

INSIDE TRACK PRODUCTIONS LLP

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2010

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COMPANIES HOUSE

Limited Liability Partnership Number OC 303045

INSIDE TRACK PRODUCTIONS LLP

REPORT AND FINANCIAL STATEMENTS 2010

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INSIDE TRACK PRODUCTIONS LLP**MEMBERS' REPORT**

Year ended 5 April 2010

The members present their annual report on the affairs of Inside Track Productions LLP ("the Partnership"), together with the financial statements and auditors' report, for the year ended 5 April 2010

The report has been prepared taking advantage of the small companies exemption in accordance with Section 415A of the Companies Act 2006

Principal activities

The Partnership was formed to produce a high quality slate of feature films with the potential for commercial exploitation across all media

In assessing which film 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

Business review and future outlook

The Partnership had previously entered into contracts to produce seven films, costing £66 million, on behalf of commissioning distributors. 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 been theatrically released and are now generating DVD/television income.

Operating profit for the year ended 5 April 2010 has decreased to £6k (2009: £706k).

The Partnership will continue to participate in distribution receipts arising from sales made of the films by the commissioning distributor.

Going concern

After making enquiries, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 of the financial statements.

Overseas branches

There are no overseas branches of the Partnership.

INSIDE TRACK PRODUCTIONS LLP**MEMBERS' REPORT (Continued)**

Year ended 5 April 2010

Policy regarding members' drawings and capital

Designated Members are not entitled to drawings. In accordance with the Members' Agreement drawings shall be made at the discretion of the operator.

Drawings in relation to receipts from the films are allocated between the Individual Members and the Corporate Member in accordance with the Drawing Proportion set out in the Members' 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 admission as a member.

Designated Members

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

Statement of members' responsibilities

Under the Members' Agreement the Partnership is obliged to produce financial statements on an annual basis. The Designated Members are responsible for the preparation of financial statements in accordance with applicable law and regulations.

The Limited Liability Partnership (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year.

Under that law 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 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 year. In preparing these financial statements, the members are required to

- select suitable accounting policies and apply them consistently, and
- make judgements and estimates that are reasonable and prudent.

INSIDE TRACK PRODUCTIONS LLP**MEMBERS' REPORT (Continued)**

Year ended 5 April 2010

Statement of members' responsibilities (Continued)

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership, and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the Partnership operator's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

These responsibilities are exercised by the Designated Members on behalf of the Partnership.

Auditors


Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Disclosure of information to auditors

Each Designated Member at the date of approval of this report confirms that

- so far as each Designated Member is aware, there is no relevant audit information of which the Partnership's auditors are unaware, and
- each Designated Member has taken all the steps (such as making enquiries of other members and the auditors and any other steps required by the Designated Members' duty to exercise due care, skill and diligence) that he ought to have taken in his duty as Designated Member in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Approved by the Designated Members and signed on their behalf by

**TRAFALGAR FILM PARTNER 1 LIMITED**

Designated Member

27th May 2010**TRAFALGAR FILM PARTNER 2 LIMITED**

Designated Member

27th May 2010

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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Notes to the Cash Flow Statement and the related Notes 1 to 9. 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 Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable to limited liability partnerships. Our audit work has been undertaken so that we might state to the 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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members' Responsibilities Statement, the members 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 Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, 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 Partnership's affairs as at 5 April 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

INSIDE TRACK PRODUCTIONS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSIDE TRACK PRODUCTIONS LLP (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 as applicable to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit, or
- the members were not entitled to take advantage of the small companies exemption in preparing the Members' Report



Calum Thomson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

27 May 2010

INSIDE TRACK PRODUCTIONS LLP
PROFIT AND LOSS ACCOUNT

Year ended 5 April 2010

	NOTES	2010 £	2009 £
Turnover	1	10,650	623,894
GROSS PROFIT		10,650	623,894
Operating income		-	80,000
Operating expenses	2	(4,355)	(7,863)
OPERATING PROFIT	2	6,295	696,031
Interest receivable and similar income	3	76	10,211
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		6,371	706,242
RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	7	6,371	706,242

All results are derived from continuing operations

There are no recognised gains or losses other than as stated in the Profit and Loss Account above, and accordingly no separate statement of total recognised gains and losses is presented

The accompanying Notes are an integral part of this Profit and Loss Account

INSIDE TRACK PRODUCTIONS LLP**BALANCE SHEET**

At 5 April 2010

	NOTES	2010 £	2009 £
CURRENT ASSETS			
Debtors	4	18,993	208,033
Cash at bank		65,369	331,242
		84,362	539,275
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	5	(6,743)	(318,568)
Accruals		(8,271)	(7,795)
		(15,014)	(326,363)
NET ASSETS		69,348	212,912
MEMBERS' INTERESTS			
Members' capital accounts	7	68,746,094	68,746,094
Other reserves	7	(68,676,746)	(68,533,182)
TOTAL MEMBERS' INTERESTS	7	69,348	212,912

The accompanying Notes are an integral part of this Balance Sheet

The accounts on pages 6 to 13 of Inside Track Productions LLP, registered number OC 303045, were approved by the Designated Members and authorised for issue on 27th May 2010

They were signed on its behalf by



TRAFALGAR FILM PARTNER 1 LIMITED
Designated Member



TRAFALGAR FILM PARTNER 2 LIMITED
Designated Member

INSIDE TRACK PRODUCTIONS LLP

CASH FLOW STATEMENT

Year ended 5 April 2010

	NOTES	2010 £	2009 £
Net cash (outflow)/inflow from operating activities	A	196,160	411,496
Returns on investments and servicing of finance			
Interest received		-	9,084
Members' drawings		(462,109)	(308,694)
(Decrease)/increase in cash and cash equivalents	B	(265,949)	111,886

The accompanying Notes are an integral part of this Cash Flow Statement

INSIDE TRACK PRODUCTIONS LLP

NOTES TO THE CASH FLOW STATEMENT

Year ended 5 April 2010

	2010 £	2009 £		
A. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities				
Operating profit	6,295	696,031		
Decrease/(increase) in debtors	189,040	(146,640)		
Increase/(decrease) in creditors	825	(137,895)		
Net cash (outflow)/inflow from operating activities	196,160	411,496		
B. Analysis of net funds				
	At 5 April 2009 £	Exchange movement £	Cash flow £	At 5 April 2010 £
Cash at bank	331,242	76	(265,949)	65,369
C. Reconciliation of net cash flow to movement in net funds				
			2010 £	2009 £
(Decrease)/increase in cash in the year			(265,949)	111,886
Change in net funds resulting from cash flows			(265,949)	111,886
Net funds at start of year			331,242	218,229
Foreign exchange gain			76	1,127
Net funds at end of year			65,369	331,242

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

Year ended 5 April 2010

1. ACCOUNTING POLICIES

The Partnership is incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000

These financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards in compliance with the Statement of Recommended Practice on Accounting for 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 of films and participation in distribution receipts arising from sales of those films by the commissioning distributors, and is stated net of Value Added Tax

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

The members do not consider any one part of the worldwide market to be significantly different from any other

Taxation

No current or deferred taxation is provided in these financial statements 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

Going concern

The Partnership is in a net asset position and the members believe that the Partnership will be able to maintain positive cash flows for the foreseeable future. As a result the going concern basis of accounting has been adopted

INSIDE TRACK PRODUCTIONS LLP
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 5 April 2010

2. OPERATING PROFIT

The operating profit is stated after charging	2010 £	2009 £
Auditors' remuneration for audit services	4,200	3,250
Other professional fees	155	4,613
	<u>4,355</u>	<u>7,863</u>

Fees payable to the Partnership's auditors for non-audit services provided in the year were £Nil (2009 £Nil)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Bank interest received	-	9,084
Foreign exchange gains	76	1,127
	<u>76</u>	<u>10,211</u>

4. DEBTORS

	2010 £	2009 £
Trade debtors	18,993	-
Accrued income	-	117,701
VAT recoverable	-	90,332
	<u>18,993</u>	<u>208,033</u>

5. OTHER CREDITORS

	2010 £	2009 £
Due to distribute to members	5,850	318,024
Other creditors	893	544
	<u>6,743</u>	<u>318,568</u>

6. INFORMATION RELATING TO MEMBERS

No member received any salaried remuneration from the Partnership during the year (2009 £Nil)

The average number of members in the year was 144 (2009 144) The average allocation of profit was therefore £44 (2009 £4,904) The maximum profit allocated to any single member was £489 (2009 £54,249)

INSIDE TRACK PRODUCTIONS LLP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 5 April 2010

7. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	Members' capital £	Other reserves £	Total members' interests £
Balance at 6 April 2009	68,746,094	(68,533,182)	212,912
Profit for the financial year available for discretionary division among members	-	6,371	6,371
Members' interests after profit for the year	68,746,094	(68,526,811)	219,283
Members' drawings	-	(149,935)	(149,935)
Balance at 5 April 2010	68,746,094	(68,676,746)	69,348

Amounts due to be distributed to members at the year end amounted to £6k (2009 £318k)

8. RELATED PARTIES

Trafalgar Film Partner 1 Limited and Trafalgar Film Partner 2 Limited (the Designated Members) and Ingenious Ventures (the Partnership operator), a division of Ingenious Asset Management Limited, are all wholly-owned subsidiaries of Ingenious Media Limited, which is itself a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Ingenious Media group

During the year, P A McKenna, J L Boyton and D M Reid were all Ordinary Members of the Partnership P A McKenna and D M Reid were also directors of the Partnership operator and J L Boyton and D M Reid were also directors of the Designated Members during the year

There was no change to the capital subscribed by these individuals in the year (2009 £Nil)

The profit allocated to these individuals was as follows

	2010 £	2009 £
P A McKenna	173	19,125
J L Boyton	12	1,356
D M Reid	12	1,356

There were no material transactions with any related parties in the year (2009 £Nil)

INSIDE TRACK PRODUCTIONS LLP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 5 April 2010

9. CONTROLLING PARTY

In the opinion of the members there is no controlling party