

INSIDE TRACK PRODUCTIONS LLP

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2008



Limited Liability Partnership Number: OC 303045

INSIDE TRACK PRODUCTIONS LLP

REPORT AND FINANCIAL STATEMENTS 2008

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INSIDE TRACK PRODUCTIONS LLP**REPORT OF THE MEMBERS**

Year to 5 April 2008

PRINCIPAL ACTIVITIES

The Partnership was formed to produce a high quality slate of feature films with the greatest potential for commercial exploitation across all media, including theatrical release at the commercial cinema, DVD and video, and pay and free to view television.

In assessing which films to produce, the Partnership endeavours to work with the most successful distributors and sales agents and to engage the highest quality production services companies and personnel to carry out its production activities. The Partnership also benefits from the expertise of Ingenious Media Investments Limited which performs an Executive Producer role on all films.

REVIEW OF THE YEAR

The Designated Members serving during the year were Trafalgar Film Partner 1 Limited and Trafalgar Film Partner 2 Limited.

The Partnership had previously entered into contracts to produce seven films, costing some £66 million, on behalf of commissioning distributors and producers. All of these films have been completed and delivered to the commissioning distributors. No further contracts were entered into during the year.

The films have also seen theatrical release and are now in the DVD/television income cycles.

FUTURE DEVELOPMENTS

The partnership is well placed to benefit from the future exploitation of the films it has produced, the income from which continues to arise.

The Partnership intends to conduct an audit of certain films to validate the income streams received.

INSIDE TRACK PRODUCTIONS LLP**REPORT OF THE MEMBERS (Continued)**

Year to 5 April 2008

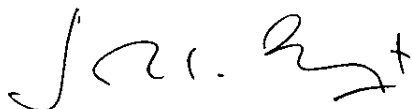
POLICY REGARDING MEMBERS' DRAWINGS AND CAPITAL

Designated Members are not entitled to drawings. In accordance with the Members' Agreement, no Individual Member shall be entitled to make any drawings on account of profits to which they are entitled, unless unanimously agreed by the Individual Members, or unless permitted under that Agreement.

Members' capital is subscribed in accordance with the current Members' Agreement, and retained by the Partnership until such time as the Members agree to repay that capital. There were no transfers of Members' capital to debt during the year.

The operating cash requirements of the Partnership shall be met out of the Members' initial contributions. No Member shall be required to make any further funding available after his or her admission as a Member.

This report was approved by the Designated Members on 13 June 2008.

**TRAFALGAR FILM PARTNER 1 LIMITED**

Designated Member

**TRAFALGAR FILM PARTNER 2 LIMITED**

Designated Member

INSIDE TRACK PRODUCTIONS LLP**STATEMENT OF MEMBERS' RESPONSIBILITIES**

Under the Members' Agreement the Partnership is obliged to produce accounts on an annual basis. The Designated Members organise the preparation of financial statements which give a true and fair view of the state of affairs of the Partnership as at the end of the financial year and of the profit or loss of the Partnership for that year.

The Members' Agreement and Company law requires the Members to prepare financial statements for each financial year. Under that law and the Members' Agreement the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law and the Members' Agreement to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

In so doing, the Designated Members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on a going concern basis, unless that is deemed to be inappropriate.

The Designated Members are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the Members to ensure that the accounts comply with the Members' Agreement. They are also responsible for the system of internal control, for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INSIDE TRACK PRODUCTIONS LLP**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSIDE TRACK PRODUCTIONS LLP**

We have audited the financial statements of Inside Track Productions LLP for the year ended 5 April 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement, notes to the cash flow statement and the related notes 1 to 7. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Limited Liability Partnership's Members, as a body, in accordance with Section 235 of the Companies Act 1985 as applicable to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Members and Auditors

The Members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report our opinion as to whether financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985, as applicable to Limited Liability Partnerships. We also report if, in our opinion, the Limited Liability Partnership has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the Members' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 Limited Liability Partnership'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.

INSIDE TRACK PRODUCTIONS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSIDE TRACK PRODUCTIONS LLP (Continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Limited Liability Partnership's affairs as at 5 April 2008 and of its profit for the year ended 5 April 2008 and the financial statements have been properly prepared in accordance with the Companies Act 1985, as applicable to Limited Liability Partnerships.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

27 June 2008

INSIDE TRACK PRODUCTIONS LLP
PROFIT AND LOSS ACCOUNT

Year to 5 April 2008

	NOTES	2008 £	2007 £
Turnover	1	214,927	415,155
Cost of Sales		-	-
GROSS PROFIT		214,927	415,155
Operating Expenses		(3,369)	(86,780)
OPERATING PROFIT	2	211,558	328,375
Interest Receivable and Similar Income	3	11,279	6,212
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		222,837	334,587
Members' remuneration charged as an expense		-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		222,837	334,587

All results in the above two financial years are derived from continuing operations.

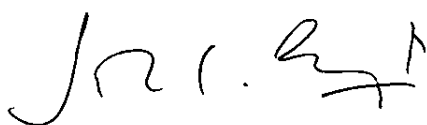
There are no recognised gains or losses during the above two financial years other than as stated in the profit and loss account above, and accordingly no separate statement of total recognised gains and losses is presented.

INSIDE TRACK PRODUCTIONS LLP
BALANCE SHEET

At 5 April 2008

	NOTE	2008 £	2007 £
CURRENT ASSETS			
Trade Debtors		3,239	3,632
Other Debtors		58,154	684
Cash at Bank		218,229	263,800
		279,622	268,116
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade Creditors		(536)	(536)
Other Creditors		(63,317)	(15,746)
Accruals		(82,382)	(84,732)
		(146,235)	(101,014)
NET ASSETS		133,387	167,102
MEMBERS' OTHER INTERESTS			
Members' Capital Accounts		68,746,094	68,746,094
Other Reserves		(68,612,707)	(68,578,992)
TOTAL MEMBERS' OTHER INTERESTS	7	133,387	167,102

The financial statements were approved by the Designated Members on 13 June 2008.


TRAFALGAR FILM PARTNER 1 LIMITED
Designated Member


TRAFALGAR FILM PARTNER 2 LIMITED
Designated Member

INSIDE TRACK PRODUCTIONS LLP**CASH FLOW STATEMENT**

For the year ended 5 April 2008

	NOTES	2008 £	2007 £
Net cash inflow from operating activities	A	199,702	444,267
Returns on investment and servicing of finance			
Interest received		11,279	6,212
Net cash inflow from returns on investments and servicing of finance		11,279	6,212
Members' drawings		(256,552)	(348,882)
Net cash outflow before use of liquid resources and financing		(45,571)	101,597
Decrease in cash	B	(45,571)	101,597

INSIDE TRACK PRODUCTIONS LLP
NOTES TO THE CASH FLOW STATEMENT

At 5 April 2008

	2008 £	2007 £
A. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	211,558	328,375
Increase in debtors	(57,077)	154,398
Increase/(Decrease) in creditors	45,221	(38,506)
Net cash inflow from operating activities	199,702	444,267

B. Analysis of net funds

	As 5 April 2007 £	Cash flow £	At 5 April 2008 £
Cash at bank	263,800	(45,571)	218,229

C. Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
(Decrease)/Increase in cash in the period	(45,571)	101,597
Change in net funds resulting from cash flows	(45,571)	101,597
Net funds at start of year	263,800	162,203
Net funds at end of year	218,229	263,800

INSIDE TRACK PRODUCTIONS LLP**NOTES TO THE FINANCIAL STATEMENTS**

Year to 5 April 2008

1. ACCOUNTING POLICIES

Inside Track Productions LLP is incorporated in Great Britain as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000.

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards in compliance with the Statement of Recommended Practice on 'Accounting by Limited Liability Partnerships'. The particular accounting policies adopted which have been applied consistently throughout the current and preceding year, are described below:

Turnover

Turnover derives from one class of business, the production and global exploitation of films, and is stated net of Value Added Tax. The directors do not consider any one part of the worldwide market to be significantly different from any other.

Turnover is recognised at the fair value of the right to consideration and is not recognised until there is certainty over the right to consideration.

Taxation

No current or deferred taxation is provided in these accounts as the liability for taxation falls on the individual Members.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Profit and loss account transactions in foreign currencies are translated at average rates of exchange for the period.

INSIDE TRACK PRODUCTIONS LLP

NOTES TO THE FINANCIAL STATEMENTS

Year to 5 April 2008

2. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Other Professional fees	-	80,000
Auditors remuneration for audit services	3,250	5,600
	<u>3,250</u>	<u>85,600</u>

3. BANK INTEREST RECEIVABLE

	2008 £	2007 £
Received Gross	11,279	6,212

4. INFORMATION RELATING TO MEMBERS

No Member received any salaried remuneration from the Partnership during the year.

The average number of Members in the period was 142 (2007 - 142). The average allocation of profit was therefore £1,569 (2007 - £2,356 profit). The maximum profit allocated to a member was £17,117 (2007 - £25,701 profit).

5. DEBTORS

	2008	2007
VAT Recoverable	3,239	3,632
Other Debtors	58,154	684

6. RELATED PARTIES

During the year P A McKenna, K T J Mead, J L Boyton and D M Reid were all ordinary members of the Partnership are also directors of Ingenious Ventures Limited, the operator.

The Designated Members, Trafalgar Film Partner 1 Limited and Trafalgar Film Partner 2 Limited, are both related parties to the partnership. No transactions were conducted with them in the year (2006 -

There was no change to the capital subscribed to by the related parties. Transactions conducted with the other related parties were as follows:

INSIDE TRACK PRODUCTIONS LLP

NOTES TO THE FINANCIAL STATEMENTS

Year to 5 April 2008

6. RELATED PARTIES (Continued)

	2008 £	2007 £
<i>Profit / (Loss) Allocated</i>		
P A McKenna	6,034	9,061
K T J Mead	428	643
J L Boyton	428	643
D M Reid	428	643
<i>Drawings</i>		
P A McKenna	4,096	3,737
K T J Mead	290	265
J L Boyton	290	265
D M Reid	290	265

7. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	<u>Members' Other Interests</u>			Loans and other amounts due to members	Total Members' interests
	Members Capital £	Other Reserves £	Total £	£	£
Balance at 6 April 2007	68,746,094	(68,578,992)	167,102	-	167,102
Profit for the financial year available for discretionary division among Members	-	222,837	222,837	-	222,837
Members' interests after profit for the year	68,746,094	(68,356,155)	389,939	-	389,939
Members' drawings	-	(256,552)	(256,552)	-	(256,552)
Balance at 5 April 2008	68,746,094	(68,612,707)	133,387	-	133,387