3819294

Village Theatres UK 3 Limited

Report and Financial Statements

30 June 2005

Registered No: 3819294

Directors
P E Foo
P F Garner
S C Kappen
C M Aubrey
K Senior

Secretaries
P S Leggo
S L Driscoll
P G S Hounslow

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

Registered office
Haydon House
14 Haydon Place
Guildford
Surrey
GU1 4LL

Directors' report

The directors present their report and financial statements for the period ended 30 June 2005.

Results and dividends

The loss for the period after taxation amounted to £13,834 (loss of £115,976 for period ended 1 July 2004). The directors do not recommend a dividend.

Principal activity and review of the business

The principal activity of the company was the rental of cinema equipment to multiplex cinema exhibitors until June 2006, when the business was sold – refer Subsequent Events (below).

The company performed as expected during the period.

Directors and their interests

The directors who served during the period were as follows:

P E Foo
C J Gallaher (resigned 23 March 2005)
P F Garner
S C Kappen
C M Aubrey
K Senior (appointed 23 March 2005)

There were no directors' interests requiring disclosure under the Companies Act 1985.

Subsequent events

Subsequent to balance sheet date, the company has sold its business, including fixed assets, for a nominal amount. The direct loss on this transaction in the 2006 financial year is approximately £1.3 million, however there may be further financial impacts from the winding-down process in general, which are not yet able to be quantified..

Other than this, there have been no material transactions which significantly affect the financial or operational position of the company since the end of the financial year.

Auditors

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 8 September 2001. Accordingly, Ernst & Young LLP will be deemed to be reappointed as auditors.

By order of the board

Caroline Aubrey

C M Aubrey
Director

- 5 JUL 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Village Theatres UK 3 Limited

We have audited the company's financial statements for the period ended 30 June 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

- 5 JUL 2006

Profit and loss account

for the period ended 30 June 2005

	Notes	*Period ended 30 June 2005* £	*Period ended 1 July 2004* £
Turnover	3	894,710	621,858
Cost of sales		(883,868)	(1,116,665)
Gross profit/(loss)		10,842	(494,807)
Administrative expenses		(24,676)	(30,170)
Forgiveness of interest payable		–	502,384
Operating loss	4	(13,834)	(22,593)
Interest expense	5	–	(93,383)
Loss on ordinary activities before taxation		(13,834)	(115,976)
Tax on loss on ordinary activities	6	–	–
Retained loss for the financial period	12	(13,834)	(115,976)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £13,834 for the period ended 30 June 2005 and the loss of £115,976 for the period ended 1 July 2004.

Balance sheet
at 30 June 2005

	Notes	*30 June 2005* £	*1 July 2004* £
Fixed assets			
Tangible assets	7	2,039,780	2,923,648
Current assets			
Cash		56,929	697
Debtors	8	3,299,249	2,452,749
		3,356,178	2,453,446
Creditors: amounts falling due within one year	9	(3,603,732)	(3,571,035)
Net current liabilities		(247,554)	(1,117,589)
Total assets less current liabilities		1,792,226	1,806,059
Creditors: amounts falling due after more than one year	10	(1,540,813)	(1,540,812)
		251,413	265,247
Capital and reserves			
Called up share capital	11	1,707,405	1,707,405
Profit and loss account	12	(1,455,992)	(1,442,158)
Equity shareholders' funds	12	251,413	265,247

C M Aubrey
Director

- 5 JUL 2006

Notes to the financial statements

at 30 June 2005

1. Fundamental accounting concept

The financial statements have been prepared on a going concern basis on the assumption that other group undertakings will continue to provide adequate financial support to the company to enable it to meet its liabilities as and when they fall due. The directors have no reason to believe that this financial support will not continue in the future and consider it appropriate to adopt a going concern basis. However, should support not be made available to the company, the going concern basis used in preparing the company's financial statements would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

2. Accounting policies

Accounting period

The company prepares financial statements for either 52 or 53 week periods ending within one week of 30 June.

Accounting convention

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

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows as it is a wholly owned subsidiary of another company, whose consolidated financial statements, in which the company is included, are publicly available.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Plant and machinery - over 5 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 30 June 2005

2. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

3. Turnover

Turnover comprises revenue from the rental of cinema equipment, excluding VAT, and all arises within the United Kingdom from continuing activities.

4. Operating loss

(a) This is stated after charging:

	Period ended 30 June 2005	*Period ended 1 July 2004*
	£	*£*
Auditors' remuneration	15,000	(12,898)
Depreciation of owned fixed assets	776,596	1,116,321
Loss on sale of cinema site	–	106,132

(b) The directors did not receive any emoluments for their services to the company during the period (2004 - £nil).

(c) No staff were employed during the period (2004- none).

5. Interest expense

	Period ended 30 June 2005	*Period ended 1 July 2004*
	£	*£*
Interest payable to group undertakings	–	93,383

Notes to the financial statements

at 30 June 2005

6. Tax on loss on ordinary activities

(a) Factors affecting current tax for the period:

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 30% (2004 - 30%). A reconciliation of the current tax for the period to the tax on profit at the standard rate is set out below:

	Period ended 30 June 2005	*Period ended 1 July 2004*
	£	*£*
Loss on ordinary activities before tax	(13,834)	(115,976)
Corporation tax at 30%	(4,150)	(34,793)
Effects of:		
Expenses not deductible for tax purposes	–	28,165
Forgiveness of interest	–	(150,715)
Depreciation in excess of capital allowances	265,160	305,445
Group relief received for nil consideration	(261,010)	(148,102)
Current tax for the period	–	–

(b) Factors that may affect future tax charges:

The company has not provided for deferred tax assets on other timing differences during the period. By agreement with other companies in the group, the company has the obligation to surrender tax losses for nil consideration and is entitled to claim group relief for nil consideration. Therefore, no deferred tax asset is recognised.

The estimated value of the deferred tax asset not recognised, measured at a standard rate of 30% is £1,195,325 (2004 - £930,164).

Notes to the financial statements
at 30 June 2005

7. Tangible fixed assets

	Plant and machinery £
Cost:	
At 1 July 2004	6,844,199
Disposals and other adjustments	(107,272)
At 30 June 2005	6,736,927
Depreciation:	
At 1 July 2004	3,920,551
Provided during the period	776,596
At 30 June 2005	4,697,147
Net book value:	
At 30 June 2005	2,039,780
At 1 July 2004	2,923,648

8. Debtors

	30 June 2005 £	*1 July 2004* £
Amounts owed by group undertakings	3,299,249	2,452,749

9. Creditors: amounts falling due within one year

	30 June 2005 £	*1 July 2004* £
Other taxes and social security costs	4,460	3,312
Other creditors	3,539,472	3,567,723
Accruals	59,800	–
	3,603,732	3,571,035

10. Creditors: amounts falling due after more than one year

	30 June 2005 £	*1 July 2004* £
Amounts owed to group undertakings	1,540,813	1,540,812

Notes to the financial statements

at 30 June 2005

11. Share capital

	30 June 2005 £	1 July 2004 £
Authorised:		
Ordinary shares of £1 each	1,707,405	1,707,405
Allotted called up and fully paid:		
Ordinary shares of £1 each	1,707,405	1,707,405

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total £
At 3 July 2003	1,707,405	(1,326,182)	381,223
Loss for the period	–	(115,976)	(115,976)
At 1 July 2004	1,707,405	(1,442,158)	265,247
Loss for the period	–	(13,834)	(13,834)
At 30 June 2005	1,707,405	(1,455,992)	251,413

13. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with fellow group undertakings as it is a wholly owned subsidiary of another undertaking which produces publicly available consolidated financial statements.

14. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking and controlling party to be Village Roadshow Limited a company incorporated in Australia.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Village Roadshow Limited. Copies of the financial statements can be obtained from the Secretary Village Roadshow Limited, Warner Roadshow Studio, Pacific Highway, Oxenford, Queensland 4210, Australia.

15. Subsequent events

Subsequent to balance sheet date, the company has sold its business, including fixed assets, for a nominal amount. The direct loss on this transaction in the 2006 financial year is approximately £1.3 million, however there may be further financial impacts from the winding-down process in general, which are not yet able to be quantified..

Other than this, there have been no material transactions which significantly affect the financial or operational position of the company since the end of the financial period.