

INSIDE TRACK PRODUCTIONS LLP

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ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2018

Limited Liability Partnership Number: OC303045



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**MEMBERS' REPORT  
YEAR ENDED 5 APRIL 2018**

The members present the Annual Report and Financial Statements of Inside Track Productions LLP ("the Partnership") for the year ended 5 April 2018.

**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.

**Review of the year**

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

In previous financial years the Partnership delivered seven films to commissioning distributors. All of these films have been completed and delivered to the commissioning distributors. The Partnership had previously entered into contracts to produce seven films, costing £66 million, on behalf of commissioning distributors. No further contracts were entered into during the year. The films have been theatrically released and are now generating DVD/television income. The Partnership continues to receive distribution receipts arising from sales made of the films by the commissioning distributors.

Operating profit for the year ended 5 April 2018 is £322k (2017: £88k).

On 2 August 2016 Inside Track Productions LLP ("ITP") received the decision of the First-tier Tribunal ("FTT") in respect of its appeals and the appeals brought by Inside Track 1 LLP, Inside Track 2 LLP and Inside Track 3 LLP against the enquiry closure notices issued by HMRC. The decision was complex and a clarification of aspects of the decision was received on 17 May 2017. An application for permission to appeal the decision was lodged on 13 July 2017 and the Tribunal subsequently granted leave to appeal and published a revised version of its decision in November 2017. The appeal hearing before the Upper-tier Tribunal is scheduled for 4 March 2019 to 10 April 2019.

*Should the final decision require adjustments to the income and costs recognised by the partnership, these adjustments may need to be reflected in the financial statements of the Partnership. Any tax impact of the final decision will not be reflected in the financial statements of the Partnership (on the basis that it is generally a tax transparent entity) and therefore any impact of the ITP final decision on the members will be reflected in their individual tax statements.*

**Future developments**

The Partnership is well positioned to benefit from its ongoing production activities and from its relationship with Ingenious Media Holdings Limited and its subsidiaries ("the Ingenious Group").

**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 Annual Report and Financial Statements.

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

**MEMBERS' REPORT (Continued)**  
**YEAR ENDED 5 APRIL 2018**

**Policy regarding members' drawings, profit and capital**

The Designated Members are not entitled to drawings. In accordance with the Members' Agreement, drawings shall be made at the discretion of Ingenious Capital Management Limited (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 Partnership 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 Designated members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships ("LLPs") 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 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 Partnership law, as applied to LLPs, the members 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 Partnership and of the profit or loss of the Partnership for that period. 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; 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.

The Operator is exclusively responsible for the provision to the Partnership of the services set out in Schedule 1 of the Operators' Agreement.

In so far as the Designated Members are aware:

- there is no relevant audit information of which the Partnership's auditor is unaware; and
- the members have taken all steps that they should have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

**MEMBERS' REPORT (CONTINUED)**  
**YEAR ENDED 5 APRIL 2018**

**Auditor**

The Designated Members appointed Shipleys LLP to audit the current year Annual Report and Financial Statements under Section 485 (3) of the Companies Act 2006 as applicable to LLPs.

**Small company exemptions**

*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 LLPs. 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 414(B) of the Companies Act 2006.*

The report was approved by the Designated Members and signed on their behalf by:



**Director of Trafalgar Film Partner 1 Limited**

Designated Member: **DM REID**

Date: **08/10/2018**

Registered office:  
15 Golden Square  
London W1F 9JG

Limited Liability Partnership Number: OC303045

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

### Opinion

We have audited the financial statements of Inside Track Productions LLP (the "Partnership") for the year ended 5 April 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of movements in members' interests 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)'.

### 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 Partnership 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.

### Responsibilities of members

As explained more fully in the members' responsibilities statement (see page 2), the members 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 members 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 members are responsible for assessing the Partnership'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 members either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

### 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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Opinions on other matters prescribed by the Companies Act 2006, as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSIDE TRACK PRODUCTIONS LLP (CONTINUED)

## 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 members 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 Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report.

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

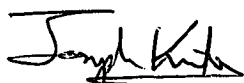
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require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

## Use of our report

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) (Applicable 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 Partnership and the Partnership's members 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 Partnership's affairs as at 5 April 2018 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.



**Joseph Kinton (Senior Statutory Auditor)**

for and on behalf of Shipleys LLP (Statutory Auditor)  
10 Orange Street, Haymarket, London, WC2H 7DQ

Date: 8 October 2018

**PROFIT AND LOSS ACCOUNT  
YEAR ENDED 5 APRIL 2018**

	Notes	Year ended 5 April 2018 £'000s £	Year ended 5 April 2017 £'000s £
Turnover	1	326	118
Operating expenses		<u>(4)</u>	<u>(30)</u>
<b>OPERATING PROFIT</b>	3	322	88
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE</b>		<u>322</u>	<u>88</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<u>322</u>	<u>88</u>

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

The Partnership has no recognised gains and losses other than those shown above.

The notes on pages 9 to 11 form an integral part of the financial statements.



**BALANCE SHEET**  
**AS AT 5 APRIL 2018**

	Notes	5 April 2018 £'000s £	5 April 2017 £'000s £
<b>CURRENT ASSETS:</b>			
Cash at bank		303	166
Debtors		1	-
		<u>304</u>	<u>166</u>
<b>CREDITORS:</b>			
Amounts falling due within one year			
Other creditors	4	(209)	(133)
Accruals		(2)	(3)
		<u>(211)</u>	<u>(136)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>93</u>	<u>30</u>
<b>MEMBERS' OTHER INTERESTS REPRESENTED BY:</b>			
Members' capital accounts		68,746	68,746
Other reserves		<u>(68,653)</u>	<u>(68,716)</u>
<b>TOTAL MEMBERS' INTERESTS</b>		<u>93</u>	<u>30</u>

The notes on pages 9 to 11 form an integral part of the financial statements.

The Designated Members acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 (as applicable to limited liability partnerships) with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as defined within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102 Section 1A small entities.

The financial statements were approved by the Designated Members and authorised for issue and signed on their behalf by:



**Director of Trafalgar Film Partner 1 Limited**

Designated Member: DM REID

Date: 08/10/2018

Limited Liability Partnership Number: OC303045

**RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS  
YEAR ENDED 5 APRIL 2018**

	Members' capital £'000s £	Other reserves £'000s £	Total members' other interests £'000s £	Loans and Other Amounts Due To Members £'000s £	2018 Total members' interests £'000s £	2017 Total members' interests £'000s £
<b>Balance at 6 April 2017</b>	68,746	(68,716)	30	-	30	59
Profit for the financial year available for division among members	-	322	322	-	322	88
Members' interests after profit for the year	68,746	(68,394)	352	-	352	147
Other division of profits	-	(259)	(259)	259	-	-
Members' drawings	-	-	-	(259)	(259)	(117)
<b>Balance at 5 April 2018</b>	<b>68,746</b>	<b>(68,653)</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>30</b>

The notes on pages 9 to 11 form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 5 APRIL 2018**

**1. ACCOUNTING POLICIES**

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

**General information and basis of preparation of financial instruments**

The Partnership was incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000. Its place of business and registered office address is 15 Golden Square, London, W1F 9JG. The nature of the Partnership's operations and principal activity are set out in the Members' Report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 Section 1A ('FRS 102 Section 1A'), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

*The functional currency of the Partnership is considered to be pound sterling which is the currency of the primary economic environment in which the Partnership operates.*

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates (see note 2 to the financial statements). It also requires management to exercise judgement in applying the Partnership's accounting policies.

The financial statements do not include a cash flow statement because the Partnership is a qualifying entity under FRS 102 Section 1A for taking advantage of the exemption from preparing such a statement.

**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.

**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 rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the Balance Sheet date. Exchange differences are taken to the Profit and Loss Account.

**Going concern**

The Partnership's business activities, together with the factors likely to affect its future development, performance and position has been reviewed by the members.

Having assessed the risks facing the Partnership as set out in the Members' Report, its financial position and profit and cash flow forecasts, the members believe that the Partnership is well placed to manage its business successfully and will be able to maintain positive cash flows for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 5 APRIL 2018**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Partnership's accounting policies, which are described in Note 1, the members 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.

No critical accounting judgements were made in the year.

**3. OPERATING PROFIT**

	Year ended 5 April 2018	Year ended 5 April 2017
	£000's	£'000s
	£	£
The operating profit is stated after charging:		
Auditor's remuneration	2	3
Other professional fees	2	-
Bad debt write off	-	26
	<u>4</u>	<u>29</u>

**4. OTHER CREDITORS**

	5 April 2018	5 April 2017
	£'000s	£'000s
	£	£
Distributions due to members	209	133

**5. INFORMATION RELATING TO MEMBERS**

No member received any salaried remuneration from the Partnership during the current and prior year.

The average number of members in the year was 139 (year ended 5 April 2017: 140). The average allocation of profit was therefore £2,318 (year ended 5 April 2017: £628). The maximum profit allocated to any single member was £25,085 (year ended 5 April 2017: £8,515).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 5 APRIL 2018**

**6. RELATED PARTY DISCLOSURES**

The Designated Members are wholly-owned subsidiaries of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary of Ingenious Media Holdings Limited.

The Operator, registered in England and Wales, is a wholly-owned subsidiary of Ingenious Capital Management Holdings Limited.

N A Forster and D M Reid are directors of the Designated Members and the Operator. P A McKenna is a director of the Operator. N A Forster, D M Reid and P A McKenna are also directors of Ingenious Media Holdings Limited and Ingenious Capital Management Holdings Limited.

There was no change to the capital subscribed by P A McKenna and D M Reid in the year (2017: £nil) and the profit allocated to these individuals was as follows:

The profit allocated to these individuals was as follows:

	2018 £	2017 £
P A McKenna	8,844	2,417
D M Reid	627	171

There were no material transactions with any related parties in the year (2017: £Nil).

**7. CONTROLLING PARTY**

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