

**OPAL FILM PARTNER 1 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 2006**



Company Registration Number  
04176487 (England and Wales)

## OPAL FILM PARTNER 1 LIMITED

**Directors** P A McKenna  
D M Reid  
J L Boyton

**Secretary** S E Ford

**Registered Office** 12 New Fetter Lane  
London  
EC4A 1AG

**Registered Number** 04176487 (England and Wales)

**Auditors** Buzzacott  
12 New Fetter Lane  
London  
EC4A 1AG

**Business Address** 100 Pall Mall  
London  
SW1Y 5NQ

**Bankers** HSBC Private Bank (UK) Limited  
78 St. James Street  
London  
SW1A 1JB

## OPAL FILM PARTNER 1 LIMITED

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**DIRECTORS' REPORT**  
**31 MARCH 2006**

The directors present their report and audited financial statements of the company for the year ended 31 March 2006.

**Principal Activity and Review of the Business**

The principal activity of the company continued to be as a partner in Opal Film Partners, a partnership formed to pursue commercial film opportunities.

The directors consider the results for the year and the financial position at the end of it, to be as expected.

**Results and Dividends**

The results for the year are set out on page 5.

The directors do not propose to pay a dividend.

**Directors**

The directors in office during the year and their beneficial interests in the issued share capital were as follows:

	As at 31 March 2006	As at 1 April 2005
J L Boyton	-	-
P A McKenna	-	-
D M Reid	-	-

All of the directors are directors of the ultimate parent company, Ingenious Media plc, and their interests in the share capital of that company are disclosed in the consolidated financial statements of that company.

## **DIRECTORS' REPORT**

**31 MARCH 2006**

### **Directors' Responsibilities**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

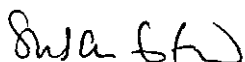
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

In the absence of a notice proposing that the appointment be terminated, the auditors, Buzzacott, will be deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

Signed by order of the board of directors,



**S E FORD**

Secretary

Approved by the board on: 21 July 2006

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OPAL FILM PARTNER 1 LIMITED  
YEAR ENDED 31 MARCH 2006**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We report to you whether in our opinion the information in the Directors' report is consistent with the financial statements.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OPAL FILM PARTNER 1 LIMITED  
YEAR ENDED 31 MARCH 2006**

**Opinion**

In our opinion the financial statements: give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2006 and of the company's loss for the year then ended; and have been properly prepared in accordance with the Companies Act 1985; and the information given in the Directors' report is consistent with the Financial Statements.



**BUZZACOTT**

Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

21st July 2006

**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2006**

	Notes	2006 £ '000s	2005 £ '000s
Share of profit of associated partnerships	4	3	3
Interest payable and similar charges	2	(4)	(7)
<b>Loss on ordinary activities before taxation</b>		<b>(1)</b>	<b>(4)</b>
Taxation	3	-	3
<b>Loss on ordinary activities after taxation and Accumulated loss for the financial year</b>	10	<b>(1)</b>	<b>(1)</b>

All of the company's activities derived from continuing operations during the above two financial periods.

The company 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.

There is no difference between the loss on ordinary activities before taxation and the loss on ordinary activities after taxation and accumulated loss for the financial years stated above, and their historical cost equivalent.

**BALANCE SHEET**  
**AS AT 31 MARCH 2006**

	Notes	2006 £ '000s	2005 £ '000s
<b>Fixed Assets</b>			
Investments	4	<u>76</u>	<u>80</u>
<b>Creditors: Amounts falling due within 1 year</b>	5	<u>(25)</u>	<u>(24)</u>
<b>Net Current Liabilities</b>		<u>(25)</u>	<u>(24)</u>
<b>Total Assets less Current Liabilities</b>		51	56
<b>Creditors: Amounts falling due after more than 1 year</b>	6	<u>(65)</u>	<u>(69)</u>
<b>Provision for liabilities and charges</b>	7	<u>(25)</u>	<u>(25)</u>
<b>Net Liabilities</b>		<u>(39)</u>	<u>(38)</u>
<b>Capital and Reserves</b>			
Equity Interests:			
Called up share capital	8	-	-
Profit and loss account	9	<u>(39)</u>	<u>(38)</u>
<b>Shareholders' deficit</b>	10	<u>(39)</u>	<u>(38)</u>

Signed on behalf of the board of directors by:



**D M REID**

Director

Approved by the Board, 21 July 2006

## PRINCIPAL ACCOUNTING POLICIES

31 MARCH 2006

### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts have been prepared on a going concern basis which the directors consider appropriate given the undertaking provided by the parent company, Ingenious Media plc, to continue to provide financial support to the company to enable it to continue trading and to meet its financial obligations as they fall due until at least one year from the date of signing.

### **Cash flow**

The accounts do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 '*Cash flow statements*'.

### **Investments**

#### *Interests in partnerships*

Fixed asset investments in partnerships are stated at the company's share of the partnership's net assets at the year end. The company's share of the partnership's operating profit or loss is included in the company's profit and loss account.

### **Deferred Taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

## NOTES TO THE ACCOUNTS

31 MARCH 2006

## 1. Staff costs &amp; Directors' Remuneration

The only employees of the company during the year were the directors. During the year the company paid no directors' emoluments. Emoluments paid by the ultimate holding company, Ingenious Media plc, are disclosed in that company's financial statements.

## 2. Interest payable and similar charges

	2006 £ '000s	2005 £ '000s
Interest payable on bank overdrafts and bank loans	4	7

## 3. Taxation

The tax credit on the loss on ordinary activities for the year was as follows:

	2006 £ '000s	2005 £ '000s
UK Corporation tax at 30% (2005 - 30%) based on the adjusted results for the year	-	-
Current tax (credit)/charge	-	-
Provision for deferred taxation for the year	-	(3)
	-	(3)

Factors affecting tax credit for the year:

	2006 £ '000s	2005 £ '000s
Loss on ordinary activities before taxation	(1)	(4)
Loss on ordinary activities for the year multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	-	(1)
Effects of:		
Tax losses bought forward	(1)	-
Expenses not deductible for tax purposes	1	-
Adjustment in respect of investment in film finance partnerships	-	1
Current tax charge	-	-

**NOTES TO THE ACCOUNTS**  
**31 MARCH 2006**

**4. Fixed Asset Investments**

	Total £ '000s
<b>Cost / Share of Net Assets</b>	
At 1 April 2005	80
Additions	
Capital	-
Drawings	(7)
Profits	3
<b>At 31 March 2006</b>	<b>76</b>

*Share of net assets in partnership*

The investment represents an interest in Opal Film Partners which had net assets at 5 April 2006 of £13.4m (2005 - £14.2m) and a profit for the year then ended of £0.49m (2005 - £0.52m). The principal place of business for this partnership is 100 Pall Mall, London, SW1Y 5NQ.

**5. Creditors: amounts falling due within one year**

	2006 £ '000s	2005 £ '000s
Amounts owed to group undertakings	18	18
Bank Loan	4	3
Accruals and deferred income	3	3
	<b>25</b>	<b>24</b>

**6. Creditors: amounts falling due after more than one year**

	2006 £ '000s	2005 £ '000s
Due within one to two years	4	4
Due within two to five years	16	14
Due thereafter	45	51
<b>Bank Loans</b>	<b>65</b>	<b>69</b>

## NOTES TO THE ACCOUNTS

31 MARCH 2006

The bank loans are secured by the company's share of lease rental income receivable by partnerships in which the company has made investments (note 4), and are repayable over terms of 13 years. Interest is charged at a rate equal to the aggregate of the relevant bank's fixed rate cost of funds and 0.4% per annum.

## 7. Provisions for liabilities and charges

<i>Deferred taxation</i>	2006 £ '000s	2005 £ '000s
Balance at 1 April 2005	25	28
Deferred Tax credit in profit and loss account	-	(3)
Balance at 31 March 2006	25	25

The deferred tax provision arises due to the investment in British Film partnerships (note 4) and will reverse by 2017.

## 8. Called up share capital

	2006		2005	
	£	No	£	No
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

	Allotted, called up and fully paid 2006		2005	
	£	No	£	No
Ordinary shares of £1 each	1	1	1	1

## 9. Statement of movements on profit and loss account

	Profit and Loss account £ '000s
At 1 April 2005	(38)
Loss for the year	(1)
At 31 March 2006	(39)

NOTES TO THE ACCOUNTS  
31 MARCH 2006

10. Reconciliation of movements in shareholders funds

	2006 £ '000s	2005 £ '000s
Equity Funds:		
Loss for the financial year after taxation	(1)	(1)
Net movement in shareholders' funds	(1)	(1)
Opening shareholders' funds at 1 April 2005	(38)	(37)
<b>Closing shareholders' funds at 31 March 2006</b>	<b>(39)</b>	<b>(38)</b>

11. Related party transactions

The accounts do not include disclosure of transactions between the company and entities that are part of the Ingenious Media plc group. This is because, as a subsidiary whose shares are more than 90% controlled within the group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 'Related Party Disclosures'.

12. Control

During the two years ended 31 March 2006 the company was a wholly owned subsidiary of Ingenious Media plc, a company registered in England and Wales. Ingenious Media plc is the only parent undertaking for which group accounts are prepared.

The consolidated financial statements of Ingenious Media plc can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

During the two years under review, the controlling shareholder of Ingenious Media plc was P A McKenna.