

The Moving Picture Company Limited

Registered No. 1191228

Report and Financial Statements

31 December 2008

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Company Information

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Company Information

Registered Number

1191228

Directors

A W Camilleri

R Sweet

M Benson

M Elson (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, 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 2008.

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 £266,000 (2007: £5,154,000) and revenues of £46,435,000 (2007: £50,619,000). 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 a decrease in turnover by 8.2% to £ 46.4 million.

Gross Profit decreased by 25.2 %, while the gross profit margin decreased to 22.1% (2007: 27.1%).

Operating profit margin decreased from 8.16% to -1.0%

The current ratio of assets to liabilities decreased from 251% to 124% in the year, and the quick ratio decreased from 250% to 124%.

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

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 up to date with such changes is imperative.

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.

Directors' report

Dividends

A dividend of £13,000,000 was paid during the year (2007 – £nil).

Donations

The donations made by the company during the year for charitable purposes were £3,100 (2007 – £5,783).

Political donations made by the company during the year were nil. (2007 – £nil).

Directors

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

A W Camilleri

R Sweet

M Elson (resigned 2 May 2008)

M Benson

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 2008 were 13 days (2007 – 86 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

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



A Camilleri

Director

29.10. 2009

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

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 2008 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 2008 and of the loss 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

KPMG LLP

*Chartered Accountants
Registered Auditor*

29 OCTOBER 2009

Profit and loss account

for the year ended 31 December 2008

		<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2007</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Turnover	2	46,435	50,619
Cost of sales		(36,178)	(36,912)
Gross profit		10,257	13,707
Administrative expenses		(9,700)	(9,297)
Other operating expenses		(1,025)	(282)
Operating (loss)/profit	3	(468)	4,128
Other interest receivable and similar income	4	734	1,026
Profit on ordinary activities before taxation		266	5,154
Tax on profit on ordinary activities	7	(2,340)	(1,081)
(Loss)/profit for the financial year	18	(2,074)	4,073

The notes on pages 11 to 23 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

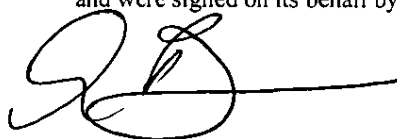
at 31 December 2008

		31 December 2008 £000	31 December 2007 £000
	Notes		
Fixed Assets			
Tangible assets	8	6,174	6,650
Investments	9	-	-
		<u>6,174</u>	<u>6,650</u>
Current assets			
Stocks	10	24	71
Debtors	11	9,913	27,512
Cash at bank and in hand		<u>17</u>	<u>-</u>
		9,954	27,583
Creditors: amounts falling due within one year	12	<u>(8,031)</u>	<u>(11,009)</u>
Net current assets		<u>1,923</u>	<u>16,574</u>
Total assets less current liabilities		8,097	23,224
Creditors: amounts falling due after more than one year	13	(40)	(93)
Provisions for liabilities and charges	14	(50)	(50)
Net assets		<u><u>8,007</u></u>	<u><u>23,081</u></u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	8,007	23,081
Equity shareholders' funds	19	<u><u>8,007</u></u>	<u><u>23,081</u></u>

The notes on pages 11 to 23 form part of these financial statements.

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

29.10.09



M Benson
Director

Notes to the Financial Statements

at 31 December 2008

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 £1,923,000 as at 31 December 2008 and made a loss for the financial year then ended of £2074,000. 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 30 September 2009 indicate that the company now has net current assets of £1,812.

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. 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 S.A. 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 30 April 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 signed an agreement with a majority of its creditors, regarding the restructuring of its senior debt and its balance sheet. Completion of the balance sheet restructuring is subject to a number of conditions, including each of the parties obtaining all necessary regulatory clearances, waivers and approvals from the French market authority, absence of a material adverse effect on the Group, shareholder approval of the capital increase and other customary closing default interest and restrictions on additional debt incurrence.

In connection with the signing of the restructuring agreement, the majority of the senior creditors (and all the creditors who signed the restructuring agreement) agreed to provide waivers through to 30 November 2009.

If any of the conditions are not satisfied in the restructuring agreement or the waivers, or if a creditor that has not extended the waivers seeks to accelerate payment of its holding of Thomson debt pending completion of the restructuring, the Board of Directors may request the opening of a Sauvegarde proceeding under the provisions of articles L.620-1 et seq. of the Code de commerce (French Commercial Code). Such proceedings will have the effect of providing the Company with the protections offered by law (suspension of legal actions against the Company and a prohibition against paying debts which exist as

Notes to the Financial Statements

at 31 December 2008

of the date of opening the proceeding) and with a stable legal framework for the Company to pursue the completion of the restructuring of its debt.

In the context 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 consider that the forecasts and indication of support from Thomson SA should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment and 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.

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 22.

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%
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Notes to the Financial Statements

at 31 December 2008

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.

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

Notes to the Financial Statements

at 31 December 2008

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.

2. Turnover

The analysis of turnover by geographical destination is as follows:

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
United Kingdom	41,820	48,286
Rest of Europe	729	536
North America	3,876	1,783
Australia	10	14
	<u>46,435</u>	<u>50,619</u>

3. Operating profit

Operating profit is stated after charging:

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Depreciation charge	3,409	3,282
Operating lease rentals – plant and machinery	466	197
– other	1,878	1,133
Loss on disposal of fixed assets	110	85
Exchange differences	150	11

Remuneration of the company's auditors for provision of audit services to the company was £90,000 (2007 – £114,000) and for non-audit services was nil (2007 – nil) during the year.

Notes to the Financial Statements

at 31 December 2008

4. Interest receivable and similar income

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Interest receivable from group undertakings	734	1,026
	<u>734</u>	<u>1,026</u>

5. Directors' emoluments

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

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Directors' emoluments	589	2,049
Contributions towards defined contribution scheme	39	59
Other emoluments (including benefits in kind)	5	3
	<u>633</u>	<u>2,111</u>

Highest paid director:

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Total emoluments	286	700
Contributions towards defined contribution scheme	20	18
	<u>306</u>	<u>718</u>

Retirement benefits are accruing to three directors (2007 – three directors) under a defined contribution scheme.

Notes to the Financial Statements

at 31 December 2008

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

(a) Staff costs:

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Wages and salaries	26,522	28,431
Social security costs	3,007	3,266
Pension costs	703	866
	<u>30,232</u>	<u>32,563</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 2008</i>	<i>Year ended 31 December 2007</i>
Production	412	426
Selling	51	52
Administration	71	73
Directors	3	4
	<u>536</u>	<u>555</u>

Notes to the Financial Statements

at 31 December 2008

7. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
UK Corporation Tax on profit for the year	(1,191)	(801)
Adjustments in respect of previous periods	(93)	688
Total current tax charge (note 7b)	<u>(1,284)</u>	<u>(113)</u>
Deferred taxation		
Originating and reversal of timing differences	904	(601)
Adjustments relating to previous years	1	(367)
Deferred Tax Impairment	(1,962)	-
	<u>(1,057)</u>	<u>(968)</u>
Tax on profit on ordinary activities	<u><u>(2,341)</u></u>	<u><u>(1,081)</u></u>

(b) Factors affecting tax for the year

The tax assessed on the profit on ordinary activities is higher (2007: lower) than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below:

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Profit on ordinary activities before taxation	266	5,154
Corporation tax charge at the standard rate of 28.5%	<u>76</u>	<u>1,546</u>
Effect of:		
Disallowed expenses and non-taxable income	55	189
Depreciation less than/(in excess) of capital allowances	1,003	(305)
Timing differences	57	(338)
Adjustment relating to previous years	93	(688)
R&D Credits	-	(291)
Current tax charge for the year (note 7a)	<u><u>1,284</u></u>	<u><u>113</u></u>

Notes to the Financial Statements

at 31 December 2008

8. 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 2008	3,734	31,776	1,570	37,080
Additions	501	2,316	232	3,049
Disposals	-	(3,621)	-	(3,621)
At 31 December 2008	4,235	30,471	1,802	36,508
Depreciation:				
At 1 January 2008	2,660	26,378	1,392	30,430
Charge for year	500	2,759	150	3,409
Disposals	-	(3,505)	-	(3,505)
At 31 December 2008	3,160	25,632	1,542	30,334
Net book value:				
31 December 2008	1,075	4,839	260	6,174
Net book value:				
At 1 January 2008	1,074	5,398	178	6,650

9. Fixed asset investments

	<i>31 December 2008 £000</i>	<i>31 December 2007 £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 2008

10. Stocks

	<i>31 December</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	24	71
	<u>24</u>	<u>71</u>

11. Debtors

	<i>31 December</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	7,419	7,055
Amounts owed by group undertakings	1,858	17,647
Other Debtors	-	446
Net Deferred Tax Asset (see note 15)	-	1,055
Prepayments and accrued income	636	1,309
	<u>9,913</u>	<u>27,512</u>

12. Creditors: amounts falling due within one year

	<i>31 December</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	406	2,644
Bank Overdrafts and Loans	441	27
Amounts owed to group undertakings	1,462	717
Other creditors	145	2,098
Other taxation and social security	2,080	2,046
Accruals and deferred income	3,475	3,468
Payments received on account	22	9
	<u>8,031</u>	<u>11,009</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 2008

13. Creditors: amounts falling due after one year

	<i>31 December 2008 £000</i>	<i>31 December 2007 £000</i>
Other Creditors	40	93

14. Provisions

	<i>Reorganisation & Restructuring £000</i>	<i>Other Provisions £000</i>	<i>Total £000</i>
At 1 January 2007	-	50	50
Charged to profit and loss account	484	-	484
Utilised during the year	(223)	-	(223)
At 31 December 2008	261	50	311

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

Restructuring provisions include amounts in respect of salary payments required to facilitate staff reorganisation across the company.

15. Deferred taxation

Movement in deferred tax:

	<i>Deferred Tax Asset 2008 £000</i>	<i>Deferred Tax Asset 2007 £000</i>
At 1 January	(1,055)	(2,023)
Profit and loss account	(1,056)	601
Adjustments relating to previous years	1	367
At 31 December	-	(1,055)

Notes to the Financial Statements

at 31 December 2008

15. Deferred taxation (continued)

Deferred tax comprises:

	31 December 2008 £000	31 December 2007 £000
Differences between accumulated depreciation and amortisation and capital allowances	(1,843)	(998)
Other timing differences	(119)	(57)
Deferred Tax Impairment	1,962	-
Total deferred tax assets recognised (see Note 11)	-	(1,055)

There is no un-provided deferred tax in the current or prior period.

16. 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 £673,719 (2007 – £693,141).

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 £29,508 (2007 – £53,221).

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 2008 was £56,205. (2007: £54,798)

17. Share capital

	31 December 2008 £000	31 December 2007 £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 2008

18. Reserves

	<i>Profit and loss account</i>
At 1 January 2008	23,081
Loss for the year	(2,074)
Dividends Paid	(13,000)
	<hr/>
At 31 December 2008	8,007
	<hr/>

19. Reconciliation of movements in shareholders' funds

	<i>31 December 2008 £000</i>	<i>31 December 2007 £000</i>
(Loss)/Profit for the financial year	(2,074)	4,073
Dividends Paid	(13,000)	-
	<hr/>	<hr/>
Net reduction in shareholders' funds	(15,074)	4,073
Opening shareholders' funds	23,081	19,008
	<hr/>	<hr/>
Closing shareholders' funds	8,007	23,081
	<hr/>	<hr/>

20. Financial commitments

As at 31 December 2008, the company was committed to payments during the next year under non-cancellable operating leases, expiring as set out below:

	<i>2008 Land & Buildings £000</i>	<i>2008 Plant & Machinery £000</i>	<i>2007 Land & Buildings £000</i>	<i>2007 Plant & Machinery £000</i>
Expiring within:				
Within one year	-	297	-	537
Between two and five years	302	345	675	105
Over five years	9,701	-	10,978	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	10,003	642	11,653	642
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

at 31 December 2008

21. Capital commitments

As at 31 December 2008 there were capital commitments of £ nil (2007: £nil).

22. 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.