

Vidfilm International Digital Subtitling Limited

Annual Report for the year ended 31 December 2003

Registered no: 4211782



Vidfilm International Digital Subtitling Limited

Annual Report

For the year ended 31 December 2003

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Directors' Report
for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal Activities

The profit and loss account for the period is set out on page 5.

Until 31 December 2002 the principal activity of the company was that of subtitling. On 1 January 2003 this activity was transferred to a fellow subsidiary, Technicolor Creative Service (UK) Limited (formerly Vidfilm International Digital Limited).

Review of Business and Future Developments

On 1 January 2003, the assets and liabilities of the company were transferred to its immediate parent, Technicolor Creative Service (UK) Limited at net book value. Both the level of business and the period end financial position were satisfactory.

Events since the balance sheet date

There have been no events since the Balance Sheet date that affect the understanding of these financial statements.

Dividends

No dividends were paid during the period, (31 December 2002: £nil).

Directors

The directors of the company who served throughout the year ended 31 December 2003 and to the date of this report, except as noted, were:

R Beck
R Andrews
R Beitcher (resigned 14 April 2003)

Directors' Interests

None of the directors in office at the period end had any interest in the share capital of the company, ultimate parent company or any other companies in the group at 31 December 2003.

Charitable and Political Contributions

The company made no charitable donations or political contributions during the period to 31 December 2003 (31 December 2002: £nil).

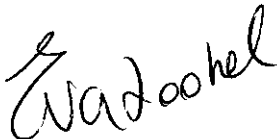
Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period, which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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.

By order of the board



E Tooher
Company Secretary
10 August 2005

Registered Office:
26-28 Hammersmith Grove
London
W6 7PE

Independent Auditors' Report to the Members of Vidfilm International Digital Subtitling Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

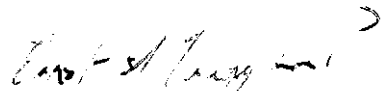
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
10 August 2005

Profit and Loss Account**for the year ended 31 December 2003**

	Notes	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Turnover	2	-	685,063
Cost of sales		-	(463,822)
Gross profit		-	221,241
Operating expenses	3	-	(292,935)
Operating Loss		-	(71,694)
Interest receivable and similar income		-	160
Interest payable and similar charges	6	-	(6,244)
Loss on ordinary activities before taxation	7	-	(77,778)
Tax on loss on ordinary activities	8	-	-
Loss on ordinary activities after taxation and retained for the period	14	-	(77,778)

The company ceased trading on 1 January 2003.

The company has no recognised gains and losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.

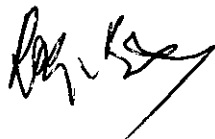
There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Balance Sheet**As at 31 December 2003**

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	-	110,835
		-	110,835
Current assets			
Debtors	10	-	127,681
		-	127,681
Creditors: amounts falling due within one year	11	-	(66,084)
Net current (Liabilities)/Assets		-	61,597
Total assets less current liabilities		-	172,432
Creditors: amounts falling due after more than one year	11	(97,568)	(270,000)
Net Liabilities		<u>(97,568)</u>	<u>(97,568)</u>
Capital and reserves			
Called-up share capital	13	25,060	25,060
Profit and loss account	14	<u>(122,628)</u>	<u>(122,628)</u>
Shareholders' funds		<u>(97,568)</u>	<u>(97,568)</u>

The notes to the accounts on pages 7 to 14 form an integral part of this balance sheet.
The financial statements on pages 5 to 14 were approved by the board of directors
on 10 August 2005 and were signed on its behalf by:

Mr R Beck
Managing Director
10 August 2005



Notes to the Financial Statements

for the year ended 31 December 2003

1. Principal Accounting Policies/Basis of Accounting

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Tangible Fixed Assets

Tangible fixed assets are stated at their cost, net of depreciation and any provision for impairment.

Depreciation

Provision for depreciation is made so as to write off the cost of tangible fixed assets over the expected useful economic life of the fixed assets concerned and where appropriate to reflect any provision for impairment.

The principal annual rates used for this purpose are:

Plant and machinery	25%
Fixtures & Fittings	25%

Operating Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

1. Principal Accounting Policies (Continued)**Foreign Currencies**

Trading transactions denominated in foreign currencies are converted into sterling at the exchange rate ruling when the transaction was entered into. All current assets and liabilities denominated in foreign currencies are converted into sterling at the rates of exchange ruling at the year end. Exchange differences are dealt with in the profit and loss account.

Turnover

Turnover represents the invoiced value of goods and services supplied and excluded value added tax. Turnover is recognised on the basis of goods shipped and is stated after deduction of trade discounts.

Pension Costs

Contributions to defined contribution schemes are charged to the Profit & Loss account as they become payable in accordance with the rules of the scheme.

Cash Flow Statement

The company is a wholly owned subsidiary of Thomson S.A. and the cash flows of the company are included in the consolidated group cash flow statement of Thomson S.A.. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Related Party Transactions

Financial Reporting Standard No 8 requires the disclosure of the detail of material transactions between the company and any related parties. The company is a wholly owned subsidiary of Thomson S.A. and has taken advantage of the exemption from providing such information on group transactions.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

2. Turnover

In the opinion of the directors, disclosure of the geographical analysis of turnover would be prejudicial to the company.

3. Operating Expenses

	Year Ended 31 December 2003 £	Period Ended 31 December 2002 £
Administrative expenses	-	292,935
	-	292,935

4. Directors' Emoluments

The remuneration paid to the directors of Vidfilm International Digital Subtitling Limited was:

	Year Ended 31 December 2003 £	Period Ended 31 December 2002 £
Emoluments (including benefits in kind)	-	60,303
	-	60,303

	Year Ended 31 December 2003	Period Ended 31 December 2002
Members of money purchase pension schemes	-	3
	-	3

5. Employee Information

The average weekly number of persons (including executive directors) employed during the period was:

	Year Ended 31 December 2003	Period Ended 31 December 2002
Production	-	5
	-	5
Staff costs (for the above persons):	£	£
Wages and salaries	-	163,892
Social security costs	-	14,586
Other pension costs	-	8,523
	-	187,001

6. Interest Payable and Similar Charges

	Year Ended 31 December 2003 £	Period Ended 31 December 2002 £
Loan interest payable	-	6,222
Other interest expense	-	22
	<u>-</u>	<u>6,244</u>

7. Profit On Ordinary Activities Before Taxation

	Year Ended 31 December 2003 £	Period Ended 31 December 2002 £
Loss on ordinary activities before taxation	<u>-</u>	<u>(77,778)</u>
And after charging:		
Depreciation charge of tangible fixed assets	-	45,411
Directors' emoluments	-	60,303
Auditors' remuneration:		
Audit Fee	-	2,500
Other Professional Services	-	5,795
Hire of plant & machinery – operating leases	-	16,815

Audit fees for this company have been borne by Technicolor Creative Service (UK) Limited (formerly Vidfilm International Limited) as part of group arrangements.

8. Tax on profit on ordinary activities**Factors affecting the tax charge for the period**

The tax assessed on the profit/loss on ordinary activities for the period is equal to the standard rate of corporation tax in the UK. The differences are explained below:

	£	£
Loss on ordinary activities before tax	<u>-</u>	<u>77,778</u>
Corporation tax at the Standard rate of 30%	-	23,334
Effect of:		
Tax losses in the year not relieviable against current tax	-	(23,334)
Current tax charge for the period	<u>-</u>	<u>-</u>

The company expects the tax rate in the future to be affected by factors similar to those in the current year.

9. Tangible Fixed Assets

	Plant and Machinery	Fixtures And Fittings	Total
	£	£	£
Cost or valuation			
At 1 January 2003	134,349	18,241	152,590
Transferred to parent company	(134,349)	(18,241)	(152,590)
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 January 2003	37,177	4,578	41,755
Transferred to parent company	(37,177)	(4,578)	(41,755)
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>
Net book value At 31 December 2002	<u>97,172</u>	<u>13,663</u>	<u>110,835</u>

10. Debtors

	31 December 2003 £	31 December 2002 £
Amounts falling due within one year		
Trade debtors & Prepayments	-	127,330
Directors Loan Account	-	351
	<u>-</u>	<u>127,681</u>

11. Creditors

	31 December 2003 £	31 December 2002 £
Amounts falling due within one year		
Bank Overdraft	-	8,113
Trade creditors & Accruals	-	36,245
Taxation and social security	-	21,726
	<u>-</u>	<u>66,084</u>
	2003	2002
	£'000	£'000
Amounts falling due after more than one year		
Amounts owed to group companies		
- Intercompany Loans	97,568	270,000
	<u>97,568</u>	<u>270,000</u>

12. Commitments under operating leases

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Plant & Machinery 2003 £	2002 £
Operating leases which expire:		
In two to five years	-	16,815
	<u>-</u>	<u>16,815</u>

13. Share Capital

	31 December 2003 £	31 December 2002 £
Authorised		
151,000 ordinary shares of £1 each	<u>151,000</u>	<u>151,000</u>
	<u>151,000</u>	<u>151,000</u>
Allotted, called up and fully paid		
120 ordinary shares of £1 each	120	120
60 Ordinary Shares of at a premium of £415.67 each	<u>24,940</u>	<u>24,940</u>
	<u>25,060</u>	<u>25,060</u>

14. Reconciliation of Movements in Shareholders' Funds

	Share Capital	Profit and loss account	Total Shareholders' Funds
At 1 January 2003	25,060	(122,628)	(97,568)
At 31 December 2003	<u>25,060</u>	<u>(122,628)</u>	<u>(97,568)</u>

15. Contingent Liabilities

From time to time as a normal incidence of the nature of the company's business, various claims, charges, and litigation are asserted against the company arising from or related to contractual or employee relations or product performance. At this stage, the Directors do not believe these claims would have a material adverse effect on the financial position or results of the company.

In the opinion of the directors there are no other material contingent liabilities.

16. Financing

At 31 December 2003, the Company had net liabilities of £97,568 and net current liabilities of £97,568.

The Directors have received confirmation that Technicolor Creative Services (UK) Limited (formerly Vidfilm International Digital Limited) will continue to support the Company such that it can continue to settle its liabilities as they fall due. Accordingly, the accounts have been prepared on a going concern basis.

17. Ultimate Parent Company

The immediate parent is Technicolor creative Services (UK) Limited (formerly Vidfilm International Digital Limited). The company's ultimate parent company and ultimate controlling party (in accordance with FRS8) at the balance sheet date was Thomson S.A., whose financial statements are publicly available, from 46 Quai Alphonse Le Gallo, 92100 Boulogne, France. The company is not consolidated within any other group.