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# **The Moving Picture Company Limited**

**Registered No. 1191228**

## **Report and Financial Statements**

**31 December 2007**



## **Company Information**

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## Company Information

### Registered Number

1191228

### Directors

D St G Jeffers (resigned 1 February 2007)

A W Camilleri

R Sweet

M Benson (appointed 1 February 2007)

M Elson (appointed 1 February 2007, resigned 2 May 2008)

A Ouri

### 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, 3<sup>rd</sup> 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 2007.

### 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.

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 £5,154,000, (2006: £3,690,756) and revenues of £50,618,677 (2006: £45,355,126). The company recognises such growth 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 producing creative output of the highest calibre.

Results in the year also include an increase in turnover by 11.6% to £ 50.6 million.

Gross Profit increased by 2.4 %, while the gross profit margin decreased to 27.1% (2006: 29.5%).

Operating profit margin increased from 7.03% to 8.16%.

The current ratio of assets to liabilities rose from 205% to 251% in the year, and the quick ratio rose from 204% to 250%.

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 company continues to hold ground in the competitive global market. Departmental restructuring coupled with the streamlining of workflow practices, was undertaken in 2008 to place the company in a strong position to maintain changing demands of clients

Margin erosion typical of the economic climate has affected 2009 results to date, though optimism is buoyed for the remainder of the year by the award of several major film projects which contribute to positive margins and a favourable outlook moving forward.

### 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.

As the visual effects industry is a relatively small global industry the company is effected by international issues including foreign currency fluctuations and tax legislation changes. Remaining update with such changes is imperative.

## Directors' report

This has never been more important during the market downturn presently experienced. While competition remains high, projects needs to be closely assessed against constrained margins.

Critically, creative output must remain of the highest standard.

### Dividends

An interim dividend of £nil was paid during the year (2006 – £nil).

The directors do not recommend payment of a final dividend for the year (2006 – £nil).

### Donations

The donations made by the company during the year for charitable purposes were £5,783 (2006 – £2,775).

Political donations made by the company during the year were nil. (2006 – £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 Sweet	
M Elson	(appointed 1 February 2007, resigned 2 May 2008)
M Benson	(appointed 1 February 2007)
A Ouri	

### 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 2007 were 86 days (2006 – 74 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

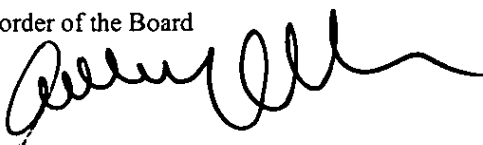
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make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



**A Camilleri**

**Director**

29 JUNE 2009

Building 1, 3<sup>rd</sup> Floor Chiswick Park  
566 Chiswick High Road  
London  
W4 5BY

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## **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.

# **Independent auditor's 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 2007 which comprise the Profit and Loss Account, the Balance Sheet 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 auditor's 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 2007 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.

## Emphasis of Matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. In particular, the company's reliance on the continued support of its ultimate parent undertaking and the ability of that parent to continue to provide such support. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern

  
KPMG LLP

*Chartered Accountants  
Registered Auditor*

29 JUNE 2009

## Profit and loss account

for the year ended 31 December 2007

		Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
	Notes		
<b>Turnover</b>	2	50,619	45,355
Cost of sales		(36,912)	(31,973)
<b>Gross profit</b>		13,707	13,382
Administrative expenses		(9,297)	(10,263)
Other operating (expense)/income	4	(282)	70
<b>Operating profit</b>	3	4,128	3,189
Other interest receivable and similar income	5	1,026	501
<b>Profit on ordinary activities before taxation</b>		5,154	3,690
Tax on profit on ordinary activities	8	(1,081)	(1,168)
<b>Profit for the financial year</b>	19	4,073	2,522

The notes on pages 11 to 24 form part of these financial statements.

There is no difference between the profit on ordinary activities before taxation and the profit 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 previous financial year. Accordingly, a statement of total recognised gains and losses has not been prepared.

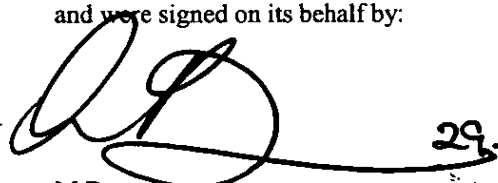
## Balance Sheet

at 31 December 2007

		31 December 2007 £000	31 December 2006 £000
	Notes		
<b>Fixed Assets</b>			
Tangible assets	9	6,650	6,107
Investments	10	-	-
		6,650	6,107
<b>Current assets</b>			
Stocks	11	71	96
Debtors	12	27,512	25,413
Cash at bank and in hand		-	517
		27,583	26,026
<b>Creditors:</b> amounts falling due within one year	13	(11,009)	(12,725)
<b>Net current assets</b>		16,574	13,301
<b>Total assets less current liabilities</b>		23,224	19,408
<b>Creditors:</b> amounts falling due after more than one year	14	(93)	(147)
<b>Provisions for liabilities and charges</b>	15	(50)	(253)
<b>Net assets</b>		<u>23,081</u>	<u>19,008</u>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Profit and loss account	19	23,081	19,008
<b>Equity shareholders' funds</b>	20	<u>23,081</u>	<u>19,008</u>

The notes on pages 11 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:

 29.6.09  
M Benson  
Director

## Notes to the Financial Statements

at 31 December 2007

### 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.

#### 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.

The company has net current assets of £16,574,000 as at 31 December 2007 and made a profit for the financial year then ended of £4,073,000. Due to market conditions, however, both the trading performance and net asset position of the company have since deteriorated and unaudited management accounts as at 31 May 2009 indicate that the company now has net current liabilities of £6,000.

The company currently meets its day to day working capital requirements from intercompany loans and balances with fellow group companies of the group headed by Thomson SA (The Group) which are repayable on demand.

The Directors have prepared cash flow forecasts for the next twelve months which show the company will continue to be reliant on Group to support their working capital needs until June 2010. These forecasts include key assumptions specifically over the company's future trading activity and award of several major film projects and acknowledge that variations in the trading assumptions would impact the timing and quantum of cash flows.

On the basis of these forecasts Thomson SA. has indicated to the Directors that for at least 12 months from the date of approval of these financial statements it will continue to support the company such that it can continue to settle its liabilities as they fall due. However there is uncertainty about the ability of the parent to continue to provide that support, as explained below.

Thomson S.A. (and the Group) indicated that it was faced as of April 30, 2009 with a breach of covenants contained in its financial agreements pursuant to which the Thomson Group raised substantially all of its senior debt.

To respond to this situation, Thomson has obtained a waiver from its creditors until July 24, 2009, in order to negotiate the restructuring of its senior debt and its balance sheet. If the negotiations entered are not concluded by July 24, 2009, or if its creditors are not willing to extend the waivers, Thomson SA could, in order to avoid the risk of an acceleration of its debt, request the opening of Sauvegarde proceeding under the provisions of articles L. 620-1 et seq. of the Code de commerce (French Commercial Code)

In the content described above the company's Directors believe it is unlikely that Thomson SA would not be able to provide the support offered. Accordingly, the directors have prepared the financial statements on a going concern basis. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

However, the above matters represent a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## Notes to the Financial Statements

at 31 December 2007

### Related Party Transactions

As the company is a wholly owned subsidiary of Thomson S.A. 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. The consolidated financial statements of Thomson SA within which this company is included, can be obtained from the address given in Note 23.

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 is measured at fair value being contract price net of discounts and value added tax and is recognised at the following points:

- (i) Where facilities are being provided, turnover represents the value of the service which has been delivered.
- (ii) Where a production contract exists, turnover is recognised when contracts are 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.

### 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	– 10%-20%
Equipment, fixtures and fittings	– 15%-50% 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.

## Notes to the Financial Statements

at 31 December 2007

### 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 the lower of costs and net realisable value.

### 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. A provision is made for any losses as soon as they are foreseen. 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. The company is expected to incur the liability within the next 4 years. 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.

### 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. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. 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 profit 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 without discounting in respect of all timing differences between the treatment of certain items to taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

## Notes to the Financial Statements

at 31 December 2007

### 2. Turnover

The analysis of turnover by geographical destination is as follows:

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
United Kingdom	48,286	36,203
Rest of Europe	536	628
North America	1,783	7,394
Asia	14	1,129
Africa	-	1
	<u>50,619</u>	<u>45,355</u>

### 3. Operating profit

Operating profit is stated after charging:

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
Depreciation charge	3,282	3,092
Audit of these financial statements	114	90
Operating lease rentals – plant and machinery	197	197
– other	1,133	1,365
	<u>5,726</u>	<u>5,744</u>

Remuneration of the company's auditors for provision of non-audit services to the company was £nil (2006 – £nil) during the year.

## Notes to the Financial Statements

at 31 December 2007

### 4. Other operating (expense) / income

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
(Loss) / Profit on disposal of fixed assets	(85)	4
Exchange differences	(11)	66
Restructuring	(184)	-
Other	(2)	-
	<u>(282)</u>	<u>70</u>

### 5. Interest receivable and similar income

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
Interest receivable from group undertakings	1,026	501
	<u>1,026</u>	<u>501</u>



## Notes to the Financial Statements

at 31 December 2007

### 6. Directors' emoluments

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

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
Directors' emoluments	2,049	1,880
Contributions towards defined contribution scheme	59	39
Other emoluments (including benefits in kind)	3	2
	<u>2,111</u>	<u>1,921</u>

Highest paid director:

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
Total emoluments	700	1,147
Contributions towards defined contribution scheme	18	29
	<u>718</u>	<u>1,176</u>

Retirement benefits are accruing to three directors under a defined contribution scheme.

## Notes to the Financial Statements

at 31 December 2007

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

(a) Staff costs:

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
Wages and salaries	28,431	25,971
Social security costs	3,266	2,883
Pension costs	866	729
	<u>32,563</u>	<u>29,583</u>

(b) The average 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 2007</i>	<i>Year ended 31 December 2006</i>
Production	429	371
Selling	52	51
Administration	74	69
	<u>555</u>	<u>491</u>

## Notes to the Financial Statements

at 31 December 2007

### 8. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
UK Corporation Tax on profit for the year	(801)	(1,320)
Adjustments in respect of previous periods	688	48
Total current tax charge (note 8b)	<u>(113)</u>	<u>(1,272)</u>
<b>Deferred taxation</b>		
Originating and reversal of timing differences	(601)	70
Adjustments relating to previous years	(367)	34
	<u>(968)</u>	<u>104</u>
Tax on profit on ordinary activities	<u><u>(1,081)</u></u>	<u><u>(1,168)</u></u>

(b) Factors affecting tax for the year

The tax assessed on the profit on ordinary activities is lower (2006: *higher*) than the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are explained below:

	<i>Year ended 31 December 2007 £000</i>	<i>Year ended 31 December 2006 £000</i>
Profit on ordinary activities before taxation	5,154	3,690
Corporation tax charge at the standard rate of 30%	<u>1,546</u>	<u>1,107</u>
Effect of:		
Disallowed expenses and non-taxable income	189	177
Depreciation in excess of capital allowances	(305)	(300)
Timing differences	(338)	336
Adjustment relating to previous years	(688)	(48)
R&D Credits	(291)	-
Current tax charge for the year (note 8a)	<u><u>113</u></u>	<u><u>1,272</u></u>

## Notes to the Financial Statements

at 31 December 2007

### 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 2007	3,230	28,585	1,597	33,412
Additions	519	3,393	62	3,974
Disposals	(15)	(202)	(89)	(306)
At 31 December 2007	<u>3,734</u>	<u>31,776</u>	<u>1,570</u>	<u>37,080</u>
Depreciation:				
At 1 January 2007	2,345	23,693	1,267	27,305
Charge for year	330	2,742	210	3,282
Disposals	(15)	(57)	(85)	(157)
At 31 December 2007	<u>2,660</u>	<u>26,378</u>	<u>1,392</u>	<u>30,430</u>
Net book value: 31 December 2007	<u>1,074</u>	<u>5,398</u>	<u>178</u>	<u>6,650</u>
Net book value: At 1 January 2007	<u>885</u>	<u>4,892</u>	<u>330</u>	<u>6,107</u>

### 10. Fixed asset investments

	<i>31 December 2007 £000</i>	<i>31 December 2006 £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 2007

### 11. Stocks

	<i>31 December</i> 2007 £000	<i>31 December</i> 2006 £000
Raw materials and consumables	71	65
Work in progress	-	31
	<u>71</u>	<u>96</u>

### 12. Debtors

	<i>31 December</i> 2007 £000	<i>31 December</i> 2006 £000
Trade debtors	7,055	6,572
Amounts owed by group undertakings	17,647	13,340
Other Debtors	446	2,014
Net Deferred Tax Asset (see note 16)	1,055	2,023
Prepayments and accrued income	1,309	1,464
	<u>27,512</u>	<u>25,413</u>

### 13. Creditors: amounts falling due within one year

	<i>31 December</i> 2007 £000	<i>31 December</i> 2006 £000
Trade creditors	2,644	3,221
Bank Overdrafts and Loans	27	-
Amounts owed to group undertakings	717	1,351
Other creditors	2,098	1,139
Other taxation and social security	2,046	2,201
Accruals and deferred income	3,468	4,811
Payments received on account	9	2
	<u>11,009</u>	<u>12,725</u>

The company, together with certain other group companies, has entered into a cash pooling arrangement with HSBC Bank plc. Funds are held with a central treasury account where HSBC Bank plc has the right to apply positive cash balances of the company against indebtedness or liabilities of other companies named in the agreement. Treasury funds are reported as an intercompany debtor/creditor in the financial statements. This facility is guaranteed by Thomson S.A.

## Notes to the Financial Statements

at 31 December 2007

### 14. Creditors: amounts falling due after one year

	<i>31 December</i>	<i>31 December</i>
	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Other Creditors	93	147

### 15. Provisions

	<i>Reorganisation &amp; Restructuring</i>	<i>Other</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2007	200	53	253
Charged to profit and loss account	184	(3)	181
Credited during the year	(384)	-	(384)
At 31 December 2007	-	50	50

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</i>	<i>Deferred Tax Asset</i>
	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
At 1 January	(2,023)	(1,919)
Profit and loss account	601	(70)
Adjustments relating to previous years	367	(34)
At 31 December	(1,055)	(2,023)

## Notes to the Financial Statements

at 31 December 2007

### 16. Deferred taxation (continued)

Deferred tax comprises:

	31 December 2007 £000	31 December 2006 £000
Differences between accumulated depreciation and amortisation and capital allowances	(998)	(1,623)
Other timing differences	(57)	(400)
Total deferred tax assets recognised (see Note 12)	<u>(1,055)</u>	<u>(2,023)</u>

There is no un-provided 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 £693,141 (2006 – £657,093).

In addition three current employees and one former employee 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 £53,221 (2006 – £62,948).

One other former employee of the company was a member of the Thomson/Technicolor defined benefits pension scheme. The total cost of this scheme to the company for the year ended was £120,922 (2006 – £8,733).

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 9a of FRS 17 'Retirement Benefits'.

The total amount of all employer contributions owing at 31 December 2007 was £54,798. (2006: £55,775)

### 18. Share capital

	31 December 2007 £000	31 December 2006 £000
<i>Authorised</i>		
10,000 ordinary shares of £1 each	10	10
<i>Allotted, called up and fully paid</i>	£000	£000
200 ordinary shares of £1 each	-	-

## Notes to the Financial Statements

at 31 December 2007

### 19. Reserves

	<i>Profit and loss account</i>
At 1 January 2007	19,008
Profit for the year	4,073
At 31 December 2007	<u>23,081</u>

### 20. Reconciliation of movements in shareholders' funds

	<i>31 December 2007 £000</i>	<i>31 December 2006 £000</i>
Profit for the financial year	4,073	2,522
Net addition to shareholders' funds	<u>4,073</u>	<u>2,522</u>
Opening shareholders' funds	19,008	16,486
Closing shareholders' funds	<u>23,081</u>	<u>19,008</u>

### 21. Financial commitments

As at 31 December 2007, the company was committed to payments during the next year under non-cancellable operating leases, expiring as set out below:

	<i>2007 Land &amp; Buildings £000</i>	<i>2007 Plant &amp; Machinery £000</i>	<i>2006 Land &amp; Buildings £000</i>	<i>2006 Plant &amp; Machinery £000</i>
Expiring within:				
Within one year	-	537	-	-
Between two and five years	675	105	-	101
Over five years	10,978	-	1,365	-
At 31 December 2007	<u>11,653</u>	<u>642</u>	<u>1,365</u>	<u>101</u>



## Notes to the Financial Statements

at 31 December 2007

### 22. Capital commitments

As at 31 December 2007 there were capital commitments of £ nil (2006: £nil).

### 23. 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.