# Village Theatres UK 3 Limited

## Report and Financial Statements

For the Period Ended 26 June 2008

Registration No. 3819294

Registered No: 3819294

**Directors**
P E Foo
P F Garner
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**
Priory House
Pilgrims Court
Sydenham Road
Guildford
Surrey
GU1 3RX

# Directors' report

The directors present their report and financial statements for the period ended 26 June 2008.

## Results and dividends

The result for the period after taxation amounted to £nil (profit of £598 for the period ended 28 June 2007). The directors do not recommend a dividend.

## Principal activity and review of the business

The principal activity of the company used to be the rental of cinema equipment to multiplex cinema exhibitors.

During the period ended 29 June 2006, the company decided to exit the United Kingdom market. The company sold its assets as follows:

Operating assets relating to the Belfast site were sold to a related entity, Village Theatres 3 Limited, so that Village Theatres 3 Limited could then sublet these assets, together with the assets already owned by Village Theatres 3 Limited, to Storm Cinemas Limited for a period of 5 years commencing on 25 May 2006.

Operating assets relating to the Manchester and Carlisle sites were sold to Vue Entertainment Limited on 20 June 2006. Operating assets relating to the Birkenhead site were sold to Vue Properties Limited on 20 June 2006.

## Financial risk management objectives and policies

The directors are of the opinion that the financial risk management objectives and policies of the company, are not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

The directors are also of the opinion that the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk is well monitored and maintained at a satisfactory level.

## Directors

The directors who served during the period were as follows:

P E Foo
P F Garner
S C Kappen (resigned 31 March 2008)
C M Aubrey
K Senior

## Subsequent events

There have been no material transactions which significantly affect the financial or operational position of the company since the end of the financial period.

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

# Directors' report

## 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.

On behalf of the board

P F Garner
Director
28 April 2009

# Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 that 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 26 June 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

# Independent auditors' report

**to the members of Village Theatres UK 3 Limited**

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 June 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London
28 April 2009

# Profit and loss account

**for the period ended 26 June 2008**

| | Notes | *Period ended 26 June 2008* £ | *Period ended 28 June 2007* £ |
|---|---|---|---|
| Administrative expenses | | – | 598 |
| ***Profit on ordinary activities before taxation*** | 3 | – | 598 |
| Tax on profit on ordinary activities | 4 | – | – |
| ***Retained profit for the financial period*** | 8 | – | 598 |

# Statement of total recognised gains and losses

There are no recognised gains or losses attributable to the shareholders of the company for the period ended 26 June 2008 (profit of £598 for the period ended 28 June 2007.)

# Balance sheet

**at 26 June 2008**

| | Notes | 26 June 2008 £ | 28 June 2007 £ |
|---|---|---|---|
| ***Current assets*** | | | |
| Debtors – due after more than one year | 5 | 3,862,593 | 3,922,656 |
| | | 3,862,593 | 3,922,656 |
| ***Creditors:*** amounts falling due within one year | 6 | (5,091,447) | (5,151,510) |
| ***Net current liabilities*** | | (1,228,854) | (1,228,854) |
| ***Total assets less current liabilities*** | | (1,228,854) | (1,228,854) |
| ***Capital and reserves*** | | | |
| Called up share capital | 7 | 1,707,405 | 1,707,405 |
| Profit and loss account | 8 | (2,936,259) | (2,936,259) |
| ***Equity shareholders' deficit*** | 8 | (1,228,854) | (1,228,854) |

P.F. Garner

P F Garner
Director
28 April 2009

# Notes to the financial statements

**at 26 June 2008**

## 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.

***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.

***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.

# Notes to the financial statements

**at 26 June 2008**

## 3. Profit on ordinary activities before taxation

(a) This is stated after charging:

| | *Period ended 26 June 2008* | *Period ended 28 June 2007* |
|---|---|---|
| | *£* | *£* |
| Auditors' remuneration – audit services | – | – |

The auditors' remuneration for 2008 and 2007 has been borne by another group undertaking.

(b) The directors did not receive any emoluments for their services to the company during the period (2007 - £nil).

(c) There were no employees other than the directors in the period (2007 – nil).

## 4. Tax on profit on ordinary activities

(a) There was no liability to tax for the period (2007 - £nil).

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 29.5% (2007 - 30%). A reconciliation of the current tax for the period to the tax on the profit at the standard rate is set out below:

| | *Period ended 26 June 2008* | *Period ended 28 June 2007* |
|---|---|---|
| | *£* | *£* |
| Profit on ordinary activities before tax | – | 598 |
| Corporation tax at 29.5% (2007: 30%) | – | 179 |
| *Effects of:* | | |
| Losses brought forward | – | (179) |
| Current tax for the period | – | – |

(b) Factors that may affect future tax charges:

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.

# Notes to the financial statements

**at 26 June 2008**

## 5. Debtors: amounts falling due after one year

| | 26 June 2008 £ | 28 June 2007 £ |
|---|---|---|
| Amounts owed by group undertakings | 3,862,593 | 3,922,656 |

## 6. Creditors: amounts falling due within one year

| | 26 June 2008 £ | 28 June 2007 £ |
|---|---|---|
| Amounts owed to group undertakings | 5,091,447 | 5,091,447 |
| Accruals | – | 60,063 |
| | 5,091,447 | 5,151,510 |

## 7. Share capital

| | 26 June 2008 £ | 28 June 2007 £ |
|---|---|---|
| *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 |

## 8. Reconciliation of shareholders' deficit and movements on reserves

| | Share capital £ | Profit and loss account £ | Total £ |
|---|---|---|---|
| At 29 June 2006 | 1,707,405 | (2,936,857) | (1,229,452) |
| Profit for the period | – | 598 | 598 |
| At 28 June 2007 | 1,707,405 | (2,936,259) | (1,228,854) |
| Result for the period | – | – | – |
| At 26 June 2008 | 1,707,405 | (2,936,259) | (1,228,854) |

# Notes to the financial statements

**at 26 June 2008**

## 9. 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.

## 10. Ultimate parent undertaking and controlling party share capital

The immediate parent undertaking is Village Roadshow Investments UK Limited. The directors consider the ultimate parent undertaking and controlling party to be Positive Investments Proprietary 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, a company incorporated in Australia. Copies of the financial statements can be obtained from the Secretary, Village Roadshow Limited, Warner Roadshow Studios, Pacific Highway, Oxenford, Queensland 4210, Australia.