

# The Azure (Ae Fond Kiss) Limited Liability Partnership

## REPORT AND FINANCIAL STATEMENTS

for the period ended  
5 April 2004



Partnership Number: OC 304843

# The Azure (Ae Fond Kiss) Limited Liability Partnership

## OFFICERS

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### Page

2	Members' Report
3	Statement of Members responsibilities
4	Report of the independent auditor
5	Profit and loss account
6	Balance sheet
7	Accounting policies
8 -9	Notes to the financial statements

### DESIGNATED MEMBERS

Azure Film Financing plc  
Bridge House  
7&9 Church Road  
Lawrence Hill  
Bristol BS5 95J

Ralph Thoburn  
Milburn House  
Dean Street  
Newcastle Upon Tyne  
NE1 1LF

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# The Azure (Ae Fond Kiss) Limited Liability Partnership

## MEMBERS' REPORT

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The members submit their report and the financial statements of The Azure (Ae Fond Kiss) Limited Liability Partnership for the period from incorporation to 5 April 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the limited liability partnership is the production and exploitation of film rights of the film Ae Fond Kiss.

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The partnership was incorporated on 11 June 2003 with an initial capital of £860,149. The results for the period are set out on page 5.

### RESULTS AND ALLOCATION TO MEMBERS

The loss for the period available for distribution among members was £144,158.

### DESIGNATED MEMBERS

The following designated members have held office since incorporation.

Azure Film Financing plc  
Ralph Thoburn

### POLICY WITH RESPECT TO MEMBERS' DRAWINGS AND SUBSCRIPTION AND REPAYMENT OF MEMBERS' CAPITAL

During the first period of trading all profits shall be invested in the limited liability partnership business and no distribution shall be made, although members may resolve by special consent to make an early distribution. *After the first period, members may resolve by ordinary consent to make a distribution. No distribution however shall occur unless the administrative member believes that all future liabilities of the limited liability partnership would be met, after the distribution.*

New members are required to subscribe a minimum level of capital upon agreement with the designated members.

In the event of the Limited Liability Partnership being wound up, each member (save for the original members) shall be required to contribute their winding up contribution of 2.33 times their initial contribution. On retirement, capital is repaid to members.

### AUDITORS

Baker Tilly, Chartered Accountants, were appointed as first auditors to the partnership. A resolution to re-appoint Baker Tilly, will be put to the members at the annual general meeting.



Azure Film Financing plc  
Designated Member

6 August 2004

# The Azure (Ae Fond Kiss) Limited Liability Partnership

## MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Limited Liability Partnership Regulations require the members to prepare financial statements for each financial year which give a true and fair view of the state of the limited liability partnership's affairs and of the profit or loss for that period. In preparing these financial statements, the members are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent; and
- c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership 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 partnership and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships Regulations. They 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE AZURE (AE FOND KISS) LIMITED LIABILITY PARTNERSHIP

We have audited the financial statements on pages 5 to 9.

This report is made solely to the members of the limited liability partnership, as a body, in accordance with section 235 of the Companies Act 1985 (as modified by the Limited Liability Partnerships Regulations). Our audit work has been undertaken so that we might state to the members of the limited liability partnership 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 limited liability partnership and the 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Members' Responsibilities.

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 Limited Liability Partnerships Regulations. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the limited liability partnership 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 designated members' remuneration and transactions with the limited liability partnership is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Members' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

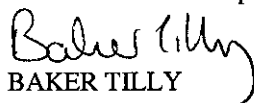
### **Basis of audit opinion**

We conducted our audit in accordance with 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 limited liability 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 Limited Liability Partnership's affairs at 5 April 2004 and of the loss of the Limited Liability Partnership for the period then ended and have been properly prepared in accordance with the Limited Liability Partnerships Regulations.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

6 August 2004

**The Azure (Ae Fond Kiss) Limited Liability Partnership**  
**PROFIT AND LOSS ACCOUNT**  
**for the period ended 5 April 2004**

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	Notes	Period from Incorporation to 5 April 2004 £
TURNOVER		38,745
Cost of sales		(38,745)
Gross profit		-
ADMINISTRATIVE EXPENSES		
Initial costs	1	26,101
Audit and accountancy fees		2,000
Bank charges		420
Total Administrative costs		28,521
OPERATING LOSS	2	(28,521)
Interest payable	3	(64,028)
LOSS FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND SHARE OF LOSSES		(92,549)
Salaried remuneration of members	5,1	(51,609)
LOSS FOR THE FINANCIAL PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS	9	(144,158)

The loss for the period arises from the partnership's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

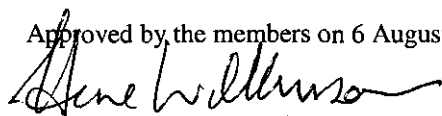
# The Azure (Ae Fond Kiss) Limited Liability Partnership

## BALANCE SHEET

5 April 2004

	<i>Notes</i>	5 April 2004 £
FIXED ASSETS		
Completed films	6	2,935,773
CURRENT ASSETS		
Debtors	7	295,316
CREDITORS: Amounts falling due within one year	8	(2,515,098)
NET CURRENT ASSETS		(2,219,782)
TOTAL ASSETS LESS CURRENT LIABILITIES		715,991
NET ASSETS		715,991
MEMBERS' OTHER INTERESTS		
Members' capital	9	860,149
Other reserves	9	(144,158)
		715,991

Approved by the members on 6 August 2004 and signed on their behalf by



Azure Film Financing plc  
Designated Member

# The Azure (Ae Fond Kiss) Limited Liability Partnership

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships".

### FIXED ASSETS – COMPLETED FILMS

Films produced for exploitation or distribution are stated in the balance sheet at cost less amortisation to date. Amortisation is charged to write down the cost of such assets over their useful lives and the charge for each year is equivalent to the revenue notified during the year as being receivable in respect of the asset plus any permanent diminution in value.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### TURNOVER

This represents sales income invoiced, net of value added tax, during the period.



# The Azure (Ae Fond Kiss) Limited Liability Partnership

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 5 April 2004

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1 INITIAL FEES

Intermediaries are entitled to commission of 6% of the partners capital. Initial fees are charged in the period in which the partnership is formed. This fee covers all administrative costs involved in the forming of the partnership. The amounts charged by the designated members are included within salaried remuneration of members.

2 OPERATING LOSS

Period ended  
5 April 2004  
£

Operating loss is stated after charging:  
Auditors' remuneration

2,000

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3 INTEREST PAYABLE

Period ended  
5 April 2004  
£

Interest on bank loans and overdrafts

64,028

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4 EMPLOYEES

There were no employees during the period.

5 MEMBERS' REMUNERATION

5 April  
2004

Average number of members

27

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Loss attributable to the highest paid member

£323

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Salaried remuneration of members

69,109

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The two designated members received remuneration during the period, that was not paid as part of an employment contract. Please see note 10, Related Party transactions for details.

6 COMPLETED FILMS

5 April  
2004  
£

Cost

2,935,773

At 5 April 2004

2,935,773

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# The Azure (Ae Fond Kiss) Limited Liability Partnership

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 5 April 2004

7	DEBTORS	5 April 2004 £
	Other debtors	180,984
	Prepayments and accrued income	114,332
		<u>295,316</u>

8	CREDITORS: Amounts falling due within one year	5 April 2004 £
	Bank loans and overdrafts (secured)	1,157,854
	Other creditors	872,400
	Accruals and deferred income	484,844
		<u>2,515,098</u>

### 9 RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	Members' capital £	Other reserves £	Total members' other interests £
Loss for the financial period available for division amongst members	-	(144,158)	(144,158)
Allocated losses	-	-	-
Introduced by members	860,149	-	860,149
Drawings	-	-	-
Members' interests at 5 April 2004	<u>860,149</u>	<u>(144,158)</u>	<u>715,991</u>

The amount in other reserves is the loss for the period.

### 10 RELATED PARTY TRANSACTIONS

Azure Film Financing plc is a related party as a designated member. In the period, fees of £20,000 in relation to executive producer fees were paid to Azure Film Financing plc from the budget of the film which the partnership invested in.

Azure Film Financing plc also invoiced fees of £51,609 for the setting up of the partnership and to pay IFA commissions.

Ralph Thoburn is also a related party, as a designated member. He invoiced fees of £17,500 for the setting up of the partnership.