

CITY SCREEN (S.O.A) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JANUARY 2015

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CITY SCREEN (S.O.A) LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| DIRECTOR | L Goleby |
| COMPANY SECRETARY | F Smith |
| REGISTERED NUMBER | 03060554 |
| REGISTERED OFFICE | Power Road Studios 114 Power Road Chiswick London W4 5PY |
| INDEPENDENT AUDITOR | KPMG LLP 15 Canada Square London E14 5GL |

CITY SCREEN (S.O.A) LIMITED

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CITY SCREEN (S.O.A) LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 1 JANUARY 2015

The director presents her report and the financial statements for the period commencing on 27 December 2013 and ended 1 January 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company comprised the operation of a cinema.

RESULTS

The profit for the period, after taxation, amounted to £3,103 (2013 - loss £5,895).

DIRECTOR

The director who served during the period was:

L Goleby
S M Wiener (resigned 31 March 2014)
P Bowcock (resigned)

Financial instruments

The company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest, liquidity and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

Liquidity risk

The group transfers surplus cash to or draws money from the Cineworld Group cashpool, as and when required, that ensures the group has sufficient liquid resources to meet the operating needs of the business and maximises the wider Group's interest income. The cinemas' programmers provide rolling six-weekly forecasts of the anticipated film releases and these are used to manage cashflow across the immediate term. End of year forecasts are updated on a monthly basis, on production of the management accounts, and are used to produce longer term cashflow forecasts.

Credit risk

The company has fairly limited credit risk with regards trade debtors as it is ostensibly a cash business as customers have to pay in full to receive the benefit of any tickets or concession purchases. All customers who wish to trade on credit terms are subject to credit verification procedures and if they are booking any of the facilities for the purpose of a hire they must pay a substantial deposit on signature of contract. All debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

CITY SCREEN (S.O.A) LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 1 JANUARY 2015

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is 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 director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

DISCLOSURE OF INFORMATION TO AUDITOR

The director at the time when this Director's report is approved has confirmed that:

- so far as she is aware, there is no relevant audit information of which the company's auditor is unaware, and
- she has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487(2) of the Companies Act 2006, the auditor will be deemed to have been reappointed and KPMG LLP will therefore continue in office.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board on 18 June 2015 and signed on its behalf.



L Goleby
Director

CITY SCREEN (S.O.A) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY SCREEN (S.O.A) LIMITED

We have audited the financial statements of City Screen (S.O.A) Limited for the period ended 1 January 2015, set out on pages 5 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 AUDITOR

As explained more fully in the Director's responsibilities statement, the director is 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 1 January 2015 and of its profit for the period 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 Director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

CITY SCREEN (S.O.A) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY SCREEN (S.O.A) 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the director's report, and to not prepare a strategic report, in accordance with the small companies regime.



Mark Summerfield (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Date: 29/6/15

Chartered Accountants
Statutory Auditor

15 Canada Square
London
E14 5GL

CITY SCREEN (S.O.A) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 1 JANUARY 2015**

| | Note | 53 week period ended 1 January 2015 £ | 52 week period ended 26 December 2013 £ |
|---|------|--|--|
| TURNOVER | 1,2 | 953,643 | 841,764 |
| Cost of sales | | (603,768) | (530,964) |
| GROSS PROFIT | | 349,875 | 310,800 |
| Administrative expenses | | (346,772) | (316,695) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 3,103 | (5,895) |
| Tax on profit/(loss) on ordinary activities | 5 | - | - |
| PROFIT/(LOSS) FOR THE FINANCIAL PERIOD | 12 | 3,103 | (5,895) |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2013 other than those included in the Profit and loss account.

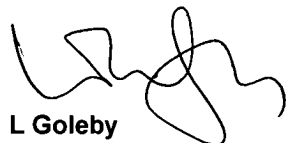
The notes on pages 7 to 14 form part of these financial statements.

CITY SCREEN (S.O.A) LIMITED
REGISTERED NUMBER: 03060554

BALANCE SHEET
AS AT 1 JANUARY 2015

| | Note | £ | 1 January 2015 £ | 26 December 2013 £ |
|--|------|--------------------|------------------------|--------------------------|
| FIXED ASSETS | | | | |
| Tangible assets | 6 | | 415,745 | 473,331 |
| CURRENT ASSETS | | | | |
| Stocks | 7 | 14,343 | | 17,815 |
| Debtors | 8 | 22,890 | | 13,965 |
| Cash at bank and in hand | | 59,654 | | 26,644 |
| | | <u>96,887</u> | | <u>58,424</u> |
| CREDITORS: amounts falling due within one year | 9 | <u>(1,318,913)</u> | | <u>(1,316,044)</u> |
| NET CURRENT LIABILITIES | | | <u>(1,222,026)</u> | <u>(1,257,620)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>(806,281)</u> | <u>(784,289)</u> |
| CREDITORS: amounts falling due after more than one year | 10 | | <u>(158,938)</u> | <u>(184,033)</u> |
| NET LIABILITIES | | | <u>(965,219)</u> | <u>(968,322)</u> |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | 11 | | 2 | 2 |
| Profit and loss account | 12 | | <u>(965,221)</u> | <u>(968,324)</u> |
| SHAREHOLDERS' DEFICIT | 13 | | <u>(965,219)</u> | <u>(968,322)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2015.


L Goleby
 Director

The notes on pages 7 to 14 form part of these financial statements.

CITY SCREEN (S.O.A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the company has net current liabilities of £1,222,026 (2013: £1,257,620) which the directors believe to be appropriate for the following reasons. The company is depended on funds provided to it by Cineworld Group plc, a group company. Cineworld group plc has confirmed that it is its present intention to continue to provide financial support to the company to enable it to meet its liabilities in full as they fall due and carry on its business for the foreseeable future without significant curtailment of operations.

The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1.3 Cash Flow

Under FRS 1 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.

1.4 Turnover

Turnover arises from tickets sales recognised on the showing of the film.

Membership income is recognised on the annual renewal of the subscription.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---------------------------|---|----------------------|
| L/Term Leasehold Property | - | 4% Straight line |
| Plant & machinery | - | 10-20% Straight line |
| Fixtures & fittings | - | 15% Straight line |

CITY SCREEN (S.O.A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2015

1. ACCOUNTING POLICIES (continued)

1.6 Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Stocks

Stock represents goods held for resale valued at the lower of cost and net realisable value.

CITY SCREEN (S.O.A) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2015**

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

The charge for taxation is based on the profit/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.

1.9 Government grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal instalments over the expected useful lives of the relevant assets.

1.10 Related Party Transactions

As the Company is a wholly owned subsidiary of Cineworld Group plc ("Cineworld"), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The financial statements of Cineworld are publically available and may be obtained from the address in note 16.

2. TURNOVER

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. OPERATING PROFIT/(LOSS)

The profit/(loss) is stated after charging:

| | 2015 £ | 2013 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 80,285 | 72,185 |
| | <u> </u> | <u> </u> |

The Directors' Remuneration is borne by the immediate parent undertaking.

The audit fee of £1,200 (2013: £1,200) has been borne by the immediate parent undertaking.

CITY SCREEN (S.O.A) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2015**

4. STAFF COSTS

Staff costs were as follows:

| | 2015 | 2013 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 193,176 | 168,148 |
| Social security costs | 12,109 | 9,971 |
| | <u>205,285</u> | <u>178,119</u> |

The average monthly number of employees, including the director, during the period was as follows:

| | 2015 | 2013 |
|-------------------------------|-------------|-------------|
| | No. | No. |
| Management and administration | 2 | 1 |
| Operational | 17 | 17 |
| | <u>19</u> | <u>18</u> |

5. TAXATION

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23%). The differences are explained below:

| | 2015 | 2013 |
|---|-------------|-------------|
| | £ | £ |
| Profit/loss on ordinary activities before tax | 3,103 | (5,895) |
| Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23%) | 667 | (1,356) |
| Effects of: | | |
| Non deductible expenses | 1,054 | 1,137 |
| Capital allowances for period in excess of depreciation | 10,077 | 8,535 |
| Utilisation of tax losses | (12,069) | - |
| Group relief surrender | 271 | (2,544) |
| Other tax adjustments | - | (5,772) |
| Current tax charge for the period (see note above) | <u>-</u> | <u>-</u> |

CITY SCREEN (S.O.A) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2015**

5. TAXATION (continued)

Factors that may affect future tax charges

As part of the Cineworld Group, the company may receive or surrender losses by way of group relief. Equivalent receipts or surrenders have been made in the past without charge. Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 1 January 2015 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

6. TANGIBLE FIXED ASSETS

| | L/Term Leasehold Property £ | Plant & machinery £ | Fixtures & fittings £ | Total £ |
|-----------------------|--------------------------------------|---------------------------|-----------------------------|------------|
| Cost | | | | |
| At 27 December 2013 | 843,323 | 263,528 | 231,741 | 1,338,592 |
| Additions | - | 10,439 | 12,260 | 22,699 |
| At 1 January 2015 | 843,323 | 273,967 | 244,001 | 1,361,291 |
| Depreciation | | | | |
| At 27 December 2013 | 550,931 | 188,360 | 125,970 | 865,261 |
| Charge for the period | 34,652 | 25,825 | 19,808 | 80,285 |
| At 1 January 2015 | 585,583 | 214,185 | 145,778 | 945,546 |
| Net book value | | | | |
| At 1 January 2015 | 257,740 | 59,782 | 98,223 | 415,745 |
| At 26 December 2013 | 292,392 | 75,168 | 105,771 | 473,331 |

7. STOCKS

| | 1 January 2015 £ | 26 December 2013 £ |
|-------------------------------------|------------------------|--------------------------|
| Finished goods and goods for resale | 14,343 | 17,815 |

CITY SCREEN (S.O.A) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2015**

8. DEBTORS

| | 1 January 2015 £ | 26 December 2013 £ |
|--------------------------------|---------------------------------|-----------------------------------|
| Other debtors | 629 | 739 |
| Prepayments and accrued income | 22,261 | 13,226 |
| | <u>22,890</u> | <u>13,965</u> |

**9. CREDITORS:
Amounts falling due within one year**

| | 1 January 2015 £ | 26 December 2013 £ |
|------------------------------------|---------------------------------|-----------------------------------|
| Other loans | 25,095 | 25,095 |
| Amounts owed to group undertakings | 1,157,381 | 1,162,777 |
| Other taxation and social security | 4,303 | 4,409 |
| Other creditors | 61,282 | 56,399 |
| Accruals and deferred income | 70,852 | 67,364 |
| | <u>1,318,913</u> | <u>1,316,044</u> |

**10. CREDITORS:
Amounts falling due after more than one year**

| | 1 January 2015 £ | 26 December 2013 £ |
|-----------------------|---------------------------------|-----------------------------------|
| Deferred grant income | 158,938 | 184,033 |

In previous years the company received a grant of £692,250 from the Arts Council of England and Wales which could become repayable if the company does not continue to meet the terms contained in the Standard Conditions of Grant.

In the event of disposal of the assets funded by the Arts Council of England and Wales they may have a residual interest in the proceeds of the disposal up to a share proportionate to their contribution to the original cost.

11. SHARE CAPITAL

| | 1 January 2015 £ | 26 December 2013 £ |
|---|---------------------------------|-----------------------------------|
| Allotted, called up and fully paid | | |
| 2 Ordinary shares shares of £1 each | <u>2</u> | <u>2</u> |

CITY SCREEN (S.O.A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2015

11. SHARE CAPITAL (continued)

12. RESERVES

| | Profit and loss account £ |
|---------------------------------|---------------------------------|
| At 27 December 2013 | (968,324) |
| Profit for the financial period | 3,103 |
| | <hr/> |
| At 1 January 2015 | (965,221) |
| | <hr/> |

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

| | 1 January 2015 £ | 26 December 2013 £ |
|--|------------------------|--------------------------|
| Opening shareholders' deficit | (968,322) | (962,427) |
| Profit/(loss) for the financial period | 3,103 | (5,895) |
| | <hr/> | <hr/> |
| Closing shareholders' deficit | (965,219) | (968,322) |
| | <hr/> | <hr/> |

14. FINANCE LEASE COMMITMENTS

At 1 January 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015.

Operating leases which expire:

| | 2015 £ | 2013 £ |
|--------------------|-----------|-----------|
| In over five years | 45,000 | 45,000 |
| | <hr/> | <hr/> |

15. RELATED PARTY TRANSACTIONS

The company has opted to use the exemption conferred by Financial Reporting Standard 8 and so has not disclosed transactions with companies wholly owned within the group.

The largest group in which the results of the company are consolidated is that headed by Cineworld Group plc, incorporated in the United Kingdom. The consolidated Financial statements of Cineworld Group plc are available to the public and may be obtained from Cineworld Group plc, Power Road Studios, 114 Power Road, Chiswick, London, W4 5PY.

CITY SCREEN (S.O.A) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2015**

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a subsidiary of Picturehouse Cinemas Limited. The company's ultimate parent undertaking is Cineworld Group plc. The smallest and largest group in which the results of the company are consolidated is that headed by Cineworld Group plc. Copies of the accounts are available from Power Road Studios, 114 Power Road, Chiswick, London, W4 5PY.