

**Odeon Bournemouth (Odeon) Limited**

**Annual report and financial statements**

Registered number 06170342

31 December 2015

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## Strategic Report

### Business Review and KPIs

Odeon Bournemouth (Odeon) Limited ("the Company") is a property investment company. Consolidated accounts are prepared for a parent undertaking of the Company, Odeon and UCI Cinemas Holdings Limited ("OUCHL"), which contain a business review and description of KPIs relating to the group of companies of which the Company is a part. Copies of the consolidated accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

During 2015, the Company sold its property to a third party.

The directors have decided that in due course the Company, having disposed of the property and ceased trading, will discharge its obligations to third parties in an orderly fashion.

### Financial Results

The Company made a profit before taxation of £2,951,599 (2014 £297,547). The profit for the year includes a credit of £1,124,467 (2014 £nil) relating to the partial reversal of an impairment charge made in 2013 and was after finance charges on loans from group undertakings of £45,791 (2014 £62,745), as disclosed in note 5.

### Principal Risks and Risk Management

There are no relevant risks and uncertainties in relation to the entity, apart from going concern and liquidity management as described below.

### Going Concern and Liquidity Management

In view of the decision to dispose of the property and discharge the Company's obligations to third parties in an orderly fashion, the directors have concluded that it is more appropriate to prepare the financial statements on a break-up basis rather than a going concern basis, as described in note 1 to the financial statements.

The directors are satisfied with the Company's liquidity management for the reasons set out in note 1 to the financial statements.

By order of the board



A S Alker  
Director

St Albans House  
57-59 Haymarket  
London  
SW1Y 4QX

27 October 2016

## Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2015

### Principal Activity

The principal activity of the Company was the leasing of a cinema property in the United Kingdom

### Ownership

Terra Firma Investments (GP) 2 Limited, acting as general partner of the six limited partnerships which constitute the Terra Firma Capital Partners II Fund, Terra Firma Capital Partners II LP-H, TFCP II Co-Investment 2 LP and TFCP II Co-Investment 2A LP ("Terra Firma"), has the ability to exercise a controlling influence over the Company through the holding of shares in a parent of the Company

Terra Firma, through new holding companies, acquired the Odeon and UCI businesses from their respective vendors in late 2004

On 22 December 2014, direct ownership of the Company passed from Odeon Bournemouth (Odeon) Holdings Limited to Odeon and UCI Cinemas Group Limited

### Board of Directors and Management of the Company

During the year, at 31 December 2015 and subsequently, the board of directors of Odeon Bournemouth (Odeon) Limited was as follows

P M Donovan	<i>Chief Executive Officer</i>
M J Way	<i>Chief Financial Officer</i>
A S Alker	<i>Group Finance Director</i>
K M Taylor	<i>Property Director</i>

### Subsequent events

On 12 July 2016, AMC Entertainment Holdings Inc (AMC Theatres) announced that it had entered into a definitive agreement to acquire Odeon & UCI Cinemas Group from private equity firm Terra Firma. The transaction is expected to be completed in the fourth quarter of 2016, it is conditional upon antitrust clearance by the European Commission and is subject to consultation with the European Works Council

### Dividends

The directors do not recommend the payment of a dividend (2014 £nil) with respect to ordinary shares

### Change in accounting standards

UK GAAP accounting rules have changed. The new UK GAAP (covered by accounting standard FRS 102) is applied in the 2015 financial statements for the first time. As required by FRS 102, the 2014 comparative numbers have been restated in order to show comparisons on a consistent basis.

The financial statements contain notes explaining the impact of the changes in accounting rules

### Disclosure of information to auditor

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 auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditor

The auditor, KPMG LLP, has indicated its willingness to continue in office. 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 the auditor annually. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



A S Alker  
Director

27 October 2016

St Albans House  
57-59 Haymarket  
London  
SW1Y 4QX

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

The directors are responsible for preparing the Strategic Report, 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) FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements 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 adequate 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 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 Peter's Square  
Manchester  
M2 3AE  
United Kingdom

### **Independent auditor's report to the members of Odeon Bournemouth (Odeon) Limited**

We have audited the financial statements of Odeon Bournemouth (Odeon) Limited for the year ended 31 December 2015 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 31 December 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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**

##### *Emphasis of Matter – Non going-concern basis of preparation*

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

In our opinion the information given in the Strategic Report and 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 Odeon Bournemouth (Odeon) Limited** *(continued)*

**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



**Mick Davies (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

28/10/2016

**Profit and Loss Account**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> £	<b>2014</b> £
<b>Turnover</b>	2	-	450,001
<b>Gross profit</b>		-	450,001
Administration expenses	4	1,124,467	(3,704)
<b>Operating profit</b>		1,124,467	446,297
Profit / (loss) on disposal		1,873,476	(9,169)
<b>Profit on ordinary activities before interest and taxation</b>		2,997,943	437,128
Other interest receivable and similar income		-	310
Interest payable and similar charges	5	(46,344)	(139,891)
<b>Profit on ordinary activities before taxation</b>		2,951,599	297,547
Tax on profit on ordinary activities	6	3,053	(97,101)
<b>Profit for the financial year</b>		2,954,652	200,446

The notes on pages 10-14 form an integral part of these financial statements



**Statement of Other Comprehensive Income**  
*for the year ended 31 December 2015*

	2015 £	2014 £
<b>Profit for the year</b>	<b>2,954,652</b>	<b>200,446</b>
Other comprehensive income	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>2,954,652</b>	<b>200,446</b>
	<hr/>	<hr/>

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

The notes on pages 10-14 form an integral part of these financial statements

**Balance Sheet**  
*at 31 December 2015*

	<i>Notes</i>	<b>2015</b>		<b>2014</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current assets</b>					
Investment property	7	-		1,850,000	
Debtors within one year	9	1,681,340		-	
		<u>1,681,340</u>		<u>1,850,000</u>	
<b>Creditors</b> amounts falling due within one year	10	(42,690)		(3,166,002)	
<b>Net current assets / (liabilities)</b>		<u>1,638,650</u>		<u>(1,316,002)</u>	
<b>Net assets / (liabilities)</b>		<u>1,638,650</u>		<u>(1,316,002)</u>	
<b>Capital and reserves</b>					
Called up share capital	11	500		500	
Profit and loss account		1,638,150		(1,316,502)	
<b>Shareholders' equity / (deficit)</b>		<u>1,638,650</u>		<u>(1,316,002)</u>	

These financial statements were approved by the board of directors on 27 October 2016 and were signed on its behalf by



**A S Alker**  
*Director*

Company registered number 06170342

The notes on pages 10-14 form an integral part of these financial statements

## Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
Balance at 1 January 2014	500	(1,516,948)	(1,516,448)
<b>Total comprehensive income for the period</b>			
Profit	-	200,446	200,446
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	200,446	200,446
Total contributions by and distributions to owners	-	-	-
<b>Balance at 31 December 2014</b>	<b>500</b>	<b>(1,316,502)</b>	<b>(1,316,002)</b>

	Called up share capital	Profit and loss account	Total shareholders' equity
	£	£	£
Balance at 1 January 2015	500	(1,316,502)	(1,316,002)
<b>Total comprehensive loss for the period</b>			
Profit	-	2,954,652	2,954,652
Other comprehensive loss	-	-	-
<b>Total comprehensive loss for the period</b>	-	2,954,652	2,954,652
Total contributions by and distributions to owners	-	-	-
<b>Balance at 31 December 2015</b>	<b>500</b>	<b>1,638,150</b>	<b>1,638,650</b>

The notes on pages 10-14 form an integral part of these financial statements

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Odeon Bournemouth (Odeon) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in September 2015, and under the historical cost accounting rules. Upon acquisition, assets are included at fair value. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Company is provided in note 15.

A parent undertaking of the Company, Odeon and UCI Cinemas Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Odeon and UCI Cinemas Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period,
- Cash Flow Statement and related notes, and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Change in accounting policy/prior period adjustment

There have been no changes in accounting policy other than the transition to FRS 102, as outlined in note 15.

#### 1.2 Going concern and liquidity management

Since the Company was established in 2007, it has conducted a property business, owning a leasehold cinema property and leasing it to a cinema operator subsidiary within the Odeon and UCI Cinemas Holdings Limited group.

The directors have decided that in due course the Company, having disposed of the property and ceased trading, will discharge its obligations to third parties in an orderly fashion.

In previous years, up to and including the year ended December 2012, the financial statements had been prepared on a going concern basis.

In view of the decision to dispose of the property and discharge the company's obligations to third parties in an orderly fashion, the directors have concluded that it is more appropriate to prepare the financial statements for the years following 31 December 2012 on a break-up basis rather than a going concern basis.

The directors are satisfied with the Company's liquidity management as a result of the following key facts:

- a) At the year-end date, the Company's had no obligations to third parties.
- b) The directors have concluded that the Company has recourse to sufficient resources to pay all third party costs and tax expected to arise up to the point at which the Company is wound up or struck off.

#### 1.3 Financial instruments

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.4 Turnover

Turnover represented amounts charged as rental income to a cinema operator subsidiary within the OUCHL group. From 22 December 2014, when the Company was acquired by a group undertaking, the rent was reduced to £1 per annum (if demanded).

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.6 Taxation

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

### 2 Turnover

All turnover derived wholly from amounts charged as rental income to a cinema operator subsidiary within the OUCHL group. From 22 December 2014, when the Company was acquired by a group undertaking, the rent was reduced to £1 per annum (if demanded).

### 3 Remuneration of directors

The company has no employees. The directors did not receive any remuneration from the company during the year.

### 4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after crediting £1,124,467 (2014 £nil) relating to the partial reversal of an impairment charge made in 2013. Auditor's remuneration is borne by a fellow group company.

### 5 Interest payable and similar charges

	2015 £	2014 £
On bank loans	-	28,772
Swap reduction costs	-	42,756
Interest payable to group undertakings	45,791	62,745
Amortisation of issue costs	-	5,618
Other financing costs	553	-
	<hr/>	<hr/>
	46,344	139,891
	<hr/>	<hr/>

## Notes (continued)

### 6 Taxation

Analysis of charge in period	2015	2014
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	-	97,314
Prior year adjustment	(3,053)	(213)
	<hr/>	<hr/>
Current tax on income for the period	(3,053)	97,101
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
	<hr/>	<hr/>
Deferred tax for the period	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	(3,053)	97,101
	<hr/>	<hr/>

#### Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2014 higher) than the standard rate of corporation tax in the UK at 20.25% (2014 21.5%). The differences are explained below

	2015	2014
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,951,599	297,547
	<hr/>	<hr/>
Current tax at 20.25% (2014 21.5%)	597,699	63,972
<i>Effects of</i>		
Group relief surrendered/(claimed) for no consideration	(218,320)	-
Accounting gain (in excess)/below taxable capital gain	(71,579)	-
Taxable capital gain transferred to another group company	(307,800)	-
Tax on transfer	-	31,370
Expenses not deductible for tax purposes	-	1,971
Prior year adjustment	(3,053)	(213)
	<hr/>	<hr/>
Total current tax charge (see above)	(3,053)	97,101
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly.

## Notes (continued)

### 7 Investment property

	£
<b>Valuation</b>	
At beginning of year	1,850,000
Disposal	(1,850,000)
	<hr/>
At end of year	-
	<hr/>

### 8 Dividends

The aggregate amount of dividends proposed and recognised as liabilities as at the year-end is £nil (2014 £nil) No dividends have been declared post year-end (2014 £nil)

### 9 Debtors: amounts falling due within one year

	2015 £	2014 £
Amounts owed by group undertakings	1,671,953	-
Prepayments and accrued income	6,818	-
Other debtors – value added tax	2,569	-
	<hr/>	<hr/>
	1,681,340	-
	<hr/>	<hr/>

### 10 Creditors: amounts falling due within one year

	2015 £	2014 £
Corporation tax	-	57,442
Other taxation and social security – value added tax	-	20,870
Accruals and deferred income	30,000	42,690
Amounts owed to group undertakings	12,690	2,101,769
Amounts owed to related parties	-	943,231
	<hr/>	<hr/>
	42,690	3,166,002
	<hr/>	<hr/>

Interest accrues on the amount due to group undertakings at LIBOR plus a margin of 2.375%

### 11 Called up share capital

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	500	500
	<hr/>	<hr/>

## Notes (continued)

### 12 Related parties

Terra Firma Investments (GP) 2 Limited, acting as general partner of the six limited partnerships which constitute the Terra Firma Capital Partners II Fund, Terra Firma Capital Partners II LP-H, TFCP II Co-Investment 2 LP and TFCP II Co-Investment 2A LP ("Terra Firma"), has the ability to exercise a controlling influence over the Company through the holding of shares in a parent of the Company. The directors therefore consider it to be a related party.

Odeon Leicester Square Holdings Ltd ("OLSHL") acted as the agent for the Company with regard to all cash receipts and payments. Terra Firma had the ability to exercise a controlling influence over that company through the holding of shares. During 2015 a process to dissolve OLSHL was initiated. Prior to this all balances with the Company were extinguished through settlements in cash, the partial reversal of an impairment charge made in 2013, and novation.

### 13 Ultimate parent undertaking and controlling party

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

The largest group to consolidate these financial statements is Odeon and UCI Cinemas Holdings Limited.

Copies of the consolidated financial statements of Odeon and UCI Cinemas Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

### 14 Subsequent events

On 12 July 2016, AMC Entertainment Holdings Inc (AMC Theatres) announced that it had entered into a definitive agreement to acquire Odeon & UCI Cinemas Group from private equity firm Terra Firma. The transaction is expected to be completed in the fourth quarter of 2016, it is conditional upon antitrust clearance by the European Commission and is subject to consultation with the European Works Council.

### 15 Explanation of transition to FRS 102 from previous UK GAAP

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its previous UK GAAP basis of accounting. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following table and the notes that accompany the table.

#### Reconciliation of profit and equity from previous GAAP to FRS 102

	Note	Profit for the year ended 31 December 2014 £	Equity as at 31 December 2014 £	Equity as at 01 January 2014 £
<b>Amount under previous GAAP</b>		<b>200,446</b>	<b>(1,316,502)</b>	<b>(1,516,448)</b>
Reclassification of Revaluation reserve to profit and loss account	A	-	-	-
<b>Amount under FRS 102</b>		<b>200,446</b>	<b>(1,316,502)</b>	<b>(1,516,448)</b>

#### Notes to the reconciliation

- A) Investment property was included in the balance sheet at its open market value at the balance sheet date on the basis of an annual professional valuation with all gains and losses reported in the STRGL. FRS 102 Section 16 requires use of fair value and all gains and losses to be recognised in profit and loss. Valuations were similar under the two standards and, with no change in the valuation between 31 December 2013 and 31 December 2014, there was no overall impact on equity.