

INGENIOUS FILM PARTNERS 3 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2017



Limited Liability Partnership Number: OC318988

INGENIOUS FILM PARTNERS 3 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 5 APRIL 2017

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**MEMBERS' REPORT
YEAR ENDED 5 APRIL 2017**

The members submit the Annual Report and Financial Statements of Ingenious Film Partners 3 LLP ("the Partnership") for the year ended 5 April 2017.

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

On 2 August 2016 Ingenious Film Partners ("IFP") 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.

Any financial impact of the final decision will not be reflected in the financial statements of the Partnership because it is a tax transparent entity and therefore any impact on the tax position of the members will be reflected in their financial statements.

The Partnership made a profit of £6,396 for the financial year ended 5 April 2017 (year ended 5 April 2016: loss of £2,520).

Future developments

The Partnership is well placed to benefit from the future exploitation of its film productions by the Commissioning Distributor and from its relationship with Ingenious Media Holdings Limited and its subsidiaries ("the Ingenious 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 that 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 will 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.

Statement of members' responsibilities

The members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

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MEMBERS' REPORT (CONTINUED) YEAR ENDED 5 APRIL 2017

Statement of members' responsibilities (continued)

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;
- make judgements and estimates that are reasonable and prudent;
- 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 LLPs. 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.

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.

Auditors

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 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, as applicable to LLPs.

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



Director of Waterloo Film Partner 1 Limited

Designated Member:

Date: 12 | 10 | 17

Registered Office

15 Golden Square

London, W1F 9JG

Limited Liability Partnership Number: OC318988

INDEPENDENT AUDITORS' 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 2017 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 9. 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 as modified by limited liability partnerships. 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.

Respective responsibilities of 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 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 Partnerships' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; 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 Partnerships' affairs as at 5 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice as applicable to smaller entities; 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.

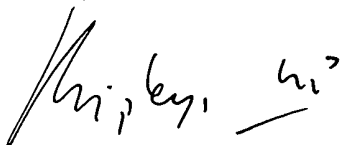
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 3 LLP (CONTINUED)

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 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
- 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; or
- the members were not entitled to take advantage of the small companies exemption as applicable to limited liability partnerships in preparing the member's report.



Stephen Joberns (Senior Statutory Auditor)

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

Date:

13/10/17

INGENIOUS FILM PARTNERS 3 LLP

PROFIT AND LOSS ACCOUNT YEAR ENDED 5 APRIL 2017

	Notes	Year ended 5 April 2017 £ '000s	Year ended 5 April 2016 £ '000s
Turnover		9	-
Gross profit		9	-
Operating expenses	3	(3)	(2)
Operating profit/(loss)		6	(2)
Profit/(loss) for the financial year before members' remuneration and profit/(loss) shares available for discretionary division among members	7	6	(2)

All of the Partnership's profit/(loss) is derived from continuing operations during the current and prior year.

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

The notes on pages 7 to 9 form an integral part of the financial statements.

INGENIOUS FILM PARTNERS 3 LLP

BALANCE SHEET AS AT 5 APRIL 2017

	Notes	5 April 2017 £ '000s	5 April 2016 £ '000s
Current assets			
Debtors	5	17	11
Cash at bank		55	57
		<u>72</u>	<u>68</u>
Creditors: amounts falling due within one year	6	<u>(13)</u>	<u>(3)</u>
Net current assets		<u>59</u>	<u>65</u>
Net assets attributable to members		<u>59</u>	<u>65</u>
Represented by:			
Members' interests			
Members' capital accounts	7	8,544	8,544
Other reserves	7	<u>(8,485)</u>	<u>(8,479)</u>
Total members' interests		<u>59</u>	<u>65</u>
Memorandum of members' total interests			
Members' other interests		<u>59</u>	<u>65</u>
Total members' interests		<u>59</u>	<u>65</u>

The notes on pages 7 to 9 form an integral part of the financial statements.

The 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 and in accordance with the provisions of FRS 102 Section 1A Small Entities.

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



Director of Waterloo Film Partner 1 Limited

Designated Member:

Date: 12/10/17

Limited Liability Partnership Number: OC318988

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 5 APRIL 2017**

1. Accounting policies

Ingenious Film Partners 3 LLP was incorporated in the United Kingdom as a limited liability partnership under the Limited Liability Partnerships Act 2000.

The financial statements have been prepared under the historical cost convention, and in accordance with the provisions of FRS 102 Section 1A Small Entities. The principle accounting policies adopted in the preparation of the financial are set out below:

Turnover

Turnover is recognised at the fair value of the right to consideration and is not recognised until there is certainty over the right to consideration.

Taxation

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

Going Concern

The Partnership is in a net assets position. Accordingly, 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.

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 Film Services Agreements with Ingenious Media Services Limited to source and undertake various film-related activities on its behalf.

The Film Services Agreements have been terminated. Following termination, all funds advanced thereunder were returned to the Partnership.

Cash flow statement

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

INGENIOUS FILM PARTNERS 3 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 5 APRIL 2017

2. Critical accounting judgements and key sources of estimation

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/(loss)

	Year ended 5 April 2017 £ '000s	Year ended 5 April 2016 £ '000s
The operating profit/(loss) is stated after charging:		
Auditor's remuneration for audit services	3	2
	<u>3</u>	<u>2</u>

4. Information relating to members

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

The average number of members in the year was 13 (year ended 5 April 2016: 13). The average allocation of profit was therefore £492 (year ended 5 April 2016: loss of £194) and the largest allocation of profit to any single member was £2,589 (year ended 5 April 2016: loss of £1,020).

INGENIOUS FILM PARTNERS 3 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 5 APRIL 2017

5. Debtors

	5 April 2017 £ '000s	5 April 2016 £ '000s
Other debtors	9	9
Trade debtors	8	2
	<u>17</u>	<u>11</u>

6. Creditors: amounts falling due within one year

	5 April 2017 £	5 April 2016 £
Accruals	3	3
Other creditors	10	-
	<u>13</u>	<u>3</u>

7. Reconciliation of movement in members' interests

	Members' capital £ '000s	Other reserves £ '000s	Total members' other interests £ '000s	Loans and Other Amounts Due to Members £ '000s	2017 Total £ '000s	2016 Total £ '000s
Balance at the beginning of the year	8,544	(8,479)	65	-	65	67
Profit for the financial year	-	6	6	-	6	(2)
Drawings	-	(12)	(12)	-	(12)	-
Balance at 5 April 2017	<u>8,544</u>	<u>(8,485)</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>65</u>

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

8. Related party transactions

During a prior year, the Corporate Member made an investment of £5.7m into the Partnership. As at the year end, capital of £nil remains unpaid (year ended 5 April 2016: £nil).

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 Limited, the ultimate parent company of the Group.

As at the year end the Corporate Member owed the Partnership £9,154 (year ended 5 April 2016: £9,154).

9. Controlling Party

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