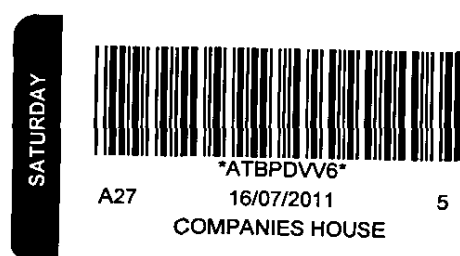


INSIDE TRACK 2 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2011



**INSIDE TRACK 2 LLP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2011**

**CONTENTS**

MEMBERS' REPORT	1
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	4
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
CASH FLOW STATEMENT	8
NOTES TO THE CASH FLOW STATEMENT	9
NOTES TO THE FINANCIAL STATEMENTS	10

**INSIDE TRACK 2 LLP****MEMBERS' REPORT**

Year ended 5 April 2011

The members present the Annual Report and Financial Statements on the affairs of Inside Track 2 LLP ("the Partnership") for the year ended 5 April 2011

The report has been prepared taking advantage of the small companies exemption in accordance with Section 415A of the Companies Act 2006, as applicable to limited liability partnerships

**Principal activities**

The Partnership was formed to produce a high quality slate of feature films with the potential for commercial exploitation across all media

In assessing which films to produce, the Partnership has endeavoured to work with the most successful distributors and sales agents and to engage the highest quality production services companies and personnel to carry out its production activities. The Partnership has also benefited from the expertise of Ingenious Media Investments Limited which performs an Executive Producer role on all films

**Business review and future outlook**

In previous financial years the Partnership delivered six films to commissioning distributors. No further contracts were entered into during the year

The films have been theatrically released and are now generating DVD/television income

Operating profit for the year ended 5 April 2011 is £0.2m (2010: £2.2m)

The Partnership will continue to participate in distribution receipts arising from sales made of the films by the commissioning distributors

**Going concern**

After making enquiries, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in Note 1 of the financial statements

**Overseas branches**

There are no overseas branches of the Partnership

**INSIDE TRACK 2 LLP****MEMBERS' REPORT (Continued)**

Year ended 5 April 2011

**Policy regarding members' drawings and capital**

Designated Members are not entitled to drawings. In accordance with the Members' Agreement, drawings shall be made at the discretion of Ingenious Ventures, a division of Ingenious Asset Management Limited, ("the Operator"), the operator of the Partnership.

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 shall be met out of the members' initial contributions and no member shall be required to make any further funding available after their admission as a member (save to the extent of their liability on a winding up).

**Designated Members**

The designated members serving during the year were Trafalgar Film Partner 1 Limited and Trafalgar Film Partner 2 Limited ("the Designated Members").

**Statement of members' responsibilities**

The members are responsible for preparing the Annual Report and 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 period. 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 Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the members are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- 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 limited liability partnerships. The members 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.

**INSIDE TRACK 2 LLP**

**MEMBERS' REPORT (Continued)**

Year ended 5 April 2011

**Statement of members' responsibilities (Continued)**

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**

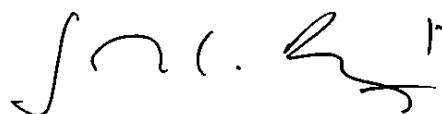
Deloitte LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006 as applicable to limited liability partnerships

This report was approved by the Designated Members on 9 June 2011 and signed on their behalf by



**TRAFALGAR FILM PARTNER 1 LIMITED**

Designated Member



**TRAFALGAR FILM PARTNER 2 LIMITED**

Designated Member

Registered office  
15 Golden Square  
London W1F 9JG

Limited Liability Partnership Number OC 304622

## **INSIDE TRACK 2 LLP**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSIDE TRACK 2 LLP**

We have audited the financial statements of Inside Track 2 LLP for the year ended 5 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Notes to the Cash Flow Statement and the related Notes 1 to 8. 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)

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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 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 applied 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 the financial statements in accordance with applied 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 Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 5 April 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

## **INSIDE TRACK 2 LLP**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSIDE TRACK 2 LLP (Continued)**

#### **Opinion on other matters prescribed by the Companies Act 2006 as applicable to limited liability partnerships**

In our opinion the information given in the Members' Report for the period for which the financial statements are prepared is consistent with the financial statements

#### **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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare statements in accordance with the limited liability partnerships regime



Calum Thomson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

Date. 09 June 2011

**INSIDE TRACK 2 LLP**

**PROFIT AND LOSS ACCOUNT**

Year ended 5 April 2011

	NOTES	2011 £'000	2010 £'000
Turnover	1	226	2,167
<b>GROSS PROFIT</b>		<b>226</b>	<b>2,167</b>
Operating expenses	2	(8)	(6)
<b>OPERATING PROFIT</b>	2	<b>218</b>	<b>2,161</b>
Interest receivable and similar (costs)/income	3	(16)	58
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE</b>		<b>202</b>	<b>2,219</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG THE MEMBERS</b>	6	<b>202</b>	<b>2,219</b>

All results are derived from continuing operations

There are no recognised gains or losses other than as stated in the Profit and Loss Account above, and accordingly no separate statement of total recognised gains and losses is presented

The accompanying Notes are an integral part of the financial statements



**INSIDE TRACK 2 LLP**

**BALANCE SHEET**

At 5 April 2011

	NOTES	2011 £'000	2010 £'000
<b>CURRENT ASSETS</b>			
Accrued income		-	469
Cash at bank		1,090	801
		<b>1,090</b>	<b>1,270</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Trade creditors		-	(2)
Other creditors	4	(666)	(354)
Accruals		(50)	(45)
		<b>(716)</b>	<b>(401)</b>
<b>NET ASSETS</b>		<b>374</b>	<b>869</b>
<b>MEMBERS' INTERESTS</b>			
Members' capital accounts	6	121,884	121,884
Other reserves	6	(121,510)	(121,015)
<b>TOTAL MEMBERS' INTERESTS</b>	<b>6</b>	<b>374</b>	<b>869</b>

The accompanying Notes are an integral part of the financial statements

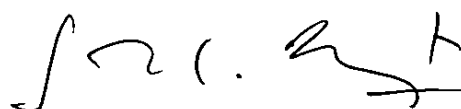
The financial statements were approved by the Designated Members and authorised for issue on 2011 and signed on their behalf by

9 June



**TRAFALGAR FILM PARTNER 1 LIMITED**  
Designated Member

Limited Liability Partnership Number OC 304622



**TRAFALGAR FILM PARTNER 2 LIMITED**  
Designated Member

**INSIDE TRACK 2 LLP****CASH FLOW STATEMENT**

Year ended 5 April 2011

	NOTES	2011 £'000	2010 £'000
<b>Net cash inflow from operating activities</b>	A	706	1,703
<b>Returns on investments and servicing of finance</b>			
Interest received		-	2
<b>Members' drawings</b>		(401)	(3,569)
<b>Increase/(decrease) in cash and cash equivalents</b>	B	305	(1,864)

The accompanying Notes are an integral part of the financial statements

**INSIDE TRACK 2 LLP**

**NOTES TO THE CASH FLOW STATEMENT**

Year ended 5 April 2011

	2011 £'000	2010 £'000
<b>A. Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	218	2,161
Decrease/(increase) in debtors	469	(469)
Increase in creditors	19	11
<b>Net cash inflow from operating activities</b>	<b>706</b>	<b>1,703</b>

	At 5 April 2010 £'000	Exchange movement £'000	Cash flow £'000	At 5 April 2011 £'000
<b>B. Analysis of net funds</b>				
Cash at bank	801	(16)	305	1,090

	2011 £'000	2010 £'000
<b>C. Reconciliation of net cash flow to movement in net funds</b>		
Increase/(decrease) in cash in the year	305	(1,864)
<b>Change in net funds resulting from cash flows</b>	<b>305</b>	<b>(1,864)</b>
Net funds at start of year	801	2,609
Foreign exchange (loss)/gain	(16)	56
<b>Net funds at end of year</b>	<b>1,090</b>	<b>801</b>

**INSIDE TRACK 2 LLP****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 5 April 2011

**1. ACCOUNTING POLICIES**

The Partnership was incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000

These financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards in compliance with the Statement of Recommended Practice on Accounting for limited liability partnerships. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding year, are described below

**Turnover**

Turnover derives from one class of business, the production of films and participation in distribution receipts arising from the sale of those films by the commissioning distributors, and is stated net of Value Added Tax

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

The members do not consider any one part of the worldwide market to be significantly different from any other

**Taxation**

No current or deferred taxation is provided in these financial statements as the liability for taxation falls on the Individual Members

**Foreign currencies**

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date

**Going concern**

The Partnership is in a net asset position and 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

**INSIDE TRACK 2 LLP****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Year ended 5 April 2011

**2. OPERATING PROFIT**

The operating profit is stated after charging	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration for audit services	2	4
Other professional fees	6	2
	<b>8</b>	<b>6</b>

Fees payable to the Partnership's auditors for non-audit services provided in the year were £Nil (2010 £Nil)

**3. INTEREST RECEIVABLE AND SIMILAR (COSTS)/INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest received	-	2
Foreign exchange (loss)/gain	(16)	56
	<b>(16)</b>	<b>58</b>

**4. OTHER CREDITORS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Due to distribute to members	625	329
Other creditors	41	25
	<b>666</b>	<b>354</b>

**5. INFORMATION RELATING TO MEMBERS**

No member received any salaried remuneration from the Partnership during the year (2010 £Nil)

The average number of members in the year was 338 (2010 338) The average allocation of profit was therefore £598 (2010 £6,565) The maximum profit allocated to any single member was £9,298 (2010 £102,057)

**INSIDE TRACK 2 LLP**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Year ended 5 April 2011

**6. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS**

	Members' capital £'000	Other reserves £'000	Total members' interests £'000
Balance at 6 April 2010	121,884	(121,015)	869
Profit for the financial year available for discretionary division among members	-	202	202
Members' interests after profit for the year	121,884	(120,813)	1,071
Members' drawings	-	(697)	(697)
<b>Balance at 5 April 2011</b>	<b>121,884</b>	<b>(121,510)</b>	<b>374</b>

Amounts due to be distributed to members at the year end amounted to £625k (2010 £329k)

**7. RELATED PARTIES**

Trafalgar Film Partner 1 Limited and Trafalgar Film Partner 2 Limited (the Designated Members) are both wholly-owned subsidiaries of Ingenious Media Limited. Ingenious Ventures, a division of Ingenious Asset Management Limited, (the Operator), is a wholly-owned subsidiary of Ingenious Asset Management Holdings Limited, which is a subsidiary of Ingenious Media Limited. Ingenious Media Limited is itself a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Ingenious Media group.

During the year, P A McKenna and J L Boyton were both Ordinary Members of the Partnership and directors of the Operator. J L Boyton was also a director of the Designated Members during the year.

There was no change to the capital subscribed by these individuals in the year (2010 £Nil).

The profit allocated to these individuals was as follows:

	2011 £	2010 £
P A McKenna	232	2,551
J L Boyton	232	2,551

There were no material transactions with any related parties in the year (2010 £Nil).

**INSIDE TRACK 2 LLP**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Year ended 5 April 2011

**8. CONTROLLING PARTY**

In the opinion of the members there is no controlling party