

Limited Liability Partnership Registration No. OC313497 (England and Wales)

IMAGINE NO. 2 LLP
MEMBERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2007

TUESDAY



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IMAGINE NO. 2 LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members

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

Limited liability partnership number

OC313497

Registered office

25 Noel Street
London
W1F 8GX

Auditors

Mazars LLP
3 Sheldon Square
London
W2 6PS

Bankers

Alliance & Leicester Commercial Bank Plc
12 Park Square West
London
NW1 4LJ

Barclays Bank Plc
27 Soho Square
London
W1D 3QR

IMAGINE NO. 2 LLP

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IMAGINE NO. 2 LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 5 APRIL 2007

The members present their report and financial statements for the year ended 5 April 2007.

Principal activities and review of the business

The limited liability partnership was incorporated on 3 June 2005. Its principal activity is that of the provision of film production services and the exploitation of films.

Designated Members

The following designated members have held office since 6 April 2006:

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

Policy on members' drawings

The profits/losses of the limited liability partnership are allocated between the members in proportion to their capital contributions. In accordance with the Partnership Agreement, where a net profit arises in a financial year this is distributed to the members within 120 days of the accounting date, providing that the limited liability partnership has sufficient cash resources to make such a distribution.

New ordinary members are required to subscribe a minimum level of capital. No interest is payable on this capital. An ordinary member may retire from the limited liability partnership and hence withdraw their capital, but only under limited circumstances.

Statement of members' responsibilities

Company law (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships 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 limited liability partnership and of the profit or loss of the limited liability partnership for that year. In preparing those 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 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 limited liability partnership and 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 Partnerships Regulations 2001). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the liability partnership's auditors are aware of that information.

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MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2007

Auditors

With effect from 16 April 2007, MRI Moores Rowland LLP has merged its business with that of Mazars LLP, following which MRI Moores Rowland LLP have resigned as auditors to the limited liability partnership. The designated members have appointed Mazars LLP to fill the casual vacancy caused by their resignation and, in accordance with section 385 of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001), a resolution to reappoint Mazars LLP will be put to the Annual General Meeting.

Special provisions relating to small liability partnerships

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as applicable to small limited liability partnerships.

On behalf of the members



Future Films (Partnership Services) Limited
Designated Member

17 August 2007

IMAGINE NO. 2 LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IMAGINE NO. 2 LLP

We have audited the financial statements of Imagine No. 2 LLP for the year ended 5 April 2007 set out on pages 5 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the limited liability partnership'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 Partnerships Regulations 2001). Our audit work has been undertaken so that we might state to the limited liability 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 limited liability partnership and the limited liability 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 on page 1 the limited liability partnership'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 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 Limited Liability Partnerships Act 2000. We also report to you 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 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.

We report to you in our opinion whether the information given in the Members' report is consistent with the financial statements.

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 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.

IMAGINE NO. 2 LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF IMAGINE NO. 2 LLP

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the limited liability partnership's affairs as at 5 April 2007 and of its loss for the year 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 Partnerships Regulations 2001); and
- the information given in the members' report is consistent with the financial statements.

Mazars LLP

Mazars LLP

Chartered Accountants

Registered Auditor

17 August 2007

3 Sheldon Square

London

W2 6PS

IMAGINE NO. 2 LLP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 5 APRIL 2007

	Notes	Year ended 5 April 2007 £	Period ended 5 April 2006 £
Cost of sales		-	(34,238,435)
Administrative expenses		(50)	(5,358,139)
Operating loss	2	(50)	(39,596,574)
Interest payable and similar charges	3	-	(101,356)
Loss on ordinary activities before taxation		(50)	(39,697,930)
Tax on loss on ordinary activities		-	-
Loss for the financial year before members' remuneration and profit shares		(50)	(39,697,930)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

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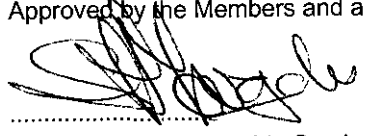
BALANCE SHEET

AS AT 5 APRIL 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	4	100	936,893
Cash at bank and in hand		226	272
		<u>326</u>	<u>937,165</u>
Creditors: amounts falling due within one year	5	(4)	(936,793)
		<u>322</u>	<u>372</u>
Total assets less current liabilities		<u>322</u>	<u>372</u>
REPRESENTED BY:			
Loans and other debts due to members:			
Members' capital classified as a liability under FRS 25	6	39,698,302	39,698,302
Losses attributable to members	6	(39,697,980)	(39,697,930)
		<u>322</u>	<u>372</u>
TOTAL MEMBERS' INTERESTS			
Amounts due from members	4	(100)	(100)
Loans and other debts due to members	6	322	372
		<u>222</u>	<u>272</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 Partnerships Regulations 2001) relating to small limited liability partnerships.

Approved by the Members and authorised for issue on 17 August 2007


Future Films (Partnership Services) Limited
Designated Member


Future Films (Management Services) Limited
Designated Member

IMAGINE NO. 2 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Limited Liability Partnership Statement of Recommended Practice, March 2006, which have been applied consistently (except as otherwise stated).

1.3 Taxation

Taxation on all partnership profits is solely the personal liability of the individual members. Consequently neither taxation nor deferred taxation arising in the partnership has been accounted for in the financial statements.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or the contracted rate where one exists. All differences are taken to the profit and loss account.

1.5 Production services expenditure

The cost of production services provided are recognised in the profit and loss account when costs are incurred.

1.6 Members' 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 Agreement, 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.

1.7 Members' remuneration

Members' remuneration is any outflow of benefits to a member. Where the payment of any remuneration is not at the discretion of the limited liability partnership, this is charged to the profit and loss account as an expense.

2 Operating loss

The auditors' remuneration (being audit and tax compliance fees) of £5,000 (2006: £7,000) is met by Future Films Limited.

3 Interest payable

	2007	2006
	£	£
Included in interest payable is the following amount:		
Bank interest	-	101,356

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2007

4 Debtors	2007 £	2006 £
Amounts due from members	100	100
Other debtors	-	936,793
	<u>100</u>	<u>936,893</u>

The amounts due from members relates to £50 of capital contributions due from each designated member.

5 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	4	-
Trade creditors	-	936,793
	<u>4</u>	<u>936,793</u>

6 Members' interests	Members' other interests		Total		
	Members' capital (classified as debt)	Losses attributable to members	Total	Loans and other debts due to/(from) members	
	£	£	£	£	£
Amount due from members, included in debtors				(100)	
Members' interests at 6 April 2006	39,698,302	(39,697,930)	372	(100)	272
Loss for the financial year available for discretionary division among members	-	(50)	(50)	-	(50)
Members' interests after loss for the year	<u>39,698,302</u>	<u>(39,697,980)</u>	<u>322</u>	<u>(100)</u>	<u>222</u>
Members' interests at 5 April 2007	<u>39,698,302</u>	<u>(39,697,980)</u>	<u>322</u>	<u>(100)</u>	<u>222</u>
Amounts due from members, included in debtors				<u>(100)</u>	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2007

7	Information in relation to members	2007 Number	2006 Number
	The average number of members during the year was:	106	18

Neither of the designated members receive any remuneration.

8 Related party transactions

During the period ended 5 April 2006, fees of £5,353,104 were paid to Future Films Limited in relation to the provision of consultancy services. The VAT on these fees of £936,793 was unpaid at 5 April 2006, but was fully paid during the year ended 5 April 2007.

Future Films Limited is a related party by virtue of it and the designated members being under common control.