

Arion Facilities Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Registered No 2387772

Directors

Mr K W Biggins

Mr M J Doughty

Secretary

Mr C E Catterall

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

HSBC Bank Plc

Edgeborough House

Upper Edgeborough Road,

Guildford

GU1 2AQ

Solicitors

Berwin Leighton Paisner LLP

Adelaide House

London Bridge

London

EC4R 9HA

Registered Office

Denham Media Park

North Orbital Road

Denham, Uxbridge

Middlesex, UB9 5HQ

Registered No 2387772

Directors' report

The Directors present their report and audited financial statements of the company for the year ended 31 December 2009

Arion Facilities Ltd forms part of the Deluxe Entertainments Services Group Inc, formerly DX III Holdings Corporation, a wholly owned indirect subsidiary of MacAndrews & Forbes Holdings Inc, a privately owned US company

Results and dividends

The loss for the year, after taxation, amounted to £775,000 (thirteen months ended 31 December 2008 loss £1,008,000) The directors do not recommend payment of a dividend (thirteen months ended 31 December 2008 £nil)

Principal activity and review of the business

The company did not trade during the period

The result and position of the company as at and for the year ended 31 December 2009 is set out in the profit and loss account and balance sheet on pages 7 and 8 respectively

Future developments

The Directors expect that the company will not trade for the foreseeable future

Principal risks and uncertainties

The risks and uncertainties of the company are integrated with the risks of Deluxe UK Holdings Limited and are not managed separately

Directors

The following were Directors of the Company during the period and thereafter

K W Biggins
M J Doughty

Disclosure of information to the auditors

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

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

Registered No 2387772

Directors' report

Auditors

Given the expectation that the Company will not trade for the foreseeable future it will not require an audit and will take advantage of the provisions in s480/CA of the Companies Act 2006, not to appoint auditors

By order of the Board

A handwritten signature in black ink, appearing to be 'C E Catterall', written in a cursive style.

C E Catterall

Company Secretary

Date 27 September 2010

Registered No 2387772

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Arion Facilities Limited

We have audited the financial statements of Arion Facilities Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)
to the members of Arion Facilities Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Paul Gordon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date *28 September 2010*

Profit and loss account

for the year ended 31 December 2009

		<i>Twelve months ended 31 December 2009 £000</i>	<i>Thirteen months ended 31 December 2008 £000</i>
	<i>Notes</i>		
Turnover		0	1,679
Cost of Sales		0	(1,625)
Gross Profit		0	54
Administration expenses	2	0	(1,105)
Operating loss		0	(1,051)
Exceptional Item			
Intercompany Loan – Deluxe UK Holdings	10	(820)	0
Operating loss after exceptional item		(820)	(1,051)
Profit on disposal of fixed asset		0	33
Interest receivable and similar income	3	62	42
Interest payable and similar charges	4	0	(32)
Loss on ordinary activities before taxation		(758)	(1,008)
Tax on loss on ordinary activities	5	(17)	0
Retained loss for the financial period	9	<u>(775)</u>	<u>(1,008)</u>

Statement of total recognised gains and losses

for the year ended 31 December 2009



There are no gains or losses other than the loss attributable to shareholders of the company of £775,000 in the year ended 31 December 2009 (thirteen months ended 31 December 2008 loss £1,008,000)

Balance sheet

at 31 December 2009

	Notes	31 December 2009		31 December 2008	
		£000	£000	£000	£000
Current assets					
Debtors	6	0		798	
Cash at bank and in hand		0		19	
		<u>0</u>		<u>817</u>	
Creditors Amounts falling due within one year	7	<u>0</u>		<u>(42)</u>	
Net current assets			<u>0</u>		<u>775</u>
Total assets less current liabilities			0		775
Net assets			<u>0</u>		<u>775</u>
Capital and reserves					
Called up share capital	8		4 000		4 000
Profit and Loss account	9		(4 000)		(3 225)
Equity shareholders' funds			<u>0</u>		<u>775</u>

These accounts were approved by the Board of Directors on 27 September 2010

K W Biggins )
) Directors
 M J Doughty )

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Cashflow statement

The company has relied on the exemption provided by FRS 1 from preparing its own cashflow statement as it is a 100% subsidiary of a company that prepares and files publicly available consolidated financial statements

Income recognition

Turnover consists of amounts receivable for the provision of dailies, duplication, telecine, digital intermediate services and associated income stated net of vat and is generally recognised as goods are shipped or services rendered

Taxation

Current tax is applied to taxable profits at the rates ruling in the relevant country

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, that result in an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not, that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse

2. Operating costs

Auditors' remuneration for audit fees will be paid by the immediate parent undertaking, Deluxe Laboratories Ltd

Notes to the financial statements

at 31 December 2009

3. Interest receivable and similar income

	<i>Year ended 31 December 2009 £000</i>	<i>Thirteen months ended 31 December 2008 £000</i>
Interest receivable from parent undertaking	62	40
Interest receivable from other sources	0	2
	<u>62</u>	<u>42</u>

4. Interest payable and similar charges

	<i>Year ended 31 December 2009 £000</i>	<i>Thirteen months ended 31 December 2008 £000</i>
Interest payable on finance leases	0	(32)
	<u>0</u>	<u>(32)</u>

5(a). Tax on ordinary activities

The tax charge is made up as follows

	<i>Year ended 31 December 2009 £000</i>	<i>Thirteen months ended 31 December 2008 £000</i>
<i>Current tax</i>		
UK Corporation tax @28% (2008 28.5%)	17	0
<i>Deferred tax</i>		
Origination and reversal of timing differences	0	0
	<u>17</u>	<u>0</u>

5(b). Factors affecting the current tax charge

The tax charge assessed for the period differs from the standard rate of UK corporation tax in the UK 28% (2008 28.5%). The differences are reconciled below

Notes to the financial statements

at 31 December 2009

	<i>Year ended 31 December 2009 £000</i>	<i>Thirteen months ended 31 December 2008 £000</i>
(Loss) on ordinary activities before tax	<u>(758)</u>	<u>(1,008)</u>
(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	(212)	(287)
Effects of		
Expenses not deductible for tax purposes	229	118
Group relief surrendered for no payment	<u>0</u>	<u>169</u>
Total current tax (note 5 (a))	<u>17</u>	<u>0</u>

5(c). Factors that may affect future tax charges

The following changes were announced in the UK Budget on 22 June 2010 (i) the full rate of corporation tax will reduce to 27% with effect from 1 April 2011, and will decrease by a further 1% each 1 April thereafter until reaching 24% with effect from 1 April 2014, (ii) the rate of annual writing down allowances on qualifying plant and machinery will reduce by 2%, to 18% for the general capital allowance pool and to 8% for the integral features pool, with effect from 1 April 2012

6. Debtors

	<i>31 December 2009 £000</i>	<i>31 December 2008 £000</i>
Amounts owed by group undertakings	0	795
Other debtors	<u>0</u>	<u>3</u>
	<u>0</u>	<u>798</u>

Notes to the financial statements

at 31 December 2009

7. Creditors' amounts falling due within one year

	<i>31 December 2009 £000</i>	<i>31 December 2008 £000</i>
Amounts owed to group undertakings	0	14
Taxation and social security	0	13
Accruals and deferred income	0	15
	<u>0</u>	<u>42</u>

8. Share capital

	<i>31 December 2009 £000</i>	<i>31 December 2008 £000</i>
<i>Authorised</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Issued and fully paid</i>		
Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

9. Movement on reserves

	<i>Profit and loss account £000</i>
At 31 December 2008	(3,225)
Retained loss for the period	<u>(775)</u>
At 31 December 2009	<u>(4,000)</u>

10. Exceptional item

The exceptional item represents loans to Deluxe UK Holdings Limited, a group company, written off after the cessation of trade

11. Directors' emoluments

The directors received no remuneration for their services in either period

Notes to the financial statements

at 31 December 2009

12. Staff costs

	<i>Year ended 31 December 2009 £000</i>	<i>Thirteen months ended 31 December 2008 £000</i>
Analysis of costs.		
Wages and salaries	0	915
Social security costs	0	99
Other pension costs	0	8
	<u>0</u>	<u>1,022</u>

	<i>Year ended 31 December 2009 No</i>	<i>Thirteen months ended 31 December 2008 No</i>
Average monthly number of Employees (including executive/directors) during the period		
Technical	0	15
Administration	0	8
	<u>0</u>	<u>23</u>

13. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with related parties

14. Ultimate controlling party

The immediate parent undertaking is Deluxe Laboratories Ltd. The company's ultimate parent undertaking and parent undertaking of the largest and smallest groups for which group accounts are drawn up and of which the company is a part is MacAndrews & Forbes Holdings Inc, a privately owned US company. A copy of the consolidated financial statements of MacAndrews & Forbes Holdings Inc can be obtained from 35 East 62nd Street, New York, NY 10065 USA.