

**Company Registration No. 3110107**

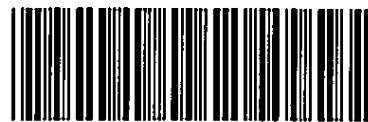
**SODESM INTERNATIONAL LIMITED**

**Report and Financial Statements**

**31 December 2006**

**( - 30/10/2007)  
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# **SODESM INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

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# **SODESM INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Robert H Stuart  
Anthony J Thompson

#### **SECRETARY**

Temple Secretarial Limited

#### **REGISTERED OFFICE**

16 Old Bailey  
London  
EC4M 7EG

#### **BANKERS**

C Hoare & Co  
37 Fleet Street  
London  
EC4P 4DQ

#### **SOLICITORS**

Withers LLP  
16 Old Bailey  
London  
EC4M 7EG

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cambridge

## **SODESM INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

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

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985

### **PRINCIPAL ACTIVITY**

The company's principal activity is the provision of services to Power Corporation International, a subsidiary of Power Corporation of Canada

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company made a profit of £53,590 before taxation for the current year (2005 - £52,832) The directors anticipate the current level of turnover to be maintained

### **DIRECTORS**

The directors who served throughout the year and since the year end were as follows

Adrian J Pink (resigned 12 February 2007)

Anthony J Thompson

Robert H Stuart (appointed 12 February 2007)

### **AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there are no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board

Director



30th October 2007

## **SODESM INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgements and estimates that are reasonable and prudent, 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors  
and signed on behalf of the Board

Director

A handwritten signature in black ink, consisting of a stylized 'A' followed by a large, sweeping flourish that extends to the right.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODESM INTERNATIONAL LIMITED**

We have audited the financial statements of Sodesm International Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 auditors' 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

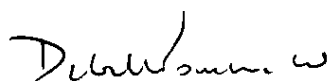
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SODESM INTERNATIONAL LIMITED (continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its 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



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom

31 October 2007

# **SODESM INTERNATIONAL LIMITED**

## **PROFIT AND LOSS ACCOUNT** **Year ended 31 December 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
Turnover	2	455,468	434,335
Administrative expenses		(414,062)	(394,854)
<b>OPERATING PROFIT</b>	4	41,406	39,481
Interest receivable and similar income	5	167,639	187,768
Interest payable and similar charges	6	(155,455)	(174,417)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		53,590	52,832
Tax on profit on ordinary activities	7	(33,472)	(15,850)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		20,118	36,982
<b>Retained profits brought forward</b>		241,032	204,050
<b>Retained profits carried forward</b>		261,150	241,032

All activities derive from continuing operations

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.



# **SODESM INTERNATIONAL LIMITED**

## **BALANCE SHEET** **31 December 2006**

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>1,565</u>	<u>922</u>
<b>CURRENT ASSETS</b>			
Debtors	9		
Due within one year		2,814	1,550
Due after more than one year		302,411	3,771,563
Cash at bank and in hand		<u>106,111</u>	<u>6,969</u>
		411,336	3,780,082
<b>CREDITORS amounts falling due within one year</b>	10	<u>(47,399)</u>	<u>(355,516)</u>
<b>NET CURRENT ASSETS</b>		<u>363,937</u>	<u>3,424,566</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		365,502	3,425,488
<b>CREDITORS amounts falling due after more than one year</b>	11	<u>(104,350)</u>	<u>(3,184,454)</u>
<b>NET ASSETS</b>		<u>261,152</u>	<u>241,034</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2	2
Profit and loss account		<u>261,150</u>	<u>241,032</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	13	<u>261,152</u>	<u>241,034</u>

These financial statements were approved by the Board of Directors and authorised for issue on  
Signed on behalf of the Board of Directors

30<sup>th</sup> October 2007



# **SODESM INTERNATIONAL LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2006**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Cash flow statement**

The company is a wholly-owned subsidiary of Power Corporation of Canada and is included in the consolidated financial statements of Power Corporation of Canada which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 'Cash Flow Statements'.

#### **Tangible fixed assets**

Tangible fixed assets are recognised at cost, less amounts written off over their expected useful lives.

Depreciation is provided on cost in equal annual instalments over the estimated useful life of the assets. The rates of depreciation are as follows:

Computer equipment	33% per annum
Motor vehicles	25% per annum

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **2. TURNOVER**

Turnover comprises revenue from the provision of services to Power Corporation International, a subsidiary of Power Corporation of Canada. The turnover, all of which arises in the United Kingdom, is attributable to the company's principal activity. Turnover is recognised when the economic risk and rewards are transferred to Power Corporation International.

### **3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

None of the directors received any emoluments for their services to the company in the two years ended 31 December 2006. There were no other employees of the company.

### **4. OPERATING PROFIT**

	2006 £	2005 £
Operating profit is after charging (crediting):		
Auditors' remuneration	6,462	7,066
Depreciation	707	454

# **SODESM INTERNATIONAL LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2006**

### **5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Interest due from group undertakings	167,639	187,670
Bank interest	-	98
	<u>167,639</u>	<u>187,768</u>

### **6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Interest payable to fellow subsidiaries	<u>155,455</u>	<u>174,417</u>

### **7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
United Kingdom corporation tax at 30% (2005 - 30%)	-	15,603
Overseas taxation	16,764	
Adjustment in respect of prior periods	16,920	
<b>Total current tax</b>	<u>33,684</u>	<u>15,603</u>
<b>Deferred tax provided</b>		
Origination and reversal of timing differences	(212)	247
<b>Tax on profit on ordinary activities</b>	<u>33,472</u>	<u>15,850</u>

# SODESM INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2005 - 30%)  
The actual tax charge for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation

	2006 £	2005 £
Profit on ordinary activities before tax	53,590	52,832
Tax on profit on ordinary activities at standard rate	16,077	15,850
Factors affecting charge for the year		
Adjustment in respect of prior periods	16,920	-
Unrelieved overseas taxation	475	-
Capital allowances in deficit (excess) of depreciation	212	(247)
Total actual amount of current tax	33,684	15,603
<b>Deferred tax</b>		
Balance at 1 January 2006	(875)	(1,122)
(Credited) charged to profit and loss account	(212)	247
As at 31 December 2006	(1,087)	(875)

The amounts of deferred taxation recognised are as follows

	2006 £	2005 £
Depreciation in excess of capital allowances	(1,087)	(875)

### 8. TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 January 2006	1,376	20,810	22,186
Addition	-	1,350	1,350
At 31 December 2006	1,376	22,160	23,536
<b>Accumulated depreciation</b>			
At 1 January 2006	454	20,810	21,264
Charge for the year	454	253	707
At 31 December 2006	908	21,063	21,971
<b>Net book value</b>			
At 31 December 2006	468	1,097	1,565
At 31 December 2005	922	-	922

# **SODESM INTERNATIONAL LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2006**

### **9. DEBTORS**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Due within one year		
Share capital unpaid	2	2
Prepayments and accrued income	1,725	673
Deferred tax asset (note 7)	1,087	875
	<u>2,814</u>	<u>1,550</u>
Due after more than one year		
Amounts due from group undertakings	302,411	3,771,563
	<u>302,411</u>	<u>3,771,563</u>

Amounts due from group undertakings are not secured and have no set repayment terms Interest is charged on the balance at a rate of LIBOR +1%

### **10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amounts due to fellow subsidiaries	-	307,118
Corporation tax	-	17,109
Other creditors	605	170
Accruals and deferred income	46,794	31,119
	<u>47,399</u>	<u>355,516</u>

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amounts owed to fellow subsidiaries	104,350	3,184,454

Amounts due to fellow subsidiaries are not secured and have no set repayment terms Interest is charged on the balance at a rate of LIBOR +1%

## **SODESM INTERNATIONAL LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2006**

#### **12. CALLED UP SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up and allotted</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

#### **13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit attributable to the company	20,118	36,982
Opening shareholders' funds	<u>241,034</u>	<u>204,052</u>
Closing shareholders' funds	<u>261,152</u>	<u>241,034</u>

#### **14. FINANCIAL COMMITMENTS**

The company's principal financial assets are the bank balance and the inter-company loans to the parent company. The credit risk on the bank balance on liquid funds is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies.

#### **15. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the immediate and ultimate parent company of Sodesm International Limited is the ultimate controlling party, Power Corporation of Canada, a company incorporated under Canadian law.

Group accounts are available from 751 Victoria Square, Montreal, H2Y 2J3, Canada.

#### **16. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available under section 3 (c) of FRS 8 (Related Party Transactions) not to disclose details of transactions with fellow group companies.

The directors of the company Robert H Stuart and Anthony J Thompson, are partners in Withers LLP, a firm of lawyers. During the year, Withers LLP charged Sodesm International Limited £40,774 (2005 - £39,778) for management services. At 31 December 2006, the amount due to Withers LLP was £10,000 (2005 - £10,364).