

Europlex Cinemas (UK) Limited

Financial statements

For the year ended 31 December 2005

Grant Thornton 



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27/07/2006 

Company No. 3854544

Company information

Company registration number	3854544
Registered office	33 Glasshouse Street London W1B 5DG
Director	G Chittick
Secretary	S Greenfield
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

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Report of the director

The director presents his report and the financial statements of the company for the year ended 31 December 2005.

Principal activities and business review

The principal activity of the company during the year was to provide certain support services for its parent company, Europlex BV.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

The director and his interests in the shares of the company

The director who served the company during the year together with his beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2005	At 1 January 2005
G Chittick	-	-

Directors' interests in the shares of group companies are not required to be disclosed under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 by virtue of the company being a wholly owned subsidiary of a non United Kingdom company. The interests of the directors in the shares of the ultimate parent undertaking are disclosed in that company's financial statements.

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the director 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 year. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

During the year the company made the following contributions:

	2005	2004
	£	£
Charitable	-	250

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

S Greenfield
Secretary

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Report of the independent auditors to the members of Europlex Cinemas (UK) Limited

We have audited the financial statements of Europlex Cinemas (UK) Limited for the year ended 31 December 2005 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. 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 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 director and auditor

The director's responsibilities for preparing the report of the director and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's 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 if, in our opinion, the report of the director 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 director's remuneration and other transactions is not disclosed.

We read other information contained in the report of the director and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with international standards on auditing (UK and Ireland) 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 director 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.

Report of the independent auditors to the members of Europlex Cinemas (UK) Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

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25 July 2006

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company are set out below. The director considers that these remain the most appropriate for the company.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover represents amounts derived solely from fees in accordance with the service agreement with EuroPlex B.V., and is stated net of value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 10 years straight line
Equipment	- 3 to 5 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax 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 a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the director considers 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

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Profit and loss account

	Note	2005 £	2004 £
Turnover	1	805,538	788,250
Other operating charges	2	(733,204)	(716,879)
Operating profit	3	<u>72,334</u>	<u>71,371</u>
Interest receivable		896	1,172
Profit on ordinary activities before taxation		<u>73,230</u>	<u>72,543</u>
Tax on profit on ordinary activities	6	(18,196)	(17,887)
Retained profit for the financial year	15	<u>55,034</u>	<u>54,656</u>

All of the activities of the company are classed as continuing.

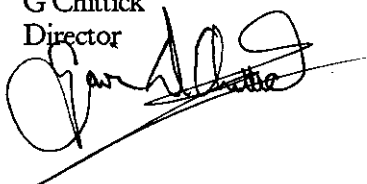
The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	7	<u>9,985</u>	<u>13,067</u>
Current assets			
Debtors	8	884,646	743,658
Cash at bank		<u>58,507</u>	<u>62,512</u>
		<u>943,153</u>	<u>806,170</u>
Creditors: amounts falling due within one year	10	<u>192,920</u>	<u>114,053</u>
Net current assets		<u>750,233</u>	<u>692,117</u>
Total assets less current liabilities		<u>760,218</u>	<u>705,184</u>
Capital and reserves			
Called-up equity share capital	14	7	7
Share premium account	15	389,280	389,280
Profit and loss account	15	<u>370,931</u>	<u>315,897</u>
Shareholders' funds	15	<u>760,218</u>	<u>705,184</u>

These financial statements were approved and signed by the director on 20.07.06...

G Chittick
 Director



Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activity of the company and are derived from its continuing operations.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	<u>805,538</u>	<u>788,250</u>

2 Other operating charges

	2005	2004
	£	£
Administrative expenses	<u>733,204</u>	<u>716,879</u>

3 Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	3,725	6,731
Loss on disposal of fixed assets	1,367	-
Auditor's remuneration:		
Audit fees	5,150	4,950
Net loss on foreign currency translation	<u>8</u>	<u>18</u>

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of administrative staff	<u>4</u>	<u>4</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	481,331	470,300
Social security costs	60,159	71,012
Other pension costs	33,056	32,160
	<u>574,546</u>	<u>573,472</u>

5 Director

Remuneration in respect of the director was as follows:

	2005	2004
	£	£
Emoluments receivable	265,000	256,000
Value of company pension contributions to money purchase schemes	18,150	17,600
	<u>283,150</u>	<u>273,600</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

The highest paid director received emoluments totalling £265,000 (2004 - £256,000).

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	17,653	15,172
Over provision in prior year	(3,296)	-
Total current tax	<u>14,357</u>	<u>15,172</u>
Deferred tax:		
Origination and reversal of timing differences	3,839	2,715
Tax on profit on ordinary activities	<u>18,196</u>	<u>17,887</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>73,230</u>	<u>72,543</u>
Profit on ordinary activities by rate of tax	21,969	21,763
Expenses not deductible for tax purposes	798	522
Accelerated capital allowances	(1,198)	(2,989)
Small companies marginal relief	(3,916)	(4,124)
Tax overprovided in previous years	(3,296)	-
Total current tax (note 6(a))	<u>14,357</u>	<u>15,172</u>

7 Tangible fixed assets

	Fixtures & Fittings £	Equipment £	Total £
Cost			
At 1 January 2005	5,406	18,537	23,943
Additions	–	2,010	2,010
Disposals	–	(1,758)	(1,758)
At 31 December 2005	<u>5,406</u>	<u>18,789</u>	<u>24,195</u>
Depreciation			
At 1 January 2005	547	10,329	10,876
Charge for the year	541	3,184	3,725
On disposals	–	(391)	(391)
At 31 December 2005	<u>1,088</u>	<u>13,122</u>	<u>14,210</u>
Net book value			
At 31 December 2005	<u>4,317</u>	<u>5,668</u>	<u>9,985</u>
At 31 December 2004	<u>4,859</u>	<u>8,208</u>	<u>13,067</u>

8 Debtors

	2005 £	2004 £
Amounts owed by group undertakings	863,607	719,232
Other debtors	5,177	4,024
Prepayments and accrued income	12,516	13,217
Deferred taxation (note 9)	3,346	7,185
	<u>884,646</u>	<u>743,658</u>

9 Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2005 £	2004 £
Included in debtors (note 8)	<u>3,346</u>	<u>7,185</u>

The movement in the deferred taxation account during the year was:

	2005 £	2004 £
Balance brought forward	7,185	9,900
Profit and loss account movement arising during the year	(3,839)	(2,715)
Balance carried forward	<u>3,346</u>	<u>7,185</u>

9 Deferred taxation (continued)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005	2004
	£	£
Accelerated capital allowances	<u>3,346</u>	<u>7,185</u>

10 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	9,162	2,990
Corporation tax	17,653	15,172
Other taxation and social security	11,465	87,841
Accruals and deferred income	154,640	8,050
	<u>192,920</u>	<u>114,053</u>

11 Leasing commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	<u>32,960</u>	<u>28,000</u>

12 Contingent liabilities

The company had a contingent liability of £487,932 at 31 December 2005 (2004: £609,915) relating to the assignment of a property lease, until the termination of the lease on 24 December 2009.

13 Related party transactions

The company is a wholly owned subsidiary of EuroPlex B.V., the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with members or investees of the group.

14 Share capital

Authorised share capital:

	2005	2004
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

15 Reconciliation of shareholders' funds and movement on reserves

	Share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 January 2004	7	389,280	261,241	650,528
Retained profit for the year	<u>-</u>	<u>-</u>	<u>54,656</u>	<u>54,656</u>
At 31 December 2004 and 1 January 2005	7	389,280	315,897	705,184
Retained profit for the year	<u>-</u>	<u>-</u>	<u>55,034</u>	<u>55,034</u>
At 31 December 2005	<u>7</u>	<u>389,280</u>	<u>370,931</u>	<u>760,218</u>

16 Ultimate Parent Undertaking

EuroPlex B.V., a company incorporated in The Netherlands, is the company's ultimate parent undertaking and controlling party.

Copies of its group accounts are available from EuroPlex B.V., Herengracht 206-216, 1016 BS, Amsterdam, The Netherlands.