Registered number: OC308884

MICRO FUSION 2005-2 LLP

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2018

MICRO FUSION 2005-2 LLP

INFORMATION

Designated Members

Future Films (Partnership Services) Limited (resigned 1 June 2018)
Future Films (Management Services) Limted (resigned 1 June 2018)
PASCO 1 Limited (appointed 1 June 2018)
PASCO 2 Limited (appointed 1 June 2018)

LLP registered number

OC308884

Registered office

27/28 Eastcastle Street
London
W1W 8DH

MICRO FUSION 2005-2 LLP

CONTENTS

MEMBERS' REPORT
FOR THE YEAR ENDED 5 APRIL 2018

The members present their annual report together with the financial statements of Micro Fusion 2005-2 LLP (the "LLP") for the ended 5 April 2018.

Designated Members

The following designated members have held office since 6 April 2017:

Future Films (Partnership Services) Limited (resigned 1 June 2018)
Future Films (Management Services) Limited (resigned 1 June 2018)
PASCO 1 Limited (appointed 1 June 2018)
PASCO 2 Limited (appointed 1 June 2018)

Each Designated Member has contributed £50. Their entitlement to income and profits is specified in the Partnership Deed.

Results for the year and allocation to members

The profit for the year before members' remuneration and profit shares was £348,143 (2017: £373,273).

Policy on members' drawings

During the period ending 5 April 2011 the Designated Members decided that current and prior years' distributions to members be deemed repayments of members capital.

In previous years, Members took drawings on account of anticipated future profits, such drawings giving rise to amounts due from Members where the value of the drawings exceeded the value of the profits allocated to them. During the year, the Designated Members determined to repay such capital as was necessary to eliminate the amounts due from Members on the basis that this capital is no longer required for the business of the LLP.

The capital requirements of the partnership are determined by the Partnership Agreement. Each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is usually linked to the earnings allocated to that member. No interest is paid on capital. On leaving the partnership, a member's capital is repayable as set out in the Partnership Agreement.

During the period up to 5 April 2018 no members' interests were transferred from capital to debt.

Members' responsibilities statement

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

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires 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). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members are required to:

MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2018

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

....
PASCO 1 Limited
Designated member

Date: 13.12.2018

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2018

	Note	2018 £	*2017* *£*
Turnover		1,093,557	*1,058,606*
Cost of sales		(431,430)	*(410,886)*
Gross profit		662,127	*647,720*
Administrative expenses		(313,984)	*(274,447)*
Operating profit		348,143	*373,273*
Profit for the year before members' remuneration and profit shares		348,143	*373,273*
Profit for the year before members' remuneration and profit shares		348,143	*373,273*
Members' remuneration charged as an expense		(348,143)	*(373,273)*
Results for the year available for discretionary division among members		-	*-*

The notes on pages 7 to 10 form part of these financial statements.

MICRO FUSION 2005-2 LLP
REGISTERED NUMBER: OC308884

BALANCE SHEET
AS AT 5 APRIL 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	4		4,769,609		5,201,038
Tangible assets	5		3,316,739		3,527,862
			8,086,348		8,728,900
Current assets					
Debtors: amounts falling due within one year	6	611,264		607,624	
		611,264		607,624	
Creditors: Amounts Falling Due Within One Year	7	(730,198)		(372,588)	
Net current (liabilities)/assets			(118,934)		235,036
Total assets less current liabilities			7,967,414		8,963,936
Net assets			7,967,414		8,963,936
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability			7,280,568		8,625,233
			7,280,568		8,625,233
Members' other interests					
Members current account		12,674		12,674	
Other reserves classified as equity		674,172		326,029	
			686,846		338,703
			7,967,414		8,963,936
Total members' interests					
Members' capital classified as a liability			7,280,568		8,625,233
Members' other interests			686,846		338,703
			7,967,414		8,963,936

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime.

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

BALANCE SHEET (CONTINUED)
AS AT 5 APRIL 2018

The members acknowledge their responsibilities for complying with the requirements of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, with respect to accounting records and the preparation of financial statements.

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

....

PASCO 1 Limited
Designated member

Date: 13.12.2018

The notes on pages 7 to 10 form part of these financial statements.

RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 5 APRIL 2018

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors			Total members' interests
	Members' current account £	Accumulated profits and losses attributable to members £	Total £	Members' capital (classified as debt) £	Other debts due from members £	Total £	Total £
Members' interests after profit for the year	12,674	(47,244)	(34,570)	9,623,857	-	9,623,857	9,589,287
Movement in reserves	-	373,273	373,273	-	-	-	373,273
Capital amounts introduced	-	-	-	48,769	-	48,769	48,769
Capital amounts repaid	-	-	-	(1,047,393)	-	(1,047,393)	(1,047,393)
Amounts withdrawn by members	-	-	-	-	(1,047,393)	(1,047,393)	(1,047,393)
Repayment of debt	-	-	-	-	1,047,393	1,047,393	1,047,393
Balance at 5 April 2017	12,674	326,029	338,703	8,625,233	-	8,625,233	8,963,936
Members' interests after profit for the year	12,674	326,029	338,703	8,625,233	-	8,625,233	8,963,936
Movement in reserves	-	348,143	348,143	-	-	-	348,143
Capital amounts introduced	-	-	-	96,699	-	96,699	96,699
Capital amounts repaid	-	-	-	(1,441,364)	-	(1,441,364)	(1,441,364)
Amounts withdrawn by members	-	-	-	-	(1,441,364)	(1,441,364)	(1,441,364)
Repayment of debt	-	-	-	-	1,441,364	1,441,364	1,441,364
Balance at 5 April 2018	12,674	674,172	686,846	7,280,568	-	7,280,568	7,967,414

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

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

1. General information

Micro Fusion 2005-2 LLP is a limited liability partnership incorporated in the United Kingdom. The registered office is 27/28 Eastcastle Street, London, W1W 8DH.

The principal activity during the year continued to be that of film exploitation.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The following principal accounting policies have been applied:

2.2 Turnover

Turnover comprises income received by way of profit share and guaranteed income gained through the production, commissioning of production and exploitation of feature films, in addition to income received by way of operating lease rentals.

Turnover is recognised in the period once the right to the income is earned.

2.3 Intangible fixed assets and amortisation

Intangible fixed assets comprise the cost of acquiring the rights of films by the partnership.

Amortisation is provided on a systematic basis to match the costs against the income that is estimated will be earned during the period in which the rights are owned.

2.4 Tangible fixed assets and depreciation

Tangible fixed assets comprise the cost of acquiring master negatives and the rights of these films by the partnership, excluding those that are subsequently leased out on finance lease arrangements.

Depreciation is provided on a systematic basis to match the costs against the rental income that will be earned during the anticipated economic life of the film asset.

2.5 Taxation

The taxation payable on the partnership profits is the personal liability of the members during the period and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and are so included in "Members' interests" or in "Loans and other debts due to Members" depending on whether or not division of profit has occurred.

2. Accounting policies (continued)

2.6 Members' capital

The financial statements have been prepared in accordance with the requirements of FRS 102 as applied to limited liability partnerships by the applicable SORP. Since the profits of the LLP are automatically distributed, FRS 102 requires members' capital to be disclosed as a liability, rather than equity. It is for this reason only that the members' capital has been presented as a liability.

Where capital contributions by partners are unpaid at the balance sheet date, but a binding commitment to contribute that capital has been given by the partner, the capital contribition is recognised as such, and the amount shown as an unpaid debtor.

2.7 Members' current accounts

All cash transactions between the LLP and its Members are included in the Members' current account to the extent that they are not matched by allocation of profits and losses.

3. Employees

There were no employees during the year.

4. Film copyright

	Film Copyright £
Cost	
At 6 April 2017	**8,662,256**
At 5 April 2018	**8,662,256**
Amortisation	
At 6 April 2017	**3,461,218**
Charge for the year	**431,429**
At 5 April 2018	**3,892,647**
Net book value	
At 5 April 2018	**4,769,609**
At 5 April 2017	*5,201,038*

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

5. Tangible fixed assets

	Other fixed assets £
Cost or valuation	
At 6 April 2017	4,726,255
At 5 April 2018	4,726,255
Depreciation	
At 6 April 2017	1,198,393
Charge for the year on owned assets	211,123
At 5 April 2018	1,409,516
Net book value	
At 5 April 2018	3,316,739
At 5 April 2017	*3,527,862*

6. Debtors

	2018 £	*2017 £*
Other debtors	4,454	*12,586*
Prepayments and accrued income	606,811	*595,038*
	611,265	*607,624*

7. Creditors: Amounts falling due within one year

	2018 £	*2017 £*
Other creditors	730,198	*372,588*

8. Related party transactions

The LLP has provided security in the form of fixed and floating charges and a negative pledge over certain of its assets to Barclays Bank Plc in support of loans taken by members to provide the capital of the LLP. In turn, the LLP has taken security over any risk that may arise under that security by way of a letter of credit from the guarantee bank.

Furthermore, the LLP has provided additional security in the form of a charge over various intellectual property rights to Corpus Vives Productions LLC, Marital Assets LLC, Pueblo Film Releasing Limited and Sony Pictures Home Entertainment Inc in relation to any monies owed to either of the charges.

The new designated members, Pasco 1 Limited and Pasco 2 Limited, are wholly owned by Tim Levy, who is also the sole Director of both companies. During the year the LLP entered into a new consultancy agreement with Pasco 3 Limited ("Pasco 3"), which is a related party as a consequence of Tim Levy also being sole Director and owner of the entire share capital of that company.

Consultancy fees of £27,037 were charged by Pasco 3 in line with the new consultancy agreement. There was an outstanding payable of £3,867 as at the balance sheet date.