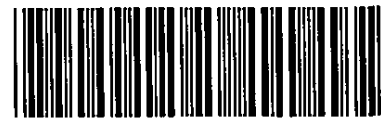


PHOENIX FILM PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 5 APRIL 2010

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COMPANIES HOUSE

Company Registration Number
06669138 (England and Wales)

PHOENIX FILM PARTNERS LIMITED

Directors J L Boyton
M T Bugden
J H M Clayton
N A Forster
D M Reid
S J Speight

Company Secretary S J Cruickshank

Registered Office 15 Golden Square
London
W1F 9JG

Registered Number 06669138 (England and Wales)

Auditors Deloitte LLP
Chartered Accountants
London

Business Address 15 Golden Square
London
W1F 9JG

Bankers HSBC Private Bank (UK) Limited
78 St James's Street
London
SW1A 1JB

PHOENIX FILM PARTNERS LIMITED

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DIRECTORS' REPORT
Year ended 5 April 2010

The directors present the Annual Report and Financial Statements of Phoenix Film Partners Limited ("the Company") for the year ended 5 April 2010

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activity

The principal activity of the Company was as the corporate member of Phoenix Film Partners LLP ("the LLP")

The directors consider the results for the year and the financial position at the end of it to be satisfactory and believe the Company is well positioned for the future

The Company is a wholly-owned subsidiary of the Ingenious Media Holdings plc group ("the Group") which 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 directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies

Directors

The directors in office during the year and subsequently were as follows

	Appointment date
J L Boyton	
M T Bugden	1 June 2009
J H M Clayton	1 June 2009
N A Forster	
D M Reid	
S J Speight	1 June 2009

Principal risks and uncertainties

Damage to reputation and market risk are continuing risks for the Company. The Company mitigates these risks by maintaining strong internal controls and retaining a wide range of relationships in the industry. The risks of the Group are discussed in the Ingenious Media Holdings plc Annual Report and Financial Statements

DIRECTORS' REPORT (Continued)
Year ended 5 April 2010

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. 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 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 judgements and estimates that are reasonable and prudent, and
- 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 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.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In the absence of a notice proposing that the appointment be terminated, the auditors, Deloitte LLP, will be deemed to be re-appointed in accordance with s487 of the Companies Act 2006.

Approved by the board and signed on its behalf by



S J Cruickshank
Company Secretary
14/12/ 2010

Registered office
15 Golden Square
London
W1F 9JG

Company Registration Number 06669138 (England and Wales)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHOENIX FILM PARTNERS LIMITED

We have audited the financial statements of Phoenix Film Partners Limited for the year ended 5 April 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 13. 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).

This report is made solely to the Company's members, 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB's) Ethical Standards for Auditors.

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.

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 5 April 2010 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHOENIX FILM PARTNERS LIMITED (Continued)

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
- 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 take advantage of the small companies exemption in preparing the Directors' Report



Calum Thomson (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

Date

14/12/10

PROFIT AND LOSS ACCOUNT
Year ended 5 April 2010

	Notes	Year ended 5 April 2010 £ '000s	Period from 11 August 2008 to 5 April 2009 £ '000s
Turnover	1	-	611
Cost of sales		<u>(83)</u>	<u>-</u>
Gross (loss)/profit		(83)	611
Administrative expenses		<u>(5)</u>	<u>(9)</u>
Operating (loss)/profit	2	(88)	602
(Loss)/profit on ordinary activities before taxation		(88)	602
Taxation	4	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year/period	9	(88)	602

The accounting policies and notes on pages 7 to 11 form an integral part of these financial statements

All of the Company's operating (loss)/profit is derived from continuing operations during the current year and prior period

The Company has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

BALANCE SHEET
As at 5 April 2010

	Notes	5 April 2010 £ '000s	5 April 2009 £ '000s
Fixed assets			
Investments	5	<u>161,287</u>	<u>161,287</u>
Current assets			
Debtors	6	<u>611</u>	<u>14,498</u>
Creditors: Amounts falling due within one year	7	<u>(161,384)</u>	<u>(175,183)</u>
Net current liabilities		<u>(160,773)</u>	<u>(160,685)</u>
Total assets less current liabilities		<u>514</u>	<u>602</u>
Net assets		<u>514</u>	<u>602</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	<u>514</u>	<u>602</u>
Shareholders' funds	10	<u>514</u>	<u>602</u>

The accounting policies and notes on pages 7 to 11 form an integral part of these financial statements

The financial statements were approved by the board of directors and authorised for issue on 14/12/2010

They were signed on behalf of the board of directors by



N A Forster

Director

14/12/2010

Company Registration Number 06669138 (England and Wales)

STATEMENT OF ACCOUNTING POLICIES

Year ended 5 April 2010

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

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.

Ingenious Media Holdings plc has agreed to provide financial support to the Company, if required, for at least 12 months following the approval of these financial statements.

On that basis, the directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Cash flow

The Annual Report and Financial Statements do not include a Cash Flow Statement because the Company, as a wholly-owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

Turnover

Turnover represents returns on the Company's principal activity in the form of periodical distributions received as the corporate partner of the LLP.

Investments

Interests in partnerships

Investments in limited liability partnerships are recorded at cost adjusted for allocated profit and drawings. The allocated LLP's profit or loss is included within the Profit and Loss Account.

Trade loans

Trade loans are recorded at the full extent of their legal liability at the date that the loan agreement was signed, less any repayments made.

Taxation

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 5 April 2010

1. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom (2009 United Kingdom)

2. Operating (loss)/profit

Year ended 5 April 2010 £ '000s	Period from 11 August 2008 to 5 April 2009 £ '000s
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This is stated after charging

Fees for the audit of the Company	5	9
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3. Staff costs and directors' remuneration

The Company incurred no staff costs nor paid any remuneration to its directors during the year (2009 £Nil) The Company had no employees during the current year and prior period

The emoluments of the directors were paid and borne by other undertakings of the Group and none of their remuneration was specifically attributable to their services to the Company (2009 £Nil)

4. Taxation

The tax charge on the (loss)/profit on ordinary activities for the year/period was as follows

	Year ended 5 April 2010 £ '000s	Period from 11 August 2008 to 5 April 2009 £ '000s
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UK Corporation tax at 28% based on the adjusted results for the year/period	-	-
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Current tax charge	-	-
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	Year ended 5 April 2010 £ '000s	Period from 11 August 2008 to 5 April 2009 £ '000s
--	--	---

(Loss)/profit on ordinary activities before taxation	(88)	602
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(Loss)/profit on ordinary activities for the year/period multiplied by standard rate of corporation tax in the UK of 28%	(25)	169
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Effects of Adjustments resulting from investment in film partnerships	(6)	(2,312)
Group relief surrendered	31	2,143

Current tax charge	-	-
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A potential deferred tax asset of £560k in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 5 April 2010

5. Fixed asset investments

	5 April 2010 £ '000s	5 April 2009 £ '000s
Cost		
Share of partnership undertakings	161,287	161,287

Phoenix Film Partners LLP

The Company holds 99.99% of the capital of the LLP. During the prior period, the Company invested a total of £161.3m in the LLP, of which £106.8m (2009: £120.7m) remained unpaid at the year end. The LLP is an integrated film business, co-marketing and producing a portfolio of films worldwide. Its place of business and head office address is 15 Golden Square, London W1F 9JG, United Kingdom.

The LLP made a loss of £0.038m (2009: £8m) during the year. Further information on this investment is provided in note 13.

Management do not consider the LLP to be an associate as defined in Financial Reporting Standard 9 'Associates and Joint Ventures' as the Company has no significant influence over the operating and financial policies.

6. Debtors

	5 April 2010 £ '000s	5 April 2009 £ '000s
Amounts owed by group undertakings	611	611
Other loans	-	13,887
	611	14,498

7. Creditors: Amounts falling due within one year

	5 April 2010 £ '000s	5 April 2009 £ '000s
Amounts owed to group undertakings	8,178	8,169
Balances in respect of investment in the LLP	106,829	120,716
Trade loans	46,289	46,289
Accruals and deferred income	88	9
	161,384	175,183

Trade loans relate to loans from commissioning distributors. Repayment is on a limited recourse basis from contracted proportions of the Company's share of drawings from the LLP. The Company has granted security to the lenders for its obligations under the loan agreements. The security pledged is a charge over all of the Company's rights, title and interest in relation to the underlying film productions. No interest is payable and there are no terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 5 April 2010

8. Called up share capital

	Allotted, called up and fully paid			
	5 April 2010		5 April 2009	
	£	No	£	No
Ordinary shares of £1 each	1	1	1	1

9. Statement of movements on Profit and Loss Account

	5 April 2010 £ '000s	5 April 2009 £ '000s
Balance bought forward	602	-
(Loss)/profit for the year/period	(88)	602
Balance carried forward	514	602

10. Reconciliation of movements in shareholders' funds

	5 April 2010 £ '000s	5 April 2009 £ '000s
(Loss)/profit for the year/period after taxation	(88)	602
Net movement in shareholders' funds	(88)	602
Shareholders' funds brought forward	602	-
Shareholders' funds carried forward	514	602

11. 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-owned by the Group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 'Related Party Disclosures'.

Ingenious Media Investments Limited acts as operator of the LLP. The directors of the Company are also directors of Ingenious Media Investments Limited.

The LLP is controlled by its Executive Committee, which includes P A McKenna and D M Reid as two of the five members. Duncan Reid is also a director of the Company. P A McKenna is the controlling shareholder of Ingenious Media Holdings plc.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 5 April 2010

12. Controlling party

During the year ended 5 April 2010 the Company was a wholly-owned subsidiary of Ingenious Media Ltd, a company registered in England and Wales. Ingenious Media Ltd is a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Group. Ingenious Media Holdings plc is the only parent undertaking for which consolidated financial statements are prepared.

The consolidated financial statements of Ingenious Media Holdings plc can be obtained from Companies House, Crown Way, Maundy, Cardiff CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings plc is P A McKenna.

13. Additional information on partnership undertakings

During the year the Company had an interest in the following partnership:

Undertaking	Activity	Class	%
Phoenix Film Partners LLP	Film production and distribution	Corporate Member	99.99

The net carrying value of the interest in the LLP is £161.3m (2009: £161.3m). Under the terms of the Members' Agreement for the LLP, Phoenix Film Partners Limited is entitled to 74% of cash drawings from the LLP, subject to repayment of any Priority Returns. Profits and losses of the LLP are allocated in accordance with the Members' Agreement.

The LLP made a loss of £0.04m during the year to 5 April 2010 (2009: £8.0m profit) resulting in a net asset position of £0.11m at that date (2009: £0.11m).