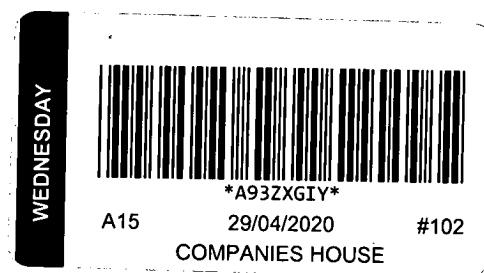


INGENIOUS FILM PARTNERS 2 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2019



Limited Liability Partnership Number: OC314069

**ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2019**

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MEMBERS' REPORT
30 APRIL 2019

The members submit the Annual Report and Financial Statements of Ingenious Film Partners 2 LLP ("the Partnership") for the year ended 30 April 2019.

Principal activities

The principal activity of Ingenious Film Partners 2 LLP, a Partnership registered in England and Wales, was to produce and deliver a 'slate' of theatrical films in association with a mix of leading independent producers and studios.

The Partnership was formed to conduct an integrated film business and the principal place of business is 15 Golden Square, London, W1F 9JG.

The Partnership has adopted a sophisticated project selection procedure to manage risks from the outset and will only produce films where there is a strong likelihood of distribution and where it is able to secure a participation in gross sales receipts arising from that distribution. The Partnership has also operated in other aspects of the film production and distribution value chain thereby deploying capital across activities with differing risk profiles.

Review of the year

Waterloo Film Partner 1 Limited and Waterloo Film Partner 2 Limited ("the Designated Members") served as Designated Members during the year.

The Partnership continues to receive distribution income as remuneration for previous film production activities.

Operating profit for the year ended 30 April 2019 is £8,781k (year ended 30 April 2018: £9,668k).

On 2 August 2016 Ingenious Film Partners 2 LLP ("the Partnership") received the decision of the First-tier Tribunal in respect of its appeals 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 Tribunal took place between 4 March 2019 and 10 April 2019.

Future developments

The Partnership is well placed 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.

Policy regarding members' drawings and capital

The Designated Members are not entitled to drawings. In accordance with the Members' Agreement, no ordinary member shall be entitled to make any drawings on account of profits to which they are entitled unless permitted under the Members' Agreement.

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 or her admission as a member (save to the extent of their liability on a winding up).

The capital of the remaining six ordinary members who elected not to retire from the Partnership is retained by the Partnership until such time as they retire.

MEMBERS' REPORT (CONTINUED)

30 APRIL 2019

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 then 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.

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 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

Shipleys LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 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 414(B) of the Companies Act 2006.

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



Duncan Reid, Director of
Waterloo Film Partner 1 Limited
Designated Member
Date: 27 April 2020

Registered office:
15 Golden Square
London W1F 9JG

Limited Liability Partnership Number: OC314069

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 2 LLP

Opinion

We have audited the financial statements of Ingenious Film Partners 2 LLP (the "Partnership") for the year ended 30 April 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash flows and 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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. 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.

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, 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.

In our opinion the financial statements

- give a true and fair view of the state of the Partnerships' affairs as at 30 April 2019 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Partnership's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Partnership associated with these particular events.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 2 LLP (CONTINUED)

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.

In forming our opinion, we have considered the adequacy of the disclosures made in the notes of the financial statements and our above text.

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.

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
- 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.

Stephen Joberns

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

Date:

27/4/2020

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 APRIL 2019

| | Notes | Year ended 30 April 2019 £ '000s | Year ended 30 April 2018 £ '000s |
|--|-------|---|---|
| Turnover | 1 | 9,038 | 10,086 |
| Cost of sales | | <u>(51)</u> | <u>(100)</u> |
| Gross profit | | 8,987 | 9,986 |
| Operating income | | - | - |
| Operating expenses | | <u>(206)</u> | <u>(318)</u> |
| Operating profit | 3 | <u>8,781</u> | <u>9,668</u> |
| Total comprehensive income for the year | 7 | <u>8,781</u> | <u>9,668</u> |

All of the Partnership's results are derived from continuing operations during the current and prior year.

The Partnership has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

The notes on pages 9 to 12 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2019

| | Notes | 30 April 2019 £ '000s | 30 April 2018 £ '000s |
|---|-------|-----------------------------|-----------------------------|
| Current assets | | | |
| Debtors | 5 | 5,326 | 6,136 |
| Cash at bank | | 1,128 | 0,049 |
| | | 6,454 | 14,985 |
| Creditors: Amounts falling due within one year | 6 | (4,376) | (12,797) |
| Net assets | | 2,078 | 2,188 |
| Net assets attributable to members | | 2,078 | 2,188 |
| Represented by: | | | |
| Members' interests | | | |
| Members' capital accounts | | 1,151,974 | 1,151,974 |
| Other reserves | | (1,149,896) | (1,149,786) |
| Total members' interests | | 2,078 | 2,188 |
| Memorandum of members' total interests | | | |
| Members' other interests | | 2,078 | 2,188 |
| Total members' interests | | 2,078 | 2,188 |

The notes on pages 9 to 12 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:



Duncan Reid, Director of
Waterloo Film Partner 1 Limited
 Designated Member
 Date: 27 April 2020

Limited Liability Partnership Number: OC314069

STATEMENT OF CASH FLOWS
YEAR ENDED 30 APRIL 2019

| | Year ended 30 April 2019 £ '000s | Year ended 30 April 2018 £ '000s |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Operating profit | 8,781 | 9,668 |
| Adjustments for: | | |
| Decrease/(Increase) in debtors | 810 | 1,988 |
| (Decrease)/Increase in creditors | (8,421) | 4,149 |
| Net cash from operating activities | 1,170 | 15,805 |
| Cash Flows from Financing Activities | | |
| Members' drawings | (8,891) | (9,913) |
| Capital repaid to members | - | - |
| Net cash used in financing activities | (8,891) | (9,913) |
| Net (Decrease)/Increase in cash and cash equivalents | (7,721) | 5,892 |
| Opening cash and cash equivalents | 8,849 | 2,957 |
| Closing cash and cash equivalents | 1,128 | 8,849 |

Cash and cash equivalents comprise cash in hand and cash at bank.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 APRIL 2019

| | Members' capital £ '000s | Other reserves £ '000s | Total £ '000s |
|-------------------------------|---|---|--------------------------------|
| At 30 April 2017 | 1,151,974 | (1,149,541) | 2,433 |
| Profit for the financial year | - | 9,668 | 9,668 |
| Members' drawings | - | (9,913) | (9,913) |
| Capital repaid to members | - | - | - |
| At 30 April 2018 | 1,151,974 | (1,149,786) | 2,188 |
| Profit for the financial year | - | 8,781 | 8,781 |
| Members' drawings | - | (8,891) | (8,891) |
| Capital repaid to members | - | - | - |
| At 30 April 2019 | 1,151,974 | (1,149,896) | 2,078 |

The notes on pages 9 to 12 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2019

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 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 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).

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.

The members would like to draw attention to the current Covid-19 pandemic and the potential economic impact the virus will have in the coming months. In establishing whether to continue to report under the going concern assumption the members have considered the following points:

- The impact on the day to day trade of the Partnerships' business
- The impact on the Partnerships' cash position of a period of minimum activity

The members have considered the cash balance held by the Partnership, and the projected administrative and other costs for the forthcoming 12 months from the date of signing of the Annual Report and Financial Statements, and consider there to be adequate resources in place. On this basis, the Partnership is considered to be a going concern.

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 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 the financial statements as the liability for taxation falls on the members.

Long-term contracts

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Provision is made for the full amount of foreseeable losses on contracts.

Joint Arrangement Not an Entity ("JANE")

In a prior period the Partnership entered into a film services agreement with Glasine Limited (Previously Ingenious Media Services Limited ("IMSL")), to source and undertake various film-related activities on its behalf. The Partnership maintains a right of approval over any such transactions entered into on its behalf and also over the uses of such funds advanced until such opportunities arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2019

1. Accounting policies (continued)

Joint Arrangement Not an Entity ("JANE") (continued)

The film services agreements with Glasine Limited (Previously Ingenious Media Services Limited ("IMSL")) were terminated during the year ended 30 April 2011. Following termination, funds of £403,201k were returned to the Partnership. During the year ended 30 April 2015, funds of £178,238k were returned to the Partnership. Further details of amounts owed to the Partnership as at the year end under these agreements can be found in note 7 'Related party disclosures'.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Statement of Financial Position date. Exchange differences are taken to the Statement of Comprehensive Income.

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.

Critical accounting judgements in applying the accounting policies

The following are the critical judgements that the members have made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of investments

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3. Operating profit

| Year ended | Year ended |
|------------|------------|
| 30 April | 30 April |
| 2019 | 2018 |
| £ '000s | £ '000s |

The operating profit is stated after charging:

| | | |
|---|---|---|
| Auditor's remuneration for audit services | 9 | 9 |
|---|---|---|

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2019

4. Information relating to members

No members received remuneration from the Partnership during the current or prior

The total number of members in the year was 10 (year ended 30 April 2018: 10). The average allocation of profit was therefore £878,110 (year ended 30 April 2018: £966,836) and the largest allocation of profit to any single member was £8,781,101 (year ended 30 April 2018: £9,668,362).

| 5. Debtors | 30 April 2019 £ '000s | 30 April 2018 £ '000s |
|--|--------------------------------------|--------------------------------------|
| Accrued income receivable | 3,597 | 4,349 |
| Amounts owed by Group companies | 1,717 | 1,717 |
| Trade debtors | 12 | 70 |
| | 5,326 | 6,136 |
| 6. Creditors: Amounts falling due within one year | 30 April 2019 £ '000s | 30 April 2018 £ '000s |
| Amounts owed to Group companies | 3,729 | 12,061 |
| Other creditors | 638 | 727 |
| Accruals | 9 | 9 |
| | 4,376 | 12,797 |

7. Related party disclosures

Cradgrove Limited, formerly known as Ingenious Film Partners 2 Limited (in administration) ("the First Corporate Member", a member of the Partnership), IFP2 Corporate Partner Limited ("the Second Corporate Member"), Ingenious Media Investments Limited ("the Operator"), Glasine Limited (Previously Ingenious Media Services Limited ("IMSL")), Ingenious Resources Limited, Ingenious Treasury Services Limited, and the Designated Members are all wholly-owned subsidiaries of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary by Ingenious Media Holdings Limited.

Patrick A McKenna is a director of the Operator and Ingenious Media Limited, as well as a director and shareholder of Ingenious Media Holdings Limited.

During the year, operator fees charged by the Operator of £151k (year ended 30 April 2018: £183k) were included in operating expenses. As at the year end, an amount of £112k due to the Operator was included in creditors (year ended 30 April 2018: £126k).

As at 30 April 2019, £728k was owed to Cradgrove Limited (year ended 30 April 2018: £1,288k) along with £2,889k that was owed to IFP2 Corporate Partner Limited (year ended 30 April 2018: £10,707k).

During a prior period, the Partnership entered into a film services agreement with Glasine Limited (Previously Ingenious Media Services Limited). Any unspent funds awaiting expenditure under this agreement were invested with Ingenious Treasury Services Limited, the balance of which at the year end is £1,717k (year ended 30 April 2018: £1,717k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2019

8. Controlling party

The First Corporate Member controls the financial and operating policies of the Partnership. The ultimate parent company of the First Corporate Member is Ingenious Media Holdings Limited. The results of the Partnership have been consolidated in the financial statements of Ingenious Media Holdings Limited.

The consolidated financial statements of Ingenious Media Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings Limited in the year was Patrick A McKenna.

9. Events after balance sheet date

On 26 July 2019 Ingenious Film Partners 2 LLP ("the Partnership") received the decision of the Upper Tribunal on its appeal against the decision of the First-tier Tax Tribunal. The Upper Tribunal concluded that the Partnership was not trading and did not have a view to profit. The finding that the Partnership did not have a view to profit means the Partnership (under the law as it existed in April 2018) would be taxed as a body corporate subject to corporation tax rather than as a partnership whose members are subject to tax. However, in the March 2020 budget the government announced its intention to introduce, in the Finance Bill 2020, retrospective legislation to ensure that a Limited Liability Partnership continues to be taxed as a partnership even where it is subsequently found to not have a view to profit. 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 is not expected to be reflected in the financial statements of the Partnership following the introduction of the retrospective legislation.

The Partnership was granted permission to appeal the decision of the Upper Tribunal on the issues of trading and trading with a view to profit by the Court of Appeal in February 2020. The appeal hearing before the Court of Appeal is expected to take place in 2021.