

REGISTERED NUMBER: OC303361 (England and Wales)

**REPORT OF THE MEMBERS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2008  
FOR  
THE FIRST MEZZANINE FILM FUND LLP**

Hillier Hopkins LLP  
Chartered Accountants and Registered Auditors  
10 Dover Street  
London  
W1S 4LQ

FRIDAY



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A46	13/03/2009	186
	COMPANIES HOUSE	
A35	20/02/2009	197
	COMPANIES HOUSE	

**THE FIRST MEZZANINE FILM FUND LLP**

**GENERAL INFORMATION  
FOR THE YEAR ENDED 5 APRIL 2008**

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<b>DESIGNATED MEMBERS:</b>	Future Films (Partnership Services) Limited Future Films (Management Services) Limited
<b>REGISTERED OFFICE:</b>	150-152 Fenchurch Street London EC3M 6BB
<b>REGISTERED NUMBER:</b>	OC303361 (England and Wales)
<b>AUDITORS:</b>	Hillier Hopkins LLP Chartered Accountants and Registered Auditors 10 Dover Street London W1S 4LQ

## **THE FIRST MEZZANINE FILM FUND LLP**

### **REPORT OF THE MEMBERS FOR THE YEAR ENDED 5 APRIL 2008**

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The members present their report with the financial statements of the LLP for the year ended 5 April 2008.

#### **PRINCIPAL ACTIVITY**

The principal activity of the LLP in the year under review was that of acquiring and leasing films for exploitation.

#### **DESIGNATED MEMBERS**

The designated members during the year under review were:

Future Films (Partnership Services) Limited  
Future Films (Management Services) Limited

#### **RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS**

The loss for the year before members' remuneration and profit shares was £476,815 (2007 - £497,958 loss).

#### **MEMBERS' INTERESTS**

During the period the members received additional profit distributions. The level and timing of the additional profit distributions is decided by taking into account the partnership's cash requirements for operating and investment activities. The profit distributions represent payments on account of current year profits and are reclaimable from members until profits have been allocated. Any over-distribution of profits during the period is also recoverable from members.

As such, prior to allocation of profits and their division between members, on-account profit distributions are shown as debtors. Unallocated profits are shown in "Members' other interests".

The capital requirements of the partnership are determined by the Partnership Agreement. Each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is usually linked to the earnings allocated to that member. No interest is paid on capital. On leaving the partnership, a member's capital is repayable as set out in the Partnership Agreement.

During the period up to 5 April 2008 no members' interests were transferred from capital to debt.

#### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

The members are responsible for preparing the 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 year. 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 LLP and of the profit or loss of the LLP for that period. In preparing these 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;
- prepare the financial statements 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 modified by the Limited Liability Partnerships 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.

**THE FIRST MEZZANINE FILM FUND LLP**

**REPORT OF THE MEMBERS  
FOR THE YEAR ENDED 5 APRIL 2008**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**


So far as the members are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the LLP's auditors are unaware, and each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

**AUDITORS**

On 9 June 2008, Badger Hakim, the auditors, merged with Hillier Hopkins LLP. As such, Badger Hakim ceased to be the company's auditors, and Hillier Hopkins LLP was appointed in their place to fill a casual vacancy. Hillier Hopkins LLP will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001 relating to small LLPs.

**ON BEHALF OF THE MEMBERS:**

  
.....  
Future Films (Partnership Services) - Designated Member

Date: 16/7/2008  
.....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE FIRST MEZZANINE FILM FUND LLP**

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We have audited the financial statements of The First Mezzanine Film Fund LLP for the year ended 5 April 2008 on pages six to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the LLP's members, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships 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**

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

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 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you whether in our opinion the information given in the Report of the Members is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Members 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 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE FIRST MEZZANINE FILM FUND LLP**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the LLP's affairs as at 5 April 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001; and
- the information given in the Report of the Members is consistent with the financial statements.

*Hillier Hopkins LLP*

Hillier Hopkins LLP  
Chartered Accountants and Registered Auditors  
10 Dover Street  
London  
W1S 4LQ

Date: *16 July 2008*

**THE FIRST MEZZANINE FILM FUND LLP****PROFIT AND-LOSS ACCOUNT  
FOR THE YEAR ENDED 5 APRIL 2008**

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	Notes	2008 £	2007 £
<b>TURNOVER</b>		<b>234,781</b>	<b>251,568</b>
Administrative expenses		<u>2,175</u>	<u>-</u>
<b>OPERATING PROFIT</b>	3	<b>232,606</b>	<b>251,568</b>
Interest receivable and similar income		<u>733</u>	<u>223</u>
		<b>233,339</b>	<b>251,791</b>
Interest payable and similar charges		<u>710,154</u>	<u>749,749</u>
<b>LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<b><u>(476,815)</u></b>	<b><u>(497,958)</u></b>
<b>LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<b>(476,815)</b>	<b>(497,958)</b>
Members' remuneration charged as an expense	4	<u>476,815</u>	<u>497,958</u>
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>	8	<u>-</u>	<u>-</u>

The notes form part of these financial statements

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**THE FIRST MEZZANINE FILM FUND LLP**

**BALANCE SHEET  
5 APRIL 2008**

	Notes	2008 £	2007 £
<b>CURRENT ASSETS</b>			
Debtors	5	19,343,492	20,665,798
Cash at bank		<u>13,235</u>	<u>9,024</u>
		19,356,727	20,674,822
<b>CREDITORS</b>			
Amounts falling due within one year	6	<u>962,384</u>	<u>841,281</u>
<b>NET CURRENT ASSETS</b>		<u>18,394,343</u>	<u>19,833,541</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		18,394,343	19,833,541
<b>CREDITORS</b>			
Amounts falling due after more than one year	7	<u>15,681,997</u>	<u>16,644,380</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>2,712,346</u>	<u>3,189,161</u>
<b>REPRESENTED BY:</b>			
Loans and other debts due to members			
After more than one year			
Members' capital classified as debt			
Under FRS 25	8	6,803,146	6,803,146
Losses attributable to members	8	<u>(4,090,800)</u>	<u>(3,613,985)</u>
		<u>2,712,346</u>	<u>3,189,161</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	8	2,712,346	3,189,161
Amounts due from members	8	<u>-</u>	<u>-</u>
		<u>2,712,346</u>	<u>3,189,161</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001 relating to small LLPs and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the members of the LLP on 16 JULY 2008 and were signed by:

.....  
Future Films (Management Services) Limited - Designated member

.....  
Future Films (Partnership Services) Limited - Designated member



# **THE FIRST MEZZANINE FILM FUND LLP**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2008**

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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 January 2007) and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships.

#### **Turnover**

Turnover represents income received by way of finance lease charges excluding value added tax.

#### **Amounts recoverable in respect of finance leases**

Once a film has been leased to the producer, the value attributable to the lease is included in the balance sheet as an amount recoverable on contract. The amount of that attributable value is the net present value of the minimum lease payments under the contract. Each year the net present value is recomputed and the reduction in value of the lease is set off against the rental income and treated as a recovery of the leasing debt. This computation is carried out on a consistent basis year on year.

#### **Recognition of capital**

The financial statements have been prepared in accordance with the requirements of FRS 25 as applied to limited liability partnerships by the applicable SORP. Since the profits of the limited liability partnership are automatically distributed, FRS 25 requires members' capital to be disclosed as a liability, rather than equity. It is for this reason only that the members' capital has been presented as a liability. Under the terms of the Partnership Deed, there is no entitlement for members to draw out, or receive back at any time while they are members of the limited liability partnership, the amounts contributed by them as capital.

#### **Other income and expenses**

Income and expenses of the LLP which are not associated directly with a particular film are credited or charged to the profit and loss account in the year in which they arise and to which they relate. Where contractual arrangements exist for costs of the LLP to be reimbursed by a third party, the costs are included as gross amounts, and the total reimbursements are set against them.

#### **Taxation**

The taxation payable on partnership profits is the personal liability of the members during the period and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and are so included in "Members' interests" or in "Loans and other debts due to Members" depending on whether or not division of profit has occurred.

#### **Capital contributions**

Where capital contributions by partners are unpaid at the balance sheet date, but a binding commitment to contribute that capital has been given by the partner, the capital contribution is recognised as such, and the amount unpaid is shown as a debtor.

### **2. EMPLOYEE INFORMATION**

There were no employees of the LLP during the period under review.

The Designated Members received no remuneration during the period in respect of there services to the LLP.

**THE FIRST MEZZANINE FILM FUND LLP****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 5 APRIL 2008****3. OPERATING PROFIT**

The operating profit is stated after charging:

	2008 £	2007 £
Auditors' remuneration	<u>104</u>	<u>100</u>

Auditors' remuneration of £104 (2007: £100) is reimbursed by the Operator under the consultancy agreement.

**4. INFORMATION IN RELATION TO MEMBERS**

	2008 £	2007 £
Members' remuneration charged as an expense		
Automatic division of losses	<u>476,815</u>	<u>497,958</u>

	2008	2007
The average number of members during the year was	<u>49</u>	<u>49</u>

**5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £	2007 £
Amounts receivable in respect of finance leases	19,340,909	20,663,215
Other debtors	<u>2,583</u>	<u>2,583</u>
	<u>19,343,492</u>	<u>20,665,798</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £	2007 £
Bank loans and overdrafts	<u>962,384</u>	<u>841,281</u>

**7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2008 £	2007 £
Bank loans	<u>15,681,997</u>	<u>16,644,380</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instalments	<u>10,472,403</u>	<u>12,004,038</u>

The bank loans are secured by way of charges over cash deposits, accounts and Deeds of Assignment.

## THE FIRST MEZZANINE FILM FUND LLP

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 5 APRIL 2008

#### 8. MEMBERS' INTERESTS

	Members' capital (classified as debt under FRS 25) £	Losses attributable to members £	Loans and other debts due from members £	Total £
Balance at 6 April 2007	6,803,146	(3,613,985)	-	3,189,161
Members' remuneration being credited automatic division of losses	-	(476,815)	-	(476,815)
Members' interests after loss for the year	6,803,146	(4,090,800)	-	2,712,346
Drawings	-	-	-	-
Introduced by members	-	-	-	-
Balance at 5 April 2008	<u>6,803,146</u>	<u>(4,090,800)</u>	<u>-</u>	<u>2,712,346</u>

#### 9. RELATED PARTY DISCLOSURES

The designated members, Future Films (Partnership Services) Limited and Future Films (Management Services) Limited are wholly owned subsidiaries of Future Capital Global Holdings Limited. The LLP has entered into a consultancy with Future Capital Partners Limited, also a subsidiary of Future Capital Global Holdings Limited, Future Capital Partners Limited will reimburse certain expenditure of the LLP including banking and professional fees. Future Capital Partners Limited has also been paid a fee for co-production services from the producer on all films purchased, amounting to between 1% and 3% of the purchase price.

Future Capital Partners Limited is also entitled to 20% of any additional lease income received by the LLP over and above the Schedule "A" lease rentals as defined in the lease agreement and amendments thereon. No payment of this nature was due in the period under review.

The LLP has provided security in the form of a first fixed charge over certain assets of the LLP to the governor and company of Alliance & Leicester Commercial Finance Plc in connection with borrowings by the LLP for the purpose of making capital contributions.

#### 10. CONTROLLING RELATED PARTY

The controlling related party is Future Capital Global Holdings Limited by virtue of it owning 100% of the share capital of the designated member companies which have responsibility for the operational decisions of the partnership.