INGENIOUS FILM PARTNERS 3 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2012

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Limited Liability Partnership Number OC 318988

ANNUAL REPORT AND FINANCIAL STATEMENTS 5 APRIL 2012

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MEMBERS' REPORT
5 APRIL 2012

The members submit the Annual Report and Financial Statements of Ingenious Film Partners 3 LLP ("the Partnership") for the year ended 5 April 2012

Principal activities

The Partnership was formed to conduct an integrated film business Based in the UK, it draws on a deep pool of talent, both on and off screen, to produce and deliver a 'slate' of theatrical films in association with leading independent producers It 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's Executive Committee consisted of Duncan M Reid, a director of the Designated Members, John P Kennedy, Patrick A McKenna and James T Mulville The membership of the Executive Committee was unchanged throughout the year

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

Future developments

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

Policy regarding members' drawings and capital

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

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

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 his or her admission as a member

MEMBERS' REPORT (Continued)
5 APRIL 2012

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 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

This report was approved by the Designated Members on 15/08/2012 and signed on their behalf by

Waterloo Film Partner 1 Limited
Designated Member

Waterloo Film Partner 2 Limited
Designated Member

Registered office
15 Golden Square
London W1F 9JG

Limited Liability Partnership Number OC 318988

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 3 LLP

We have audited the financial statements of Ingenious Film Partners 3 LLP for the year ended 5 April 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, Notes to the Cashflow Statement and the related notes 1 to 8 The financial statements have been prepared under the accounting policies set out therein

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 modified 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 auditors' 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

Respective responsibilities of the members and auditors

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view

Our responsibility is to audit 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 members, and the overall presentation of the financial statements

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 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 modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

Opinion 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 the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 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 modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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

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

Date 15 August 2012

Limited Liability Partnership Number OC 318988

PROFIT AND LOSS ACCOUNT
YEAR ENDED 5 APRIL 2012

	Notes	Year ended 5 April 2012 £ '000s	Year ended 5 April 2011 £ '000s
Turnover	1	50	-
Cost of sales		(10)	(8)
Gross profit/(loss)		40	(8)
Operating expenses		(5)	(4)
Operating profit/(loss)	2	35	(12)
Profit/(loss) for the financial year available for division among members		35	(12)

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 accounting policies and notes on pages 9 to 11 form an integral part of the financial statements

BALANCE SHEET
AT 5 APRIL 2012

	Notes	5 April 2012 £ '000s	5 April 2011 £ '000s
Current assets			
Debtors	4	5,592	5,980
Cash at bank		461	58
		6,053	6,038
Creditors: Amounts falling due within one year	5	(13)	(4)
Net assets		6,040	6,034
Net assets attributable to members		6,040	6,034
Represented by:			
Members' interests			
Members' capital accounts	6	14,480	14,480
Other reserves	6	(8,440)	(8,446)
Total members' interests		6,040	6,034
Memorandum of members' total interests			
Members' other interests	6	6,040	6,034
Total members' interests		6,040	6,034

The accounting policies and notes on pages 9 to 11 form an integral part of the financial statements

The financial statements were approved by the Designated Members, authorised for issue on 15/08/2012 and signed on their behalf by

Waterloo Film Partner 1 Limited
Designated Member

Waterloo Film Partner 2 Limited
Designated Member

Limited Liability Partnership Number OC 318988

CASH FLOW STATEMENT
YEAR ENDED 5 APRIL 2012

	Notes	5 April 2012 £ '000s	5 April 2011 £ '000s
Net cash flow from operating activities	A	**432**	15
Transactions with members	B	**(29)**	(18)
Increase/(decrease) in cash in the year	C,D	**403**	(3)

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

NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 5 APRIL 2012

A) Reconciliation of operating profit/(loss) to net cash flow from operating activities

	5 April 2012 £ '000s	5 April 2011 £ '000s
Operating profit/(loss)	35	(12)
Decrease in debtors	388	29
Increase/(decrease) in creditors	9	(2)
Net cash flow from operating activities	432	15

B) Transactions with members

	5 April 2012 £ '000s	5 April 2011 £ '000s
Members' drawings	(29)	(18)

C) Analysis of net funds

	At 6 April 2011 £ '000s	Cashflow £ '000s	At 5 April 2012 £ '000s
Cash at bank	58	403	461

D) Reconciliation of net cash flow to movement in net funds

	5 April 2012 £ '000s	5 April 2011 £ '000s
Increase/(decrease) in cash in the year	403	(3)
Movement in net funds resulting from cash flows	403	(3)
Net funds at start of year	58	61
Net funds at end of year	461	58

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

NOTES TO THE FINANCIAL STATEMENTS
5 APRIL 2012

1. Accounting policies

The Partnership is incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards The financial statements are prepared in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and Statement of Recommended Practice 'Accounting by Limited Liability Partnerships 2006' The particular accounting policies adopted are described below

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT

Taxation

No current or deferred taxation is provided in the financial statements as the liability for taxation falls on the members

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 Balance Sheet date Exchange differences are taken to the Profit and Loss Account

Joint Arrangement Not an Entity ("JANE")

In a prior year the Partnership entered into a film services agreement with Ingenious Media Services Limited 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

In the view of the members the above arrangement constitutes a JANE, as defined by FRS 9, Associates and Joint Ventures Accordingly, all transactions entered into by Ingenious Media Services Limited under the film services agreement are recorded in the Partnership's financial statements to correctly reflect the substance of those transactions

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5 APRIL 2012

2. Operating profit/(loss)

The operating profit/(loss) is stated after charging	Year ended 5 April 2012 £ '000s	Year ended 5 April 2011 £ '000s
Auditors' remuneration for audit services	3	4

3. Information relating to members

No member received remuneration from the Partnership during the current or prior year

The average number of members in the year was 13 (year ended 5 April 2011 13) The average allocation of profit was therefore £2,684 (year ended 2011 loss of £961) and the largest allocation of profit to any single member was £14,123 (year ended 5 April 2011 loss of £4,495)

4. Debtors

	5 April 2012 £ '000s	5 April 2011 £ '000s
Trade debtors	30	33
Unpaid capital contributions	1,546	1,546
Other debtors	4,016	4,401
	5,592	5,980

5. Creditors: Amounts falling due within one year

	5 April 2012 £ '000s	5 April 2011 £ '000s
Other creditors	10	-
Accruals	3	4
	13	4

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5 APRIL 2012

6. Reconciliation of movement in members' interests

	Members' capital	Other reserves	Total members' other interests	Loans and other debts due to members	Total members' interests
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Balance at 6 April 2011	14,480	(8,446)	6,034	-	6,034
Profit for the year	-	35	35	-	35
Members' interests after profit for the year	14,480	(8,411)	6,069	-	6,069
Members' drawings	-	(29)	(29)	-	(29)
Members' interests at 5 April 2012	**14,480**	**(8,440)**	**6,040**	-	**6,040**

In the event of a winding up the Partnership's creditors are paid from any surplus assets prior to their distribution to the members

7. Related party disclosures

Ingenious Film Partners 3 Limited ("the Corporate Member", a member of the Partnership), Ingenious Media Investments Limited, Ingenious Media Services Limited, Ingenious Resources Limited, Ingenious Treasury Services Limited and the Designated Members are all wholly-owned subsidiaries of Ingenious Media Limited which is itself a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Group

Duncan M Reid was a director of the above companies during all or part of the year Patrick A McKenna was a director of Ingenious Media Investments Limited and Ingenious Media Limited during all or part of the year The controlling shareholder of Ingenious Media Holdings plc is Patrick A McKenna

During a prior year, the Corporate Member made an investment of £7 2m into the Partnership As at the year end, capital of £1 5m (year ended 5 April 2011 £1 5m) remains unpaid

The Partnership has entered into a film services agreement with Ingenious Media Services Limited Any unspent funds awaiting expenditure under this agreement are invested with Ingenious Treasury Services Limited the balance of which at the year end is £4 0m (year ended 5 April 2011 £4 4m) No fees were charged by Ingenious Media Services Limited during the current or prior year

8. Controlling party

In the opinion of the Designated Members there is no controlling party as defined by Financial Reporting Standard No 8 Related Party Disclosures