the current financial statements are prepared for 18 months from 1 July 2017 to 31 December 2018.

## **TOPAZ FILM PARTNER 1 LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018**

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditor, Shipleys LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### **Small company exemptions**

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. This is in accordance with Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a Strategic Report in accordance with section 414B of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



**D M Reid**  
Director

15 Golden Square  
London  
W1F 9JG

Company Registration Number: 04285205 (England and Wales)

Date: 5 January 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPAZ FILM PARTNER 1 LIMITED**

**Opinion**

We have audited the financial statements of Topaz Film Partner 1 Limited (the "Company") for the period ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic Ireland (United Kingdom Generally Accepted Accounting Practice)'.

This report is made solely to the Company's directors, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's directors those matters we are required to state to them in an auditor's 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 Company and the Company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the period 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard, the provisions available for small entities (see note 1 to the financial statements) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainties relating to going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in the notes of the financial statements. These disclosures indicate the existence of uncertainties that cast doubt on the Company's ability to continue as a going concern. In view of these uncertainties we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

**Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement (see page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPAZ FILM PARTNER 1 LIMITED**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of our auditor's report.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

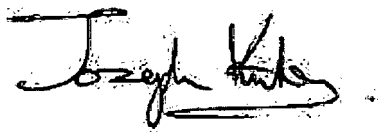
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- 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 the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



**TOPAZ FILM PARTNER 1 LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPAZ FILM PARTNER 1 LIMITED**

A handwritten signature in black ink, appearing to read 'Joseph Kinton', with a horizontal line drawn underneath the name.

Joseph Kinton (Senior statutory auditor)

for and on behalf of

**Shipleys LLP**

Chartered Accountants and Statutory Auditor

10 Orange Street

London

WC2H 7DQ

5 January 2021

**TOPAZ FILM PARTNER 1 LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

		<b>Period ended 31 December 2018</b>	<i>Year ended 30 June 2017</i>
	<b>Note</b>	<b>£</b>	<b>£</b>
Share of loss of the Partnership		-	-
<b>Operating loss</b>		-	-
Tax on loss		-	-
<b>Loss on ordinary activities before interest</b>		-	-
<b>Loss before tax</b>		-	-
Tax on loss	4	(5)	-
<b>Loss for the financial period/year</b>		(5)	-

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 10 to 17 form part of these financial statements.

**TOPAZ FILM PARTNER 1 LIMITED**  
**REGISTERED NUMBER: 04285205**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	31 December 2018 £	30 June 2017 £
<b>Current assets</b>			
Debtors	6	1	1
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	7	(6)	(1)
		<u>(5)</u>	<u>-</u>
<b>Net current (liabilities)/assets</b>		<u>(5)</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>(5)</u>	<u>-</u>
Creditors: amounts falling due after more than one year	8	(8,928,042)	(8,928,042)
		<u>(8,928,047)</u>	<u>(8,928,042)</u>
<b>Net liabilities</b>		<u>(8,928,047)</u>	<u>(8,928,042)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account		(8,928,048)	(8,928,043)
		<u>(8,928,047)</u>	<u>(8,928,042)</u>

The notes on pages 10 to 17 form part of these financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**D M Reid**  
Director

Date: 5 January 2021

**TOPAZ FILM PARTNER 1 LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 July 2017	1	(8,928,043)	(8,928,042)
<b>Comprehensive income for the period</b>			
Loss for the financial period	-	(5)	(5)
<b>At 31 December 2018</b>	-	-	-
<b>At 31 December 2018</b>	1	(8,928,048)	(8,928,047)

The notes on pages 10 to 17 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	£	£	£
At 1 July 2016	1	(8,928,043)	(8,928,042)
<b>Comprehensive income for the year</b>	-	-	-
<b>Other Comprehensive income for the year</b>	-	-	-
<b>Total Comprehensive income for the year</b>	-	-	-
<b>At 30 June 2017</b>	1	(8,928,043)	(8,928,042)

The notes on pages 10 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current period and prior year.

**1.1 General information and basis of preparation of financial statements**

The Company is incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on the Company Information page.

The financial statements are prepared in Sterling, which is the functional currency of the entity.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 Section 1A, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**1.2 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position have been reviewed by the directors. As part of the Group, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have considered the impact of the COVID19 pandemic on the business. The Company's principal activity is unaffected as all transactions completed in the past and future transactions and profits are not dependent on the broader economic activity that may be negatively affected by the pandemic. The directors also do not believe that any assets on the balance sheet will be impaired as a result of COVID19. Furthermore, the Company does not have any direct employees, and the cost base of the Company should not be affected in any way by the pandemic. Therefore, the directors have concluded that the impact of the pandemic on the business is insignificant.

The majority of amounts owed to Group undertakings take the form of loans granted and the terms of these loans mean that they are only repayable to the extent that funds are received from the investments by the Company. The remaining balance is payable on demand, and therefore in order to continue to trade as a going concern, the Company is reliant on the Group company not demanding payment, which is not guaranteed. This indicates that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue to trade as a going concern. However, there is no intention to cease trading or wind up the Company, and the directors have a reasonable expectation that the Group company will provide this support. Therefore the directors continue to adopt the going concern basis in preparing the Director's Report and financial statements. The financial statements do not include any adjustments should the going concern basis of preparation be inappropriate.

**1.3 Fixed asset investments**

Fixed asset investments in the Partnership represent the Company's share of the Partnership's net assets at year end. Investments are shown at cost less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**1. Accounting policies (continued)**

**1.4 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.5 Disclosure exemptions**

The Company is a qualifying entity under FRS 102 and it is taking advantage of some of the disclosure exemptions available to such entities in its financial statements. As such, the financial statements do not include a Cash Flow Statement and a note on financial instruments. Further details can be found in note 11 about the name of the immediate parent company of the Company and details of where the consolidated financial statements of that parent can be obtained.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical accounting judgements in applying the accounting policies**

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

**Tax liability**

In estimating the potential tax liability relating to the First-tier Tax Tribunal (refer to note 4), the following key elements as set out in the Tribunal decision were taken into account in calculating the Film Production partnerships' revised profits or losses: treatment of operator and executive producer fees, deductibility of contracted film cost, recognition of film income and the calculation of net realisable values. These reduce the income and expenditure recognised by the Film Production partnerships which reduces both the losses available to be utilised and the profits taxed on the group.

**Impairment of investments**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

*Financial assets*

For financial assets carried at cost less impairment, the impairment loss is the reduction in the asset's carrying amount to the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**3. Staff costs**

The Company incurred no staff costs nor paid any remuneration to its directors during the period (year ended 30 June 2017: £nil). The Company had no employees during the current period and prior year. The emoluments of the directors were paid and borne by other Group undertakings and none of their remuneration was specifically attributable to their services to the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Period ended 31 December 2018	Year ended 30 June 2017
	£	£
<b>Corporation tax</b>		
Tax on loss at standard UK corporation tax rate of 19.00% (2017: 19.75%)	-	-
Adjustments in respect of previous periods	5	-

	Period ended 31 December 2018	Year ended 30 June 2017
	£	£
Loss on ordinary activities before tax	-	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	-	-
<b>Effects of:</b>		
Adjustments resulting from investment in film partnerships	8	10
Group relief claimed	(8)	(10)
Adjustments to tax charge in respect of prior periods	5	-
<b>Total tax charge for the period/year</b>	<b>5</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**4. Taxation (continued)**

In prior accounting periods the Company has received the benefit of tax losses associated with the Group's investment in a number of film and game production partnerships. HMRC have challenged the availability of the tax losses and issued closure notices denying any loss relief. The partnerships have appealed against the basis on which the closure notices have been calculated, resulting in a hearing before the Tax Tribunal. The initial decision of the Tribunal was delivered on 2 August 2016 and a second decision which clarified the findings of the first decision was delivered in May 2017 and an amended review decision was received in November 2017. The effect of these decisions are to reduce both the losses available to group companies that invested in the film and game production partnerships and their share of taxable income from the partnerships.

The partnerships received permission to appeal against all substantive aspects of the Tax Tribunal decisions and the appeal hearing took place in March and April 2019 (see note 12). The quantum of both losses available to the Group and the income taxable on Group companies arising from the Group's investment in these partnerships will remain uncertain until the tax cases are finally resolved. For the period to 31 December 2018 the directors have estimated an additional tax liability for the Company of £5 (2017: liability of £nil) together with a liability for late paid interest of £nil (2017: liability of £nil) based on the current Tribunal decision. The director's estimate of the additional tax and interest liability continues to be calculated on the basis of the decision of the First-tier Tax Tribunal as the directors consider that this decision provides the most likely outcome to the litigation. If, at the end of the appeals process, all contested areas of the Tribunal decision are found in favour of HMRC, an additional tax liability of c.£3, plus interest on late paid tax, would arise for the Company in addition to the estimate of the liability arising from the Tribunal decision of £5. As at 31 December 2018, no payments had been made with regard to these amounts.

During November 2016, a number of companies, all subsidiaries of Fernlakes Limited, as corporate members of film production partnerships received Partner Payment Notices ("PPNs"), which are demands for payments on account in respect of a tax liability in dispute. The corporate member companies (together, the "Members") submitted written representations to HMRC within the authorised 90 day period. As a result of these representations, the PPNs were not payable until 30 days after the date on which HMRC issued final determinations.

Having considered the representations HMRC responded by issuing amended PPNs to some Members on 10 November 2017. As a consequence of this determination, on 13 December 2017 certain subsidiaries of the Company notified HMRC of an intended claim for judicial review and subsequently filed their claim on 5 January 2018. The company paid a PPN liability of c.£nil in 2018 together with a payment for interest on late paid tax of c.£nil. In addition, If HMRC issues determinations in respect of PPN representations submitted by other Members, an additional payment of c.£8 will fall due for payment together with interest on late paid tax.

When determining the best estimate of the future cash flows, the directors have considered the effect of the PPNs received but believe that the best estimate of future cash flows should still be based on the latest decision delivered by the First-tier Tax Tribunal.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**5. Investment in Partnership**

At the period end and prior year end the Company held 35.47% of the Partnership capital interest in Topaz Film Partners ("the Partnership").

The principal activity of the Partnership, is the development of commercial film opportunities through a combination of sale and leaseback transactions and film development projects.

The principal place of business for the Partnership is 15 Golden Square, London, W1F 9JG.

The share of loss in the associated Partnership for the period ended 31 December 2018 was £nil (year ended 30 June 2017: £nil.) The net carrying value of the interest in the Partnership is £nil (year ended 30 June 2017: £nil).

The Partnership's profit for the year ended 5 April 2018 was £11 (year ended 5 April 2017: £3,938). The net asset position of the Partnership at 5 April 2018 was £69,216 (year ended 5 April 2017: £69,205).

Under the terms of the members' agreement of the Partnership, the Company is entitled to receive a 95% share of all profits/losses associated with its additional investment in 2008/09.

**6. Debtors**

	31 December 2018	30 June 2017
	£	£
Amounts owed by Group undertakings	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

**7. Creditors: Amounts falling due within one year**

	31 December 2018	30 June 2017
	£	£
Other creditors	1	1
Corporation tax	5	-
	<u>6</u>	<u>1</u>
	<u><u>6</u></u>	<u><u>1</u></u>

## TOPAZ FILM PARTNER 1 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

#### 8. Creditors: Amounts falling due after more than one year

	31 December 2018	30 June 2017
	£	£
Amounts owed to Group undertakings	8,928,042	8,928,042
	<u>8,928,042</u>	<u>8,928,042</u>

#### 9. Share capital

	31 December 2018	30 June 2017
	£	£
<b>Allotted, called up and fully paid</b>		
1 Ordinary share (2017 - 1 Ordinary share) of £1.00	<u>1</u>	<u>1</u>

#### 10. Related party transactions

The financial statements do not include disclosure of transactions between the Company and entities that are wholly-owned by the Group. This is because, as a subsidiary whose shares are wholly-controlled by the Group, it is exempt from the requirement to disclose such transactions under FRS 102 Section 33.

Goldwoodshire Limited (formerly Ingenious Media Investments Limited) (registered in England & Wales) acts as operator of the Partnership. N A Forster and D M Reid were also directors of Goldwoodshire Limited during the period. The Company and Goldwoodshire Limited are wholly-owned subsidiaries of Freeshire Limited, which is itself a wholly-owned subsidiary of the Group.

#### 11. Ultimate Parent Undertaking and Controlling Party

During the period ended 31 December 2018 the Company was a wholly-owned subsidiary of Freeshire Limited, a company registered in England and Wales. Freeshire Limited is a wholly-owned subsidiary within the Group. Fernlakes Limited is the only parent undertaking for which group accounts are prepared.

The consolidated financial statements of Fernlakes Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The controlling shareholder of Fernlakes Limited is P A McKenna.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**12. Post balance sheet events**

*Tax Tribunal*

On 26 July 2019 the film and game production partnerships received the decision of the Upper Tribunal on their appeals against the decision of the First-tier Tax Tribunal. The Upper Tribunal concluded that the partnerships were not trading and did not have a view to profit. The finding that the partnerships were not trading is sufficient to dispose of the entirety of the partnerships' appeals. However, mindful that the decision may itself be appealed, the Upper Tribunal went on to briefly consider the remaining questions, where it often corrected the First-tier Tribunal's approach but generally supported the First-tier Tribunal's overall conclusions. An application for permission to appeal the Upper Tribunal's decision was submitted in November 2019 and was refused by the Upper Tribunal. An application was therefore made for permission to appeal to the Court of Appeal in December 2019 and authority was granted by the Court of Appeal in February 2020 to appeal the findings on trading and view to profit. If the film and game production partnerships are successful in their appeal on the view to profit decision of the Upper Tribunal the quantum of tax relief for expenditure incurred by the partnerships and taxable income attributable to the corporate members of the partnerships should be consistent with that expected to follow the First-tier Tax Tribunal decision.

*COVID19*

The outbreak and unprecedented spread of the COVID19 pandemic across the globe has had a profound impact on the local and global markets in a matter of months, and is expected to continue to shape the economic landscape for the immediate future. The directors continue to monitor closely the impact of unfolding events in order to respond swiftly to any consequential implications on the business. Refer to note 1.2 for the impacts of going concern.