

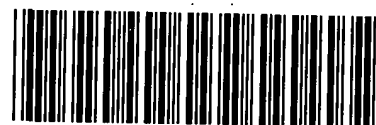
ABC Cinemas Limited

Annual report and financial statements

Registered number 3167622

31 December 2015

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Notes (continued)

27 Related parties

Identity of related parties with which the Company has transacted

The company has taken advantage of the exemption in paragraph 33.1A of FRS 102 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries within the same group.

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.

During April 2007, certain group companies entered into sale and leaseback arrangements in relation to freehold and leasehold properties. Terra Firma had the ability to exercise a controlling influence over the companies with which the sale and leaseback transactions took place ("the PropCos") through the holding of shares. The directors therefore considered them to be related parties.

The total consideration for the properties sold, excluding VAT, was £25,675,000. The consideration was partly settled during May 2007. In 2007 the Company's loans to the PropCos were assigned to Odeon & UCI Cinemas Group Limited.

The relevant trading companies with the Group entered into lease contracts with the PropCos. During 2015 a process to dissolve the PropCos was initiated, and hence the rent payable from the Company to the PropCos during the year was nil (2014: £418,000).

Transactions with key management personnel

Total compensation of key management personnel (the directors) is disclosed in note 3. There were no other transactions with key management personnel during the year.

Other related party transactions

	Sales to		Administrative expenses incurred from	
	2015 £000	2014 £000	2015 £000	2014 £000
Entities with control, joint control or significant influence	1,578	1,162	-	-
Other related parties (subject to wholly owned exemption)	-	-	-	418
	<u>1,578</u>	<u>1,162</u>	<u>-</u>	<u>418</u>
	Receivables outstanding		Creditors outstanding	
	2015 £000	2014 £000	2015 £000	2014 £000
Entities with control, joint control or significant influence	330	213	-	-
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	70,683	63,995	54,875	53,354
	<u>71,013</u>	<u>64,208</u>	<u>54,875</u>	<u>53,354</u>

Notes (continued)

28 Explanation of transition to FRS 102 from previous UK GAAP

As stated in note 1, these are the first financial statements prepared by the Company in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 2015 and the comparative information presented in these financial statements for the year ended 2014.

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 loss and equity from previous GAAP to FRS 102

	Note	Profit for the year ended 31 December 2014 £000	Equity as at 31 December 2014 £000	Equity as at 1 January 2014 £000
Amount under previous GAAP		3,089	18,542	16,576
Change in accounting for loyalty rewards	A	(40)	(491)	(451)
Pensions reclassification between OCI and P&L	B	27	-	-
Amount under FRS 102		3,076	18,051	16,125

Notes to the reconciliation

- A) As explained in note 1, loyalty rewards must now be accounted for at the fair value of their associated revenue and not the cost to the Company. This has resulted in a deferred revenue balance being recognised and remeasured at the reporting date.
- B) The return on plan assets excluding the amount included in net interest can now be recognised outside profit or loss as part of total comprehensive income, as well as the actuarial gains or losses as previously. As this is a reclassification there has been no change to opening or closing equity.