

**ANIMATRIX LIMITED**  
(formerly Lastdogma Limited)  
**Directors' Report &  
Financial Statements**

For the year ended 31<sup>st</sup> March 2002

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Company Number: 3529802



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## **CONTENTS**

	<b>Page</b>
Directors and Advisers.....	2
Directors' Report.....	3-4
Profit and Loss Account.....	5
Balance Sheet.....	6
Notes to the Financial Statements.....	7-10

## **DIRECTORS AND ADVISERS**

DIRECTORS	Rupert Lywood
SECRETARY	Tina Blakemore
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 31<sup>st</sup> March 2002*

The directors present their report and the unaudited financial statements for the year ended 31<sup>st</sup> March 2002. On 2<sup>nd</sup> April 2002 the company changed its name from Lastdogma Limited to Animatrix Limited.

### **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 and the partnerships have taken advantage of the pecuniary loss indemnity insurance policy to cover any shortfall.

#### *Trial by Fire*

The total sum insured by the insurance underwriters was £553,619 and this amount has decreased as income has been received from broadcasting sales of the film. The release and payment of these monies is currently the subject of litigation between the partnership and the insurer General Star. It is expected that the case will go to trial sometime in 2003.

#### *The Last September*

The total sum insured by the insurance underwriters was £1,800,000 and this amount has decreased as income has been received from broadcasting sales of the film. During August 2000, a claim was submitted to the insurance underwriters and, between December 2001 and March 2002, £1,135,587 was received from four of the insurers in the syndicate. The one remaining insurer is currently refusing to pay the claim and legal proceedings have been instigated to recover the balance of the sum assured. An amount, net of legal and administrative expenses, equal to £1,300,000 was distributed to the partners in the new financial year. The balance of the funds outstanding will be distributed to the partners as soon as further funds have been received.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend.

### **DIRECTORS**

The Directors of the Company during the year ended 31<sup>st</sup> March 2002 were:

Rupert Lywood

### **DIRECTOR'S INTERESTS**

The Director's interest in the Company's share capital at 31<sup>st</sup> March 2002 and 2001 were as follows:

	<b>Number of ordinary shares of £1 each</b>
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 31<sup>st</sup> March 2002. 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 12 December 2002.



**Tina Blakemore**  
**Company Secretary**

## PROFIT AND LOSS ACCOUNT

For year ended 31<sup>st</sup> March 2002

	Notes	Year ended 31 <sup>st</sup> March 2002 £	Year ended 31 <sup>st</sup> March 2001 £
Turnover		45,956	9,248
Cost of sales		(38,684)	(12,198)
Gross (loss)		<u>7,272</u>	<u>(2,950)</u>
Administrative expenses		(295)	(242)
Other income	2	-	9,358
Interest receivable	3	8,309	8,013
Interest payable		(7,833)	(8,010)
<b>Profit/(loss) on ordinary activities before tax</b>		<u>7,453</u>	<u>6,169</u>
Tax charge on ordinary activities	1	-	-
<b>Profit/(loss) for the year</b>		<u><u>7,453</u></u>	<u><u>6,169</u></u>
<b>Statement of Reserves</b>			
Balance at 1 <sup>st</sup> April 2001		(4,353)	(10,522)
Profit for the year		7,453	6,169
At 31 <sup>st</sup> March 2002		<u><u>3,100</u></u>	<u><u>(4,353)</u></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 10 form part of these financial statements.

## BALANCE SHEET

*As at 31<sup>st</sup> March 2002*

	Notes	31 <sup>st</sup> March 2002 £	31 <sup>st</sup> March 2001 £
<b>Fixed assets</b>			
Investments	5	38,302	75,663
<b>Current assets</b>			
Debtors	6	123,829	128,272
Cash at bank and in hand		72,018	26,900
		<u>195,847</u>	<u>155,172</u>
<b>Creditors: amounts falling due within one year</b>	7	<b>(12,134)</b>	<b>(12,476)</b>
<b>Net current assets</b>		<u>183,713</u>	<u>142,696</u>
<b>Total assets less current liabilities</b>		<u>222,015</u>	<u>218,359</u>
<b>Creditors: amounts due after more than one year</b>	8	<b>(111,915)</b>	<b>(115,712)</b>
<b>Net Assets</b>		<u>110,100</u>	<u>102,647</u>
<b>Capital and reserves</b>			
Called up share capital	9	107,000	107,000
Profit and loss account		3,100	(4,353)
<b>Equity Shareholders' Funds</b>	10	<u>110,100</u>	<u>102,647</u>

The notes on pages 7 to 10 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.

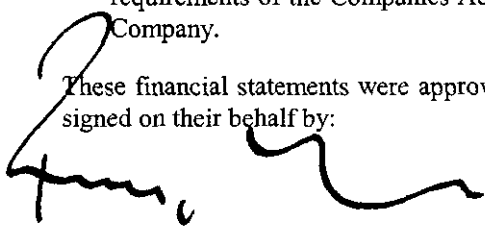
Advantage has been taken of the audit exemptions available for small companies conferred by section 249A(1) of the Companies Act 1985 on the grounds:

- (a) that for the year ended 31<sup>st</sup> March 2002 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 31<sup>st</sup> March 2002 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 12 December 2002 and were signed on their behalf by:



Rupert Lywood  
Director

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31<sup>st</sup> March 2002*

### 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 31<sup>st</sup> March 2002 are included in its profit and loss account and the company's share of the net assets of the Partnerships at 31<sup>st</sup> March 2002 are included in its balance sheet.

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

On 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

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

On 23<sup>rd</sup> 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 23<sup>rd</sup> 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:

	2002		2001	
	Matrix Films "Trial by Fire" Partnership £	Matrix Films "Last September" Partnership £	Matrix Films "Trial by Fire" Partnership £	Matrix Films "Last September" Partnership £
Fixed assets	17,315	20,987	18,804	56,859
Current assets	35,332	155,788	34,172	116,270
Creditors: amounts due within one year	(2,532 )	(9,605 )	(2,430 )	(10,055 )
Creditors: amounts due after more than one year	(19,995 )	(91,920 )	(20,635 )	(95,077 )
Total assets	<u>30,120</u>	<u>75,250</u>	<u>29,911</u>	<u>67,997</u>
Capital contributed	32,000	67,000	32,000	67,000
Loss brought forward	(2,089 )	997	(2,045 )	(5,216 )
Profit/(loss) for the year	209	7,253	(44 )	6,213
Share of funds	<u>30,120</u>	<u>75,250</u>	<u>29,911</u>	<u>67,997</u>

*Animatrix Limited*  
(formerly Lastdogma Limited)

**5. FIXED ASSETS**

	Trial by Fire £	The Last September £	Total £
Film asset investment:			
Cost:			
As at 1 <sup>st</sup> April 2001 and 31 <sup>st</sup> March 2002	26,572	56,859	83,431
Depreciation:			
As at 1 <sup>st</sup> April 2001	7,768	-	7,768
Charge for the year	1,489	35,872	37,361
As at 31 <sup>st</sup> March 2002	<u>9,257</u>	<u>35,872</u>	<u>45,129</u>
Net book value:			
As at 31 <sup>st</sup> March 2002	<u>17,315</u>	<u>20,987</u>	<u>38,302</u>
As at 31 <sup>st</sup> March 2001	<u>18,804</u>	<u>56,859</u>	<u>75,663</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.

**6. DEBTORS**

	2002 £	2001 £
Amounts falling due within one year:		
Sale and leaseback deposits	123,549	129,792
Prepayments and accrued income	246	1,378
VAT	34	102
	<u>123,829</u>	<u>128,272</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 £111,915 (2001: £115,712) is due after more than one year.

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002 £	2001 £
Sale and leaseback loans	11,631	11,072
Other creditors	-	1,307
Accruals and deferred income	503	97
	<u>12,134</u>	<u>12,476</u>

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

	2002 £	2001 £
Obligation under finance lease agreements	<u>111,915</u>	<u>115,712</u>

**Debt due after more than one year**

Future commitments under finance leases are as follows:

	2002 £	2001 £
Amounts payable between one and five years	11,631	11,072
Amounts payable after more than five years	161,910	174,102
	<u>173,541</u>	<u>185,174</u>
Less interest and finance charges relating to future periods	(61,626 )	(69,462 )
	<u>111,915</u>	<u>115,712</u>

**9. SHARE CAPITAL**

	2002 £	2001 £
<b>Authorised</b>		
1,000,000 Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Called up, allotted and fully paid</b>		
107,000 Ordinary Shares of £1 each	<u>107,000</u>	<u>107,000</u>

**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2002 £	2001 £
Shareholders' funds at 1 <sup>st</sup> April 2001	102,647	96,478
Profit/(loss) for the year	7,453	6,169
Shareholders' funds at 31 <sup>st</sup> March 2002	<u>110,100</u>	<u>102,647</u>

**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 31<sup>st</sup> December 2000 and audited accounts have been prepared to this date in order to comply with the Partnership and Unlimited Companies (Accounts) Regulations 1993.