

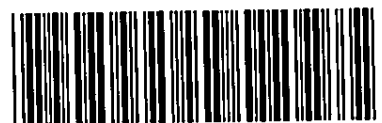
Registered No 2164313

# Warner Bros.Theatres (UK) Limited

## Report and Financial Statements

31 December 2007

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COMPANIES HOUSE

# Warner Bros Theatres (UK) Limited

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Registered No 2164313

## **Directors**

M L Ochs (resigned 15<sup>th</sup> October 2008)

C J Young (resigned 24<sup>th</sup> July 2008)

E A Romano

D A Pearson (resigned 15<sup>th</sup> October 2008)

D Bisoni

S Mertz

M Emanuele (appointed 14<sup>th</sup> August 2008)

## **Secretary**

D Bisoni

## **Auditors**

Ernst & Young LLP

1 More London Place

London SE1 2AF

## **Registered Office**

Warner House

98 Theobald's Road

London WC1X 8WB

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2007

### Results and dividends

The company's profit for the period after taxation amounted to £4,995,000 (2006 - £4,307,000)

The Directors approved the payment during the year of a dividend of £5,000,000 for the year (2006 - £5,000,000)

### Principal activity and review of business

The principal activity of the company is to engage in investment activities

A business review has not been completed for the company because it is defined under Section 247 of the Companies Act as a small company

### Principal risks and uncertainties facing the business

The risks and uncertainties of the company are integrated with the risks of the Time Warner Inc group and are not managed separately

### Events since the balance sheet date

There are no events since the balance sheet date to note

### Directors and their interests

The Directors of the Company who served during the period were as follows

M L Ochs (resigned 15<sup>th</sup> October 2008)  
C J Young (resigned 24<sup>th</sup> July 2008)  
E A Romano  
D A Pearson (resigned 15<sup>th</sup> October 2008)  
D Bisoni  
S Mertz  
M Emanuele (appointed 14<sup>th</sup> August 2008)

All directors served throughout the year and are still Directors at the date of this report with the exception of M Ochs, C Young D Pearson and M Emanuele

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption under SI802, The companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, not to disclose the directors' interests in the common stock of Time Warner Inc, a company incorporated in the USA and the ultimate parent undertaking of the Company

The company may indemnify one or more directors of the company against liability in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 1985 and the company may purchase insurance for this purpose. Time Warner Inc has purchased a directors and officers liability insurance policy for the benefit of the company and its directors and such policy was in force during the year and is in force as at the date of approving the directors' report

### Charitable and political contributions

The Company has made no charitable or political contributions during the period

## Directors' report (continued)

### Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

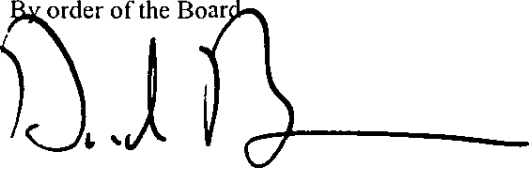
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

### Auditors

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligations to appoint auditors annually was passed on 23 February 2006. Accordingly, Ernst & Young LLP will be deemed to be reappointed as auditors

By order of the Board



Secretary

22 OCT 2008

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial period 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 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 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 Warner Bros Theatres (UK) Limited**

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. 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 Directors' Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom 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 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 (continued)**  
to the members of Warner Bros Theatres (UK) 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 31 December 2007 and of its profit for the year 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

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
London

Date *26 October 2008*

## Profit and loss account

for the year ended 31 December 2007

		<i>Year ended 31 December 2007</i>	<i>Year ended 31 December 2006</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Administrative expenses		(5)	(23)
<b>Operating loss</b>	3	(5)	(23)
Interest receivable	4	7,141	5,990
<b>Profit on ordinary activities before taxation</b>		7,136	5,967
Tax on profit on ordinary activities	5	(2,141)	(1,660)
<b>Profit on ordinary activities after taxation</b>	10	4,995	4,307

All activities are continuing operations



## **Statement of total recognised gains and losses**

**for the year ended 31 December 2007**

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £4,994,970 for the year ended 31 December 2007 and the profit of £4,306,332 for the year ended 31 December 2006

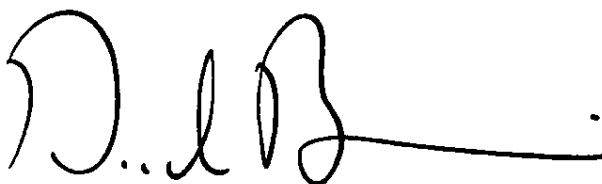
## Balance sheet

at 31 December 2007

		31 December 2007	31 December 2006
	Notes	£000	£000
<b>Current assets</b>			
Debtors	7	120,710	122,787
Cash at bank and in hand		543	569
		<u>121,253</u>	<u>123,356</u>
<b>Creditors:</b> amounts falling due within one year	8	(2,778)	(4,876)
		<u>118,475</u>	<u>118,480</u>
<b>Net current assets</b>			
		<u>118,475</u>	<u>118,480</u>
<b>Total assets less current liabilities</b>		<u>118,475</u>	<u>118,480</u>
<b>Capital and reserves</b>			
Called up share capital	9	45,000	45,000
Profit and loss account	10	73,475	73,480
		<u>118,475</u>	<u>118,480</u>
<b>Equity shareholders' funds</b>	10	<u>118,475</u>	<u>118,480</u>

Approved by the Board  
and signed on behalf by

Director



22 OCT 2008

## Notes to the financial statements

at 31 December 2007

### 1. Accounting policies

#### Basis of preparation

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

#### Statement of cash flows

The Company has taken advantage of the exemption in FRS 1 (Revised) "Cash Flow Statements". A statement of cash flows has not been prepared as the Company is a wholly owned subsidiary undertaking of Time Warner Inc, a Company incorporated in the United States of America, which prepared a statement of cash flows (see note 13)

### 2. Directors' emoluments

The directors received no remuneration for their services to the company during the year (2006 - £Nil)

### 3. Operating loss

This is stated after charging

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Auditors' remuneration	3	2

### 4. Interest receivable

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Interest receivable from group undertakings	7,099	5,971
Interest received on bank deposits and other interest	42	19
	<u>7,141</u>	<u>5,990</u>

## Notes to the financial statements

at 31 December 2007

### 5. Tax on loss on ordinary activities

(a) The charge based on results for the year is as follows

	<i>Year ended 31 December 2007</i>	<i>Year ended 31 December 2006</i>
	<i>£ £000</i>	<i>£ £000</i>
Taxation based on the Profit for the year		
Corporation tax payable at 30%	–	1,790
Group relief payments	2,141	–
Overprovision for prior years	–	(130)
Total current tax charge	<u>2,141</u>	<u>1,660</u>
Total tax charge on profit on ordinary activities	<u>2,141</u>	<u>1,660</u>

(b) Circumstances affecting current charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2006 – 30%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below

	<i>Year ended 31 December 2007</i>	<i>Year ended 31 December 2006</i>
	<i>£000</i>	<i>£000</i>
Profit on ordinary activities before tax	<u>7,136</u>	<u>5,967</u>
Tax on profit on ordinary activities at standard rate	2,141	1,790
Factors affecting charge		
Tax overprovided in previous years	–	(130)
Total current tax (note (a) above)	<u>2,141</u>	<u>1,660</u>

## Notes to the financial statements

at 31 December 2007

### 6. Dividends

	31 December 2007 £000	31 December 2006 £000
<i>Dividends on ordinary shares</i>		
Interim dividends paid of 11 lp per share (2006 11 lp per share)	5,000	5,000

### 7. Debtors

	31 December 2007 £000	31 December 2006 £000
Amounts owed by group undertakings	119,877	122,506
Other debtors	1	5
Group relief receivable	–	130
Corporation tax receivable	832	146
	<u>120,710</u>	<u>122,787</u>

Amounts owed by group undertakings includes a long-term loan

This is repayable in full on 31 October 2012 Interest on this loan is variable

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

	31 December 2007 £000	31 December 2006 £000
Amounts owed to related undertakings	337	3,975
Accruals	3	5
Corporation tax payable	–	896
Group relief payable	2,438	–
	<u>2,778</u>	<u>4,876</u>

### 9. Share capital

	2007 No	2006 No	2007 £000	2006 £000
Ordinary shares of £1 each	45,000,002	45,000,002	45,000	45,000

## Notes to the financial statements

at 31 December 2007

### 10. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 31 December 2006	45,000	73,480	118,480
Profit for the year	–	4,995	4,995
Dividend (note 6)	–	(5,000)	(5,000)
At 31 December 2007	45,000	73,475	118,475

### 11. Contingent liabilities

The company has acted as guarantor to leases of property occupied by other group undertakings, the minimum annual rental payments of which amounts to £3,225,372 (2006 – £3,186,528). It has also acted as guarantor to leases of property occupied by an undertaking part owned by the group's ultimate holding company, the minimal annual rental payments of which amount to £3,973,471 (2006 – £3,346,263).

### 12. Related party transactions

The company has taken advantage of the exemption under FRS 8 (Related Party Disclosures) not to disclose transactions with related parties.

### 13. Ultimate parent undertaking

The Company's immediate parent undertaking is Time Warner Entertainment Limited, a company registered in England & Wales.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

At 31 December 2007, Time Warner Inc., a company incorporated in the United States of America, was the ultimate parent undertaking and the parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.