

LASTDOGMA LIMITED

**Directors' Report &
Financial Statements**

For the year ended 31st March 2001

Company Number: 3529802



A19
COMPANIES HOUSE

A4NNZ7RL

0159
25/01/02

CONTENTS

	Page
Directors and Advisers.....	2
Directors' Report.....	3-4
Profit and Loss Account.....	5
Balance Sheet.....	6
Notes to the Financial Statements.....	7-11

DIRECTORS AND ADVISERS

DIRECTORS	Rupert Lywood
SECRETARY	Sarah Bradly
REGISTERED OFFICE	Gossard House 7-8 Savile Row London W1X 1AF
SOLICITORS	The Simkins Partnership 45-51 Whitfield Street London W1P 6AA
BANKERS	Barclays Bank PLC 50 Pall Mall London

DIRECTORS' REPORT

For the year ended 31st March 2001

The directors present their report and the unaudited financial statements for the year ended 31st March 2001.

PRINCIPAL ACTIVITY

The Company's principal activity is that of a film and television production and distribution company.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The results for the year are shown on page 5.

The Company has participated in the co-production and distribution of the films "Trial by Fire" and "The Last September". Unfortunately broadcasting sales have not yet recouped the full cost of production of either film. Should the Partnership not receive the expected net revenues from the exploitation of the films it has the benefit of pecuniary loss indemnity insurance to cover any shortfall.

Trial by Fire

The total sum insured by the insurance underwriters is £553,619 and this amount has decreased as income is received from broadcasting sales of the film. During February 2001, a claim was submitted to the insurance underwriters and monies amounting to £379,317.74 are currently being held in escrow. Subject to agreement by the insurance underwriters, any balance due from the claim should be paid to the Partnership in February 2002.

The Last September

The total sum insured by the insurance underwriters is £1.8 million and this amount has decreased as income is received from broadcasting sales of the film. During August 2000, a claim was submitted to the insurance underwriters and £817,722.65 was received on 7th December 2001. Monies amounting to approximately £300,000 are currently being held in escrow. The Partners are of the opinion that this money should only be reflected in the accounts once it has been received.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS

The Directors of the Company during the year ended 31st March 2001 were:

Rupert Lywood

DIRECTOR'S INTERESTS

The Director's interest in the Company's share capital at 31st March 2001 and 2000 were as follows:

	Number of ordinary shares of £1 each
Rupert Lywood	107,000

AUDITORS

In the preparation of the Company's financial statements advantage has been taken of the audit exemptions available to small companies conferred by section 249A(1) of the Companies Act 1985. No notice has been received from members requiring an audit under section 249 B(2) of the Companies Act 1985.

DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 2001. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small Company Exemption

The Directors' Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Directors on 17 January 2002.



Sarah Bradley
Company Secretary

PROFIT AND LOSS ACCOUNT

For year ended 31st March 2001

	Notes	Year ended 31 st March 2001 £	Year ended 31 st March 2000 £ Restated
Turnover		9,248	Nil
Cost of sales		(12,198)	(6,872)
Gross (loss)		<u>(2,950)</u>	<u>(6,872)</u>
Administrative expenses		(242)	(158)
Other income	2	9,358	1,914
Interest receivable	3	8,013	276
Interest payable		(8,010)	(255)
Profit/(loss) on ordinary activities before tax		<u>6,169</u>	<u>(5,095)</u>
Tax charge on ordinary activities	1	-	-
Profit/(loss) for the year		<u>6,169</u>	<u>(5,095)</u>
Statement of Reserves			
Balance at 1 st April 2000 as previously stated		(10,235)	(5,427)
Prior year adjustment		(287)	-
Balance at 1 st April 2000 as restated		<u>(10,522)</u>	<u>(5,427)</u>
Profit/(loss) for the year		6,169	(5,095)
At 31 st March 2001		<u>(4,353)</u>	<u>(10,522)</u>

All of the operations are continuing.

The Company has no recognised gains or profits other than those shown above and therefore no separate statement of total recognised gains and profits has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above, and their historical cost equivalents.

The notes on pages 7 to 11 form part of these financial statements.

BALANCE SHEET

As at 31st March 2001

	Notes	31 st March 2001 £	31 st March 2000 £ Restated
Fixed assets			
Investments	5	75,663	83,431
Current assets			
Debtors	6	128,272	145,822
Cash at bank and in hand		26,900	8,385
		<u>155,172</u>	<u>154,207</u>
Creditors: amounts falling due within one year	7	(12,476)	(22,384)
		<u>142,696</u>	<u>131,823</u>
Net current assets			
		<u>142,696</u>	<u>131,823</u>
Total assets less current liabilities		218,359	215,254
Creditors: amounts due after more than one year	8	(115,712)	(118,776)
		<u>102,647</u>	<u>96,478</u>
Net Assets			
		<u>102,647</u>	<u>96,478</u>
Capital and reserves			
Called up share capital	9	107,000	107,000
Profit and loss account		(4,353)	(10,522)
Equity Shareholders' Funds	10	102,647	96,478

The notes on pages 7 to 11 form part of these financial statements.

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

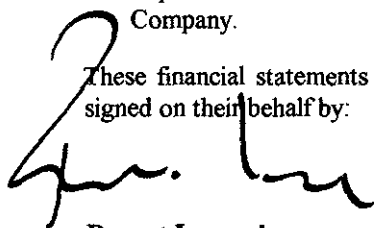
Advantage has been taken of the audit exemptions available for small companies conferred by section 249A(1) of the Companies Act 1985 on the grounds:

- (a) that for the year ended 31st March 2001 the Company was entitled to the exemption from a statutory audit under section 249A(1) of the Companies Act 1985; and
- (b) that no notice has been deposited under section 249B(2) of the Companies Act 1985 in relation to the financial statements for the period.

The directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps proper accounting records which comply with section 221 of the Companies Act 1985; and
- (b) preparing financial statements which give a true and fair view of the state of the affairs of the company at 31st March 2001 and of its loss for the year then ended and are in accordance with the requirement of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements so far as applicable to the Company.

These financial statements were approved by the Board of Directors on 17 January 2002 and were signed on their behalf by:



Rupert Lywood
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2001

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below:

a) **Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention and are in accordance with the Financial Reporting Standards for Smaller Entities.

b) **Investment in Partnerships**

The company's share of profits less losses of the Partnerships in which it has participated for the year ended 31st March 2001 are included in its profit and loss account and the company's share of the net assets of the Partnerships at 31st March 2001 are included in its balance sheet.

(i) Prior year adjustments

In preparing their audited accounts for the year ended 31st December 2000, the "Matrix Films "Last September" Partnership" and the "Matrix Films "Trial by Fire" Partnership" have opted to treat the Sale and leaseback and finance lease agreements in accordance with FRS5, Reporting for the substance of transactions. The comparative figures included in these accounts have accordingly been adjusted so as to reflect this accounting policy.

(ii) Sale and leaseback and finance lease agreements – "Trial by Fire"

On 3rd February 2000, the "Matrix Films "Trial by Fire" Partnership" entered into a Sale and Leaseback agreement whereby it sold the Master Print of the film "Trial by Fire" and leased back substantially all the risks and rewards of ownership of the film. The cost of the film is capitalised at its fair value on the inception of the lease and depreciated over the term of the lease. Proceeds on sale are treated as a finance lease creditor and will be reduced by future capital lease payments. The finance charges are allocated over the lease in proportion to the capital amount outstanding and are charged to the profit and loss account. The lease is for a term of fifteen years, with annual repayments being guaranteed from the long-term deposit held under a deed dated 3rd February 2000. Depreciation on the investments is calculated based on actual receipts in the period as a proportion of the estimated total proceeds and is shown in the accounts within cost of sales.

(iii) Sale and leaseback and finance lease agreements – "The Last September"

On 23rd March 2000, the "Matrix Films "Last September" Partnership" entered into a Sale and Leaseback agreement whereby it sold the Master Print of the film "The Last September" and leased back substantially all the risks and rewards of ownership of the film. The cost of the film is capitalised at its fair value on the inception of the lease and depreciated over the term of the lease on the basis of actual receipts in the period as a proportion of estimated total proceeds. No depreciation was charged during the year as the Partnership had no turnover. Proceeds on sale are treated as a finance lease creditor and will be reduced by future capital lease payments. The finance charges are allocated over the lease in proportion to the capital amount outstanding and are charged to the

profit and loss account. The lease is for a term of fifteen years, with annual repayments being guaranteed from the long term deposit held under a deed dated 23rd March 2000.

c) **Cash flow statement**

The Company qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

d) **Taxation**

Due to losses brought forward there is no charge to taxation for the year.

2. OTHER INCOME

This represents a fee received in respect of co-production of the film "Last September" and the partners are of the opinion that none of the costs shown within investments should be apportioned to this income.

3. INTEREST RECEIVABLE

This represents amounts receivable on monies held in the escrow accounts.

4. PARTICIPATION IN PARTNERSHIPS

The Company's results are derived from a 5.71% participation in "Matrix Films "Trial by Fire" Partnership" and a 3.89% participation in "Matrix Films "Last September" Partnership".

The Company's participation in each partnership is set out below:

	2001		2000	
	Matrix Films "Trial by Fire" Partnership £	Matrix Films "Last September" Partnership £	Matrix Films "Trial by Fire" Partnership £ Restated	Matrix Films "Last September" Partnership £ Restated
Fixed assets	18,804	56,859	26,572	56,859
Current assets	34,172	116,270	29,062	120,407
Creditors: amounts due within one year	(2,430)	(10,055)	(4,537)	(17,848)
Creditors: amounts due after more than one year	(20,635)	(95,077)	(21,142)	(97,634)
Total assets	<u>29,911</u>	<u>67,997</u>	<u>29,955</u>	<u>61,784</u>
Capital contributed	32,000	67,000	32,000	67,000
Loss brought forward	(2,045)	(5,216)	(189)	(1,976)
Profit/(loss) for the year	(44)	6,213	(1,856)	(3,240)
Share of funds	<u>29,911</u>	<u>67,997</u>	<u>29,955</u>	<u>61,784</u>

5. FIXED ASSETS

	Trial by Fire £	The Last September £	Total £
Film asset investment:			
Cost:			
As at 1 st April 2000 and 31 st March 2001	26,572	56,859	83,431
Depreciation:			
As at 1 st April 2000	-	-	-
Charge for the year	7,768	-	7,768
As at 31 st March 2001	<u>7,768</u>	<u>-</u>	<u>7,768</u>
Net book value:			
As at 31 st March 2001	<u>18,804</u>	<u>56,859</u>	<u>75,663</u>
As at 31 st March 2000	<u>26,572</u>	<u>56,859</u>	<u>83,431</u>

Investments represent total costs incurred in the production of the above films. Depreciation is calculated based on actual receipts in the period as a proportion of the estimated total proceeds. No depreciation is provided in the year in respect of The Last September since the Matrix "Last September" Partnership had no trading income during the period.

6. DEBTORS

	2001 £	2000 £ Restated
Amounts falling due within one year:		
Sale and leaseback deposits	126,792	129,328
Prepayments and accrued income	1,378	5,036
VAT	102	11,458
	<u>128,272</u>	<u>145,822</u>

The sale and leaseback deposits represent amounts put on deposit and held under guarantees to meet future finance lease payments. The funds are held in escrow accounts with ABN Amro NV and £115,712 is due after more than one year.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £ Restated
Sale and leaseback loans	11,072	10,552
Other creditors	1,307	11,423
Accruals and deferred income	97	409
	<u>12,476</u>	<u>22,384</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £ Restated
Obligation under finance lease agreements	115,712	118,776

Debt due after more than one year

Future commitments under finance leases are as follows:

	2001 £	2000 £
Amounts payable between one and five years	11,072	10,552
Amounts payable after more than five years	174,102	185,702
	185,174	196,254
Less interest and finance charges relating to future periods	(69,462)	(77,478)
	115,712	118,776

9. SHARE CAPITAL

	2001 £	2000 £
Authorised		
1,000,000 Ordinary Shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
107,000 Ordinary Shares of £1 each	107,000	107,000

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £ Restated
Shareholders' funds at 1 st April 2000 (originally £96,765 before prior year adjustment of £287)	96,478	101,573
Profit/(loss) for the year	6,169	(5,095)
Shareholders' funds at 31 st March 2001	102,647	96,478

11. PARTNERSHIP ACCOUNTS

The Company, under the terms of various partnership deeds, has entered into partnership with "Matrix Films "Trial By Fire" Partnership" and "Matrix Films "Last September" Partnership", which have engaged in the production and distribution of various films. It is committed to both partnerships for a minimum of three years. Any profits realised in the partnerships will be distributed to the companies that are partners in the partnerships in proportion to the amounts of the contribution made by each partner to the partnerships' capital.

The most recent accounting period for each of these partnerships was to 31st December 2000 and audited accounts have been prepared to this date in order to comply with the Partnership and Unlimited Companies (Accounts) Regulations 1993.