

Village Theatres 3 Limited

Report and Financial Statements

For the period ended 28 June 2012

Registration No 3819921

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COMPANIES HOUSE

Village Theatres 3 Limited

Directors

C M Aubrey
P F Garner
S L Driscoll

Secretaries

S L Driscoll
L Pater

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 28 June 2012

Results and dividends

The loss for the period after taxation amounted to £1,509,225 (profit of £1,635,642 for the period ended 30 June 2011). The directors do not recommend the payment of a dividend

Principal activity and review of the business

The principal activities of the company used to be the operation and leasing of multi-screen cinemas in the United Kingdom. During the period ended 29 June 2006, the company decided to exit the United Kingdom market, and the company sold its assets as follows

- The Belfast site was sublet to Storm Cinemas Limited on 25 May 2006, and
- Operating assets relating to the Newcastle-Under-Lyme site were sold to Vue Entertainment Limited effective from 20 June 2006

Effective from May 2011, the company re-acquired the cinema operations in Belfast, as a result of a settlement with the sub-tenant. Following this re-acquisition by the company, and as a result of a guarantee of the company's head lease obligations provided by a related entity, an onerous lease provision has been taken up in the consolidated accounts of Village Roadshow Limited which is the company's parent entity for which group financial statements are drawn up.

The principal activity of the company is the operation of a multi-screen cinema in the United Kingdom

Directors

The directors who served the company during the period were as follows

C M Aubrey
P F Garner
S L Driscoll

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 make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, 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.

Small Companies' exemption

In preparing this Directors' report, the directors have taken advantage of the small companies exemption under Section 415(A) of the Companies Act 2006.

On behalf of the board



C M Aubrey
Director
22 March 2013

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). 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 judgments 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 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 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 auditor's report

to the members of Village Theatres 3 Limited

We have audited the company's financial statements for the period ended 28 June 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 explained more fully in the Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 June 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom 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 Village Theatres 3 Limited

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



Michael Wansbury, (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

26 MAR 2013

Profit and loss account

for the period ended 28 June 2012

		<i>Period ended 28 June 2012</i>	<i>Period ended 30 June 2011</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover		2,159,034	–
Cost of sales		(1,119,380)	–
Gross profit		1,039,654	–
Administrative expenses		(2,548,879)	(111,500)
Reversal – provision for doubtful debts		–	1,747,142
(Loss)/Profit on ordinary activities before taxation		(1,509,225)	1,635,642
Tax on (loss)/profit on ordinary activities	5	–	–
(Loss)/Profit on ordinary activities for the period	12	(1,509,225)	1,635,642

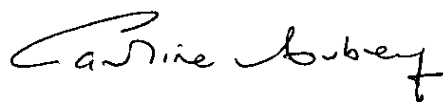
Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,509,225 for the period ended 28 June 2012 (profit of £1,635,642 for the period ended 30 June 2011)

Balance sheet

at 28 June 2012

		28 June 2012	30 June 2011
	Notes	£	£
Fixed assets			
Tangible assets	6	37,136	—
Current assets			
Stock	7	36,455	20,000
Debtors amounts falling due within one year	8	494,367	489,249
Debtors amounts falling due after more than one year	9	—	1,546,059
Cash at bank and in hand		169,624	197,685
		700,446	2,252,993
Creditors amounts falling due within one year	10	(5,143,218)	(5,149,404)
Net current liabilities		(4,442,772)	(2,896,411)
Net liabilities		(4,405,636)	(2,896,411)
Capital and reserves			
Called up share capital	11	2	2
Capital contribution reserve	12	1,869,600	1,869,600
Profit and loss account	12	(6,275,238)	(4,766,013)
Equity shareholders' deficit	12	(4,405,636)	(2,896,411)



C M Aubrey
Director
22 March 2013

Notes to the financial statements

at 28 June 2012

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 (revised) not to prepare a statement of cash flows, as it is a wholly owned subsidiary of another undertaking, whose consolidated financial statements, in which the company is included, are publicly available.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of Services

Revenue from the rendering of services is recognised when control of a right to be compensated for the services has been attained by reference to the stage of completion. Where contracts span more than one reporting period, the stage of completion is based on an assessment of the value of work performed at that date. Where services are yet to be rendered, amounts are recorded as unearned revenue.

Tangible fixed assets

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Furniture, fittings & equipment - 4 years straight line

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

Stocks

Stocks, which comprise sundry supplies, are stated at the lower of cost and net realisable value.

Notes to the financial statements

at 28 June 2012

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

Lease commitments

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

3 Turnover

Turnover comprises revenue from theatre admissions and sundry sales, excluding VAT, and all arises within the UK from continuing activities

4 (Loss)/Profit on ordinary activities before taxation

(a) This is stated after charging

	<i>Period ended 28 June 2012 £</i>	<i>Period ended 30 June 2011 £</i>
Auditor's remuneration – audit services	4,000	4,000
Operating lease rentals – land and buildings	1,246,403	–
Depreciation	1,580	–
	<u>1,251,983</u>	<u>4,000</u>

(a) The directors did not receive any emoluments for their services to the company during the period (2011 - £ nil) The directors are remunerated by other group undertakings

(b) There were 31 employees other than directors in the period (2011 – nil)

Notes to the financial statements

at 28 June 2012

5 Tax

(a) Factors affecting tax for the period

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 25.5% (2011 – 27.5%). A reconciliation of the current tax for the period to the tax on the loss at the standard rate is set out below

	Period ended 28 June 2012 £	Period ended 30 June 2011 £
(Loss)/Profit on ordinary activities before tax	(1,509,225)	1,635,642
Corporation tax at 25.5% (2011 – 27.5%)	(384,852)	449,802
<i>Effects of</i>		
Expenses not deductible for tax	403	–
Group relief surrendered for nil consideration	–	432
Losses not brought to account	384,449	–
Losses brought forward	–	(450,234)
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.

6 Tangible fixed assets

	Furniture Fittings & Equipment £	Total £
Cost		
At 1 July 2011	–	–
Additions during the period	38,716	38,716
At 28 June 2012	38,716	38,716
Depreciation		
At 1 July 2011	–	–
Provided during the period	1,580	1,580
At 28 June 2012	1,580	1,580
Net book value		
At 28 June 2012	37,136	37,136
At 30 June 2011	–	–

Notes to the financial statements

at 28 June 2012

7 Stocks

	28 June 2012 £	30 June 2011 £
Stocks held for resale	36,455	20,000

8 Debtors: amounts falling due within one year

	28 June 2012 £	30 June 2011 £
Trade and sundry debtors	88,846	351,265
Prepayments	350,408	137,984
Amounts owed by group undertakings	55,113	—
	494,367	489,249

9 Debtors: amounts falling due after more than one year

	28 June 2012 £	30 June 2011 £
Amounts owed by group undertakings	—	1,546,059

10 Creditors: amounts falling due within one year

	28 June 2012 £	30 June 2011 £
Trade creditors	1,272,943	1,113,969
Sundry creditors and accruals	108,086	273,246
Amounts owed to group undertakings	3,762,189	3,762,189
	5,143,218	5,149,404

11 Share capital

	28 June 2012 £	30 June 2011 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2

Notes to the financial statements

at 28 June 2012

12 Reconciliation of shareholders' deficit and movements on reserves

	<i>Share capital £</i>	<i>Capital contribution reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 24 June 2010	2	1,869,600	(6,401,655)	(4,532,053)
Profit for the period	–	–	1,635,642	1,635,642
At 30 June 2011	2	1,869,600	(4,766,013)	(2,896,411)
Loss for the period	–	–	(1,509,225)	(1,509,225)
At 28 June 2012	2	1,869,600	(6,275,238)	(4,405,636)

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 subsidiary of another undertaking which produces consolidated financial statements

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Village Roadshow UK Holdings Pty Ltd. 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, Level 1, 500 Chapel Street, South Yarra, Victoria, 3141, Australia.

15 Contingent liability

As disclosed in the 30 June 2011 report and financial statements, litigation was in progress between the company, the company's landlord and its sub-tenant. In April 2011, the matter between the company and the sub-tenant was settled and the company recovered all remaining amounts owing by the sub-tenant as part of that settlement. The company is continuing to take action against the landlord seeking damages.

The landlord is also seeking payment of unpaid rent totalling £950,000, which has been fully accrued in the company's financial statements as at 30 June 2012.