

Company registration no:

02164313

# Warner Bros. Theatres (UK) Limited

## Report and Financial Statements

31 December 2011

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# Warner Bros. Theatres (UK) Limited

Company registration no: 02164313

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## Directors

E A Romano  
D Bisoni  
S Mertz  
M Emanuele

## Secretary

D Bisoni

## Registered Office

Warner House  
98 Theobald's Road  
London  
WC1X 8WB

## Auditor

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## Bankers

Barclays Bank PLC  
Barclays Business Centre  
8/9 Hanover Square  
London  
W1A 4ZW

# Warner Bros. Theatres (UK) Limited

## Directors' report

Company registration no. 02164313

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The directors present their annual report on the affairs of Warner Bros Theatres (UK) Limited ("the company") together with the financial statements for the year ended 31 December 2011

### Results and dividends

The company's profit for the year after taxation amounted to £5,000 (2010 - £116,000)

The directors do not recommend the payment of a dividend for the year (2010 - £120,322,000)

### Principal activity

The principal activity of the company is to engage in investment activities

### Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### Directors

The directors of the company who served during the year were as follows

E A Romano

D Bisoni

S Mertz

M Emanuele

All directors served throughout the year and are still directors at the date of this report

The Articles of Association do not require directors to retire either by rotation or in the year of appointment

# Warner Bros. Theatres (UK) Limited

## Directors' report (continued)

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### Directors qualifying third party indemnity provisions

The company may indemnify one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 and the company may purchase insurance for this purpose. Time Warner Inc. has purchased a Directors and Officers liability insurance policy for the benefit of the company and its directors and such policy was in force during the year and is in force as at the date of approving the Directors' Report.

### Disclosure of information to the auditor

Each of the persons who is 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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the requirement to appoint auditors annually was passed on 3 December 1993. This resolution remains in force under section 485 of the Companies Act 2006 and accordingly Ernst & Young LLP will be deemed to be reappointed as auditor.

### Small companies exemption

In preparing the Directors' Report, the directors have taken advantage of the small companies exemption under section 415(A) of the Companies Act 2006.

On behalf of the board



D Bisoni  
Director  
Date

29<sup>th</sup> June, 2012

## **Warner Bros. Theatres (UK) Limited**

### **Statement of directors' responsibilities in respect of the financial statements**

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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 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.

# Warner Bros. Theatres (UK) Limited

## Independent auditor's report

### to the members of Warner Bros. Theatres (UK) Limited

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We have audited the financial statements of Warner Bros Theatres (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 set out on page 4, 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 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 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### 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 2011 and of its profit 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 matters 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.

#### 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



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

Date

29/6/2012

# Warner Bros. Theatres (UK) Limited

## Profit and loss account for the year ended 31 December 2011

	Notes	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Administrative expenses		(9)	(46)
<b>Operating loss</b>	3	(9)	(46)
Interest receivable	4	14	163
<b>Profit on ordinary activities before taxation</b>		5	117
Tax on profit on ordinary activities	5	-	(1)
<b>Profit for the financial year</b>	10	5	116

All amounts relate to continuing operations

There have been no recognised gains or losses since the last annual report other than those presented above, and accordingly no separate statement of total recognised gains and losses has been presented

All profits and losses have been accounted for on a historical cost basis

# Warner Bros. Theatres (UK) Limited

## Balance sheet at 31 December 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
<b>Current assets</b>			
Debtors	6	2,779	2,781
Cash at bank and in hand		358	982
		<u>3,137</u>	<u>3,763</u>
<b>Creditors</b> amounts falling due within one year	7	(14)	(645)
<b>Net assets</b>		<u>3,123</u>	<u>3,118</u>
<b>Capital and reserves</b>			
Called up share capital	9	3,000	3,000
Profit and loss account	10	123	118
<b>Total shareholders' funds</b>	10	<u>3,123</u>	<u>3,118</u>

Approved by the Board and signed on its behalf by

David Bisoni

Director

Date

29 June, 2012



# Warner Bros. Theatres (UK) Limited

## Notes to the financial statements at 31 December 2011

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### 1 Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

#### Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

#### Statement of cash flows

The company has taken advantage of the exemption in FRS 1 (Revised) "Cash Flow Statements". A statement of cash flows has not been prepared as the company is a wholly owned subsidiary undertaking of Time Warner Inc, a company incorporated in the United States of America, which prepares a statement of cash flows (see note 12)

#### Related parties

The company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with fellow wholly owned subsidiary undertakings of Time Warner Inc, a company incorporated in the United States of America, which prepares publicly available consolidated financial statements (see note 12)

#### Interest income

Interest income is recognised on an accruals basis

### 2 Directors' emoluments

The directors received no remuneration from the company for their services to the company during the year (2010 – £nil). The directors of the company were paid by fellow group undertakings in the current and prior year

### 3 Operating loss

This is stated after charging

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Auditor's remuneration	7	7

There were no employees during the year (2010 - nil)

### 4 Interest receivable

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loan interest receivable from group undertakings	14	163
	14	163

# Warner Bros. Theatres (UK) Limited

## Notes to the financial statements

at 31 December 2011

### 5 Tax on profit on ordinary activities

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
(a) The charge/(credit) based on the results for the period is as follows		
Taxation based on the profit for the period	-	-
Corporation tax payable at 26.50%	-	-
Under provision for prior years	-	1
Total current tax charge	-	1
Deferred tax		
Total deferred tax	-	-
Total tax charge on profit on ordinary activities	-	1

#### b) Circumstances affecting current charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 26.5% (2010 - 28%)  
The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Profit on ordinary activities before tax	5	117
Tax on profit on ordinary activities at standard rate	1	33
Factors affecting charge -		
Tax underprovided in previous years	-	1
Group relief received for nil consideration	(1)	(33)
Total current tax (note 5 (a) above)	-	1

#### c) Factors affecting future tax charges

A number of changes to the UK corporation tax system were announced in the June 2010, March 2011 and March 2012 Budget statements. The Finance Act 2011, enacted in July 2011, included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. The effect of this change on the deferred tax balances has been included in the figures within these accounts.

A further 1% reduction in the rate, to 24% from 1 April 2012, was substantively enacted via Resolution in March 2012 but this change was substantively enacted after the balance sheet date so is not reflected in the figures within these accounts. Further changes to the rate are proposed to reduce the rate by a further 1% per annum to 22% by 1 April 2014, but these changes have not yet been substantively enacted and are not therefore included in the figures within these accounts. It is not yet possible to quantify the impact of these rate changes upon current tax.

# Warner Bros. Theatres (UK) Limited

## Notes to the financial statements at 31 December 2011

6 Debtors	31 December 2011 £'000	31 December 2010 £'000
Amounts owed by group undertakings	2,778	2,781
Other debtors	1	-
	<u>2,779</u>	<u>2,781</u>

At 31 December 2010, amounts owed by group undertakings included a long term loan of £2,778,000 which is repayable in full on 31 October 2012. Interest on this loan is variable set by reference to base rate minus a margin. This long term loan was repaid during the year.

At 31 December 2011, amounts owed by group undertakings included a new short term loan of £2,778,000. This loan is repayable on demand and the interest is set by reference to base rate minus a margin.

7 Creditors amounts falling due within one year	31 December 2011 £'000	31 December 2010 £'000
Amounts owed to related undertakings	7	636
Accruals	7	9
	<u>14</u>	<u>645</u>

8 Dividends	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Ordinary dividends paid	-	120,322

A dividend of £1.7405 per ordinary share, constituting an aggregate payment of £78,322,000 was paid on 30 March 2010 based on the shareholding prior to the capital reduction on 29 March 2010 (see note 9).

A dividend of £14.00 per ordinary share, constituting an aggregate payment of £42,000,000 was paid on 6 May 2010.

9 Called up share capital	2011 £'000	2010 £'000
<i>Issued, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	3,000	3,000

On 29 March 2010 share capital was reduced from £45,000,002 to £3,000,000 by cancelling and extinguishing 42,000,002 issued ordinary shares of £1 each.

# Warner Bros. Theatres (UK) Limited

## Notes to the financial statements at 31 December 2011

### 10 Reconciliation of shareholders' funds and movement in reserves

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 31 December 2010	3,000	118	3,118
Profit for the financial year	-	5	5
At 31 December 2011	3,000	123	3,123

### 11 Contingent liability

The company has acted as guarantor to leases of property occupied by other group undertakings, the minimum annual rental payments of which amounts to £3,645,608 (2010 - £3,522,475). It has also acted as guarantor to leases of property occupied by an undertaking part owned by the company's ultimate holding company, the minimal annual rental payments of which amount to £752,117 (2010 - £1,982,096).

The company has entered into a group composite accounting agreement with its bankers. The terms of the agreement permit the bankers, without notice, to draw down funds deposited into the system in order to offset borrowings drawn down from the system by other group members who are also parties to those arrangements. At the balance sheet date funds deposited by the company into the system, and potentially at risk to cover liabilities elsewhere in the group, amounted to £358,207 (2010 - £982,125).

### 12 Ultimate parent undertaking

The company's immediate parent undertaking is Warner Bros Studios Leavesden Limited, a company registered in England & Wales.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

At 31 December 2011, Time Warner Inc., a company incorporated in the United States of America, was the ultimate parent undertaking and the parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.