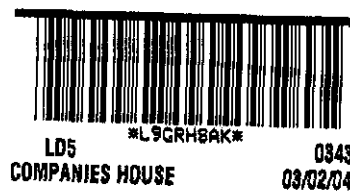


# **Stuart Films LLP**

**Report and Financial Statements**

**Period ended 5th April 2003**



# **Stuart Films LLP**

## **REPORT AND FINANCIAL STATEMENTS 2003**

<b>CONTENTS</b>	<b>Page</b>
Members' Report	1-2
Statement of Members' responsibilities	3
Independent auditors' report to the Members	4-5
Profit and loss account	6
Division of net loss	7
Balance sheet	8
Members' capital and current accounts	9
Notes to the accounts	10-12

# **Stuart Films LLP**

## **MEMBERS' REPORT**

**Period from 3rd April 2002 to 5th April 2003**

### **Activities**

The Partnership was formed in order to pursue commercial film opportunities.

### **Review of the Period**

The Partnership was formed on 3rd April 2002.

The Designated Members serving during the period were: Fleet Film Partners 1 Limited (appointed 3rd April 2002) and Fleet Film Partners 2 Limited (appointed 3rd April 2002).

During the period to 5th April 2003 7 films, costing some £13 million were acquired and leased back to their producers. Details of these films are as set out in note 6 to the accounts.

The acquisition of these films has enabled the Partnership to quickly establish its profile within the industry. Successful trading relationships have been established with a wide range of financiers, film makers, agents and advisers which leaves the Partnership well placed to build on its first period of trading.

In a short time Stuart Films LLP has established a reputation for reliability and efficiency. This has enabled the Partnership to attract a variety of quality film projects encompassing development, production and film sale and leaseback.

The Members have made a substantial financial contribution to the growing British film industry and intend to continue their support for what they believe to be a commercially viable, as well as culturally important, area of British creativity.

# Stuart Films LLP

## MEMBERS' REPORT (Continued)

Period from 3rd April 2002 to 5th April 2003

### Future Developments

The Partnership intends to expand its film activities and develop its role within the film industry in the following ways:

#### 1. Film Sale and Leaseback

The Partnership will augment its already successful film sale and leaseback business by purchasing further quality British film products and entering into leases on appropriate commercial terms. This includes participation in a film's box office success through a combination of profit sharing and the acquisition of distribution rights in overseas territories. Despite growing market pressure on gross profit margins, the Members will ensure that all future leases show a commercial rate of return, taking into account the quality of the films acquired and the likelihood of profit participation arising from box office success.

#### 2. Film Development

The Partnership's leading role in the film sale and leaseback business, had already led to a number of opportunities to develop high quality film properties.

It is envisaged that the Partnership will acquire a number of film rights for development. Once developed, such projects will be either sold, licensed to other film makers, or produced by the Partnership itself.

#### 3. Film Production

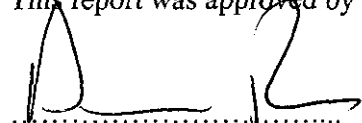
The Members are well placed to take advantage of the excellent commercial opportunities which currently exist in the burgeoning British film industry.

### Policy regarding Members' Drawings and Capital

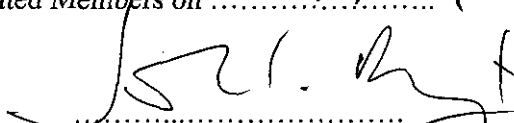
Designated Members are not entitled to drawings. In accordance with the Members' Agreement, no ordinary member shall be entitled to make any drawings on account of profits to which they are entitled, unless unanimously agreed by the Ordinary Members, or unless permitted under that Agreement. There were no transfers of Members' capital to debt during the period. 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. 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 admission as a Member.

Page 9 of the financial statements provides details of Members' interests.

This report was approved by the Designated Members on ..... 29/1/2004



Fleet Film Partners 1 Limited



Fleet Film Partners 2 Limited

# **Stuart Films LLP**

## **STATEMENT OF MEMBERS' RESPONSIBILITIES**

Under the Members' Agreement, the Partnership is obliged to produce accounts on an annual basis. The Designated Members organise the preparation of financial statements which give a true and fair view of the state of affairs of the Partnership as at the end of the financial year and of the profit or loss of the Partnership for that period.

In so doing, the Designated Members are required to :

- select suitable accounting policies and apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed;  
and

- prepare the accounts on the going concern basis, unless that is deemed to be inappropriate.

The Designated Members are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the Members to ensure that the accounts comply with the Members' Agreement. They are also responsible for the system of internal control, for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Stuart Films LLP**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STUART FILMS LLP**

We have audited the financial statements of Stuart Films LLP for the period from incorporation on 3rd April 2002 to 5th April 2003 which comprise the profit and loss account, the division of net loss, the balance sheet, the Members' capital and current accounts and the related notes 1 to 6. These 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 the Companies Act 1985 (as modified by Statutory Instrument 2001 No. 1090 "Limited Liability Partnerships regulations 2001"). 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 described in the Statement of Members' Responsibilities, the Designated Members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report 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 (as modified by Statutory Instrument 2001 No. 1090 "Limited Liability Partnerships regulations 2001"). We also report if, in our opinion, the Member's report is not consistent with the financial statements, if the Partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

# Stuart Films LLP

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STUART FILMS LLP (CONTINUED)

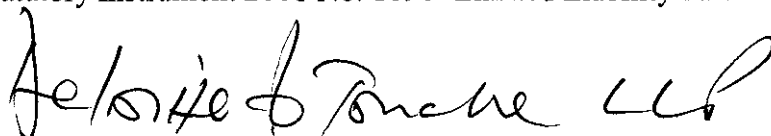
### Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 Members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Partnership'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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Partnership's affairs as at 5th April 2003 and of its loss for the period from incorporation on 3rd April 2002 to 5th April 2003 and have been properly prepared in accordance with the Companies Act 1985 (as modified by Statutory Instrument 2001 No. 1090 "Limited Liability Partnerships regulations 2001").



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

Date 2/2/04

# Stuart Films LLP

## PROFIT AND LOSS ACCOUNT

Period from 3rd April 2002 to 5th April 2003

	Note	£	£
Turnover	1,2		7,759
Cost of sales			<u>-</u>
<b>GROSS PROFIT</b>			7,759
Operating expenses:			
Agency fees		472,440	
Audit and accountancy		3,950	
Bank charges		<u>362</u>	
			<u>(476,752)</u>
<b>OPERATING LOSS</b>			(468,993)
Interest receivable and similar income	3		<u>320</u>
<b>LOSS FOR THE FINANCIAL PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS</b>			<u><u>(468,673)</u></u>

All results are derived from continuing operations.

There are no recognised gains or losses during the financial period other than as stated in the profit and loss account above.



# Stuart Films LLP

## DIVISION OF NET LOSS

Period from 3rd April 2002 to 5th April 2003

	£
Fleet Film Partners 1 Limited	-
Fleet Film Partners 2 Limited	-
Lee Andrew Hendrie	(33,906)
Craig Douglas Bellamy	(26,444)
Stern Terence John	(15,110)
Darren Mark Moore	(5,377)
David Paul Couch	(7,400)
Stephen Staunton	(43,916)
Michael Anthony Gleeson	(3,535)
Mark David Blagden	(3,535)
Malcolm Roy Laws	(14,145)
Glyn Elfed Jones	(7,070)
Jason Robert Marcus	(21,593)
Stephen Verber	(3,533)
Alastair Jonathan George Matchett	(15,005)
Paresh Kumar Ramanlal Mehta	(6,825)
Kim Lawrence Wear	(5,071)
Mark Adrian Smithson	(8,746)
Samantha Jayne Dobbin	(33,219)
Peter Matthew Mchugh	(18,221)
Adrian Ezra	(22,731)
Kevin Falconer	(14,129)
Howard Wilkinson	(24,476)
Jacqueline Deborah Stephens	(18,643)
Michael Woodfine	(16,959)
Mark Paul Stradling	(21,000)
William Grahame Ralph Younger	(9,550)
Mark Robert Alexander	(16,618)
David Hugh Griffiths	(6,361)
Edward Anthony Codrington	(7,045)
Paul Stanley Mountford	(35,234)
Andrew Windsor Sparkes	(3,277)
	<hr/>
	(468,673)

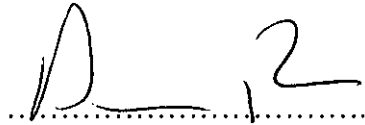
# Stuart Films LLP

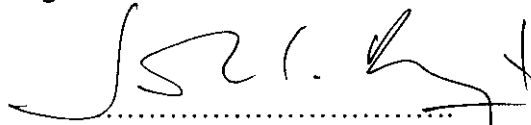
## BALANCE SHEET

At 5th April 2003

	Note	£	£
<b>CURRENT ASSETS</b>			
<b>Amounts falling due within one year :</b>			
Net investment in film finance leases	6	201,562	
Accrued finance lease income		7,759	
Films Acquired for Leasing	6	6,807,536	
Other debtors		12,611	
Cash at bank		<u>1,573,626</u>	
			8,603,094
<b>Amounts falling due after more than one year :</b>			
Net investment in film finance leases	6		<u>5,751,507</u>
			<u>14,354,601</u>
<b>CREDITORS</b>			
<b>Amounts falling due within one year :</b>			
Trade Creditors			6,807,536
VAT payable			183,560
Rentals received in advance			317,626
Accruals			<u>237,808</u>
			<u>(7,546,530)</u>
<b>NET ASSETS</b>			<u><u>6,808,071</u></u>
<b>MEMBERS' INTERESTS</b>			
Members' capital accounts			7,605,867
Members' current accounts			<u>(797,796)</u>
<b>TOTAL MEMBERS' INTERESTS</b>			<u><u>6,808,071</u></u>

The financial statements were approved by the Designated Members on 29/11/2004

  
.....  
Fleet Film Partners 1 Limited

  
.....  
Fleet Film Partners 2 Limited

# Stuart Films LLP

## MEMBERS' CAPITAL AND CURRENT ACCOUNTS

At 5th April 2003

	Capital Account	Current Account		
	Capital Introduced £	Share of Trading Loss £	Drawings £	Total £
<u>Designated Members:</u>				
Fleet Film Partners 1 Limited	1	-	-	-
Fleet Film Partners 2 Limited	1	-	-	-
<u>Ordinary Members:</u>				
Lee Andrew Hendrie	960,510	(33,906)	(50,824)	(84,730)
Craig Douglas Bellamy	749,134	(26,444)	(39,616)	(66,060)
Stern Terence John	428,054	(15,110)	(22,514)	(37,624)
Darren Mark Moore	152,337	(5,377)	(8,013)	(13,390)
David Paul Couch	209,628	(7,400)	(11,029)	(18,429)
Stephen Staunton	1,244,081	(43,916)	(65,936)	(109,852)
Michael Anthony Gleeson	100,137	(3,535)	(5,307)	(8,842)
Mark David Blagden	100,137	(3,535)	(5,307)	(8,842)
Malcolm Roy Laws	400,714	(14,145)	(21,238)	(35,382)
Glyn Elfed Jones	200,273	(7,070)	(10,614)	(17,684)
Jason Robert Marcus	611,719	(21,593)	(32,351)	(53,944)
Stephen Verber	100,097	(3,533)	(5,293)	(8,826)
Alastair Jonathan George Matchett	425,067	(15,005)	(22,479)	(37,483)
Paresh Kumar Ramanlal Mehta	193,336	(6,825)	(10,225)	(17,049)
Kim Lawrence Wear	143,652	(5,071)	(7,596)	(12,667)
Mark Adrian Smithson	212,282	(8,746)	(10,781)	(19,527)
Samantha Jayne Dobbin	180,500	(33,219)	-	(33,219)
Peter Matthew Mchugh	98,990	(18,221)	-	(18,221)
Adrian Ezra	123,500	(22,731)	-	(22,731)
Kevin Falconer	80,000	(14,129)	-	(14,129)
Howard Wilkinson	133,000	(24,476)	-	(24,476)
Jacqueline Deborah Stephens	105,551	(18,643)	-	(18,643)
Michael Woodfine	96,000	(16,959)	-	(16,959)
Mark Paul Stradling	114,000	(21,000)	-	(21,000)
William Grahame Ralph Younger	54,000	(9,550)	-	(9,550)
Mark Robert Alexander	94,000	(16,618)	-	(16,618)
David Hugh Griffiths	36,000	(6,361)	-	(6,361)
Edward Anthony Codrington	39,849	(7,045)	-	(7,045)
Paul Stanley Mountford	199,319	(35,234)	-	(35,234)
Andrew Windsor Sparkes	20,000	(3,277)	-	(3,277)
	7,605,867	(468,673)	(329,123)	(797,796)

# **Stuart Films LLP**

## **NOTES TO THE ACCOUNTS**

**Period from 3rd April 2002 to 5th April 2003**

### **1. ACCOUNTING POLICIES**

These financial statements are prepared in accordance with applicable United Kingdom accounting standards and in compliance with the Statement of Recommended Practice on Accounting for Limited Liability Partnerships. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Turnover**

Turnover, excluding VAT, is recognised on the following basis :

##### **( i ) Finance lease income**

The recognition of finance lease income is calculated to reflect a constant periodic rate of return on the net cash investment in the lease.

##### **( ii ) Participation in film net revenues**

The Partnership's participation in film net revenues in excess of net investment in film finance leases, development and production expenditure, is recognised in turnover when notified by the relevant collection agent.

#### **Film finance leases**

In accordance with SSAP 21 'Leases and Hire Purchase Contracts', the amount due from the lessee under finance leases is recorded in the balance sheet of the Partnership as a debtor at the amount of the net investment in the lease, less provision for any items such as bad and doubtful rentals receivable.

#### **Taxation**

No current or deferred taxation is provided on the losses attributable to the Members as the liability for taxation falls on the individual Members.

# Stuart Films LLP

## NOTES TO THE ACCOUNTS

Period from 3rd April 2002 to 5th April 2003

### 2. TURNOVER

Turnover is derived from two sources :

- ( i ) Charges arising from the servicing of finance lease debtors on a receivable basis.
- ( ii ) Participation in film net revenues in excess of minimum finance lease rental entitlements and from film development and production activity (see note 1).

### 3. BANK INTEREST RECEIVABLE

	£
Received net of 20% tax deduction	<u>320</u>

### 4. MEMBERS

No Member received any salaried remuneration from the Partnership during the period.

The average number of Members in the period was 5.

### 5. RECONCILIATION OF MOVEMENTS IN MEMBERS' INTERESTS

	Members' Capital £	Total £
Capital introduced	7,605,867	7,605,867
Loss for the financial period available for division among Members	(468,673)	(468,673)
Drawings	<u>(329,123)</u>	<u>(329,123)</u>
Balance at 5th April 2003	<u>6,808,071</u>	<u>6,808,071</u>

# Stuart Films LLP

## NOTES TO THE ACCOUNTS

Period from 3rd April 2002 to 5th April 2003

### 6. NET INVESTMENT IN FILM FINANCE LEASES

Name of film	Gross Rentals £	Finance Charge £	Net Investment £	Films acquired for leasing £
<b>Films purchased during the period:</b>				
The House that Jack Built	1,864,192	(327,937)	1,536,255	-
Avenging Angels	972,988	(145,010)	827,978	-
Giant Claw	1,180,574	(189,608)	990,966	-
In the Land of Giants	1,180,543	(189,603)	990,940	-
Luminal	1,903,671	(285,246)	1,618,425	-
Remember Me	-	-	-	3,804,595
La Finestre di Fronte	-	-	-	3,002,941
	<u>7,101,968</u>	<u>(1,137,404)</u>	<u>5,964,564</u>	<u>6,807,536</u>
Rental accrual to 5th April 2003	<u>(19,254)</u>	<u>7,759</u>	<u>(11,495)</u>	<u>-</u>
	<u>7,082,714</u>	<u>(1,129,645)</u>	<u>5,953,069</u>	<u>6,807,536</u>
Amounts falling due within one year			201,562	
Amounts falling due after more than one year				
(of this, £4,718,436 falls due after more than five years)			5,751,507	
			<u>5,953,069</u>	