

Company Registration No 3110107

SODESM INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2007



**(- 30/10/2008)
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SODESM INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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SODESM INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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 2007

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 £60,862 for the current year (2006 - £20,118). During the year contracts were exchanged for the sale of the property that the company rents from its fellow subsidiary undertaking. Contractual completion was on 28 February 2008. This will have an impact on both costs and income from Power Corporation of Canada in the future.

DIRECTORS

The directors who served during the year 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

30 October 2008

SODESM INTERNATIONAL LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

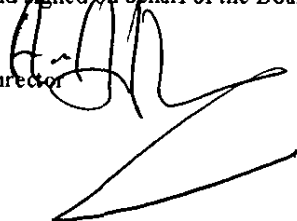
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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 

30 October 2008

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 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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.

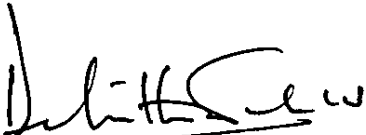
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2007 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 2008

SODESM INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	518,209	455,468
Administrative expenses		(471,027)	(414,062)
OPERATING PROFIT	4	47,182	41,406
Interest receivable and similar income	5	39,477	167,639
Interest payable and similar charges	6	(72)	(155,455)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		86,587	53,590
Tax on profit on ordinary activities	7	(25,725)	(33,472)
PROFIT FOR THE FINANCIAL YEAR	13	60,862	20,118

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.

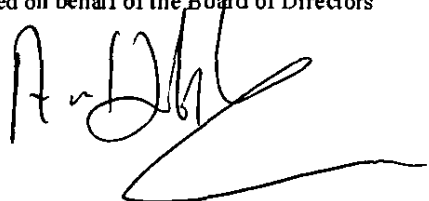
SODESM INTERNATIONAL LIMITED

BALANCE SHEET
31 December 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	837	1,565
CURRENT ASSETS			
Debtors	9		
Due within one year		863,112	2,814
Due after more than one year		-	302,411
Cash at bank and in hand		7,433	106,111
		870,545	411,336
CREDITORS' amounts falling due within one year	10	(549,368)	(47,399)
NET CURRENT ASSETS		321,177	363,937
TOTAL ASSETS LESS CURRENT LIABILITIES		322,014	365,502
CREDITORS amounts falling due after more than one year	11	-	(104,350)
NET ASSETS		322,014	261,152
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account	13	322,012	261,150
TOTAL SHAREHOLDERS' FUNDS	14	322,014	261,152

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

Signed on behalf of the Board of Directors



30 October 2008

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

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 2007. There were no other employees of the company.

4. OPERATING PROFIT

	2007	2006
	£	£
Operating profit is after charging:		
Auditors' remuneration	14,097	6,462
Depreciation	728	707

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£	£
Interest due from group undertakings	<u>39,477</u>	<u>167,639</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable to fellow subsidiaries	-	155,455
Interest on overdue tax	<u>72</u>	<u>-</u>
	<u>72</u>	<u>155,455</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£	£
Current tax		
United Kingdom corporation tax at 30% (2006 - 30%)	21,813	-
Overseas taxation	3,948	16,764
Adjustment in respect of prior periods	<u>-</u>	<u>16,920</u>
Total current tax	<u>25,761</u>	<u>33,684</u>
Deferred tax provided		
Origination and reversal of timing differences	<u>(36)</u>	<u>(212)</u>
Tax on profit on ordinary activities	<u>25,725</u>	<u>33,472</u>

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

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% (2006 - 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

	2007 £	2006 £
Profit on ordinary activities before tax	86,587	53,590
Tax on profit on ordinary activities at standard rate	25,976	16,077
Factors affecting charge for the year		
Adjustment in respect of prior periods	-	16,920
Unrelieved overseas taxation	-	475
Capital allowances in (excess)/deficit of depreciation	(267)	212
Expenses not deductible	52	-
Total actual amount of current tax	25,761	33,684
Deferred tax		
Balance at 1 January 2007	(1,087)	(875)
Credited to profit and loss account	(36)	(212)
As at 31 December 2007	(1,123)	(1,087)

The amounts of deferred taxation recognised are as follows

	2007 £	2006 £
Depreciation in excess of capital allowances	(1,123)	(1,087)

In March 2007 the UK government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. The legislation was substantially enacted in June 2007. The effective tax rate for any current tax charge for the year ended 31 December 2008 would be reduced accordingly.

8. TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Total £
Cost			
At 1 January 2007 and 31 December 2007	22,160	1,376	23,536
Accumulated depreciation			
At 1 January 2007	21,063	908	21,971
Charge for the year	274	454	728
At 31 December 2007	21,337	1,362	22,699
Net book value			
At 31 December 2007	823	14	837
At 31 December 2006	1,097	468	1,565

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

9 DEBTORS

	2007 £	2006 £
Due within one year		
Amounts owed by group undertakings	860,099	-
Other debtors	49	-
Share capital unpaid	2	2
Prepayments and accrued income	1,839	1,725
Deferred tax asset (note 7)	1,123	1,087
	<u>863,112</u>	<u>2,814</u>
Due after more than one year		
Amounts owed by group undertakings	-	302,411

Amounts owed by group undertakings are not secured and have no set repayment terms. Interest is charged on the balance at a rate of Bank of England base rate +1%

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Amounts owed to group undertakings	489,915	-
Other creditors	26,601	605
Accruals and deferred income	32,852	46,794
	<u>549,368</u>	<u>47,399</u>

Amounts owed to group undertakings are not secured and have no set repayment terms. Interest is accrued on the balance at a rate of Bank of England base rate +1%

11. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Amounts owed to group undertakings	-	104,350

Amounts owed to group undertakings are not secured and have no set repayment terms. Interest is charged on the balance at a rate of Bank of England base rate +1%.

12. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up and allotted		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2007**

13. STATEMENT OF MOVEMENT IN RESERVES

	Profit and loss account £
At 1 January 2007	261,150
Profit for the financial year	60,862
At 31 December 2007	<u>322,012</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit attributable to the company	60,862	20,118
Opening shareholders' funds	<u>261,152</u>	<u>241,034</u>
Closing shareholders' funds	<u>322,014</u>	<u>261,152</u>

15. IMMEDIATE PARENT COMPANY AND CONTROLLING PARTY

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 £47,470 (2006 - £40,774) for management services. At 31 December 2007, the amount due to Withers LLP was £6,486 (2006 - £10,000).