

HOLLYWOOD EXPRESS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1996

REGISTERED NO: 2086893



HOLLYWOOD EXPRESS LIMITED

DIRECTORS	Viacom International (Netherlands) BV Universal Studios International BV (formerly MCA International BV)
SECRETARY	J C Ribbons
AUDITORS	Price Waterhouse York House York Street Manchester M2 4WS
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 1996.

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.

In August 1996, the Company became party to a revolving £240 million facility along with other members of the United Cinemas International Multiplex BV ("UCI Multiplex") group. As a result, the directors believe that there is sufficient finance available to meet its medium term objectives. At 31 December 1996 this facility had not been utilised by the Company.

The profit and loss account for the year ended 31 December 1996 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 £120 (1995 : £12,364).

The directors do not recommend the payment of a dividend for the year (1995:£nil). The retained profit transferred to reserves was £120 (1995: £12,364)

DIRECTORS AND THEIR INTERESTS

The directors of the Company during the year were:

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

At 31 December 1996, Viacom International (Netherlands) BV held 49.02% (1995 - 49.02%), Universal Studios International BV (formerly MCA International BV) held 49.02% (1995 - 49.02%) and Stichting UCI-CIC Charitable Trust (formerly Stichting Cinema International Corporation Charitable Trust Fund) held 1.96% (1995 - 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.

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 magazines.

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 £1,670 (1995:£971). No political donations were made (1995 : £Nil)

AUDITORS

A resolution to reappoint Price Waterhouse will be put to the forthcoming Annual General Meeting.

By Order of the Board



J C Ribbons
Secretary
28 February 1997

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.

Price Waterhouse



REPORT OF THE AUDITORS TO THE MEMBERS OF HOLLYWOOD EXPRESS LIMITED

We have audited the financial statements on pages 7 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 5 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors
28 February 1997

HOLLYWOOD EXPRESS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1995 £
Turnover	2	8,942,691	7,102,809
Cost of sales		<u>7,613,972</u>	<u>5,797,356</u>
Gross profit		1,328,719	1,305,453
Administrative expenses		<u>1,242,568</u>	<u>1,184,260</u>
Operating profit	3	86,151	121,193
Interest payable and similar charges	5	<u>59,756</u>	<u>75,279</u>
Profit on ordinary activities before taxation		26,395	45,914
Tax on profit on ordinary activities	6	<u>26,275</u>	<u>33,550</u>
Profit for the year	12	<u><u>120</u></u>	<u><u>12,364</u></u>

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 9 to 14 form an integral part of these financial statements.

HOLLYWOOD EXPRESS LIMITED
BALANCE SHEET AS AT
31 DECEMBER 1996

	Note	1996 £	1996 £	1995 £	1995 £
Fixed assets	7		534,527		423,570
Current assets					
Stocks	8	1,256,516		792,174	
Debtors	9	1,115,560		791,612	
Cash at bank and in hand		-		281	
		<u>2,372,076</u>		<u>1,584,067</u>	
Creditors: amounts falling due within one year	10	<u>(2,903,239)</u>		<u>(2,004,393)</u>	
Net current liabilities			<u>(531,163)</u>		<u>(420,326)</u>
Total assets less current liabilities			<u>3,364</u>		<u>3,244</u>
 Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		3,362		3,242
			<u>3,364</u>		<u>3,244</u>

Approved by the Board on 28 February 1997



Director's representative
for Viacom International (Netherlands) BV

The notes on pages 9 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, are in management's opinion, sufficient to meet its known commitments.

During the year the Company adopted the requirements of Financial Reporting Standard 8 (FRS8) - Related Party Disclosures. Transactions with companies within the UCI Multiplex group where the group owns more than 90% of the voting rights of that entity have not been disclosed, as permitted by the standard.

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, fittings and equipment	8 years

Leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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 consumables 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.

HOLLYWOOD EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

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.

2 TURNOVER

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

	1996	1995
	£	£
UK	7,694,488	6,075,163
Continental Europe	1,145,720	1,027,646
Far East	102,483	-
	<u>8,942,691</u>	<u>7,102,809</u>

3 OPERATING PROFIT

	1996	1995
	£	£
This is stated after charging/(crediting) :		
Auditors' remuneration - audit fees	5,100	5,998
Depreciation of tangible fixed assets	111,087	97,412
Foreign exchange (gains)/losses	(14,934)	14,482
Operating lease rentals - land and buildings	131,710	131,710
	<u>131,710</u>	<u>131,710</u>

Directors' remuneration

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

4 STAFF COSTS

	1996	1995
	£	£
Wages and salaries	536,182	489,059
Social security costs	47,206	41,815
Other pension costs	12,511	10,674
	<u>595,899</u>	<u>541,548</u>
	No.	No.
The average number of people employed during the year was	<u>35</u>	<u>30</u>

HOLLYWOOD EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
Bank loans and overdrafts wholly repayable within five years	9,395	3,032
Interest charged by group undertakings	50,361	72,247
	<u>59,756</u>	<u>75,279</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
UK corporation tax charge at 33% (1995: 25%)	15,610	31,717
Deferred tax	(6,765)	-
	<u>8,845</u>	<u>31,717</u>
Adjustment in respect of prior years	17,430	1,833
	<u>26,275</u>	<u>33,550</u>

The tax charge in 1995 is higher than the statutory rate due to the effect of interest charged not paid. There are no amounts of unprovided deferred taxation (1995 : £nil)

7 TANGIBLE FIXED ASSETS

	Leasehold improvements	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 1996	157,069	119,766	368,287	645,122
Additions	33,308	21,430	178,090	232,828
Disposals	-	(24,380)	-	(24,380)
	<u>190,377</u>	<u>116,816</u>	<u>546,377</u>	<u>853,570</u>
At 31 December 1996				
Depreciation				
At 1 January 1996	18,550	45,633	157,369	221,552
Provided during the year	6,828	26,792	77,467	111,087
Disposals	-	(13,596)	-	(13,596)
	<u>25,378</u>	<u>58,829</u>	<u>234,836</u>	<u>319,043</u>
At 31 December 1996				
Net book value				
At 31 December 1996	<u>164,999</u>	<u>57,987</u>	<u>311,541</u>	<u>534,527</u>
At 31 December 1995	<u>138,519</u>	<u>74,133</u>	<u>210,918</u>	<u>423,570</u>

HOLLYWOOD EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 STOCKS

	1996 £	1995 £
Consumables	<u>1,256,516</u>	<u>792,174</u>

9 DEBTORS

	1996 £	1995 £
Trade debtors	359,296	290,074
Deferred tax	6,765	-
Amounts owed by group undertakings	337,810	225,211
Other debtors	264,855	153,608
Prepayments and accrued income	<u>146,834</u>	<u>122,719</u>
	<u>1,115,560</u>	<u>791,612</u>

10 CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank overdrafts	586,826	62,472
Trade creditors	970,009	345,370
Taxation and social security	45,017	47,294
Amounts owed to group undertakings	1,043,600	1,022,012
Accruals and deferred income	<u>257,787</u>	<u>527,245</u>
	<u>2,903,239</u>	<u>2,004,393</u>

The amounts owed to group undertakings bore interest at a rate of 6.5% (1995: 7.22%) during the year.

HOLLYWOOD EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

12 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1996	2	3,242	3,244
Retained profit for the year	-	120	120
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	2	3,362	3,364
	<u> </u>	<u> </u>	<u> </u>

13 CAPITAL COMMITMENTS

	1996 £	1995 £
Contracted for but not provided in the financial statements	-	90,000
	<u> </u>	<u> </u>

14 OPERATING LEASE COMMITMENTS

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

	1996 £	1995 £
Leases which expire in one to five years	131,710	131,710
	<u> </u>	<u> </u>

HOLLYWOOD EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 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 1995. 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	9% per annum
Rate of increase of earnings	7% per annum
Rate of increase of pensions during payment (in excess of Guaranteed Minimum Pensions)	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 £12,511 (1995 - £10,674).

The actuarial valuation at 1 January 1995 showed that the market value of the Plan's assets was £14,030,000 and that the actuarial value of the assets represented 111% 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 £43,269 (1995: £20,712) in respect of pension contribution payments made after their recognition in the profit and loss account.

16 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 £170,583 to Cinema International Corporation (UK). At the balance sheet date, £32,596 was due from this company.

17 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.