

Registered number: 04149567

**TECHNICOLOR MEDIA SERVICES (UK) LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



TECHNICOLOR MEDIA SERVICES (UK) LIMITED

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TECHNICOLOR MEDIA SERVICES (UK) LIMITED

COMPANY INFORMATION

Directors	J Fleming M K Rojohn
Company secretary	S I J Le Menaheze
Registered number	04149567
Registered office	16 Great Queen Street Covent Garden London United Kingdom WC2B 5AH
Independent auditor	Constantin Chartered Accountants and Statutory Auditor 25 Hosier Lane London United Kingdom EC1A 9LQ

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

The directors report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have not prepared a separate strategic review in accordance with the exemption set out on section 414B of the Companies Act for small companies.

Future developments

Following the closure of the business in 2015 continuing activity relates to the settlement of brought forward receivables and liabilities.

Directors

The directors who served during the year were:

J Fleming
M K Rojohn

Going concern

The company is reliant on financial support from the group of which it is a member (headed by Technicolor S A) to support its working capital needs. The directors have prepared the financial statements on the going concern basis following confirmation from Technicolor S A of its intention to keep providing the necessary support for at least the next twelve months from the date of approval of these financial statements to enable the company to continue to settle its liabilities as they fall due. Refer to note 1.2 for further information.

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 the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


J Fleming
Director

Date: 12 September 2019

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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 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 satisfied that they 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 for the company's financial statements 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 to 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.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNICOLOR MEDIA SERVICES (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Technicolor Media Services (UK) Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of other comprehensive income
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13, which includes a statement of accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNICOLOR MEDIA SERVICES (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNICOLOR MEDIA SERVICES (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, 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 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.



Alex Legon, FCA (Senior Statutory Auditor)

for and on behalf of
Constantin

Chartered Accountants and Statutory Auditor

25 Hosier Lane
London
United Kingdom
EC1A 9LQ

Date:

12 SEP 2019

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Finance costs (net)	4	(103)	(111)
Loss on ordinary activities before taxation		(103)	(111)
Taxation on loss on ordinary activities	6	-	525
(Loss)/Profit for the financial year		(103)	414

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

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
(Loss)/Profit for the financial year		(103)	414
Other comprehensive income			
Actuarial gain on defined benefit schemes	9	40	28
Deferred tax on actuarial (gain) on defined benefit schemes	11	(7)	(5)
Impairment of deferred tax arising on actuarial gain on defined benefit schemes	11	7	5
Other comprehensive income for the year		40	28
Total comprehensive (loss)/income for the year		(63)	442

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

TECHNICOLOR MEDIA SERVICES (UK) LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Current assets			
Debtors: amounts falling due within one year	7	1,708	1,679
		<u>1,708</u>	<u>1,679</u>
Creditors: amounts falling due within one year	8	(2,805)	(2,694)
Net current liabilities		<u>(1,097)</u>	<u>(1,015)</u>
Total assets less current liabilities		<u>(1,097)</u>	<u>(1,015)</u>
Pension liability	9	(334)	(353)
Net liabilities		<u>(1,431)</u>	<u>(1,368)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		(1,431)	(1,368)
Shareholder's deficit		<u>(1,431)</u>	<u>(1,368)</u>

The financial statements of Technicolor Media Services (UK) Limited were approved and authorised for issue by the board and were signed on its behalf by:

J Fleming
Director

Date: 12 September 2019

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

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	-	(1,810)	(1,810)
Comprehensive income for the year			
Profit for the financial year	-	414	414
Actuarial gain on defined benefit schemes (see note 9)	-	28	28
Deferred tax on actuarial gain on pension scheme (see note 11)	-	(5)	(5)
Impairment of deferred tax arising on actuarial gain on defined benefit schemes (see note 11)	-	5	5
Other comprehensive income for the year	-	28	28
Total comprehensive income for the year	-	442	442
At 1 January 2018	-	(1,368)	(1,368)
Comprehensive loss for the year			
Loss for the financial year	-	(103)	(103)
Actuarial gain on defined benefit schemes (see note 9)	-	40	40
Deferred tax on actuarial gain on pension scheme (see note 11)	-	(7)	(7)
Impairment of deferred tax arising on actuarial gain on defined benefit schemes (see note 11)	-	7	7
Other comprehensive income for the year	-	40	40
Total comprehensive loss for the year	-	(63)	(63)
At 31 December 2018	-	(1,431)	(1,431)

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Technicolor Media Services (UK) Limited's principal activity during the year was the settlement of brought forward receivables and payables following the closure of the business in 2015.

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 in England. The address of its registered office is 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B 5AH.

The financial statements are presented in Sterling (£). Monetary amounts in these financial statements have been rounded to the nearest £000.

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.

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:

- exemption from the requirement to present a statement of cash flows; and
- exemption from the requirement to disclose key management personnel compensation.

The company has also taken advantage of the following disclosure exemption in preparing these financial statements as permitted by FRS 102 on the basis that equivalent information is included in the consolidated financial statements of Technicolor S A as at December 2018 and these financial statements may be obtained from 8-10 rue du Renard, 75004 Paris, France.

- exemption from certain disclosures relating to financial instruments required by Section 11.

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

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.2 Going concern

The company has net current liabilities of £1,431,000 as at 31 December 2018 and made a loss for the financial year then ended of £103,000.

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

The directors have prepared cash flow forecasts for the next twelve months, which show that the company will continue to be reliant on the Group to support its working capital needs. These forecasts include key assumptions specifically over the company's future activity and acknowledge that variations in the assumptions would impact the timing and quantum of cash flows.

On the basis of these forecasts, Technicolor S A has confirmed to the directors its intention to keep providing the necessary support for at least the next twelve months from the date of approval of these financial statements to enable the company to continue to settle its liabilities as they fall due.

The Board of Directors of Technicolor S A has also considered the Group's cash flow projections and believes that the Group's current cash will be sufficient to meet the expected cash requirements of the Group and address financial consequences of ongoing litigation, for twelve months from the signing of the company financial statements.

The company's directors believe it is unlikely that Technicolor S A would not be able to provide support offered. Accordingly, the directors consider that the forecasts and indication of support from Technicolor S A 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.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.3 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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 in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is 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 tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies within the UK where capacity to utilise those losses exists. There was an agreement between members of this tax group that losses surrendered in relation to periods of account up to 31 December 2016 would be paid for by the recipient company at 100% of the tax value. For tax losses relating to subsequent periods, this policy has ended and losses will not be paid for.

For tax losses relating to periods up to 31 December 2016, where there is reasonable certainty that taxable losses can be relieved, the group relief receivable or payable has been included in the taxation charge or credit for the period and the corresponding intercompany receivable or payable is recognised in the statement of financial position/balance sheet.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.4 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 gain and losses are presented in the profit and loss account within administrative expenses.

1.5 Finance costs (net)

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

1.6 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 statement of financial position 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.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.7 Pensions

Defined benefit scheme

The company participates in a Group-wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the year end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ("discount rate").

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial (loss)/gain on defined benefit schemes'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the year; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit or loss as interest expense.

Defined contribution scheme

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 rules 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.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

Retirement benefits

Accounting for a defined benefit pension scheme and the value of liabilities is dependent on significant assumptions, including an assessment of the discount rate, price inflation and key demographic figures including life expectancy and mortality rates.

These accounting judgments are inherently complex and require a high level of management judgment and specialist input by an actuary in the calculation of the value of the liabilities.

Going concern

The directors are of the opinion that the company will continue to be able to settle its liabilities as they fall due but is reliant on the group to support its working capital needs, thus it is appropriate for these accounts to be prepared on a going concern basis. Further details regarding the adoption of the going concern basis can be found in accounting policy 1.1 in the notes to the financial statements.

3. Operating profit

Audit fees for the year of £10,000 (2017: £10,000) have been incurred by the company and charged to restructuring costs.

4. Finance costs (net)

	2018 £000	2017 £000
Bank interest payable	94	102
Interest on pension commitments	9	9
	<u>103</u>	<u>111</u>

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017: £NIL).

During the year, no director received any emoluments (2017: £nil).

Directors' emoluments for the year ended 31 December 2018 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.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Taxation

	2018 £000	2017 £000
Corporation tax		
Adjustments in respect of previous periods	-	(525)
Total current tax	-	(525)
Deferred tax		
Origination and reversal of timing differences	(3)	540
Adjustment relating to prior years	-	148
Impairment of deferred tax	3	(540)
Adjustments to impairment of deferred tax relating to prior years	-	(148)
Total deferred tax	-	-
Tax charge/(credit) for the year	-	(525)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before taxation	(103)	(111)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(20)	(21)
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(525)
Impairment of deferred tax	3	(540)
Group relief surrendered, not paid for	17	18
Deferred tax arising on transfer of fixed assets to fellow group companies	-	543
Tax charge/(credit) for the year	-	(525)

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Taxation (continued)

Factors that may affect future tax charges

The deferred tax asset at 31 December 2018 remains fully impaired (31 December 2017: was fully impaired) on the basis that profit forecasts for the company and the Group indicate that the deferred tax asset is not expected to reverse in the foreseeable future.

A reduction in the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016.

The 17% rate has been used to calculate the deferred tax balance at 31 December 2018, as it is unlikely to be realised before 2021.

7. Debtors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed by group undertakings	15	7
Prepayments and accrued income	21	-
Group relief receivable	1,672	1,672
	<u>1,708</u>	<u>1,679</u>

All debtors are due within one year (2017: due within one year). Amounts owed by group undertakings are repayable on demand and do not bear interest.

8. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	13	-
Amounts owed to group undertakings	2,676	2,501
Accruals and deferred income	116	193
	<u>2,805</u>	<u>2,694</u>

All creditors are due within one year (2017: due within one year). Amounts owed to group undertakings bear interest of 1 month LIBOR plus 2.90% (2017: LIBOR plus 2.90%).

The restructuring accrual of £116,000 (2017: £193,000) results after payment of £77,000 closure costs in the year and £nil (2017: £nil) release to the profit and loss account.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Pension commitments

"The company participates in a group wide funded defined benefit pension plan in the UK. The Fund was closed to future benefit accrual on 31 March 2017. The level of benefits provided by the Fund depends on a member's length of service and their salary at their date of leaving the Fund. The last full funding valuation of the Fund was carried out by a qualified actuary as at 1 April 2015. The liabilities used when preparing the disclosures have been rolled forward from the actuarial valuation as at 1 April 2015. The results of the funding valuation at 1 April 2015 have been adjusted to the balance sheet date taking account of experience over the period since 1 April 2015, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

The IAS disclosures have been split by participating employer using a consistent approach as that adopted for the 2017 year-end disclosures. The liabilities have been split between employers based on each member's current or final employer. Assets have been split pro-rata to the liabilities. Assumed expenses have been split in proportion to the gross service cost, whereas benefits payments have been split in proportion to the value of the pensioner liabilities. Liabilities relating to companies which have ceased to participate have been treated as "orphan" liabilities and allocated between the remaining employers pro-rata by liabilities. Company contributions relating to future service benefits have been split based on payment schedules provided by the company. The deficit reduction contributions and expense contributions have been split between Technicolor Ltd at 86% and Technicolor Video Services (UK) Ltd at 14%. The Fund is a funded multi-employer defined benefit pension plan in the UK. The funding objective is to ensure that the Fund is fully funded, using assumptions that contain a modest margin for prudence and assets taken at market value.

The major assumptions used by the actuary were:

	2018	2017
	%	%
Discount rate applied to scheme liabilities	2.95	2.70
Rate of increase in salaries	N/A	N/A
Price inflation - RPI	3.45	3.20
Price inflation - CPI	2.35	2.10
Pension increases		
- Pension accrued before 6 April 1997	3.35	3.10
- Pension accrued after 6 April 1997	3.35	3.10

The mortality assumptions are based on the actuarial table 93% S2PXA 2017_S8.0_X (1.5%) YOB (2017: 93% S2PXA 2014_X (1.5%) YOB.

The assumed life expectancy of retirement at age 65 is:

	2018	2017
	£000	£000
Retiring today		
- Males	88.1	88.4
- Females	90.0	90.5
Retiring in 20 years		
- Males	89.8	90.6
- Females	91.8	92.8

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Pension commitments (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are:

Assumptions	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/(decrease) of 1% p.a.	(Decrease)/increase by 15% to 20%
Rate of inflation	Increase/(decrease) of 0.25% p.a.	Increase/(decrease) by 3% to 3%
Rate of salary growth	Increase/(decrease) of 0.25% p.a.	Increase/(decrease) by 0.3% to 0.3%

Scheme assets at the year end

	31 December 2018 %	Value at 31 December 2018 £000	31 December 2017 %	Value at 31 December 2017 £000
Equities	16	201	17	232
Bonds	43	540	42	574
Insurance	35	440	34	464
	6	75	7	96
Cash and others				
Total	100	1,256	100	1,366

Amounts to be recognised in the balance sheet

	2018 £000	2017 £000
Total market value of assets	1,256	1,366
Present value of scheme liabilities	(1,590)	(1,720)
Deficit in scheme	(334)	(354)
Related deferred tax asset after impairment (see note 11)	-	-
Net liability	(334)	(354)

Analysis of the defined benefit obligation

	2018 £000	2017 £000
Present value of unfunded defined benefit obligation	-	-
Present value of funded defined benefit obligation	(1,590)	(1,720)
	(1,590)	(1,720)

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Pension commitments (continued)

Reconciliation of present value of scheme liabilities

	2018 £000	2017 £000
At 1 January 2018	1,720	1,716
Service cost (Employer cost)	6	10
Members' contributions	-	1
Past service cost	5	-
Actuarial gain on scheme liabilities	(178)	(45)
Benefits paid	(6)	(8)
Interest cost	43	46
At 31 December 2018	1,590	1,720

Reconciliation of fair value of scheme assets

	2018 £000	2017 £000
At 1 January 2018	1,366	1,350
Actual returns on scheme assets	34	37
Actuarial loss on scheme assets	(138)	(17)
Benefits paid	(6)	(8)
Contributions by company	-	3
Contributions by members	-	1
At 31 December 2018	1,256	1,366

Amounts to be recognised in the profit and loss account

	2018 £000	2017 £000
Current service cost	-	2
Past service cost	5	-
Net interest cost	9	9
Administration expenses	6	8
Total	20	19

The total amount recognised in other recognised income in respect of actuarial gain is £40,000 (2017: gain of £28,000).

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Called up share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

All shares rank pari-passu in all respects.

11. Deferred taxation

	2018 £000	2017 £000
At 1 January 2018	-	-
Charged to the profit and loss account	(3)	688
Charged to equity	7	5
Impairment in year	(4)	(693)
At 31 December 2018	-	-

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Actuarial losses in defined benefit schemes	24	31
Other timing differences	32	29
Impairment of deferred tax asset	(56)	(60)
	-	-

12. Guarantees

The company is part of an Unlimited Multilateral Guarantee given by Technicolor Holdings Ltd, the ultimate parent company in the UK, to the Group's bank, Barclays Bank Plc, to cover Group banking arrangements. In addition Technicolor Holdings Ltd and its subsidiaries ("the UK group") are party to a cross guarantee regarding intercompany borrowings held by the UK Group with other members of the Technicolor Group. The total value of borrowings payable by the UK group as at 31 December 2018 amounts to £264,606,000 (2017: £293,348,000). Such debts are separately reported as liabilities in the financial statements of the individual Group members.

TECHNICOLOR MEDIA SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Immediate and ultimate parent undertaking

The company's immediate parent undertaking is Technicolor Limited, a company registered in England. The company's ultimate parent undertaking and ultimate controlling party is Technicolor S A, a company registered in France.

The company's results are consolidated within the Technicolor S A group financial statements, which can be obtained from the Registered Office at 8-10 Rue du Renard, 75004 Paris, France. The company is not consolidated within any other group.