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**THE AQUARIUS FILM COMPANY  
LIMITED LIABILITY PARTNERSHIP**

**REPORT OF THE MEMBERS AND  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 5 APRIL 2004**



**THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2004**

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<b>CONTENTS</b>	<b>Page</b>
Partnership information	2
Report of the members	3
Report of the independent auditors	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9
Supplementary information	12

# THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

## PARTNERSHIP INFORMATION

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### DESIGNATED MEMBERS

IFG Investment Managers  
Aquarius Film Finance Limited  
Aquarius Motion Pictures Limited

### REGISTERED OFFICE

Teresa Gavin House  
Woodford Avenue  
Woodford Green  
Essex, IG8 8FB  
England

### AUDITOR

Ashton Hart David Lee  
Teresa Gavin House  
Woodford Avenue  
Woodford Green  
Essex, IG8 8FB  
England

### BANKERS

Bank of Scotland  
One Kingsway  
Cardiff  
CF10 3YB  
Wales

### SOLICITORS

Addleshaw Goddard  
150 Aldersgate Street  
London  
EC1A 4EJ  
England

### REGISTERED NUMBER

OC 302855 (England and Wales)

# **THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

## **REPORT OF THE MEMBERS FOR THE YEAR ENDED 5 APRIL 2004**

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The members present their report with the financial statements for the year from 6 April 2003 to 5 April 2004.

### **Activities**

The principal activity of the LLP in the year under review was that of acquisition, co-production, production and exploitation of films with a view to profit.

### **Review of the business**

The results for the year and financial position of the LLP are as shown in the annexed financial statements.

The progress of the LLP during the year accorded with expectations and the position at the end of the year is regarded as satisfactory.

No significant changes in the future development of the LLP are proposed nor has there occurred since the end of the year any event of such significance that reference to it should be made in this report.

### **Results for the year and allocation to members**

The loss of the LLP for the year available for division among members was £1,055,180. (2003 - £20,892,524 loss)

### **Designated Members**

The designated members during the period under review were:

IFG Investment Managers	- appointed 19 August 2002
Aquarius Film Finance Limited	- appointed 19 August 2002
Aquarius Motion Pictures Limited	- appointed 19 August 2002

### **Policy with respect to members' drawings and subscription and repayment of members' capital**

Members are not permitted to make drawings in anticipation of profits which will be allocated to them.

No new members may be admitted to the LLP after 5 April 2003.

# THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

## REPORT OF THE MEMBERS FOR THE YEAR ENDED 5 APRIL 2004

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### Statement of Members' Responsibilities

Company law (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing those financial statements, the members are required to:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Prepare the accounts on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001).

They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors


A resolution to re-appoint Ashton Hart David Lee as auditors will be proposed at the next members' meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) and the FRSSE (effective June 2002).

Approved by the members on 1 February 2005 and signed on their behalf by :

  
Designated Member

on behalf of IFC Investment Managers

  
Designated Member

on behalf of Aquarius Film Finance Ltd

## **THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

### **INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

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We have audited the financial statements of The Aquarius Film Company Limited Liability Partnership for the year ended 5 April 2004 on pages 7 to 11. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the LLP's members, as a body, in accordance with Section 235 of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP'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 described on page 4 the LLP's members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 (as applied to the limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). We also report to you if, in our opinion, the Report of the Members is not consistent with the financial statements, if the LLP 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 members' remuneration and transactions with the LLP is not disclosed.

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

#### **BASIS OF AUDIT 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 LLP'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.

**THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF  
THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

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**OPINION**

In our opinion the financial statements give a true and fair view of the state of the LLP's affairs as at 5 April 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985(as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001).



**Teresa Gavin House  
Woodford Avenue  
Woodford Green  
Essex, IG8 8FB  
England**

**Date:** 1<sup>st</sup> February 2005

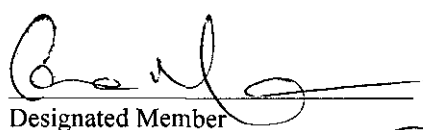
**THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5 APRIL 2004**

	Notes	2004 £	2003 £
<b>TURNOVER</b>		-	-
<b>COST OF SALES</b>		-	(20,172,582)
<b>GROSS LOSS</b>		-	(20,172,582)
<b>ADMINISTRATIVE EXPENSES</b>		(213,226)	(612,900)
<b>OPERATING LOSS</b>	2	(213,226)	(20,785,482)
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>		1,302	15,895
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	3	(843,256)	(122,937)
<b>LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		(1,055,180)	(20,892,524)
<b>SALARIED REMUNERATION OF MEMBERS</b>		-	-
<b>LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DIVISION AMONG MEMBERS</b>		(1,055,180)	(20,892,524)
<b>DEFICIT AT BEGINNING OF YEAR</b>		(20,892,524)	-
<b>DEFICIT AT END OF YEAR</b>		(21,947,704)	(20,892,524)

All of the LLP's operations are classed as continuing. There were no gains or losses in the period other than those included in the above profit and loss account.

The accounts were approved by the members on 1 February 2005 and signed on their behalf by :

  
Designated Member

*on behalf of The Aquarius Film Company Ltd*  
  
Designated Member

*on behalf of The Aquarius Film Company Ltd*



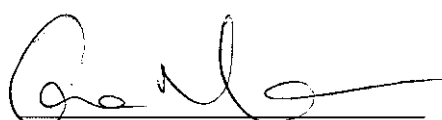
**THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

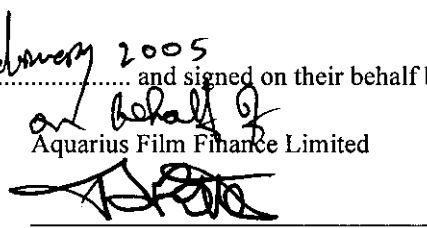
**BALANCE SHEET AS AT 5 APRIL 2004**

	Notes	2004 £	2003 £
<b>CURRENT ASSETS</b>			
Debtors	5	29,117	28,117
Cash at bank and in hand		7,565	410,068
		<u>36,682</u>	<u>438,185</u>
<b>CREDITORS (Amounts falling due within one year)</b>	6	<u>(242,086)</u>	<u>(431,665)</u>
<b>NET CURRENT ASSETS</b>		<u>(205,404)</u>	<u>6,520</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(205,404)	6,520
<b>CREDITORS (Amounts falling due after more than one year)</b>	7	<u>(15,087,000)</u>	<u>(14,243,744)</u>
<b>TOTAL NET LIABILITIES</b>		<u>(15,292,404)</u>	<u>(14,237,224)</u>
<b>MEMBERS' OTHER INTERESTS</b>			
Members capital	9	6,655,300	6,655,300
Profit and loss account	10	(21,947,704)	(20,892,524)
<b>TOTAL MEMBERS' INTERESTS</b>		<u>(15,292,404)</u>	<u>(14,237,224)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) relating to small LLP's and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accounts were approved by the members on 14 January 2005 and signed on their behalf by :

  
Designated Member

  
Designated Member

*on behalf of K&M Street Managers.*

# THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2004

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### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

### 2. OPERATING LOSS

The operating loss is stated after charging :

	2004	2003
	£	£
Members' emoluments and other benefits etc	-	-

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
On bank loans and overdrafts repayable from two to five years otherwise by instalments	843,256	122,937

### 4. INFORMATION IN RELATION TO MEMBERS

	2004	2003
The average number of members during the period was	64	19

### 5. DEBTORS (amounts falling due within one year)

	2004	2003
	£	£
Value Added Tax	29,117	28,117

### 6. CREDITORS (amounts falling due within one year)

	2004	2003
	£	£
Accruals and deferred income	242,086	431,665

**THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2004**

**7. CREDITORS (amounts falling due after more than one year)**

	2004 £	2003 £
Bank loans (Note 8)	<u>15,087,000</u>	<u>14,243,744</u>

**8. BANK LOANS AND OVERDRAFTS**

The bank loans and overdrafts are repayable as follows :

	2004 £	2003 £
Term loans from two to five years	<u>15,087,000</u>	<u>14,243,744</u>

The bank loans and overdrafts are secured by a Mortgage Debenture dated 26 November 2002 in the Bank of Scotland's standard form providing a fixed and floating charge over the LLP's assets together with a fixed charge over book debts. A Deed of Priority has been executed by all parties who have the benefit of or who require any Encumbrance over a film.

The bank loans and overdrafts are repayable from the revenues generated from the films from specific territories and to the extent not so repaid by a bullet payment on 30 April 2008 inclusive of interest which is capitalised.

**9. MEMBERS CAPITAL**

	2004 £	2003 £
Balance at beginning of year	(14,237,224)	-
Introduced during the period	-	6,655,300
Loss for period	<u>(1,055,180)</u>	<u>(20,892,524)</u>
Balance at the end of the year	<u>(15,292,404)</u>	<u>(14,237,224)</u>

**10. RESERVES**

	Profit and loss account 2004 £	Profit and loss account 2003 £
Deficit for the year	<u>(1,055,180)</u>	<u>(20,892,524)</u>
At 5 April 2004	<u>(1,055,180)</u>	<u>(20,892,524)</u>

# THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2004

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### 11. RELATED PARTY DISCLOSURES

In accordance with the LLP's terms of agreement the designated members, Aquarius Film Finance Limited and Retirement Strategies Limited t/a IFG Investment Managers, were paid or are payable the following fees:

	Initial fees	Annual fees
	£	£
Aquarius Film Finance Limited	-	-
Retirement Strategies Limited	-	-
Included in creditors:		
Aquarius Film Finance Limited	-	166,382
Retirement Strategies Limited	-	46,587
	-	212,969

### 12. ACCOUNTING PERIOD

The accounting period is from 6 April 2003 to 5 April 2004.

### 13. CURRENCY

The financial statements are denominated in sterling.

**THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**  
**SUPPLEMENTARY INFORMATION:**  
**DETAILED COST OF SALES AND OVERHEADS SCHEDULES**  
**FOR THE YEAR ENDED 5 APRIL 2004**  
(not covered by the report of the auditors)

	2004	2003
	£	£
<b>COST OF SALES</b>		
Film Purchases	-	20,172,582
	-	20,172,582
<b>ADMINISTRATIVE EXPENSES</b>		
Annual fees payable to IFG and AFFL	212,969	212,960
Initial fees payable to IFG and AFFL	-	166,375
Commissions payable to IFAs	-	232,925
Bank charges	233	640
General expenses	24	-
	213,226	612,900