

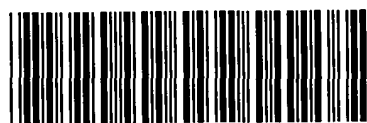
# **Associated British Cinemas Limited**

Annual report and financial statements

Registered number 3167586

31 December 2015

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## Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2015.

### Principal activity

The principal activity of Associated British Cinemas Limited ("the Company") is that of a holding company.

### Directors

The following were directors of the Company during the year:

AS Alker  
PM Donovan  
MJ Way  
NJ Williams                      Appointed 15 January 2015

### Business review

The Company has no trading other than financing transactions.

### 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 £1,495,000 (2014: £1,495,000).

### Post Balance Sheet events

On 12 July 2016, AMC Entertainment Holdings Inc. (AMC Theatres) announced that it had entered into a definitive agreement to acquire Odeon & UCI Cinemas Group from private equity firm Terra Firma. The transaction is expected to be completed in the fourth quarter of 2016; it is conditional upon antitrust clearance by the European Commission and is subject to consultation with the European Works Council.

### Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

### Principal risks and risk management

The main risk and uncertainty to the Company is the risk of not being able to repay the loan interest. However, the directors feel that the group headed by Odeon & UCI Cinemas Holdings Limited ("the Group") has good future prospects and the Company continues to receive support from its parent.

### Going concern and liquidity management

Following a refinancing in May 2011 by the group headed by Odeon and UCI Cinemas Holdings Ltd ("the Group"), senior secured notes totalling £300m and €200m are in issue. 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, which put the Group in a strong liquidity position. The term of the RCF was originally six years, but an agreement was signed on 28 June 2016 to extend this facility by six months to 24 November 2017. 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.

The directors believe that the current borrowings and RCF facilities could be refinanced under similar or more favourable terms.

Furthermore the Group has shareholder funding in place with a maturity dates of 30 November 2019.

The directors believe that the Company has adequate resources to continue operating for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements

### Political and charitable donations

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

## **Directors' Report** *(continued)*

### **Change in accounting standards**

UK GAAP accounting rules have changed. The new UK GAAP (covered by accounting standard FRS 102) is applied in the 2015 financial statements for the first time. As required by FRS 102, the 2014 comparative numbers have been restated in order to show comparisons on a consistent basis.

The financial statements contain notes explaining the impact of the changes in accounting rules.

### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

### **Auditor**

The auditor, KPMG LLP, has indicated its 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 the auditor annually. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**AS Alker**  
*Director*

27/10/16

St Albans House  
57-59 Haymarket  
London  
SW1Y 4QX

## **Statement of directors' responsibilities in respect of the Annual 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Ireland*.

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 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.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## KPMG LLP

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

### **Independent Auditor's Report to the members of Associated British Cinemas Limited**

We have audited the financial statements of Associated British Cinemas Limited for the year ended 31 December 2015 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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](http://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 31 December 2015 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 Associated British Cinemas 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.
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.



**Mick Davies (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

28/10/2016.

**Profit and Loss Account**  
*for the year ended 31 December 2015*

|  | <i>Note</i> | <b>2015</b><br><b>£000</b> | 2014<br>£000   |
|--|-------------|----------------------------|----------------|
| Interest receivable and similar income                                       | 5           | 212                        | 212            |
| Interest payable and similar charges   | 6           | (1,707)                    | (1,707)        |
|  |             | <hr/>                      | <hr/>          |
| <b>Loss on ordinary activities before taxation</b>                           | 3           | <b>(1,495)</b>             | <b>(1,495)</b> |
| Taxation   | 7           | -                          | -              |
|  |             | <hr/>                      | <hr/>          |
| <b>Loss on ordinary activities after taxation and for the financial year</b> |             | <b>(1,495)</b>             | <b>(1,495)</b> |
|  |             | <hr/>                      | <hr/>          |

All losses on ordinary activities related to continuing activities.

The Company has no recognised gains or losses other than those shown above and therefore no Statement of Other Comprehensive Income has been presented.



**Balance Sheet**  
*at 31 December 2015*

|   | <i>Note</i> | <b>2015</b><br><b>£000</b> | <b>2015</b><br><b>£000</b> | 2014<br>£000 | 2014<br>£000 |
|---|-------------|----------------------------|----------------------------|--------------|--------------|
| <b>Fixed assets</b>                             |             |                            |                            |              |              |
| Investments                                     | 8           |                            | 138                        |              | 138          |
| <b>Current assets</b>                           |             |                            |                            |              |              |
| Debtors: amounts due after one year             | 9           | 4,945                      |                            | 4,731        |              |
|   |             | 4,945                      |                            | 4,731        |              |
| Creditors: amounts due within one year          | 10          | (127)                      |                            | (127)        |              |
| <b>Net current assets</b>                       |             |                            | 4,818                      |              | 4,604        |
| <b>Total assets less current liabilities</b>    |             |                            | 4,956                      |              | 4,742        |
| Creditors: amounts due after more than one year | 11          |                            | (39,759)                   |              | (38,050)     |
| <b>Net liabilities</b>                          |             |                            | (34,803)                   |              | (33,308)     |
| <b>Capital and reserves</b>                     |             |                            |                            |              |              |
| Called up share capital                         | 14          |                            | 1,128                      |              | 1,128        |
| Share premium account                           |             |                            | 10,152                     |              | 10,152       |
| Profit and loss account                         |             |                            | (46,083)                   |              | (44,588)     |
| <b>Shareholders' deficit</b>                    |             |                            | (34,803)                   |              | (33,308)     |

These financial statements were approved by the board of directors on 27/10/16 and were signed on its behalf by:



**AS Alker**  
*Director*

## Statement of Changes in Equity

|  | Called up<br>share<br>capital | Share<br>premium<br>account | Profit and loss<br>account | Total<br>shareholders'<br>equity |
|--|-------------------------------|-----------------------------|----------------------------|----------------------------------|
|  | £000                          | £000                        | £000                       | £000                             |
| Balance at 1 January 2014                          | 1,128                         | 10,152                      | (43,093)                   | (31,813)                         |
| <b>Total comprehensive loss for the period</b>     |                               |                             |                            |                                  |
| Profit or loss                                     | -                             | -                           | (1,495)                    | (1,495)                          |
| Other comprehensive loss                           | -                             | -                           | -                          | -                                |
| <b>Total comprehensive loss for the period</b>     | -                             | -                           | (1,495)                    | (1,495)                          |
| Total contributions by and distributions to owners | -                             | -                           | -                          | -                                |
| <b>Balance at 31 December 2014</b>                 | <b>1,128</b>                  | <b>10,152</b>               | <b>(44,588)</b>            | <b>(33,308)</b>                  |

|  | Called up<br>share<br>capital | Share<br>premium<br>account | Profit and loss<br>account | Total<br>shareholders'<br>equity |
|--|-------------------------------|-----------------------------|----------------------------|----------------------------------|
|  | £000                          | £000                        | £000                       | £000                             |
| Balance at 1 January 2015                          | 1,128                         | 10,152                      | (44,588)                   | (33,308)                         |
| <b>Total comprehensive loss for the period</b>     |                               |                             |                            |                                  |
| Profit or loss                                     | -                             | -                           | (1,495)                    | (1,495)                          |
| Other comprehensive loss                           | -                             | -                           | -                          | -                                |
| <b>Total comprehensive loss for the period</b>     | -                             | -                           | (1,495)                    | (1,495)                          |
| Total contributions by and distributions to owners | -                             | -                           | -                          | -                                |
| <b>Balance at 31 December 2015</b>                 | <b>1,128</b>                  | <b>10,152</b>               | <b>(46,083)</b>            | <b>(34,803)</b>                  |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Associated British Cinemas Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

UK GAAP has changed. The new accounting framework is set out in Financial Reporting Standard 102, which is implemented for the first time in these financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in September 2015, and under the historical cost accounting rules. Upon acquisition, assets are included at fair value. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

An explanation of how the transition to FRS 102 has affected both the financial position and financial performance of the Company is provided in note 19.

The Company’s ultimate parent undertaking, Odeon and UCI Cinemas Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Odeon and UCI Cinemas Holdings Limited are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in September 2015 and are available to the public and may be obtained from the address shown in note 17. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

## **Notes (continued)**

### **1 Accounting policies (continued)**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **1.1 Change in accounting policy/prior period adjustment**

In these financial statements the Company has implemented FRS 102, the new UK GAAP accounting framework. In preparing its FRS 102 balance sheet, the Company has not needed to make any adjustments.

#### **1.2 Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.3 Going concern and liquidity management**

The financial statements have been prepared on a going concern basis. The directors have formally considered and concluded that this remains appropriate. The directors' assessment includes a review of detailed periodic funding requirements and sensitivity analysis. Further detail is set out below.

The business activities of the Company and its future prospects are described within the Strategic Report.

Following a refinancing in May 2011 by the Group, senior secured notes totalling £300 million and €200 million are in issue. The term of the notes is seven years. Furthermore, agreements were entered during May 2011 that provide the Group with a £90 million committed Revolving Credit Facility ("RCF") for working capital management and other purposes, which put the Group in a strong liquidity position. The term of the RCF was originally six years, but an agreement was signed on 28 June 2016 to extend this facility by six months to 24 November 2017. 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.

The directors believe that the current borrowings and RCF facilities could be refinanced under similar or more favourable terms.

The directors have reviewed forecast monthly cash requirements, including reasonable sensitivities, and are satisfied that there is sufficient headroom under the Group's facilities.

In addition, the Company has the continued financial support of Odeon and UCI Cinemas Holdings Limited to enable it to continue to trade for the foreseeable future, including the provision of additional funds as required and not seeking the repayment of balances already lent to the Company.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings (excluding loan notes) are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Preference shares issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

##### *Investments*

Investments held as fixed assets are stated at cost less provisions for any impairment.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.5 Impairment**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed assets of income-generating units may not be recoverable. Indications include the recognition of an onerous lease provision in relation to specific income-generating units. If this or any other such indication exists, the recoverable amount is estimated and an appropriate impairment loss is recognised.

##### *Reversals of impairment*

An impairment loss is reversed where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset.

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.

#### **1.6 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **1.7 Expenses**

##### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### **1.8 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 102.

### **2 Remuneration of directors'**

In both the current and the prior period the directors' emoluments were borne by Odeon Cinemas Limited. Remuneration is recharged across the Group based on turnover, the Company's split of Directors' remuneration is £nil (2014: £nil).

### **3 Loss on ordinary activities before taxation**

#### *Auditor's remuneration*

The audit costs for 2015 & 2014 were borne by a fellow subsidiary.

In 2015 the Company's share of auditor's remuneration was £1,000 (2014: £1,000).

**Notes** *(continued)*

**4 Staff numbers and costs**

Other than the directors the Company has no employees (2014: none).

**5 Interest receivable and similar income**

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Interest receivable from Group undertaking | 212          | 212          |

**6 Interest payable and similar charges**

|                                       | 2015<br>£000 | 2014<br>£000 |
|---------------------------------------|--------------|--------------|
| Interest payable to Group undertaking | 1,707        | 1,707        |

**7 Taxation**

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity**

|  | 2015<br>£000 | £000 | 2014<br>£000 | £000 |
|--|--------------|------|--------------|------|
| <i>Current tax</i>                             |              |      |              |      |
| Current tax on income for the period           |              | -    |              | -    |
| Adjustments in respect of prior periods        |              | -    |              | -    |
| Total current tax                              |              | -    |              | -    |
| <i>Deferred tax</i>                            |              |      |              |      |
| Origination and reversal of timing differences | -            |      | -            |      |
| Total deferred tax                             |              | -    |              | -    |
| Total tax                                      |              | -    |              | -    |

## Notes (continued)

### 7 Taxation (continued)

|  | 2015<br>£000 | 2015<br>£000 | 2015<br>£000 | 2014<br>£000 | 2014<br>£000 | 2014<br>£000 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Current tax  | Deferred tax | Total tax    | Current tax  | Deferred tax | Total tax    |
| Recognised in Profit and loss account    | -            | -            | -            | -            | -            | -            |
| Recognised in other comprehensive income | -            | -            | -            | -            | -            | -            |
| Recognised directly in equity            | -            | -            | -            | -            | -            | -            |
| Total tax                                | -            | -            | -            | -            | -            | -            |

#### Analysis of current tax recognised in profit and loss

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| UK corporation tax                              | -            | -            |
| Total current tax recognised in profit and loss | -            | -            |

#### Reconciliation of effective tax rate

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Profit for the year  | (1,495)      | (1,495)      |
| Total tax expense  | -            | -            |
| Profit excluding taxation                                      | (1,495)      | (1,495)      |
| Tax using the UK corporation tax rate of 20.25% (2014: 21.50%) | (303)        | (321)        |
| Interest receivable not-taxable                                | 303          | 321          |
| Total tax expense included in profit or loss                   | -            | -            |



## Notes (continued)

### 8 Investments

|                                | Investments in<br>Group<br>undertakings<br>£000 |
|--------------------------------|---|
| <i>Cost and net book value</i> |   |
| At beginning and end of year   | 138   |

The principal undertakings in which the Company had a direct\* or indirect interest at the year end are shown below. The investments include both ordinary and preference shares.

| Name                  | Country of<br>incorporation | % interest | Nature of business  |
|-----------------------|-----------------------------|------------|---------------------|
| Hopeart Limited*      | Great Britain               | 100% owned | Non trading company |
| Movitex Signs Limited | Great Britain               | 100% owned | Non trading company |

### 9 Debtors: amounts due after one year

|                                   | 2015<br>£000 | 2014<br>£000 |
|-----------------------------------|--------------|--------------|
| Amounts owed by Group undertaking | 4,945        | 4,731        |

All debts are due after more than five years. Interest is receivable on the intra-group loan at 7%.

### 10 Creditors: amounts due within one year

|                                   | 2015<br>£000 | 2014<br>£000 |
|-----------------------------------|--------------|--------------|
| Amounts owed to Group undertaking | 127          | 127          |

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

### 11 Creditors: amounts due after more than one year

|                                   | 2015<br>£000 | 2014<br>£000 |
|-----------------------------------|--------------|--------------|
| Amounts owed to Group undertaking | 39,759       | 38,050       |

All debts are due after more than five years. Interest is payable on the intra-group loan at 7%.

## Notes (continued)

### 12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| <b>Creditors falling due after more than one year</b> |              |              |
| Amounts owed to Group undertakings                    | 39,759       | 38,050       |

#### Terms and debt repayment schedule

|                                | Currency | Nominal<br>interest<br>rate | Year of<br>maturity | 2015<br>£000 | 2014<br>£000 |
|--------------------------------|----------|-----------------------------|---------------------|--------------|--------------|
| Odeon Cinemas Holdings Limited | GBP      | 7%                          | > 5 years           | 39,759       | 38,050       |

<sup>(1)</sup> This loan with Odeon Cinemas Holdings Limited, the amount denominated in Sterling including accrued interest, remained outstanding at 31 December 2015.

## Notes (continued)

### 13 Capital

#### Share capital

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| <i>Allotted, called up and fully paid:</i>              |              |              |
| 100,700 Ordinary shares of £1 each                      | 101          | 101          |
| 1,027,300 Preference shares (non-redeemable) of £1 each | 1,027        | 1,027        |
|   | <hr/>        | <hr/>        |
|   | 1,128        | 1,128        |
|   | <hr/>        | <hr/>        |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to attend, speak and vote at meetings of the Company (one vote per share).

#### Dividends

After the balance sheet date no dividends (2014: £nil) were proposed by the directors.

*The principal rights attached to the share capital are set out below:*

#### Income

Any profits which the Company may determine to distribute in respect of any financial year shall belong to and be distributed amongst the holders of the preference shares and the holders of the ordinary shares as follows:

- (a) firstly, to the extent that the holders of preference shares have not then received the preferred participation of such shares, in paying to the holders of the preference shares the amount by which the aggregate amount previously paid by the Company to the holders of the preference shares (in that capacity) is less than the preferred participation of such shares. To the extent that the profits that the Company determines to distribute are less than the aggregate preferred participation of all of the preference shares, such profits shall be applied among the holders of the preference shares pro rata to the respective preferred participation of the preference shares held by them; and
- (b) after payment of the preferred participation to the holders of the preference shares, the aggregate amount of profits resolved to be distributed (or balance of them) shall be paid to the holders of ordinary shares as nearly as is practicable pro rata to the amounts paid up on their ordinary shares.

No dividend or other distribution shall be declared or paid on the ordinary shares unless or until the Company shall have paid to the holders of the preference shares the aggregate preferred participation of all of the preference shares. No dividend or distribution shall be declared or paid on any preference shares in excess of the preferred participation of that share.

#### Voting rights

The ordinary shares confer on each holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

The preference shares confer on each holder thereof the right to receive notice of, attend and speak at all general meetings, but not any right to vote.

## Notes (continued)

### 14 Capital (continued)

#### Capital

On a return of capital on liquidation, dissolution or winding up of the Company either voluntary or involuntary or other return of capital, the surplus assets of the Company remaining after the payment of its liabilities ("the Surplus") shall be applied as follows:

(a) first, to the extent that the holders of the preference shares have not received the preferred participation of each preference share held by them in paying to the holders of the preference shares the amount by which the aggregate amount previously paid by the Company to the holders of the preference shares (in that capacity) is less than the preferred participation of each preference share held by them and if the Surplus is less than the aggregate preferred participation of all of the preference shares, the Surplus shall be applied among the holders of the preference shares pro rata to the respective preferred participations of the preference shares held by them; and

(b) the balance (if any) of the Surplus remaining after the payments above shall belong to the holders of the ordinary shares according to the amounts paid on the nominal amount thereof.

### 15 Contingencies

At 31 December 2015 certain group companies acted as guarantors under the terms of the £300m and €200m senior secured notes and the £90m revolving credit facility. Certain group companies also acted as guarantors of rent and other payments for other group companies.

### 16 Related parties

#### Related parties

##### Identity of related parties with which the Company has transacted

The company has taken advantage of the exemption in paragraph 33.1A of FRS 102 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries within the same group.

##### Related party transactions

|   | Sales to<br>2015<br>£000                   | Sales to<br>2014<br>£000                   | Expenses<br>incurred from<br>2015<br>£000 | Expenses incurred<br>from<br>2014<br>£000 |
|---|--|--|---|---|
| Entities with control, joint control or significant influence | -  | -  | -   | -   |
|   | -  | -  | -   | -   |
|   | 4,943                                      | 4,731                                      | (39,886)                                  | (38,178)                                  |
|   | 4,943                                      | 4,731                                      | (39,886)                                  | (38,178)                                  |
|   | Receivables<br>outstanding<br>2015<br>£000 | Receivables<br>outstanding<br>2014<br>£000 | Creditors<br>outstanding<br>2015<br>£000  | Creditors<br>outstanding<br>2014<br>£000  |
| Entities with control, joint control or significant influence | 4,943                                      | 4,731                                      | (39,886)                                  | (38,178)                                  |
|   | 4,943                                      | 4,731                                      | (39,886)                                  | (38,178)                                  |

## **Notes** *(continued)*

### **17 Ultimate parent company and controlling party**

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

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

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

### **18 Post Balance Sheet events**

On 12 July 2016, AMC Entertainment Holdings Inc. (AMC Theatres) announced that it had entered into a definitive agreement to acquire Odeon & UCI Cinemas Group from private equity firm Terra Firma. The transaction is expected to be completed in the fourth quarter of 2016; it is conditional upon antitrust clearance by the European Commission and is subject to consultation with the European Works Council.

### **19 Explanation of transition to FRS 102 from previous UK GAAP**

As stated in note 1, these are the first financial statements prepared by the Company in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 2015 and the comparative information presented in these financial statements for the year ended 2014.

In preparing its FRS 102 Balance Sheet, the Company has not needed to make any adjustments.