

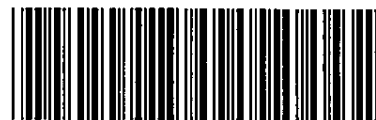
1191228

The Moving Picture Company Limited

Report and Financial Statements

31 December 2006

WEDNESDAY



LIXC92F2

LD3

20/08/2008

49

COMPANIES HOUSE

Company Information

Contents

Page	
2	Company Information
3	Directors' Report
6	Statement of director's responsibilities in respect of the directors' report and the financial statements
7	Independent Auditors' Report
9	Profit & Loss Account
10	Balance Sheet
11	Notes to the Financial Statements

Company Information

Registered Number

1191228

Directors

D St G Jeffers (resigned 1 February 2007)

A W Camilleri

R Andrews (resigned 31 October 2006)

M A Fialkowski (resigned 30 June 2006)

R Sweet

M Benson (appointed 1 February 2007)

M Elson (appointed 1 February 2007)

Secretary

R Sweet

Auditors

KPMG LLP

8 Salisbury Square

London

EC4Y 8BB

Bankers

HSBC Bank PLC

27-32 Poultry

London EC2P 2BX

Registered Office

Building 1, 3rd Floor Chiswick Park

566 Chiswick High Road

London

W4 5BY

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2006

Business review and principal activities

The main services provided by the company are the provision of digital visual effects for the television and film industries. Services also include colour grading, film and tape duplication and the provision of broadcast videotape facilities.

The Moving Picture Company Limited is one of the largest visual effects studios in the world.

The company recognises its continued success is contingent upon maintaining good rapport with clients. To this end the company is committed to developing and building strong, long-term client relationships and providing a service of excellence second to none.

Implicit in this is the production of creative output to the highest calibre, of a class that not just follows world standards, but which drives expectations and sets new global benchmarks.

The results for the company show a pre-tax profit of £3,690,756 (2005 £346,971) and revenues of £45,355,126 (2005 £41,935,000).

Turnover in the year for the company increased by 8.1% to £45 million.

Gross Profit increased by 7.8%, while the gross profit margin remained constant at 29.5%.

Operating profit margin increased from 0% to 7.0%.

The current ratio of assets to liabilities rose from 178% to 207% in the year, and the quick ratio rose from 177% to 205%.

We regularly review revenue, cost of sales, administrative expenses and operating profits as these are good indicators of relative business performance. Cost of sales primarily comprise of salaries, the cost of freelance contractors, third party costs and depreciation of plant and machinery. Administrative costs mainly comprise of administrative salaries, occupancy costs and other overheads.

Future Outlook

The visual effects market is expected to remain very competitive in 2007, however, we are confident that the company will maintain its current level of performance.

Risks and Uncertainties

Operating within a technology-driven industry, the company must keep up to date with any such advances and keep abreast of developments within the media industry so as to meet changing client needs.

Our employees are our most important asset, staff retention and recruitment is crucial to our continued success. The company remains focused on providing a stimulating and safe environment for all its employees and offering both competitive remuneration and a rewarding career path in order to safeguard this asset.

Post Balance Sheet Event

On 1 June 2007 the trade and assets of Picasso Pictures (The 2d animation division) were sold for cash consideration to two senior employees of that division. From this date Picasso Pictures trades as a separate entity, outside of the company and the Thomson S.A. group.

Directors' report

Dividends

An interim dividend of £nil was paid during the year (2005 – £nil)

The directors do not recommend payment of a final dividend for the year (2005 – £nil)

Donations

The donations made by the company during the year for charitable purposes were £2,775 (2005 – £9,839)

Political donations made by the company during the year were nil (2005 – £nil)

Directors

The directors of the company who served during the year were as follows

D St G Jeffers	(resigned 1 February 2007)
A W Camilleri	
R Andrews	(resigned 31 October 2006)
M A Fialkowski	(resigned 30 June 2006)
R Sweet	
M Elson	(appointed 1 February 2007)
M Benson	(appointed 1 February 2007)

Creditor payment policy

It is company policy that payments to all suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions. Trade creditor days of the company for the year ended 31 December 2006 were 74 days (2005 – 34 days), based on the ratio of company trade creditors at the year end to the amount invoiced during the year by trade creditors.

Employee involvement and disabled person

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person, as far as possible, be identical to that of the person who does not suffer from a disability.

Consultation with employees has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to effect their interests and that all employees are aware of the performance of the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report

Auditors

The company has passed elective resolutions to dispense with the laying of the annual report and financial statements before the company in a General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366A respectively of the Companies Act 1985

By order of the Board



R Sweet

Director

Building 1, 3rd Floor Chiswick Park
566 Chiswick High Road
London
W4 5BY

8th August 2008

Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report

to the members of The Moving Picture Company Limited

KPMG LLP

8 Salisbury Square

London

EC4Y 8BB

United Kingdom

We have audited the financial statements of The Moving Picture Company for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

Independent auditors' report

to the members of The Moving Picture Company Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



KPMG LLP

*Chartered Accountants
Registered Auditor*

11 AUGUST 2008

Profit and loss account

for the year ended 31 December 2006

		<i>Restated</i>	
	<i>Year ended</i>	<i>31 December</i>	<i>31 December</i>
		<i>2006</i>	<i>2005</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Turnover	2	45,355	41,935
Cost of sales		(31,973)	(29,525)
Gross profit		13,382	12,410
Administrative expenses		(10,263)	(12,424)
Other operating income	4	70	12
Operating profit / (loss)	3	3,189	(2)
Interest receivable and similar income	5	501	349
Profit on ordinary activities before taxation		3,690	347
Tax on profit on ordinary activities	8	(1,168)	(468)
Profit / (loss) for the financial year	19, 20	2,522	(121)

The notes on pages 12 to 23 form part of these financial statements

There is no difference between the profit on ordinary activities before taxation and the profit (2005 loss) for the financial year stated above, and the historical cost equivalents

The results above are all derived from continuing operations

The company has no recognised gains or losses other than the profit for this and the last financial year. Accordingly, a statement of total recognised gains and losses has not been prepared

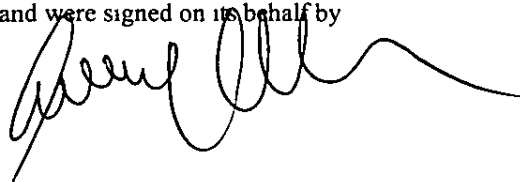
Balance Sheet

at 31 December 2006

		31 December 2006 £000	Restated 31 December 2005 £000
	Notes		
Fixed Assets			
Tangible assets	9	6,107	6,946
Investments	10	-	-
		6,107	6,946
Current assets			
Stocks	11	96	73
Debtors	12	25,413	21,963
Cash at bank and in hand		517	209
		26,026	22,245
Creditors: amounts falling due within one year	13	(12,725)	(12,505)
Net current assets		13,301	9,740
Total assets less current liabilities		19,408	16,686
Creditors: amounts falling due after more than one year	14	(147)	(200)
Provisions for liabilities and charges	15	(253)	-
Net assets		<u>19,008</u>	<u>16,486</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	19,008	16,486
Equity shareholders' funds	20	<u>19,008</u>	<u>16,486</u>

The notes on pages 12 to 23 form part of these financial statements

These financial statements were approved by the board of directors on 8th August 2008 and were signed on its behalf by



A Camilleri
Director

Notes to the Financial Statements

at 31 December 2006

1. Accounting policies

The financial statements are prepared on a going concern basis and under the historical cost convention in accordance with applicable accounting standards in the United Kingdom. The accounts have been prepared on a consistent basis with prior accounting periods except in the following circumstances:

- The allocation of payroll costs between costs of sales and administrative costs has been changed to reflect the current business model. The profit and loss account has been restated for 31 December 2005, comprising a reduction and corresponding increase in administrative expenses and cost of sales respectively of £13.6 million. Group management fees and recharges are reclassified from operating income to administrative expenses.
- Certain balances have been reclassified between assets and liabilities between current and non-current. The 31 December 2005 balance sheet has been restated accordingly. There is no impact on net assets and the profit/loss for the financial year in the current and prior year.

Basis of preparation

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Thomson S.A., a company incorporated in France, and is included in the consolidated financial statements of the Thomson S.A. group. Therefore, these financial statements present information about the company as an individual undertaking and not about its group.

Related Party Transactions

The company has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Disclosures" from the requirement to disclose transactions with related parties which are part of the same group or investees of that group.

There are no transactions between the company and any related parties which otherwise would require disclosure under Financial Reporting Standard No 8 "Related Party Disclosures".

Statement of cash flows

The company is a wholly owned subsidiary of Thomson S.A. and the statement of cash flows of the company are included in the consolidated statement cash flow of Thomson S.A. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

Turnover

Turnover, which excludes value added tax, is arrived at as follows:

- (i) Where facilities are being provided, turnover represents the sales value of the service during the year.
- (ii) Where a production contract exists, turnover represents the sales value of contracts completed during the year. Completion is defined as when all post production work is finished.
- (iii) Where a long term contract exists, turnover represents the value of contracts work done based on a cost completion method.

Notes to the Financial Statements

at 31 December 2006

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation is calculated on a straight line basis so as to write off the book value of fixed assets over their economic useful lives. The main annual rates adopted are as follows

Leasehold improvements	– Length of lease
Equipment, fixtures and fittings	– 15%-50% per annum
Motor vehicles	– 25% per annum

Depreciation policies are reviewed on a regular basis

Work in progress

Work in progress on productions for third parties is valued at the lower of cost and net realisable value. No value is attributed to work in progress unless there is a contract committing a customer to purchase the production. Cost comprises direct costs of production. Net realisable value is the estimated selling price less all further costs to completion. Payments in advance are set off against work in progress in the balance sheet, and any amount in excess of the value of work in progress is included in current liabilities.

Stocks

Inventory held by the company is of a consumable nature. They are commercial recording tapes used for duplication and film transfer and valued at cost.

Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract with reference to the proportion of total costs incurred. An estimate of the profit attributable to the work completed is recognised during the length of the contract. The amount by which turnover exceeds invoiced work is shown under debtors as accrued income. The amount by which invoiced work exceeds turnover is shown under creditors as deferred income. The costs on long term contracts are taken to the profit and loss account as they are incurred.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Dilapidation provision

The company has operating leases over its offices that require the assets to be returned to the lessor in its original condition. The operating lease payments do not include an element for the repairs/overhauls. A dilapidation provision is recognised at the time it is determined that it is probable that such costs will be incurred in a future period, measured at the expected cost of returning the asset to the lessor in original condition. An offsetting asset of the same value is also recognised and is classified in tangible fixed assets. This asset is depreciated to the profit and loss account over the life of the lease.

Notes to the Financial Statements

at 31 December 2006

Pensions

Contributions in respect of defined contribution pension schemes and multi-employer defined benefit schemes where, the employer's contributions are set in relation to the current service period only, are charged to the profit and loss account as they fall due

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account in the year in which they arise

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Turnover

The analysis of turnover by geographical destination is as follows

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
United Kingdom	36,203	36,110
Rest of Europe	628	1,115
North America	7,394	4,682
Australia	-	12
Asia	1,129	-
Africa	1	16
	<u>45,355</u>	<u>41,935</u>

Notes to the Financial Statements

at 31 December 2006

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Depreciation charge	3,092	4,403
Audit of these financial statements	90	75
Operating lease rentals – plant and machinery	197	193
– other	1,365	1,447
	<u> </u>	<u> </u>

Remuneration of the company's auditors for provision of non-audit services to the company was £nil
(2005 – £nil)

4. Other operating income

	<i>Year ended 31 December 2006 £000</i>	<i>Restated Year ended 31 December 2005 £000</i>
Profit on disposal of fixed assets	4	12
Exchange differences	66	-
	<u> </u>	<u> </u>
	70	12
	<u> </u>	<u> </u>

5. Interest receivable and similar income

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Interest receivable from group undertakings	501	349
	<u> </u>	<u> </u>

Notes to the Financial Statements

at 31 December 2006

6. Directors' emoluments

The remuneration of the directors of The Moving Picture Company Limited was

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Directors' emoluments	1,880	488
Contributions towards defined contribution scheme	39	41
Other emoluments (including benefits in kind)	2	9
	<u>1,921</u>	<u>538</u>

Highest paid director

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Total emoluments	1,147	341
Contributions towards defined contribution scheme	29	31
	<u>1,176</u>	<u>372</u>

Retirement benefits are accruing to two directors under defined contribution schemes

Notes to the Financial Statements

at 31 December 2006

7. Staff costs (including executive directors and short term contractors)

(a) Staff costs

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Wages and salaries	25,971	20,326
Social security costs	2,883	2,293
Pension costs	729	619
	<u>29,583</u>	<u>23,238</u>

(b) The average weekly number of persons (including executive directors and short term contractors) employed during the year, analysed by category was as follows

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Production	371	331
Selling	51	49
Administration	69	67
	<u>491</u>	<u>447</u>

Notes to the Financial Statements

at 31 December 2006

8. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
UK Corporation Tax on profit for the year	(1,320)	(258)
Adjustments in respect of previous periods	48	(258)
Total current tax charge (note 8b)	<u>(1,272)</u>	<u>(516)</u>
Deferred taxation		
Originating and reversal of timing differences	70	(143)
Adjustments relating to previous years	34	191
	<u>104</u>	<u>48</u>
Tax charge for the year	<u><u>(1,168)</u></u>	<u><u>(468)</u></u>

(b) Factors affecting tax for the year

The tax assessed on the profit on ordinary activities is higher (2005 higher) than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	<i>Year ended 31 December 2006 £000</i>	<i>Year ended 31 December 2005 £000</i>
Profit on ordinary activities before taxation	3,690	347
Corporation tax charge at the standard rate of 30%	<u>1,107</u>	<u>104</u>
Effect of		
Disallowed expenses and non-taxable income	177	186
Capital allowances in excess of depreciation	(300)	(100)
Timing differences	336	68
Prior year adjustment	(48)	258
Current tax charge for the year (note 8a)	<u><u>1,272</u></u>	<u><u>516</u></u>

Notes to the Financial Statements

at 31 December 2006

9. Tangible fixed assets

	<i>Improvements to short leasehold properties £000</i>	<i>Post- Production equipment £000</i>	<i>Fixtures fittings and motor vehicles £000</i>	<i>Total £000</i>
Cost				
At 1 January 2006	3,095	27,611	1,571	32,277
Additions	135	2,075	46	2,256
Disposals	-	(1,101)	(20)	(1,121)
At 31 December 2006	3,230	28,585	1,597	33,412
Depreciation				
At 1 January 2006	2,017	22,231	1,083	25,331
Charge for year	328	2,563	201	3,092
Disposals	-	(1,101)	(17)	(1,118)
At 31 December 2006	2,345	23,693	1,267	27,305
Net book value 31 December 2006	885	4,892	330	6,107
Net book value At 1 January 2006	1,078	5,380	488	6,946

10. Fixed asset investments

	<i>31 December 2006 £000</i>	<i>31 December 2005 £000</i>
Shares in subsidiary undertakings	-	-

Interest in group undertakings held directly by the company

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares and voting rights held	Principal activity
Digital Film Limited	England & Wales	Ordinary £1	100%	Dormant
Blonde Films Limited	England & Wales	Ordinary £1	100%	Dormant

Notes to the Financial Statements

at 31 December 2006

11. Stocks

	<i>31 December</i> 2006 £000	<i>31 December</i> 2005 £000
Raw materials and consumables	65	22
Work in progress	31	51
	<u>96</u>	<u>73</u>

12. Debtors

	<i>31 December</i> 2006 £000	<i>31 December</i> 2005 £000
Trade debtors	6,572	7,278
Amounts owed by group undertakings	13,340	9,640
Other Debtors	2,014	506
Deferred taxation (see note 16)	2,023	1,919
Prepayments and accrued income	1,464	2,620
	<u>25,413</u>	<u>21 963</u>

13. Creditors: amounts falling due within one year

	<i>31 December</i> 2006 £000	<i>Restated</i> <i>31 December</i> 2005 £000
Trade creditors	3,221	3,430
Amounts owed to group undertakings	1,351	1,760
Other creditors	1,139	1,692
Other taxation and social security	2,201	448
Accruals and deferred income	4,811	5,165
Payments received on account	2	10
	<u>12,725</u>	<u>12,505</u>

Notes to the Financial Statements

at 31 December 2006

14. Creditors: amounts falling due after one year

	<i>31 December</i>	<i>Restated 31 December</i>
	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Other Creditors	147	200

15. Provisions

	<i>Reorganisation & Restructuring £000</i>	<i>Other Provisions £000</i>	<i>Total £000</i>
At 1 January 2006	-	-	-
Charged to profit and loss account	200	53	253
At 31 December 2006	200	53	253

The Directors expect the current reorganisation and restructuring provision balance to be utilised prior to 31 December 2007

Other provisions include amounts in respect of dilapidation provisions on existing UK properties, which will unwind over the remaining lease terms (see Note 1)

16. Deferred taxation

Movement in deferred tax

	<i>Deferred Tax Asset 2006 £000</i>	<i>Deferred Tax Asset 2005 £000</i>
At 1 January	(1,919)	(1,871)
Profit and loss account	(70)	143
Adjustments relating to previous years	(34)	(191)
At 31 December	(2,023)	(1,919)

Notes to the Financial Statements

at 31 December 2006

16. Deferred taxation (continued)

Deferred tax comprises

	<i>31 December</i> <i>2006</i> <i>£000</i>	<i>31 December</i> <i>2005</i> <i>£000</i>
Accelerated capital allowances	(1,623)	(1,894)
Other timing differences	(400)	(25)
Total deferred tax assets recognised (see Note 12)	<u>(2,023)</u>	<u>(1,919)</u>

There is no unprovided deferred tax in the current or prior period

17. Pension and similar obligations

The Company offers eligible employees membership of the Thomson Group stakeholder defined contribution pension scheme. The total cost of this scheme to the company in the year ended was £657,093 (2005 – £471,172)

In addition four employees of the company are members of three defined contributions pension schemes. The total cost of these schemes to the company for the year ended was £62,948 (2005 – £59,621)

One other employee of the company is a member of the Thomson/Technicolor defined benefits pension scheme. The total cost of this scheme to the company for the year ended was £8,733 (2005 – £7,996)

As a member of a multi-employer defined benefit scheme, where the employers contributions are set in relation to the current service period only, the pension scheme has been accounted for as a defined contribution scheme in accordance with paragraph 9b of FRS 17 'Retirement Benefits'

The total amount of all employer contributions owing at 31 December 2006 was £55,775 (2005 £25,898)

18. Share capital

	<i>31 December</i> <i>2006</i> <i>£000</i>	<i>31 December</i> <i>2005</i> <i>£000</i>
<i>Authorised</i>		
10,000 ordinary shares of £1 each	10	10
<i>Allotted, called up and fully paid</i>	<i>£000</i>	<i>£000</i>
200 ordinary shares of £1 each	–	–

Notes to the Financial Statements

at 31 December 2006

19. Reserves

	<i>Profit and loss account</i>
At 1 January 2006	16,486
Profit for the year	2,522
At 31 December 2006	<u>19,008</u>

20. Reconciliation of movements in shareholders' funds

	<i>31 December 2006 £000</i>	<i>31 December 2005 £000</i>
Profit for the financial year	2,522	(121)
Net increase to shareholders' funds	<u>2,522</u>	<u>(121)</u>
Opening shareholders' funds	16,486	16,607
Closing shareholders' funds	<u>19,008</u>	<u>16,486</u>

21. Financial commitments

As at 31 December 2006, the company was committed to payments during the next year under non-cancellable operating leases, expiring as set out below

	<i>2006 Land & Buildings £000</i>	<i>2006 Plant & Machinery £000</i>	<i>2005 Land & Buildings £000</i>	<i>2005 Plant & Machinery £000</i>
Expiring within				
Between one and two years	-	-	-	-
Between two and five years	-	101	82	70
Over five years	1,365	-	1,365	-
At 31 December 2006	<u>1,365</u>	<u>101</u>	<u>1,447</u>	<u>70</u>

Notes to the Financial Statements

at 31 December 2006

22. Capital commitments

As at 31 December 2006 there were capital commitments of £ nil (2005 £nil)

23. Post Balance Sheet Event

On 1 June 2007 the trade and assets of Picasso Pictures (The 2d animation division) were sold for cash consideration to two senior employees of that division. From this date Picasso Pictures trades as a separate entity, outside of the company and the Thomson S A group.

24. Ultimate parent undertaking

The immediate parent undertaking is The Moving Picture Company Holdings Limited, a company incorporated in England & Wales.

The company's ultimate controlling and parent undertaking at the balance sheet date is Thomson S A, a company incorporated in France. This is the holding company in which the results of the company are consolidated, and these consolidated financial statements are available from Thomson S A, 46 Quai Alphonse Le Gallo, 92100 Boulogne, France.