

Hollywood Express Limited

Directors' report and financial
statements

Registered number 2086893

31 December 2010



A42

ATM23VUJ

15/07/2011

COMPANIES HOUSE

27

Contents

Directors' Report	1
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	3
Independent auditor's report to the members of Hollywood Express Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2010

Business review

Until the Company ceased trading in September 2007, the principal activities of Hollywood Express Limited were the storage and supply to cinemas of retail products and other goods

As a result of the cessation of trade, these financial statements have been prepared on a break-up basis

Financial results

The profit and loss account for the year is set out on page 6 The loss after taxation for the year amounted to £15,000 (2009 loss of £nil)

Group refinancing

In May 2011, a refinancing was successfully completed, which put the group in a stronger position going forwards Senior secured notes totalling £475m equivalent were issued, the proceeds of which were partly used to repay in full the existing bank debt The refinancing also provided the group with cash resources for investment in acquisitions and other projects to grow the future earnings of the business The term of the notes is seven years Furthermore, agreements were entered during May 2011 that provide the group with a £90m committed Revolving Credit Facility ("RCF") for working capital management and other purposes The term of the RCF is six years Under these new financing arrangements, there are no regular maintenance covenant ratio tests ratios are tested only upon certain events which are within the control of the group, such as raising additional external debt

Directors

The following were Directors of the Company during the year

AS Alker
AR Gavin
RJ Harris

Dividends

The Directors do not recommend the payment of a dividend (2009 £nil)

Political and charitable donations

In both the current and prior years, the Company made no political or charitable donations

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors report *(continued)*

Auditors

The auditor, KPMG LLP, have indicated their willingness to continue in office. Elective resolutions are currently in force to dispense with holding annual general meetings, the laying of accounts before the Company in general meetings and the appointment of auditors annually. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



AS Alker
Director

7 July 2011

6th Floor, Lee House
90 Great Bridgewater Street
Manchester
M1 5JW

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 its profit or loss for that period. In preparing the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1, the Directors do not believe that it is appropriate to prepare these accounts on a going concern basis

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Hollywood Express Limited

We have audited the financial statements of Hollywood Express Limited for the year ended 31 December 2010 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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, and to express an opinion on, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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

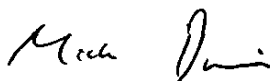
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Hollywood Express Limited *(continued)*

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



Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Registered Auditor
St James Square
Manchester
M2 6DS

13 July 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Interest payable		(15)	-
Loss on ordinary activities before taxation	3	(15)	-
Taxation on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation and for the financial year		(15)	-

All turnover and losses on ordinary activities related to discontinued activities

The Company has no recognised gains or losses other than that shown above and therefore no statement of recognised gains and losses has been presented

Balance sheet
at 31 December 2010

	<i>Note</i>	2010 £000	2010 £000	2009 £000	2009 £000
Current assets					
Debtors	6	870		864	
Cash at bank		5		6	
		<u>875</u>		<u>870</u>	
Creditors amounts due within one year	7	<u>(4,659)</u>		<u>(4,485)</u>	
Net current liabilities			(3,784)		(3,615)
Provisions for liabilities and charges	8		(156)		(310)
Net liabilities			(3,940)		(3,925)
Capital and reserves					
Called up share capital	9		-		-
Profit and loss account	10		(3,940)		(3,925)
Shareholders' deficit			(3,940)		(3,925)

These financial statements were approved by the board of Directors on 7 July 2011 and signed on its behalf by



AS Alker
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. As in the previous year, these financial statements have been prepared on a break-up basis following the cessation of trade. All remaining assets and liabilities are stated at their fair value.

Under FRS 1 *Cash Flow Statements*, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of United Cinemas International (UK) Limited and 100% of the Company's voting rights are controlled within the group headed by Odeon and UCI Cinemas Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 *Related Party Disclosures* and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Odeon & UCI Cinemas Holdings Limited, within which this Company is included, can be obtained from the address given in note 12.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 *Deferred Tax*.

A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Remuneration of Directors

The Directors receive no remuneration in respect of their services to the Company (2009 £nil)

Notes (continued)

3 Loss on ordinary activities before taxation

Auditor's remuneration

The audit costs for 2010 and 2009 were borne by a fellow subsidiary

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Odeon & UCI Cinemas Group Limited

4 Staff numbers and costs

Other than the Directors, there are no employees (2009 nil)

5 Taxation on loss on ordinary activities

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	15	-
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	4	-
<i>Effects of</i>		
Group relief claimed for nil payment	(4)	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, to be effective from 1 April 2011. It has been further announced in the Budget on 23 March 2011 that the UK corporation tax rate would reduce to 26% from 1 April 2011, and that the rate will then reduce to 23% over the next four years.

6 Debtors

	2010 £000	2009 £000
Amounts owed by Group undertakings	864	864
Taxation and social security	6	-
	<hr/>	<hr/>
	870	864
	<hr/>	<hr/>

The intra-group loan is non-interest bearing and repayable on demand

Notes (continued)

7 Creditors: amounts due within one year

	2010 £000	2009 £000
Other creditors	-	57
Amounts owed to Group undertakings	4,659	4,085
Accruals and deferred income	-	343
	<u>4,659</u>	<u>4,485</u>

The intra-group loan is non-interest bearing and repayable on demand

8 Provisions for liabilities and charges

	Other provisions £000
At beginning of year	310
Amount utilised during the year	(154)
At end of year	<u>156</u>

The provisions relate to claims made against the Company, which have been provided for in accordance with FRS 12 *Provisions, Contingent Assets and Contingent Liabilities*

9 Called up share capital

	2010 £000	2009 £000
<i>Authorised.</i>		
100 Ordinary shares of £1 each	-	-
<i>Allotted, called up and fully paid.</i>		
2 Ordinary shares of £1 each	-	-

10 Reconciliation of movement in shareholders' funds

	Ordinary share capital £000	Profit & loss account £000	Total £000
Loss for the year	-	(15)	(15)
Net decrease in shareholders' deficit	-	(15)	(15)
Shareholders' deficit at beginning of year	-	(3,925)	(3,925)
Shareholders' deficit at end of year	-	<u>(3,940)</u>	<u>(3,940)</u>

Notes (continued)

11 Financial commitments

Capital commitments

There are no capital commitments at the end of the financial year for which no provision has been made (2009 none)

12 Ultimate parent company and controlling party

The Directors regard TFCP Holdings Limited, a company registered in Guernsey, as the ultimate controlling party and the ultimate parent entity

The largest group to consolidate these financial statements is Odeon & UCI Cinemas Holdings Limited and the smallest group is Odeon & UCI Cinemas Group Limited

Copies of these consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ

13 Related party disclosures

The Company has taken advantage of the exemption granted under FRS 8 *Related Party Disclosures*, not to disclose transactions with Group entities where 100% of the voting rights are controlled within the Group

Terra Firma Investments (GP) 2 Limited, acting as general partner of the six limited partnerships which constitute the Terra Firma Capital Partners II Fund, Terra Firma Capital Partners II LP-H, TFCP II Co-Investment 2 LP and TFCP II Co-Investment 2A LP ("Terra Firma"), has the ability to exercise a controlling influence over the Company through the holding of shares in a parent of the Company. The Directors therefore consider it to be a related party