

INSIDE TRACK PRODUCTIONS LLP

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ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2016



Limited Liability Partnership Number: OC303045

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MEMBERS' REPORT

Year ended 5 April 2016

The members present the Annual Report and Financial Statements of Inside Track Productions LLP ("the Partnership") for the year ended 5 April 2016.

Principal activities

The principal activity of Inside Track Productions LLP, a Partnership registered in England and Wales, was to produce a high quality slate of feature films with the potential for commercial exploitation across all media.

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

In assessing which films to produce, the Partnership has endeavoured 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 has also benefited from the expertise of Ingenious Media Investments Limited which performs an Executive Producer role on all the 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 2016 is £106k (2015: £492k).

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

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.

Post balance sheet event

On 2 August 2016 Inside Track Productions LLP received the decision of the First-tier Tribunal (Tax Chamber) (the "FTT") in the case of the dispute with HMRC. The judgment is currently being considered.

Limited liability partnerships and partnerships are not subject to taxation in the United Kingdom, and it is their members who are subject to taxation. The overall financial impact of the FTT's decision (to the extent that it may eventually be enforced) might represent a personal liability of the members (individual or corporate) and not the limited liability partnerships. Hence, it is not reflected in the financial statements of the Partnership because it affects members' individual tax calculations only.

In addition, legal costs relating to the dispute are not reflected in these financial statements because they are borne by the Operator of the Partnership in accordance with the terms of the Operator's Agreement.

MEMBERS' REPORT (Continued)
Year ended 5 April 2016

Policy regarding members' drawings, profit and capital

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

Designated Members are not entitled to drawings. In accordance with the Members' Agreement, drawings shall be made at the discretion of Ingenious Ventures, a division of Ingenious Capital Management Limited, ("the Operator"), the operator of the Partnership.

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.

Where profit or losses of the LLP arise in relation to any Film prior to Recoupment, a ratio between the Individual Members and the Corporate Member is taken at 99:1.

Where profit or losses of the LLP arise in relation to any film after Recoupment, a ratio between the Individual Members and the Corporate Member in respect of the Gross Individual Members' Entitlement, is determined by the Operator (acting pursuant to the terms of the Operator's Agreement) on behalf of the Individual Members.

The operating cash requirements of the Partnership shall ordinarily be met out of the members' initial contributions and no member shall be required to make any further funding available after their admission as a member (save to the extent of their liability on a winding up).

Statement of members' responsibilities

The members are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial period. Under that law the members have elected to prepare the financial statements in accordance with the Financial Reporting Standard for Smaller Entities effective January 2015 (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities). 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 period. In preparing the 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; and
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

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.

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

MEMBERS' REPORT (Continued)
Year ended 5 April 2016

Auditor

Deloitte LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006 as applicable to limited liability partnerships.

Disclosure of information to auditor

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 auditor is unaware; and
- each Designated Member has taken all the steps (such as making enquiries of other members and the auditor and any other steps required by the Designated Members' duty to exercise due care, skill and diligence) that they ought to have taken in their duty as Designated Member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006, as applicable to limited liability partnerships.

Small company provisions

This report has been prepared in accordance with the provisions applicable to entities entitled to the small companies exemption. This is in accordance with Part 15 of the Companies Act 2006, as applicable to limited liability partnerships. The Partnership 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, as applied to limited liability partnerships.

This report was approved by a Designated Member on: 20/12/2016
and signed on their behalf by:


Director of

TRAFALGAR FILM PARTNER 1 LIMITED

Designated Member

Limited Liability Partnership Number: OC303045

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSIDE TRACK PRODUCTIONS LLP

We have audited the financial statements of the Partnership for the year ended 5 April 2016 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 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities effective January 2015 (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 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 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 members and auditor

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 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.

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 designated members; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Partnership's affairs as at 5 April 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

INDEPENDENT AUDITOR'S 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 applied 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
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small companies regime and to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Members' report.



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

Date: 20 December 2016

INSIDE TRACK PRODUCTIONS LLP

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 5 APRIL 2016**

	Notes	Year ended 5 April 2016 £	Year ended 5 April 2015 £
Turnover	1	108,287	494,338
Operating expenses		<u>(2,778)</u>	<u>(2,275)</u>
OPERATING PROFIT	2	105,509	492,063
Interest payable and similar costs	3	(618)	-
Interest receivable and similar income	4	2	-
Foreign exchange gain	4	<u>3,536</u>	-
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE	8	<u>108,429</u>	<u>492,063</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	8	<u>108,429</u>	<u>492,063</u>

All results are derived from continuing operations during the current and prior years.

There are no recognised gains or losses during the financial year 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 notes on pages 11 to 14 form an integral part of the financial statements.

**BALANCE SHEET
AT 5 APRIL 2016**

	Notes	5 April 2016 £	5 April 2015 £
CURRENT ASSETS:			
Amounts falling due within one year			
Debtors	5	17,051	49,282
Cash at bank		<u>160,892</u>	<u>309,353</u>
		<u>177,943</u>	<u>358,635</u>
CREDITORS:			
Amounts falling due within one year			
Other creditors	6	(116,454)	(297,458)
Accruals		<u>(2,420)</u>	<u>(2,250)</u>
		<u>(118,874)</u>	<u>(299,708)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>59,069</u>	<u>58,927</u>
MEMBERS' OTHER INTERESTS REPRESENTED BY:			
Members' capital classified as equity under FRS 25	8	68,746,094	68,746,094
Other reserves	8	<u>(68,687,025)</u>	<u>(68,687,167)</u>
Members' other interests	7	<u>59,069</u>	<u>65,662</u>
TOTAL MEMBERS' INTERESTS		<u>59,069</u>	<u>65,662</u>

The notes on pages 11 to 14 form an integral part of the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective January 2015) as applicable to LLP's.

The financial statements were approved by a Designated Member and authorised for issue on 20/12/2016 and signed on their behalf by:


Director of
TRAFALGAR FILM PARTNER 1 LIMITED
Designated Member

Limited Liability Partnership Number: OC303045

RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS
YEAR ENDED 5 APRIL 2016

	Members' capital £	Other reserves £	Total members' other interests £	Loans and Other Amounts Due To Members £	2016 Total members' interests £	2015 Total members' interests £
Balance at 6 April 2015	68,746,094	(68,687,167)	58,927	-	58,927	61,202
Profit for the financial year available for discretionary division among members	-	108,429	108,429	-	108,429	492,063
Members' interests after profit for the year	68,746,094	(68,578,738)	167,356	-	167,356	553,265
Other division of profits	-	(108,287)	(108,287)	108,287	-	-
Members' drawings	-	-	-	(108,287)	(108,287)	(494,338)
Balance at 5 April 2016	68,746,094	(68,687,025)	59,069	-	59,069	58,927

Amounts due to be distributed to members at the year end amounted to £116K (2015: £267K).

**CASH FLOW STATEMENT
YEAR ENDED 5 APRIL 2016**

	Notes	Year ended 5 April 2016 £	Year ended 5 April 2015 £
Net cash inflow from operating activities	A	107,021	488,156
Members' drawings		(258,402)	(247,169)
Interest paid		(616)	-
Foreign exchange gain		3,536	-
(Decrease)/ increase in cash and cash equivalents	C	(148,461)	240,987

NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 5 APRIL 2016

YEAR ENDED 5 APRIL 2016		Year ended 5 April 2016 £	Year ended 5 April 2015 £		
A. Reconciliation of operating profit to net cash inflow from operating activities					
Operating profit		105,509	492,063		
Decrease/ (increase) in debtors		32,231	(34,461)		
(Decrease)/ increase in creditors		(30,719)	30,554		
Net cash inflow from operating activities		107,021	488,156		
B. Analysis of net funds					
	At 6 April 2015 £	Exchange differences £	Interest paid £	Cash flow £	At 5 April 2016 £
Cash at bank	309,353	3,536	(616)	(151,381)	160,892
C. Reconciliation of net cash flow to movement in net funds					
				Year ended 5 April 2016 £	Year ended 5 April 2015 £
Movement in net funds resulting from cash flows				(148,461)	240,987
Net funds at start of year				309,353	68,366
Net funds at end of year				160,892	309,353

The notes on pages 11 to 14 form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 5 APRIL 2016**

1. ACCOUNTING POLICIES

The Partnership was 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 the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities) 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 the sale 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 5 APRIL 2016

2. OPERATING PROFIT	Year ended	Year ended
	5 April	5 April
	2016	2015
	£	£
The operating profit is stated after charging:		
Auditor's remuneration	2,420	2,250
Audit fee under-accrual relating to prior year	100	-
	2,520	2,250
3. INTEREST PAYABLE AND SIMILAR COSTS	Year ended	Year ended
	5 April	5 April
	2016	2015
	£	£
Interest payable	618	-
4. INTEREST RECEIVABLE AND OTHER INCOME	Year ended	Year ended
	5 April	5 April
	2016	2015
	£	£
Interest receivable	2	-
Foreign exchange gains	3,536	-
	3,538	-
5. DEBTORS	5 April	5 April
	2016	2015
	£	£
Trade debtors	16,846	49,282
VAT recoverable	205	-
	17,051	49,282
6. OTHER CREDITORS	5 April	5 April
	2016	2015
	£	£
Distributions due to members	116,454	266,569
VAT payable	-	30,889
	116,454	297,458

Distributions and other liabilities due to members rank *pari passu* with other creditors in relation to repayment although the Partnership will generally settle third party liabilities first before paying its members.

7. INFORMATION RELATING TO MEMBERS

No member received any salaried remuneration from the Partnership during the year (2015: nil).

The average number of members in the year was 140 (2015: 142). The average allocation of profit was therefore £764 (2015: £3,465). The maximum profit allocated to any single member was £8,247 (2015: £38,242).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 5 APRIL 2016

8. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	Members' capital £	Other reserves £	Total members' other interests £	Loans and Other Amounts Due To Members £	2016 Total members' interests £	2015 Total members' interests £
Balance at 6 April 2015	68,746,094	(68,687,167)	58,927	-	58,927	61,202
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Other division of profits	-	(108,287)	(108,287)	108,287	-	-
Members' drawings	-	-	-	(108,287)	(108,287)	(494,338)
Balance at 5 April 2016	68,746,094	(68,687,025)	59,069	-	59,069	58,927

Amounts due to be distributed to members at the year end amounted to £116K (2015: £267K).

9. RELATED PARTIES

During the year the Designated Members are wholly-owned subsidiaries of Ingenious Media Limited. Ingenious Media Limited is itself a wholly-owned subsidiary of Ingenious Media Holdings plc.

During the year, P A McKenna, J L Boyton and D M Reid were all Ordinary Members of the Partnership and directors of the Operator. 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 (2015 £nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 5 APRIL 2016

9. RELATED PARTIES (Continued)

The profit allocated to these individuals was as follows:

	2016	2015
	£	£
P A McKenna	2,971	13,482
J L Boyton	211	956
D M Reid	211	956

There were no material transactions with any related parties in the year (2015: £Nil).

10. CONTROLLING PARTY

In the opinion of the members there is no one controlling party.

11. POST BALANCE SHEET EVENT

On 2 August 2016 Inside Track Productions LLP received the decision of the First-tier Tribunal (Tax Chamber) (the "FTT") in the case of the dispute with HMRC. The judgment is currently being considered.

Limited liability partnerships and partnerships are not subject to taxation in the United Kingdom, and it is their members who are subject to taxation. The overall financial impact of the FTT's decision (to the extent that it may eventually be enforced) might represent a personal liability of the members (individual or corporate) and not the limited liability partnerships. Hence, it is not reflected in the financial statements of the Partnership because it affects members' individual tax calculations only.

In addition, legal costs relating to the dispute are not reflected in these financial statements because they are borne by the Operator of the Partnership in accordance with the terms of the Operator's Agreement.