

**HOLLYWOOD EXPRESS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1998**

**REGISTERED NO: 2086893**



## **HOLLYWOOD EXPRESS LIMITED**

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# **HOLLYWOOD EXPRESS LIMITED**

## **DIRECTORS**

Viacom International (Netherlands) BV  
Universal Studios International BV

## **SECRETARY**

J C Ribbons

## **AUDITORS**

PricewaterhouseCoopers  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

## **REGISTERED OFFICE**

Lee House  
90 Great Bridgewater Street  
Manchester  
M1 5JW

## **HOLLYWOOD EXPRESS LIMITED DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 31 December 1998.

### **REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS**

The principal activities of Hollywood Express Limited (the "Company") are the storage and supply to cinemas of concession products and other goods.

The Company is party to a revolving £240 million borrowing facility along with other members of the United Cinemas International Multiplex BV ("UCI Multiplex") group. At the year end this facility had not been utilised by the Company (1997:£Nil).

The profit and loss account for the year ended 31 December 1998 and the balance sheet at that date are set out on pages 7 and 8 respectively. The profit on ordinary activities for the year after taxation amounted to £177,923 (1997: £188,077).

The directors do not recommend the payment of a dividend for the year (1997: £nil). The retained profit transferred to reserves was £177,923 (1997: £188,077)

### **DIRECTORS AND THEIR INTERESTS**

The directors of the Company during the year were:

Viacom International (Netherlands) BV - The Netherlands; and  
Universal Studios International BV - The Netherlands.

At 31 December 1998, Viacom International (Netherlands) BV held 49.02% (1997 - 49.02%), Universal Studios International BV held 49.02% (1997 - 49.02%) and Stichting UCI-CIC Charitable Trust held 1.96% (1997 - 1.96%) of the issued share capital of UCI Multiplex. UCI Multiplex controls the issued share capital of the Company's immediate parent undertaking, United Cinemas International (UK) Limited.

### **YEAR 2000**

The Company has recognised the need to review its business systems to establish the potential exposure to Year 2000 non-compliance. The Company has completed a review of its business critical operations and has a project team in place to rectify any areas of identified non-compliance. The directors do not believe that the cost to the Company will be material.

### **EMPLOYEE COMMUNICATIONS AND DISABLED EMPLOYEES**

Employees are informed as to the performance and status of the Company by regular meetings at head office and through in-house media.

It is the policy of the Company that disabled persons are employed on equal terms. If employees become disabled every effort is made to continue employment with re-training for alternative work if necessary. Opportunities for career development are available to disabled persons.

**HOLLYWOOD EXPRESS LIMITED  
DIRECTORS' REPORT (CONTINUED)**

**DONATIONS**

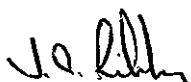
During the year the Company made charitable donations of £Nil (1997: £510). No political donations were made (1997: £Nil)

**AUDITORS**

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned in favour of the new firm, PricewaterhouseCoopers, and the directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation.

A resolution to re-appoint PricewaterhouseCoopers as auditors of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board



J C Ribbons  
Secretary  
25 February 1999

## **HOLLYWOOD EXPRESS LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year 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, 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 proper accounting records which 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 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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
HOLLYWOOD EXPRESS LIMITED**

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

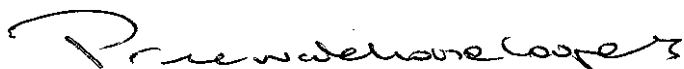
**Basis of opinion**

We conducted our audit in accordance with 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 the Company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors  
25 February 1999

**HOLLYWOOD EXPRESS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**

	Note	1998 £	1997 £
<b>Turnover</b>	2	10,816,624	10,027,555
Cost of sales		(9,133,938)	(8,463,548)
<b>Gross profit</b>		1,682,686	1,564,007
Administrative expenses		(1,348,438)	(1,303,904)
<b>Operating profit</b>	3	334,248	260,103
Interest payable and similar charges	5	(76,389)	(63,217)
<b>Profit on ordinary activities before taxation</b>		257,859	196,886
Tax on profit on ordinary activities	6	(79,936)	(8,809)
<b>Profit for the year</b>	13	177,923	188,077

All turnover and profit on ordinary activities relate to continuing activities.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses in the Company in either the current or preceding year other than the profit for the year.


The notes on pages 8 to 14 form an integral part of these financial statements.



**HOLLYWOOD EXPRESS LIMITED**  
**BALANCE SHEET AS AT**  
**31 DECEMBER 1998**

	Note	1998 £	1998 £	1997 £	1997 £
<b>Fixed assets</b>	7		407,769		463,583
<b>Current assets</b>					
Stocks	8	957,205		1,106,040	
Debtors	9	1,175,479		1,099,484	
		<u>2,132,684</u>		<u>2,205,524</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,171,089)</u>		<u>(2,476,446)</u>	
<b>Net current liabilities</b>			(38,405)		(270,922)
<b>Provisions for liabilities and charges</b>	11		-		(1,220)
<b>Total assets less current liabilities</b>			<u>369,364</u>		<u>191,441</u>
<b>Capital and reserves</b>					
Called up share capital	12		<sup>2</sup>		<sup>2</sup>
Profit and loss account	13		369,362		191,439
<b>Equity shareholders' funds</b>			<u>369,364</u>		<u>191,441</u>

Approved by the Board on 25 February 1999

  
 Director's representative  
 for Viacom International (Netherlands) BV

The notes on pages 8 to 14 form an integral part of these financial statements.

# **HOLLYWOOD EXPRESS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

#### **Accounting convention**

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

The financial statements are prepared on a going concern basis as the Company's projected cash flows, together with the support of its parent and the bank facility, are in management's opinion, sufficient to meet its known commitments.

#### **Depreciation**

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost evenly over its expected useful life as follows:

Leasehold improvements	Over the term of the lease to a maximum of 50 years
Motor vehicles	4 years
Fixtures and fittings	8 years
Data Processing	4 years

#### **Leasing commitments**

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

#### **Stocks**

Stocks comprise principally of goods for resale which are stated at the lower of cost and net realisable value.

#### **Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### **Pensions**

The employees of Hollywood Express Limited are eligible for membership of the "CIC, UCI and UIP Companies Pension Plan" (the "Plan"). This is a defined benefit pension plan. Contributions to the Plan are charged to the profit and loss account over the Plan members working lives.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange differences thus arising are dealt with in the profit and loss account.

**HOLLYWOOD EXPRESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Related party disclosures**

The company is a wholly owned subsidiary of United Cinemas International Multiplex BV and is included in the financial statements of UCI Multiplex which are publicly available. Consequently, the company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the UCI Multiplex group or investees of the UCI Multiplex group (see note 17).

**2 TURNOVER**

Turnover represents sales of goods for resale excluding value added tax and may be geographically analysed as follows:

	1998	1997
	£	£
UK	8,949,845	8,378,086
Rest of Europe	1,728,659	1,521,585
Far East	138,120	127,884
	<u>10,816,624</u>	<u>10,027,555</u>

**3 OPERATING PROFIT**

	1998	1997
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration - audit fees	5,000	4,950
Depreciation of tangible fixed assets	129,480	126,424
Foreign exchange (gains)/losses	(12,034)	545
Operating lease rentals - land and buildings	<u>131,710</u>	<u>131,710</u>

**4 STAFF COSTS**

	1998	1997
	£	£
Wages and salaries	577,789	564,246
Social security costs	50,669	47,248
Other pension costs	<u>13,702</u>	<u>14,291</u>
	<u>642,160</u>	<u>625,785</u>
	No.	No.
The average number of people employed during the year was:	<u>33</u>	<u>35</u>

**HOLLYWOOD EXPRESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4 STAFF COSTS (CONTINUED)**

**Directors' remuneration**

The directors did not receive any remuneration in the current or preceding year in respect of their services to the Company.

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	1998	1997
	£	£
Bank loans and overdrafts wholly repayable within five years	28,912	5,046
Interest charged by group undertakings	47,477	58,171
	<u>76,389</u>	<u>63,217</u>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998	1997
	£	£
UK corporation tax charge at 31.0% (1997: 31.5%)	83,288	6,435
Deferred tax	(1,220)	7,985
	<u>82,068</u>	<u>14,420</u>
Adjustment in respect of prior years	(2,132)	(5,611)
	<u>79,936</u>	<u>8,809</u>

**HOLLYWOOD EXPRESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7 TANGIBLE FIXED ASSETS**

	Leasehold improvements	Motor vehicles	Fixtures, fittings and equipment	Total
<b>Cost</b>	£	£	£	£
At 1 January 1998	199,815	80,754	592,283	872,852
Additions	9,438	46,517	25,293	81,248
Disposals	-	(13,999)	-	(13,999)
At 31 December 1998	209,253	113,272	617,576	940,101
<b>Depreciation</b>				
At 1 January 1998	33,371	48,992	326,906	409,269
Provided during the year	8,214	21,933	99,333	129,480
Disposals	-	(6,417)	-	(6,417)
At 31 December 1998	41,585	64,508	426,239	532,332
<b>Net book value</b>				
At 31 December 1998	167,668	48,764	191,337	407,769
At 31 December 1997	166,444	31,762	265,377	463,583

**8 STOCKS**

	1998	1997
	£	£
Goods for resale	957,205	1,106,040

**9 DEBTORS**

	1998	1997
	£	£
Trade debtors	472,083	441,859
Amounts owed by group undertakings	399,522	374,348
Other debtors	260,843	262,229
Prepayments and accrued income	43,031	21,048
	1,175,479	1,099,484

**HOLLYWOOD EXPRESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 CREDITORS: amounts falling due within one year**

	1998	1997
	£	£
Bank overdrafts	159,290	1,121,123
Trade creditors	639,801	479,630
Taxation and social security	102,139	23,940
Amounts owed to group undertakings	532,523	219,733
Accruals and deferred income	737,336	632,020
	<u>2,171,089</u>	<u>2,476,446</u>

The amounts owed to group undertakings bore interest at a rate of 8.42% (1997: 7.37%) during the year.

**11 PROVISION FOR LIABILITIES AND CHARGES**

Deferred taxation:

	£
Balance at 1 January 1998	1,220
Profit and loss account	(1,220)
	<u>-</u>
Balance at 31 December 1998	<u>-</u>

The amounts of deferred taxation provided in the financial statements are as follows:

	1998	1997
	£	£
Capital allowances in excess of depreciation	-	6,756
Other timing differences	-	(5,536)
	<u>-</u>	<u>1,220</u>

There are no amounts of unprovided deferred tax in either the current or preceding year.

**12 CALLED UP SHARE CAPITAL**

	1998	1997
	£	£
Authorised:		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

## HOLLYWOOD EXPRESS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1998	2	191,439	191,441
Retained profit for the year	-	177,923	177,923
	<hr/>	<hr/>	<hr/>
At 31 December 1998	2	369,362	369,364
	<hr/>	<hr/>	<hr/>

#### 14 CAPITAL COMMITMENTS

	1998 £	1997 £
Contracted for but not provided in the financial statements	25,000	22,000
	<hr/>	<hr/>

#### 15 OPERATING LEASE COMMITMENTS

Annual commitment relating to land and buildings under operating leases are as follows:

	1998 £	1997 £
Leases which expire in one to five years	140,000	131,710
	<hr/>	<hr/>

**HOLLYWOOD EXPRESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16 PENSION COMMITMENTS**

The Company participates in the "CIC, UCI and UIP Companies Pension Plan" ("the Plan") which is a defined benefit plan providing benefits based on final pensionable salary. The Plan is set up under trust and the assets of the Plan are held separately from the Company.

The pension cost charged to the profit and loss account has been calculated by an independent qualified actuary so as to spread the cost of pensions over the employees' working lives with the Company. The pension costs are based on the most recent actuarial valuation at 1 January 1998. The actuarial method used to calculate the pension cost was the projected unit method.

The most significant assumptions for their effect on pension costs are as follows:

Investment returns	8.5%	per annum
Rate of increase of earnings	6%	per annum
Rate of increase of pensions during payment (in excess of Guaranteed Minimum Pensions)	3.5%	per annum

The Plan is funded using the same assumptions and actuarial method outlined above.

The pension cost charged to the profit and loss account for the period was £13,702 (1997: £14,291).

The actuarial valuation at 1 January 1998 showed that the market value of the Plan's assets was £19,161,000 and that the actuarial value of the assets represented 114% of the Plan's liabilities at the valuation date, after allowing for expected future increases in earnings to retirement or earlier leaving.

Included within accruals and deferred income is £21,801 (1997: £17,863) in respect of pension contribution payments made after their recognition in the profit and loss account.

**17 RELATED PARTY TRANSACTIONS**

The Company, United Cinemas International (UK) Limited (its immediate parent) and Cinema International Corporation (UK) have the same ultimate shareholders. During the year the Company made sales of £140,089 (1997: £173,158) to Cinema International Corporation (UK). At the balance sheet date, £37,079 (1997: £42,920) was due from this company.

**18 PARENT UNDERTAKINGS**

The Company's immediate parent undertaking is United Cinemas International (UK) Limited. The smallest and largest group which includes the Company's financial statements is UCI Multiplex which is incorporated in The Netherlands. Copies of UCI Multiplex's financial statements can be obtained from Rijswijkstraat 175, 1062 EV, Amsterdam.