

Company Registration No. 03186325 (England and Wales)

CITY SCREEN (STRATFORD) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



CITY SCREEN (STRATFORD) LIMITED

COMPANY INFORMATION

Directors

L M Goleby
P Bowcock
S M Wiener

Secretary

Olswang Cossec Limited

Company number

03186325

Registered office

Power Road Studios
114 Power Road
Chiswick
London
W4 5PY

Auditors

KPMG Audit Plc
15 Canada Square
London
E14 5GL

CITY SCREEN (STRATFORD) LIMITED

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CITY SCREEN (STRATFORD) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company comprised of the operation of a cinema

Results and dividends

The results for the year are set out on page 5

The directors do not recommend the payment of a dividend (2011 £nil)

Directors

The following directors have held office since 1 January 2012

L M Goleby

P Bowcock

S M Wiener

(Appointed 20 December 2012)

(Appointed 20 December 2012)

Auditors

On 15 January 2013, Simmons Gainsford LLP resigned as auditors and KPMG Audit Plc were appointed

Statement of directors' responsibilities

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 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)

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 accounting 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,
- 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

CITY SCREEN (STRATFORD) LIMITED

DIRECTORS' REPORT (CONTINUED)

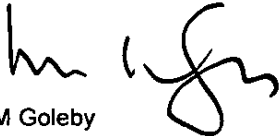
FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of disclosure 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



L M Goleby

Director

23 September 2013

CITY SCREEN (STRATFORD) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY SCREEN (STRATFORD) LIMITED

We have audited the financial statements of City Screen (Stratford) Limited for the year ended 31 December 2012 set out on pages 5 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 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 1, 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.

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 2012 and of its loss for the year 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.

CITY SCREEN (STRATFORD) LIMITED

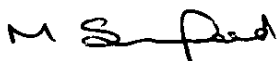
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CITY SCREEN (STRATFORD) 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



Mark Summerfield (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc

23 September 2013

Chartered Accountants
Statutory Auditor

15 Canada Square
London
E14 5GL

CITY SCREEN (STRATFORD) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£	as restated £
Turnover	2	1,071,658	1,604,924
Cost of sales		(701,622)	(917,565)
Gross profit		370,036	687,359
Administrative expenses		(447,485)	(747,406)
Loss on ordinary activities before taxation	3	(77,449)	(60,047)
Tax on loss on ordinary activities	4	61,800	-
Loss for the year	11	(15,649)	(60,047)

The profit and loss account has been prepared on the basis that all operations are continuing operations

CITY SCREEN (STRATFORD) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£	as restated £
Loss for the financial year		(15,649)	(60,047)
Prior year adjustment	11	<u>(90,095)</u>	<u>-</u>
Total gains and losses recognised since last financial statements		<u><u>(105,744)</u></u>	<u><u>(60,047)</u></u>

CITY SCREEN (STRATFORD) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

		2012		2011 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	5		256,703		334,905
Current assets					
Stocks	6	23,378		22,399	
Debtors	7	204,525		216,575	
Cash at bank and in hand		57,472		24,821	
		<u>285,375</u>		<u>263,795</u>	
Creditors: amounts falling due within one year	8	<u>(128,377)</u>		<u>(107,550)</u>	
Net current assets			<u>156,998</u>		<u>156,245</u>
Total assets less current liabilities			413,701		491,150
Provisions for liabilities	9		-		(61,800)
			<u>413,701</u>		<u>429,350</u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account	11		413,699		429,348
Shareholders' funds	12		<u>413,701</u>		<u>429,350</u>

Approved by the Board and authorised for issue on 23 September 2013



L M Goleby
Director

Company Registration No 03186325

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

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

1.2 Changes in accounting policies

Historically, Leasehold property, Plant and Machinery and Fixtures, fittings and equipment were carried at fair value, with deferred grant income received in respect of these assets presented net as part of the fair value amount. Following the acquisition of the group by Cineworld Group plc, the directors have reviewed the presentation and depreciation of the group's cinemas. They have determined that it is most appropriate to adopt a policy of carrying the assets at cost less depreciation which is consistent with the other companies in the new group.

The change in accounting policy requires that the comparative balances are re-presented consistently. Additional depreciation has been charged of £86,921 (2011: £98,449) and no revaluation has been conducted this year and so the amount of any adjustment cannot be quantified (2011: diminution of £193,772). The Revaluation and Profit & Loss Reserves brought forward have been reduced as shown in the notes to the accounts.

Refer to Note 5, Tangible Fixed Assets for further details.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated) and under the historic cost accounting rules.

1.4 Turnover

Turnover arises from ticket sales recognised on screening of the performance.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	5% Straight Line
Plant and machinery	10-15% Straight Line
Fixtures, fittings & equipment	15% Straight Line

1.6 Leasing

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account on a straight line basis.

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

1.7 Stock

Stock represents goods held for resale at the lower of cost and net realisable value

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Membership Income

Membership income is recognised on the annual renewal of the subscription.

1.10 Related Party Transactions

As the Company is a wholly owned subsidiary of Cineworld Group plc ("Cineworld"), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The financial statements of Cineworld are publically available and may be obtained from the address in note 17.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2012	2011
		as restated
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	86,921	98,449
	<u>86,921</u>	<u>98,449</u>

The audit fee of £1,500 (2011: £1,000) has been borne by the immediate parent undertaking.

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

4 Taxation	2012	2011
	£	£
Total current tax	-	-
Deferred tax		
Deferred tax adjustment arising in respect of previous periods	(61,800)	-
Tax on loss on ordinary activities	<u>(61,800)</u>	<u>-</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	<u>(77,449)</u>	<u>(60,047)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	<u>(18,588)</u>	<u>(15,612)</u>
Effects of		
Depreciation add back	20,861	25,597
Capital allowances	(13,667)	(21,202)
Capital items expensed	334	13,352
Group relief surrender / (claim)	<u>11,060</u>	<u>(2,135)</u>
	<u>18,588</u>	<u>15,612</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

As part of the Cineworld Group, the company may receive or surrender losses by way of group relief. Equivalent receipts or surrenders have been made in the past without charge.

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge.

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2012 (as restated)	101,237	740,880	842,117
Additions	-	8,719	8,719
	<u>101,237</u>	<u>749,599</u>	<u>850,836</u>
At 31 December 2012	101,237	749,599	850,836
Depreciation			
At 1 January 2012 (as restated)	68,445	438,767	507,212
Charge for the year	5,020	81,901	86,921
	<u>73,465</u>	<u>520,668</u>	<u>594,133</u>
At 31 December 2012	73,465	520,668	594,133
Net book value			
At 31 December 2012	<u>27,772</u>	<u>228,931</u>	<u>256,703</u>
At 31 December 2011	<u>32,792</u>	<u>302,113</u>	<u>334,905</u>

As a result of the change in accounting policy described in Note 1 the brought forward cost of the Leasehold Properties, Plant and Machinery and Fixtures, fittings and equipment has been restated and has decreased from a valuation of the complete cinema of £425,000. The brought forward depreciation of Leasehold Properties, Plant and Machinery and Fixtures, fittings and equipment has also been restated. Overall this has resulted in a reduction in the total net book value brought forward of £90,095, with an equal and corresponding debit applied to the profit and loss account. This reflects the restatement of the brought forward balances on a cost basis as oppose to the revaluation basis previously adopted. This change in policy has also resulted in additional depreciation of £86,921 (2011 98,449) in the year.

6 Stocks

	2012	2011
	£	£
Finished goods and goods for resale	<u>23,378</u>	<u>22,399</u>

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

7 Debtors	2012 £	2011 £
Amounts owed by parent undertaking	105,414	203,899
Other debtors	99,111	12,676
	<u>204,525</u>	<u>216,575</u>

8 Creditors amounts falling due within one year	2012 £	2011 £
Taxes and social security costs	5,335	4,659
Other creditors	28,771	17,264
Accruals and deferred income	94,271	85,627
	<u>128,377</u>	<u>107,550</u>

9 Provisions for liabilities	Deferred tax liability £
Balance at 1 January 2012	61,800
Profit and loss account	<u>(61,800)</u>
Balance at 31 December 2012	<u>-</u>

Deferred tax is provided as follows

	2012 £	2011 £
Accelerated capital allowances	<u>-</u>	<u>61,800</u>

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 January 2012 as previously reported	519,443
Prior year adjustment	<u>(90,095)</u>
Balance at 1 January 2012 as restated	429,348
Loss for the year	<u>(15,649)</u>
Balance at 31 December 2012	<u><u>413,699</u></u>

12 Reconciliation of movements in shareholders' funds	2012	2011 as restated
	£	£
Loss for the financial year	(15,649)	(60,047)
Opening shareholders' funds	<u>429,350</u>	<u>489,397</u>
Closing shareholders' funds	<u><u>413,701</u></u>	<u><u>429,350</u></u>

13 Contingent liabilities

The company has provided its bankers with an unlimited guarantee as security for its own bank loans and overdraft and those of its holding company and certain fellow subsidiaries. The total contingent liability at 31 December 2012 was £4,044,738 (2011 £4,014,277)

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	2012 £	2011 £
Operating leases which expire Between two and five years	43,300	125,170

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Management	2	3
Operational	21	24
	23	27

Employment costs

	2012 £	2011 £
Wages and salaries	223,793	276,653
Social security costs	13,984	19,511
	237,777	296,164

The Directors' Remuneration is borne by the immediate parent undertaking

CITY SCREEN (STRATFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

16 Ultimate Parent Undertaking

The immediate parent undertaking of the company is Picturehouse Cinemas Limited (formerly City Screen Limited), a company incorporated in England and Wales. There has been no change in the year.

In the previous year the ultimate parent undertaking was Arts Alliance Digital Ventures III Limited, a company incorporated in the British Virgin Islands. During the year the shares in Picturehouse Cinemas Limited were transferred to Aequitas Holdings ARL, a company incorporated in Guernsey. On 6 December 2012, the entire share capital of Picturehouse Cinemas Limited was acquired by Cineworld Holdings Limited and so Cineworld Group plc, a company incorporated in England and Wales, became the ultimate parent undertaking.

17 Related party relationships and transactions

The company has opted to use the exemption conferred by Financial Reporting Standard 8 and so has not disclosed transactions with companies wholly owned within the group.

At the year end Picturehouse Cinemas Limited (formerly City Screen Limited), the immediate parent company, owed £105,414 (2011 £203,899) to City Screen (Stratford).

The largest group in which the results of the Company are consolidated is that headed by Cineworld Group plc, incorporated in the United Kingdom. The consolidated financial statements of Cineworld Group plc are available to the public and may be obtained from Cineworld Group plc, Power Station Road Studios, 114 Power Road, Chiswick, London, W4 5PY.