

INSIDE TRACK 3 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2012



Limited Liability Partnership Number OC 305070

INSIDE TRACK 3 LLP**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

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INSIDE TRACK 3 LLP**MEMBERS' REPORT**

Year ended 5 April 2012

The members present the Annual Report and Financial Statements on the affairs of Inside Track 3 LLP ("the Partnership") for the year ended 5 April 2012

The report has been prepared taking advantage of the small companies exemption in accordance with Section 415A of the Companies Act 2006, as applicable to limited liability partnerships

Principal activities

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

In assessing which film 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 the film

Business review and future outlook

In a previous financial year the Partnership delivered the film Kingdom of Heaven to the commissioning distributor. No further contracts were entered into during the year.

The film has been theatrically released and is now generating DVD/television income.

Operating profit for the year ended 5 April 2012 is £1.0m (2011: £1.4m)

The Partnership will continue to participate in distribution receipts arising from sales made of the film 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 3 LLP**MEMBERS' REPORT (Continued)**

Year ended 5 April 2012

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 Ingenious Ventures, a division of Ingenious Asset 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 period.

The operating cash requirements of the Partnership shall 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).

Designated Members

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

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 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 period. In preparing the financial statements, the members are required to

- select suitable accounting policies and 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 Partnership will continue in business.

The members are responsible for keeping proper 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. The members 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.

INSIDE TRACK 3 LLP

MEMBERS' REPORT (Continued)

Year ended 5 April 2012

Statement of members' responsibilities (continued)

In so far as the 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

Auditor

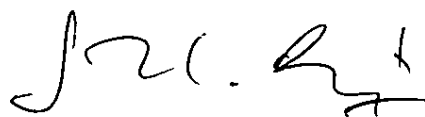
Deloitte LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006 as applicable to limited liability partnerships

This report was approved by the Designated Members on 31 May 2012 and signed on their behalf by



TRAFALGAR FILM PARTNER 1 LIMITED

Designated Member



TRAFALGAR FILM PARTNER 2 LIMITED

Designated Member

Registered office
15 Golden Square
London W1F 9JG

Limited Liability Partnership Number OC 305070

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSIDE TRACK 3 LLP

We have audited the financial statements of Inside Track 3 LLP for the year ended 5 April 2012 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 8. 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 limited liability 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 limited liability 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 limited liability 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. 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 limited liability partnership's affairs as at 5 April 2012 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 applied to limited liability partnerships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSIDE TRACK 3 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
- 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 limited liability partnerships regime



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

Date 31.5.12.

INSIDE TRACK 3 LLP

PROFIT AND LOSS ACCOUNT

Year ended 5 April 2012

	NOTES	Year ended 5 April 2012 £	Year ended 5 April 2011 £
Turnover	1	985,895	1,378,791
GROSS PROFIT		985,895	1,378,791
Operating expenses		(4,625)	(3,918)
OPERATING PROFIT	2	981,270	1,374,873
Interest receivable and similar income	3	2,403	707
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE	6	983,673	1,375,580
RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG THE MEMBERS	6	983,673	1,375,580

All results are derived from continuing operations

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 accompanying Notes are an integral part of the financial statements

INSIDE TRACK 3 LLP

BALANCE SHEET

At 5 April 2012

	NOTES	5 April 2012 £	5 April 2011 £
CURRENT ASSETS			
Other debtors		788	788
Cash at bank		525,685	79,296
		526,473	80,084
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	4	(494,147)	(47,535)
Accruals		(5,168)	(3,168)
		(499,315)	(50,703)
NET ASSETS		27,158	29,381
MEMBERS' INTERESTS			
Members' capital accounts	6	119,028,388	119,028,388
Other reserves	6	(119,001,230)	(118,999,007)
TOTAL MEMBERS' INTEREST	6	27,158	29,381

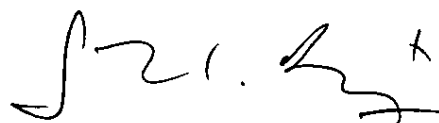
The accompanying Notes are an integral part of the financial statements

The financial statements were approved by the Designated Members and authorised for issue on 2012 and signed on their behalf by

31 May



TRAFALGAR FILM PARTNER 1 LIMITED
Designated Member



TRAFALGAR FILM PARTNER 2 LIMITED
Designated Member

Limited Liability Partnership Number OC 305070

INSIDE TRACK 3 LLP

CASH FLOW STATEMENT

Year ended 5 April 2012

	NOTES	Year ended 5 April 2012 £	Year ended 5 April 2011 £
Net cash inflow from operating activities	A	983,270	1,381,294
Members' drawings		(539,284)	(1,364,084)
Increase in cash and cash equivalents	B	443,986	17,210

The accompanying Notes are an integral part of the financial statements

INSIDE TRACK 3 LLP

NOTES TO THE CASH FLOW STATEMENT

Year ended 5 April 2012

	Year ended 5 April 2012 £	Year ended 5 April 2011 £
A. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	981,270	1,374,873
Decrease in debtors	-	10,178
Increase/(decrease) in creditors	2,000	(3,757)
Net cash inflow from operating activities	983,270	1,381,294

B. Analysis of net funds

	At 5 April 2011 £	Exchange movement £	Cash flow £	At 5 April 2012 £
Cash at bank	79,296	2,403	443,986	525,685

C. Reconciliation of net cash flow to movement in net funds	Year ended 5 April 2012 £	Year ended 5 April 2011 £
Increase in cash in the year	443,986	17,210
Change in net funds resulting from cash flows	443,986	17,210
Net funds at start of year	79,296	61,379
Foreign exchange gains	2,403	707
Net funds at end of year	525,685	79,296

INSIDE TRACK 3 LLP**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 5 April 2012

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 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 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

INSIDE TRACK 3 LLP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 5 April 2012

2. OPERATING PROFIT

The operating profit is stated after charging	2012	2011
	£	£
Auditor's remuneration for audit services	2,550	2,550
Adjustment for over provision in prior year	-	(500)
Other professional fees	2,000	1,868
	4,550	3,918

Fees payable to the Partnership's auditors for non-audit services provided in the year were £Nil (2011 £Nil)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Foreign exchange gains	2,403	707

4. OTHER CREDITORS

	2012	2011
	£	£
Due to distribute to members	494,147	47,535

5. INFORMATION RELATING TO MEMBERS

No member received any salaried remuneration from the Partnership during the year (2011 £Nil)

The average number of members in the year was 204 (2011 204) The average allocation of profit was therefore £4,822 (2011 £6,743) The maximum profit allocated to any single member was to Ingenious Media Investments Limited of £255,755 (2011 £357,651)

INSIDE TRACK 3 LLP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 5 April 2012

6. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	Members' capital £	Other reserves £	Total members' interests £
Balance at 5 April 2011	119,028,388	(118,999,007)	29,381
Profit for the financial year available for discretionary division among members	-	983,673	983,673
Members' interests after profit for the year	119,028,388	(118,015,334)	1,013,054
Members' drawings	-	(985,896)	(985,896)
Balance at 5 April 2012	119,028,388	(119,001,230)	27,158

Amounts due to be distributed to members at the year end amounted to £494k (2011 £48k)

7. RELATED PARTIES

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

As at 6 April 2012, Ingenious Capital Management Limited replaced Ingenious Asset Management Limited as the Operator of the Partnership under a deed of novation dated 8 March 2012. Ingenious Capital Management Limited is a wholly-owned subsidiary of Ingenious Media Limited.

During the year, P A McKenna and D M Reid were Ordinary Members of the Partnership and also directors of the Operator and Ingenious Media Investments Limited. D M Reid was also a director of the Designated Members during the year.

There was no change to the capital subscribed by these individuals in the year (2011 £Nil).

INSIDE TRACK 3 LLP**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Year ended 5 April 2012

7. RELATED PARTIES (Continued)

The profit allocated to these individuals was as follows

	2012 £	2011 £
P A McKenna	4,938	6,906
D M Reid	1,235	1,727

There were no material transactions with any related parties in the year (2011 £Nil)

8. CONTROLLING PARTY

In the opinion of the members there is no controlling party