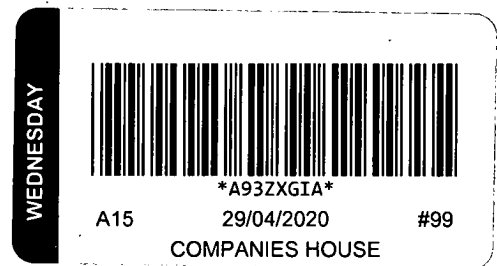


BIG SCREEN PRODUCTIONS 7 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019



Limited Liability Partnership Number: OC342719

BIG SCREEN PRODUCTIONS 7 LLP

**ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019**

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BIG SCREEN PRODUCTIONS 7 LLP

MEMBERS' REPORT YEAR ENDED 31 MARCH 2019

The Members submit the Annual Report and Financial Statements of Big Screen Productions 7 LLP ("the Partnership") for the year ended 31 March 2019.

Principal activities

The Partnership was formed to conduct a film production business. Based in the UK, it draws on a deep pool of talent, both on and off screen, to produce and deliver high quality films to the Partnership's commissioning distributor ("the Commissioning Distributor").

The Partnership has adopted a sophisticated project selection procedure to manage risks from the outset and will only produce films where there is a strong likelihood of distribution and where the remuneration it receives is calculated by reference to gross sales receipts from the exploitation of the films it produces.

Review of the year

Waterloo Film Partner 1 Limited and Waterloo Film Partner 2 Limited ("the Designated Members") served during the year as the designated members.

The Partnership continued to pursue its principal activities during the year.

On 2 August 2016 Ingenious Film Partners 2 LLP ("the IFP Partnership") received the decision of the First-tier Tribunal in respect of its appeals against the enquiry closure notices issued by HMRC. The decision was complex and a clarification of aspects of the decision was received on 17 May 2017. An application for permission to appeal the decision was lodged on 13 July 2017 and the Tribunal subsequently granted leave to appeal and published a revised version of its decision in November 2017. The appeal hearing before the Upper Tribunal took place between 4 March 2019 and 10 April 2019.

Given the similarities between the Partnership and IFP partnerships in the way these partnerships raised their funds and undertook film production activities we expect HMRC to seek to apply the main elements of the IFP decision to the Partnership, which will be subject to the outcome of the appeal. Should the final decision require adjustments to the income and costs recognised by the partnership, these adjustments may need to be reflected in the financial statements of the Partnership.

Any tax impact of the final decision will not be reflected in the financial statements of the Partnership (on the basis that it is generally a tax transparent entity) and therefore any impact of the IFP final decision on the members will be reflected in their financial statements.

Future developments

The Partnership is well placed to benefit from the future exploitation of its film productions by the Commissioning Distributor and from its relationship with Ingenious Media Holdings Limited and its subsidiaries ("the Ingenious Group").

Going Concern

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 Annual Report and Financial Statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Policy regarding members' drawings and capital

The Designated Members are not entitled to drawings. In accordance with the Members' Agreement, drawings shall be made at the discretion of Ingenious Media Investments Limited, the operator of the Partnership ("the Operator").

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. 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).

BIG SCREEN PRODUCTIONS 7 LLP

MEMBERS' REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2019

Statement of members' responsibilities

The Designated Members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships (LLPs) 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Partnership law, as applied to LLPs, the Members must not approve the financial statements unless they are satisfied that they 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 these 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.

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.

Auditor

Shipleys LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Small company exemptions

This report has been prepared in accordance with the provisions applicable to entities entitled to the small companies exemption. This is in accordance with Part 15 of the Companies Act 2006, as applicable to limited liability partnerships. The Partnership has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with section 414(B) of the Companies Act 2006.

This report was approved by the Designated Members and signed on their behalf by:



Duncan Reid, Director of **Waterloo Film Partner 1 Limited**
Designated Member

Date: 16 April 2020

Registered office:
15 Golden Square
London W1F 9JG
Limited Liability Partnership Number: OC342719

BIG SCREEN PRODUCTIONS 7 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG SCREEN PRODUCTIONS 7 LLP

Opinion

We have audited the financial statements of Big Screen Productions 7 LLP (the "Partnership") for the year ended 31 March 2019 which comprise the Profit and Loss Account, the Balance Sheet and Notes to the Financial Statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2019 and of its loss 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 applicable to limited liability partnerships.

Responsibilities of members

As explained more fully in the members' responsibilities statement (see page 2), the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

BIG SCREEN PRODUCTIONS 7 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG SCREEN PRODUCTIONS 7 LLP

Opinions on other matters prescribed by the Companies Act 2006, as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the members' report has been prepared in accordance with applicable legal requirements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report.

We have nothing to report in respect of the following matters in relation to which 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 the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the members' report and from the requirement to prepare a strategic report.

Stephen Joberns

Stephen Joberns (Senior Statutory Auditor)
10 Orange Street, Haymarket, London, WC2H 7DQ

Date: 20/4/2020

BIG SCREEN PRODUCTIONS 7 LLP**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2019**

	Notes	Year ended 31 March 2019 £ '000s	Year ended 31 March 2018 £ '000s
Turnover		-	-
Cost of sales		<u>(129)</u>	<u>(173)</u>
Gross profit/(loss)		(129)	(173)
Operating expenses		<u>(1)</u>	<u>(4)</u>
Operating profit/(loss)	3	<u>(130)</u>	<u>(177)</u>
Profit/(Loss) for the financial year before members' remuneration and profit/(loss) share available for discretionary division among members		(130)	(177)

All of the Partnership's loss is derived from continuing operations during the current and prior year.

The Partnership has no recognised gains and losses other than those shown above.

The notes on pages 7 to 11 form an integral part of the financial statements.

BIG SCREEN PRODUCTIONS 7 LLP

BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	31 March 2019 £ '000s	31 March 2018 £ '000s
Current assets			
Debtors	5	10	181
Cash at bank		<u>44</u>	<u>28</u>
		54	209
Creditors: amounts falling due within one year	6	(29)	(19)
Net current assets		<u>25</u>	<u>190</u>
Net assets attributable to members		<u>25</u>	<u>190</u>
Represented by:			
Members' interests			
Members' capital accounts	7	24,554	24,554
Other reserves	7	<u>(24,529)</u>	<u>(24,364)</u>
Total members' interests		<u>25</u>	<u>190</u>
Memorandum of members' total interests			
Members' other interests	7	<u>25</u>	<u>190</u>
Total members' interests		<u>25</u>	<u>190</u>

The notes on pages 7 to 11 form an integral part of the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as defined within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102 Section 1A small entities.

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



Duncan Reid, Director of Waterloo Film Partner 1
Limited Designated Member

Date: 16 April 2020

BIG SCREEN PRODUCTIONS 7 LLP**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019****1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

General information and basis of preparation of financial instruments

The Partnership was incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000. Its place of business and registered office address is 15 Golden Square, London, W1F 9JG. The nature of the Partnership's operations and principal activity are set out in the Members' Report on page 1.

The functional currency of the Partnership is considered to be pound sterling which is the currency of the primary economic environment in which the Partnership operates.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 Section 1A ('FRS 102 Section 1A'), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates (see note 2 to the financial statements). It also requires management to exercise judgement in applying the Partnership's accounting policies.

The financial statements do not include a cash flow statement because the Partnership is a qualifying entity under FRS 102 Section 1A for taking advantage of the exemption from preparing such a statement.

Going Concern

The Partnership's business activities, together with the factors likely to affect its future development, performance and position has been reviewed by the members.

The members would like to draw attention to the current Covid-19 pandemic and the potential economic impact the virus will have in the coming months. In establishing whether to continue to report under the going concern assumption the members have considered the following points:

- The impact on the day to day trade of the Partnerships' business
- The impact on the Partnerships' cash position of a period of minimum activity

Having assessed the risks facing the Partnership as set out in the Members' Report, its financial position and profit and cash flow forecasts, the members believe that the Partnership is well placed to manage its business successfully and will be able to maintain positive cash flows for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

Cost of sales

Cost of sales represents direct costs attributable to turnover.

Taxation

No current or deferred taxation is provided for in the financial statements as the liability for taxation falls on the members.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Exchange differences are taken to the Profit and Loss Account.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Partnership after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described in Note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the accounting policies

The following are the critical judgements that the members have made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of investments

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

BIG SCREEN PRODUCTIONS 7 LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED 31 MARCH 2019**3. Operating loss**

	Year ended 31 March 2019 £ '000s	Year ended 31 March 2018 £ '000s
The operating loss is stated after charging:		
Auditor's remuneration for audit services	3	3
NRV write-down	-	173
	<u>3</u>	<u>176</u>

4. Information relating to members

No members received remuneration from the Partnership during the current and prior year.

The average number of members in the year was 21 (year ended 31 March 2018: 21). The average allocation of loss was therefore £6,190 (year ended 31 March 2018: £8,410) and the largest allocation of loss to any single member was £129,796 (year ended 31 March 2018: £176,603).

5. Debtors

	31 March 2019 £ '000s	31 March 2018 £ '000s
Accrued income	6	4
Other debtors	4	6
Trade debtors	-	171
	<u>10</u>	<u>181</u>

6. Creditors: amounts falling due within one year

	31 March 2019 £ '000s	31 March 2018 £ '000s
Other creditors	26	16
Accruals	3	3
	<u>29</u>	<u>19</u>

BIG SCREEN PRODUCTIONS 7 LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED 31 MARCH 2019**7. Reconciliation of movement in members' interest**

	Members' capital	Other reserves	Total members' other interests	Loans and other debts due to members	Total members' interests 2019	Total members' interests 2018
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Balance at start of year	24,554	(24,364)	190	-	190	386
Loss for the financial year	-	(130)	(130)	-	(130)	(177)
Members' interests after loss for the financial year	24,554	(24,494)	60	-	60	209
Members' drawings	-	(35)	(35)	-	(35)	(19)
Balance at end of year	24,554	(24,529)	25	-	25	190

In the event of a winding up, the Partnership's creditors are paid from any surplus assets prior to their distribution to the members.

8. Related party disclosures

The Designated Members, Big Screen Productions 7 Limited ("the Ingenious Member", a member of the Partnership), the Operator, Ingenious Media Services Limited, Ingenious Resources Limited and Ingenious Treasury Services Limited are all wholly-owned subsidiaries of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary by Ingenious Media Holdings Limited.

N A Forster and D M Reid are directors of the Designated Members, the Ingenious Member, the Operator and Ingenious Resources Limited at year end. P A McKenna is a director of the Operator.

N A Forster, D M Reid and P A McKenna are also directors of Ingenious Media Holdings Limited.

During a prior financial period, the Ingenious Member made an investment of £20,578,904 into the Partnership. During the year the Ingenious Member made drawings of £21,609 (year ended 31 March 2018: £12,050), of which £nil was owed from the Ingenious Member at the year end (year ended 31 March 2018: £1,696 was owed to the Ingenious Member).

9. Contingent liabilities

Charges are in place against the films entitled "The A-Team", "Gulliver's Travels" and "Percy Jackson" in favour of the following parties to secure their interests in the copyright of and title to the films:

Twentieth Century Fox Film Corporation
Twentieth Century Fox Worldwide Productions, Inc

10. Controlling party

The Ingenious Member controls the financial and operating policies of the Partnership. The ultimate parent company of the Ingenious Member is Ingenious Media Limited. Ingenious Media Limited is a wholly-owned subsidiary within the Group. Ingenious Media Holdings Limited is the only parent undertaking for which consolidated financial statements are prepared.

The consolidated financial statements of Ingenious Media Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings Limited in the year was Patrick A McKenna.

BIG SCREEN PRODUCTIONS 7 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

11. Events after balance sheet date

On 26 July 2019 Ingenious Film Partners 2 LLP ("the Partnership") received the decision of the Upper Tribunal on its appeal against the decision of the First-tier Tax Tribunal. The Upper Tribunal concluded that the Partnership was not trading and did not have a view to profit. The finding that the Partnership did not have a view to profit means the Partnership (under the law as it existed in April 2018) would be taxed as a body corporate subject to corporation tax rather than as a partnership whose members are subject to tax. However, in the March 2020 budget the government announced its intention to introduce, in the Finance Bill 2020, retrospective legislation to ensure that a Limited Liability Partnership continues to be taxed as a partnership even where it is subsequently found to not have a view to profit. Should the final decision require adjustments to the income and costs recognised by BSP 7 LLP, these adjustments may need to be reflected in the financial statements of the Partnership. Any tax impact of the final decision is not expected to be reflected in the financial statements of BSP 7 LLP following the introduction of the retrospective legislation.

Tax Reference: 267/26884 4123
H M Revenue & Customs
Self Assessment
PO Box 4000
Cardiff
CF14 8HR

BIG SCREEN PRODUCTIONS 7 LLP
TAX COMPUTATIONS

YEAR ENDED 31 MARCH 2019

BIG SCREEN PRODUCTIONS 7 LLP

TAX COMPUTATIONS
YEAR ENDED 31 MARCH 2019

	£
<u>Partnership Trading Loss</u>	
Loss for the financial year	129,932
Bank interest received gross	(46)
Partnership Trading Loss	129,887
<u>Untaxed Interest</u>	
Bank interest received gross	46
Untaxed Interest	46