

**THE MOVING PICTURE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**



THE MOVING PICTURE COMPANY LIMITED

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THE MOVING PICTURE COMPANY LIMITED

COMPANY INFORMATION

Directors	M W Benson A W Camilleri C Parke
Company secretary	C Parke
Registered number	01191228
Registered office	16 Great Queen Street Covent Garden London United Kingdom WC2B 5AH
Independent auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

THE MOVING PICTURE COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction and strategy

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

The principal activity of the company is the provision of post production and digital visual effects services for the advertising, television and film industries.

The directors consider the company's trading results and financial position to be satisfactory. The directors do not foresee that there will be any change in the company's activities for the foreseeable future and as such the company has adopted the going concern basis for its financial statements, see note 1 for further information.

Operating and business review

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 standard, but which drives expectations and sets new global benchmarks.

The results of the company show a pre-tax profit of £14,656,000 (2014: £14,001,000) and revenues of £106,820,000 (2014: £90,582,000). Revenues have increased by 18% on prior year. The company recognises performance 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.

Gross profit increased by 5%, whilst the gross profit margin decreased to 31.5% (2014: 35.4%).

Operating profit margin decreased from 14.9% to 13.1%.

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 comprises salaries, the cost of freelance contractors, third party costs and depreciation of plant and machinery. Administrative expenses mainly comprise administrative salaries, occupancy costs and other overheads.

A key non-financial measure in gauging the overall performance of the company is through entering work for judging by industry subject matter experts. In relation to 2015 work the company was nominated for a number of awards, including an Annual Academy Awards nomination for VFX on The Martian, and a BAFTA nomination for Visual Effects on The Martian.

Future developments

The directors expect the general level and focus of activity of the Company to remain consistent with 2015 in the forthcoming year.

Principal risks and uncertainties facing the company

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. The company makes a significant investment in researching and developing new production techniques and acquiring the infrastructure to support these activities.

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 relative small global industry, the company is affected by international issues including foreign currency fluctuations and tax legislation changes. Remaining up to date with such changes is imperative. While competition remains high, projects need to be closely assessed against constrained margins.

THE MOVING PICTURE COMPANY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Critically, creative output must remain of the highest standard.

Credit risk

All companies who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Principal risks and uncertainties facing the company (continued)

Liquidity risk

The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its business.

Foreign currency risk

The group's principal foreign currency exposures arise from trading operations in overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates. There is no local impact in the company's accounts as a result of this.

Employee involvement and disabled persons

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 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. The company takes active steps in ensuring all employees remain informed of key organisational developments through the company's intranet and direct messaging to staff.

Post Balance Sheet Events

There have not been any significant events since the balance sheet date which require disclosure in the financial statements.


This report was approved by the board and signed on its behalf.

A W Camilleri
Director

Date:

30 September 2016

THE MOVING PICTURE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year, after taxation, amounted to £12,775,000 (2014: £11,566,000).

No dividends were paid during the year and the directors do not recommend the payment of a dividend for the year (2014: Nil).

Directors

The directors who served during the year and up to the date of this report were:

M W Benson
A W Camilleri
C Parke

Directors' indemnity

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's directors.

Matters covered in the strategic report

The information that fulfils the Companies Act requirements of the business review is included within the strategic report. This includes a review of the development of the business, financial risk management and likely future developments within the business and subsequent events.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

THE MOVING PICTURE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Auditor

The board have made the decision not to reappoint Deloitte LLP as auditor for the forthcoming year ended 31 December 2016 and will make a decision on the appointment of auditors after issuing its report.

Approval of reduced disclosure

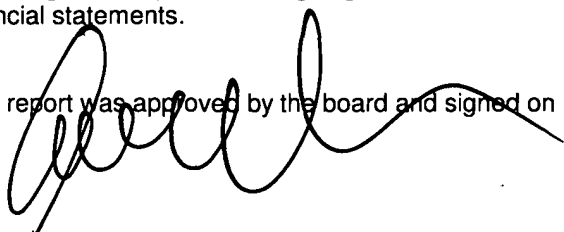
The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Technicolor Holdings Limited, as the immediate parent of the entity.

Going Concern

The financial statements have been prepared using the going concern basis of accounting. Further details regarding the adoption of the going concern basis can be found in the accounting policy 1.2 in the notes to the financial statements.

This report was approved by the board and signed on its behalf.



A W Camilleri
Director

Date:

30 September 2016

THE MOVING PICTURE COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

THE MOVING PICTURE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THE MOVING PICTURE COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of The Moving Picture Company Limited for the year ended 31 December 2015, which comprise the profit and loss account, the balance sheet, the statements of changes in equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE MOVING PICTURE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THE MOVING PICTURE COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jeremy Black (Senior Statutory Auditor)

for and on behalf of
Deloitte LLP

Chartered Accountants and Statutory Auditor

United Kingdom

London

Date: 30 September 2016

THE MOVING PICTURE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Turnover	3	106,820	90,582
Cost of sales		<u>(73,122)</u>	<u>(58,497)</u>
Gross profit		33,698	32,085
Administrative expenses		(14,186)	(14,716)
Other operating income	4	1,026	-
Other operating charges		<u>(6,501)</u>	<u>(3,828)</u>
Operating profit	4	14,037	13,541
Finance costs (net)	7	<u>619</u>	<u>460</u>
Profit on ordinary activities before taxation		14,656	14,001
Taxation on profit on ordinary activities	8	<u>(1,881)</u>	<u>(2,435)</u>
Profit for the financial year		<u>12,775</u>	<u>11,566</u>

There are no other items of Other Comprehensive Income for either this year or the prior year other than the profit for the year. Accordingly, no Statement of Other Comprehensive Income has been presented.

All items are related to continuing operations.

The notes on pages 13 to 28 form part of these financial statements.

**THE MOVING PICTURE COMPANY
LIMITED**

REGISTERED NUMBER:01191228

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	9	4,844	5,944
Investments	10	1,285	-
		<u>6,129</u>	<u>5,944</u>
Current assets			
Debtors: amounts falling due within one year	11	62,726	42,922
Cash at bank and in hand	12	87	91
		<u>62,813</u>	<u>43,013</u>
Creditors: amounts falling due within one year	13	(32,090)	(24,310)
Net current assets		<u>30,723</u>	<u>18,703</u>
Total assets less current liabilities		<u>36,852</u>	<u>24,647</u>
Creditors: amounts falling due after more than one year	14	(345)	(915)
Provisions for liabilities			
Provisions	16	(100)	(100)
		<u>(100)</u>	<u>(100)</u>
Net assets		<u>36,407</u>	<u>23,632</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	17	36,407	23,632
Shareholder's funds		<u>36,407</u>	<u>23,632</u>

The financial statements of The Moving Picture Company Limited on pages 9 to 28 were approved and authorised for issue by the board and were signed on its behalf by:


A W Camilleri
Director

Date:

30 September 2016

The notes on pages 13 to 28 form part of these financial statements.

THE MOVING PICTURE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2015	-	23,632	23,632
Profit for the financial year	-	12,775	12,775
Total comprehensive income for the year	-	12,775	12,775
At 31 December 2015	-	36,407	36,407

The notes on pages 13 to 28 form part of these financial statements

THE MOVING PICTURE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2014	-	12,066	12,066
Profit for the financial year	-	11,566	11,566
Total comprehensive income for the year	-	11,566	11,566
At 31 December 2014	-	23,632	23,632

The notes on pages 13 to 28 form part of these financial statements.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The Moving Picture Company Limited's principal activity is the provision of post production and digital visual effects services for the advertising, television and film industries.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company is incorporated and domiciled in England. Its principal place of business is 127 Wardour Street, London, W1F 0NL.

The financial statements are presented in Sterling (£).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. These accounting standards have been consistently applied throughout the current and preceding year.

Information on the impact of first-time adoption of FRS 102 is given in note 23.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 2.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Technicolor S A as at 31 December 2015 and these financial statements may be obtained from the registered office at 1, Rue Jeanne d'Arc, Issy-les-Moulineaux 92443, France.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.2 Going concern

The company has net current assets of £30,723,000 as at 31 December 2015 and made a profit for the financial year then ended of £12,775,000.

The company currently meets its day-to-day working capital requirements from positive cash flow which is forecast to continue and from intercompany balances receivable from Technicolor S.A. which are repayable on demand.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future, which is at least, but is not limited to, twelve months from the date of signing these financial statements.

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate.

The directors continue to monitor the company's funding strategy and have prepared forecasts which underpin the going concern basis for the company.

At the date of approval of these financial statements the directors believe that the company will continue to operate successfully for the foreseeable future and be able to meet its liabilities as and when they fall due.

1.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

Post production and digital visual effects services

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

- Where facilities are being provided, revenue represents the value of the service which has been delivered.
- Where a production contract exists, revenue is recognised when contracts are completed during the year.
- Where a long-term contract exists, revenue represents the value of contracts work done based on a cost completion method (see note 1.8).

The whole of the revenue is attributable to operating as a provider of digital visual effects for the television and film industries mainly arising in the United Kingdom.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying value exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Leasehold improvements	-	10%-20%
Plant and machinery	-	20%-33%
Fixtures and fittings	-	20%-33%

Construction in progress is not depreciated as it is not yet in use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

1.5 Operating leases: lessee

Rentals paid under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.6 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the assets' continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

1.7 Fixed asset investments

Investments in subsidiaries held as fixed assets are shown at cost less provision for impairment.

1.8 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.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.9 Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

All foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.11 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account as they become payable in accordance with the rule of the scheme. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.12 Dilapidation provision

The company has operating leases over its offices that require the assets to be returned to the lessor in their 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 its original condition. The company is expected to incur the liability within the next four 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 term of the lease.

1.13 Finance costs (net)

Finance costs (net) are recognised in the profit and loss account using the effective interest method.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.14 Provision for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.16 Research and development

The company is entitled to claim a research and development expenditure credit (RDEC) in respect of research and development activities carried out by its employees during the period. The RDEC is claimed as a government grant and reported within other operating income in the profit & loss account.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Critical judgments in applying accounting policies and key sources of estimation uncertainty

Recognition of long-term contracts

FRS 102 accounting requires management judgment to determine the appropriateness of calculating the revenue and profit to be recognised. This includes estimating the total expected costs to complete each contract, the future profitability of the contract and also the percentage of completion at the balance sheet date. These judgments directly influence revenue and profit that can be recognised in relation to such contracts. Material changes in these estimates could affect the overall amounts recognised on individual contracts.

Impairment of investments

The company considers whether investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

3. Turnover

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United Kingdom	106,820	90,582
	<u>106,820</u>	<u>90,582</u>

Turnover represents income solely from post production and digital visual effects services.

4. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £000	2014 £000
Operating lease rentals:		
- plant and machinery	1,157	911
- other operating leases	3,769	3,014
Depreciation of tangible fixed assets	2,477	2,351
Research and development grant	(1,026)	-
Fees payable to the company's auditor for the audit of the company's annual financial statements	67	60
Exchange differences	<u>834</u>	<u>(177)</u>

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	46,319	42,483
Social security costs	5,171	4,331
Cost of defined contribution scheme	1,097	983
	<u>52,587</u>	<u>47,797</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Production	965	830
Selling	5	5
Administration	24	20
Directors	2	2
	<u>996</u>	<u>857</u>

6. Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	740	701
Company contribution to deferred contribution pensions schemes	14	16
	<u>754</u>	<u>717</u>

During the year retirement benefits were accruing to 1 director (2014: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £534,000 (2014: £492,000). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2014: £2,000).

Remaining directors' emoluments for the year ended 31 December 2015 have been paid and borne by other group companies as part of group arrangements. It is impracticable to have these costs split and recharged to the company.

7. Finance costs (net)

	2015 £000	2014 £000
Interest receivable from group companies	(619)	(283)
Foreign exchange gain	-	(177)
	<u>(619)</u>	<u>(460)</u>

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

8. Taxation

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	1,754	2,487
Adjustments in respect of prior periods	(342)	(506)
	<u>1,412</u>	<u>1,981</u>
Total current tax	<u>1,412</u>	<u>1,981</u>
Deferred tax		
Origination and reversal of timing differences	234	430
Changes to tax rates	274	-
Adjustments in respect of prior periods	(39)	24
Total deferred tax	<u>469</u>	<u>454</u>
Taxation on profit on ordinary activities	<u>1,881</u>	<u>2,435</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	<u>14,656</u>	<u>14,001</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.50%).	2,968	3,010
Effects of:		
Disallowable expenses and non-taxable income	75	123
Difference in applicable tax rates between current and deferred tax	(29)	(32)
Adjustments to tax charge in respect of prior periods	(107)	(482)
Permanent timing differences	-	96
Adjustment in research and development tax credit	-	(280)
Research and development tax credits	(1,026)	-
Total tax charge for the year	<u>1,881</u>	<u>2,435</u>

The standard rate of tax applied to reported profit on ordinary activities is 20.25% (2014: 21.50%). The applicable tax rate change from 21% to 20% was substantively enacted on 2 July 2013.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

8. Taxation (continued)

Factors that may affect future tax charges

The deferred tax asset at 31 December 2015 has been recognised in full (at 31 December 2014: recognised in full) on the basis that profit forecasts for the company, and the UK group as a whole, indicate that the deferred tax asset will be realised in the foreseeable future.

Changes to the UK corporation tax rates were substantively enacted as part of Finance (No.2) Act 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Where appropriate, deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. A further reduction in the UK corporation tax rate to 17%, effective from 1 April 2020, was announced in the UK Budget on 16 March 2016, which is yet to be substantively enacted.

The 18% rate has been used to calculate the deferred tax balance at 31 December 2015, as it is unlikely to be realised before 2017.

9. Tangible fixed assets

	Leasehold improve- ments £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost					
At 1 January 2015	2,833	11,739	466	-	15,038
Additions	114	1,023	173	67	1,377
At 31 December 2015	2,947	12,762	639	67	16,415
Depreciation					
At 1 January 2015	1,470	7,371	253	-	9,094
Charge for the period	526	1,890	61	-	2,477
At 31 December 2015	1,996	9,261	314	-	11,571
At 31 December 2015	951	3,501	325	67	4,844
At 31 December 2014	1,363	4,368	213	-	5,944

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

10. Fixed asset investments

	Investments £000
Cost	
Additions	1,285
At 31 December 2015	1,285
At 31 December 2015	1,285
At 31 December 2014	-
Subsidiary undertakings	

During the year, subsidiary undertakings of the company, Light Parade Limited and Blonde Films Limited, were dissolved. Both companies were dormant during the year and in the previous year.

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
MPC (Shanghai) Digital Technology Co. Ltd	China	Ordinary	80 %	Digital imaging & multimedia technology and services

11. Debtors

	2015 £000	2014 £000
Due within one year		
Trade debtors	5,852	15,218
Amounts owed by group undertakings	46,333	18,172
Prepayments and accrued income	5,596	6,794
Tax recoverable	2,676	-
Deferred taxation (see note 15)	2,269	2,738
	62,726	42,922

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

12. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	87	91
Less: bank overdrafts	-	(14)
	<u>87</u>	<u>77</u>

Cash is held by Technicolor under a consolidated cash pooling agreement. This value bears interest of 1 month EURIBOR/LIBOR plus 3.05% (2014: 2.6%) and is recorded under amounts owed by group undertakings (see note 11) and not shown under cash. As at 31 December 2015, this cash totalled an amount of £43,827,000 (2014: £16,072,000).

13. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank overdrafts	-	14
Trade creditors	984	440
Amounts owed to group undertakings	7,344	4,986
Group relief	4,834	3,060
Taxation and social security	2,536	2,553
Other creditors	28	315
Accruals and deferred income	16,364	12,942
	<u>32,090</u>	<u>24,310</u>

The company, together with certain other group companies, has entered into a cash pooling arrangement with Barclays Bank PLC. Funds are held with a central treasury account where Barclays 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 Technicolor S.A.

14. Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Other creditors	345	915
	<u>345</u>	<u>915</u>

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

15. Deferred taxation

	Deferred tax £000
At 1 January 2015	2,738
Origination and reversal of timing differences	(469)
At 31 December 2015	2,269

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	2,236	2,701
Tax losses carried forward	33	37
	2,269	2,738

Net deferred tax assets expected to reverse in the following year:

	2015 £000	2014 £000
Accelerated capital allowances	349	413
Other timing differences	16	17
	365	430

16. Provisions

	Other provisions £000
At 1 January 2015 and 31 December 2015	100
Other provisions	

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

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

17. Reserves

Profit and loss account

The profit and loss account includes all current and prior year retained profit and loss.

18. Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
200 ordinary shares of £1 each	<u>200</u>	<u>200</u>

19. Pension commitments

The company offers eligible employees membership of the Technicolor UK defined contribution pension scheme. The total cost of this scheme to the company in the year ended was £1,097,000 (2014: £968,707). The amount outstanding at the year end in respect of this was £82,000 (2014: £82,000).

20. Commitments under operating leases

At 31 December 2015 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Within 1 year	3,584	4,519
Between 2 and 5 years	5,238	12,176
After more than 5 years	-	2,785
Total	<u>8,822</u>	<u>19,480</u>

21. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosure" from disclosing transactions with entities which are a wholly-owned part of the group.

THE MOVING PICTURE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

22. Immediate and ultimate parent undertaking

The immediate parent undertaking is Technicolor Holdings Limited, a company incorporated in England and Wales.

The company's ultimate controlling and parent undertaking at the balance sheet date is Technicolor 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 Technicolor S A, 1, Rue Jeanne d'Arc, Issy-les-Moulineaux 92443, France. The company is not consolidated within any other group.

23. First time adoption of FRS 102

This is the first year that the company has presented its results and financial position in accordance with FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

Application of the requirements of FRS 102 has not impacted reported equity at 1 January 2014 and 31 December 2014 and profit for the year ended 31 December 2014.