Odeon Warrington Limited

Directors' report and financial statements

Registered number 06170421

Period ended 31 December 2007

Contents

Directors' report

The directors present their first directors' report and financial statements for the period from incorporation on 19 March 2007 to 31 December 2007

Principal activities

The Company is a property investment company, currently engaged in the leasing of a cinema in the United Kingdom

Business review

On 5 April 2007, the company bought freehold property for the value of £9,550,000 plus value added tax (total £11,221,250) from United Cinemas International (UK) Ltd, a related party On the 22 May 2007, bank debt was drawn of £7,570,545, using Odeon Leicester Square Holdings Ltd as an agent During the period, £8,863,438 was paid in part settlement of the gross property purchase price £322,803 has been charged to the profit and loss account in the period for bank interest and £137,989 for loan interest on the related party balance The related party loan was assigned from United Cinemas International (UK) Ltd to Odeon and UCI Cinemas Group Ltd (formerly Corleone Capital Ltd) on 16 May 2007

Turnover represents rental income from United Cinemas International (UK) Ltd The main operating costs are audit and tax advice and compliance fees

Proposed dividend

The directors do not recommend the payment of a dividend

Directors and directors' interests

The directors who held office during the period were as follows

AR Gavin (appointed 19 March 2007)
JP Mason (appointed 19 March 2007)
AR Walker (appointed 19 March 2007)
KM Taylor (appointed 19 March 2007)
AS Alker (appointed 19 March 2007)

None of the directors held any interests in the share capital of the company

Donations

There were no charitable donations during the period

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

KPMG have been appointed auditors of the company 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 auditors annually The auditors, KPMG, will be deemed to have been reappointed 28 days after the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end

By order of the board

AS Alker
Director
27/10/08

54 Whitcomb Street
London
WC2H 7DN

Statement of directors' responsibilities in respect of the Directors' 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)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 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

KPMG LLP

1 St James Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Odeon Warrington Limited

We have audited the financial statements of Odeon Warrington Limited for the period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2

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 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 judgments 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 Odeon Warrington Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,
- 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

KPMG LLP

28th October 2008

KPMG LLP
Chartered Accountants
Registered Auditor

Profit and loss account

for the period ended 31 December 2007

	Note	2007 £
Turnover	2	270,327
Cost of Sales		(17,862)
Gross profit		252,465
Administrative expenses		(4,900)
Operating profit		247,565
Interest receivable and similar income		748
Interest payable and similar charges	5	(486,920)
Loss on ordinary activities before taxation		(238,607)
Tax on loss on ordinary activities	6	-
Loss for the period		(238,607)

Turnover and operating profit were derived from the Company's continuing operations

There were no recognised gains and losses other than the loss shown above

Balance sheet
at 31 December 2007

	Note	2007 £	2007 £
Fixed assets			
Tangible assets	*7*		9,550,000
Current assets			
Debtors falling due after more than one year	*8*	173,928	
		173,928	
Creditors. amounts falling due within one year	*9*	(243,435)	
Net current liabilities			(69,507)
Total assets less current liabilities			9,480,493
Creditors: amounts falling due after more than one year	*10*		(9,718,600)
Net liabilities			(238,107)
Capital and reserves			
Called up share capital	*11*		500
Profit and loss account	*12*		(238,607)
Shareholders' deficit			(238,107)

These financial statements were approved by the board of directors on 27/10/08 and were signed on its behalf by

AS Alker
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

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

The financial statements are prepared on a going concern basis The directors have concluded this is appropriate because bank funding is in place under a facility that extends beyond 12 months from the date of signature of these financial statements, and the amounts due to related parties are contractually subordinated below the bank debt

Fixed assets and depreciation

Depreciation has not been provided as the property has been designated as an investment property The investment property represents a freehold property which is leased to a related party This property is not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate The accounting policy adopted therefore is necessary for the financial statements to give a true and fair view

Investment property will be revalued on an annual basis, commencing in 2008 The aggregate valuation surplus or deficit will be transferred to the revaluation reserve

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Turnover

Turnover is rental income and represents the income earned on properties

Related Parties

As the company is a wholly owned subsidiary of Odeon Property Group LLP, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group

Interest Rate Hedging

The Company entered into an interest rate hedge (swap) to manage the interest rate risk from the Company's bank loan Amounts payable or receivable in respect of interest rate swap transactions are recognised on an accruals basis until settlement date and are treated as an adjustment to the interest expense over the period the contract

Notes *(continued)*

2 Turnover

There was only one class of business, all of which was transacted in the United Kingdom

	2007 £
Rental income	**252,465**

3 Loss on ordinary activities before taxation

	2007 £
Loss on ordinary activities before taxation is stated after charging.	
Auditors' remuneration - Audit of these financial statements	3,225
Amounts receivable by auditors and their associates in respect of Non-audit services	1,675

4 Remuneration of directors

The directors received no emoluments during the period for their services to this company as they are remunerated by a related company.

5 Interest payable and similar charges

	2007 £
On bank loans and overdrafts	322,803
On loans from related parties	137,989
Amortisation of capitalised loan issue costs	26,128
	486,920

Notes *(continued)*

6 Taxation

Analysis of charge in period

	2007	2007
	£	£
UK corporation tax		
Current tax on income for the period	-	
		-
Total current tax		-
Deferred tax		
Origination/reversal of timing differences	-	
Total deferred tax		-
Tax on loss on ordinary activities		-

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007
	£
Current tax reconciliation	
Loss on ordinary activities before tax	(238,607)
Current tax at 30%	(71,582)
Effects of	
Expenses not deductible for tax purposes	22,768
Non tax effected expenses	48,814
Total current tax charge (see above)	-

Notes *(continued)*

7 Tangible fixed assets

	Freehold land and buildings £	Total £
Cost and net book value		
At incorporation	-	-
Additions	9,550,000	9,550,000
At 31 December 2007	9,550,000	9,550,000

The book value of the freehold land and buildings is based on an external valuation performed by Colliers CRE Chartered Surveyors, Marylebone Lane, London, W1U 1HL The valuation was performed in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors The basis was an open market valuation, taking into account property yield, assuming that the property would be leased back at specified initial rents to the vendor

8 Debtors falling due after more than one year

	2007 £
Amounts owed by group undertakings	173,928
	173,928

9 Creditors: amounts falling due within one year

	2007 £
Accruals and deferred income	243,435
	243,435

Notes *(continued)*

10 Creditors: amounts falling due after more than one year

	2007 £
Bank loans and overdrafts	7,222,800
Amounts owed to related parties	2,495,800
	9,718,600

Bank loans and overdrafts are shown net of £287,409 of unamortised issue costs

The amount of bank loans and overdrafts which fall due within one year is not material to these financial statements

The bank loans are secured by the assets of the business

Interest was payable on the bank loans at LIBOR plus a margin of 1 375% and costs of approximately 0 012% per annum

The Company uses interest rate hedging (swap) contracts to manage exposure to interest rate fluctuations At the period end, approximately 100% of the bank borrowings were at fixed interest rates after taking into account interest rate swaps The fixed rate provided by the interest rate swaps was 5 598% plus the margin of 1 375% and costs of approximately 0 012% per annum

Interest accrues on the amount due to related parties at LIBOR plus a margin of 2 375%

11 Called up share capital

	2007 £
Authorised	
Ordinary shares of £1 each	9,000,000
	9,000,000
Allotted, called up and fully paid	
Ordinary shares of £ 1 each	500
	500

Notes *(continued)*

12 Profit and loss account

	£
Loss for the period	(238,607)
At 31 December 2007	**(238,607)**

13 Post balance sheet events

There have been no disclosable post balance sheet events

14 Related party disclosures

The company is exempt from the requirement of Financial Reporting Standard 8 to disclose related party transactions with fellow subsidiaries of Odeon Property Group LLP

Odeon Leicester Square Holdings Ltd acts as the agent for Odeon Warrington Ltd with regard to all cash receipts and payments

During April 2007, Odeon Warrington Ltd entered into a sale and leaseback arrangement in relation to a freehold property, purchased from United Cinemas International (UK) Ltd The total consideration was £9,550,000 plus value added tax (total £11,221,250), of which 8,863,438 was paid during the period Interest accrues on the remaining balance at LIBOR plus 2 375% interest accrued in the period was £137,989 The loan was assigned from United Cinemas International (UK) Ltd to Odeon and UCI Cinemas Group Ltd (formerly Corleone Capital Ltd) on the 16 May 2007

United Cinemas International (UK) Ltd entered into a lease contract with Odeon Warrington Ltd the term of the lease is 25 years

On behalf of Odeon Warrington Ltd, Odeon Leicester Square Holdings Ltd received payments of £252,465 relating to the period, plus £126,233 deferred income relating to the first quarter of 2008

15 Ultimate parent undertaking

The immediate parent undertaking is Odeon Warrington Holdings Ltd

The smallest and largest group to consolidate these financial statements is Odeon Property Group LLP

The directors regard TFCP Holdings Limited (formerly known as Terra Firma Capital Partners Holdings Limited), a company registered in Guernsey, as the ultimate controlling party and the ultimate parent entity