Registered number: 03060554

CITY SCREEN (S.O.A) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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CITY SCREEN (S.O.A) LIMITED

COMPANY INFORMATION

DIRECTORS	C Binns R Kaufman
COMPANY SECRETARY	F Smith
REGISTERED NUMBER	03060554
REGISTERED OFFICE	8th Floor Vantage London Great West Road Brentford TW8 9AG
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENETS

The principal activity of the Company comprised the operation of a cinema. The directors do not expect any change in the principal activity during the next financial period.

RESULTS AND DIVIDENDS

The profit after taxation, amounted to £60,956 (2018: loss £112,706). At 31 December 2019 the Company had net liabilities of £1,144,988 (2018: £1,080,670).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

KEY PERFORMANCE INDICTORS

The Directors of the Group manage the Group's operations based on three reporting segments: US, UK and Ireland and Rest of the World ("ROW"). For this reason, the Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK and Ireland reporting operating segment of Cineworld Group plc, which includes the Company, are discussed on pages 6 to 9 and 14 to 17 of the Cineworld Group plc 2019 Annual Report and Accounts, which does not form part of this document. The Cineworld Group plc Annual Report and Accounts are available on the Group's website at www.cineworldplc.com.

DIRECTORS

The directors who served during the year and up to the date of this report were as follows:

C Binns
R Kaufman

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITY

The Company maintains insurance cover for all Directors and Officers of Group companies against liabilities which may be incurred by them while acting as Directors and Officers. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors as permitted by law and by the Articles against liabilities they may incur in the execution of their duties as Directors of the Company.

POLITICAL DONATIONS

The Company made no political donations or incurred any political expenditure during the year (2018: None).

EMPLOYEES

The policy is to recruit, employ and develop staff on the basis of the suitability of their qualifications and experience, regardless of sex, marital status, race, nationality, age, sexual orientation or religion. It is Company policy to give full and fair consideration to applications for employment from disabled people, having regard to their particular abilities and aptitudes. Full consideration is given to continuing the employment of staff who become disabled, including considering them for other reasonable positions and arranging appropriate training. The health, welfare and development of the Group's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, Cineworld maintains a number of policies and procedures for the benefit of its employees, which are available to all employees across the Company. Continuing education, training and development are important to the future success of the Company and employee development is encouraged through appropriate training. The Company supports individuals who wish to obtain appropriate further education or qualifications and reimburses tuition fees up to a specified level. Regular and open communication between Management and employees is essential for motivating the workforce.

Briefings are held regularly to provide updates on the Companies business and to provide the opportunity for questions and feedback. The Company encourages the involvement of employees in its performance through the operation of bonus schemes throughout the Group.

PAYMENT OF DIVIDENDS
No dividends were approved for the year ended 31 December 2019 (2018: £nil).

STRATEGIC REPORT
The Company is classified as a small company under the Companies Act 2006 and as a result has met the requirements in Companies Act 2006 section 414A (2) to obtain the exemption provided from the presentation of a strategic report.

The directors have also taken advantage of the small company exemptions in the Companies Act 2006 in preparing this Directors' report.

INDEPENDENT AUDITORS
On 18th December 2019 KPMG LLP resigned as auditors of the Company, with PricewaterhouseCoopers LLP appointed on 13th May 2020. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

EVENTS AFFECTING THE COMPANY SINCE THE YEAR END
On 8th January 2020 the underlying property lease of City Screen (S.O.A) LIMITED which was used to run the cinema operations of the Company ended and was not renewed. On this date the cinema operations ceased.

GOING CONCERN
Details of the Directors' assessment of Going Concern are set out in Note 1.

DISCLOSURE OF INFORMATION 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/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 30th April 2021 and signed on its behalf.

R Kaufman
Director
8th Floor
Vantage London
Great West Road
Brentford
TW8 9AG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

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.

Independent auditors' report to the members of City Screen (S.O.A.) Limited

Report on the audit of the financial statements

Opinion

In our opinion, City Screen (S.O.A.) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the 12 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the 12 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

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 concerning the company's ability to continue as a going concern. The Company requires access to parental support in order to meet its obligations, and the Company has received written confirmation from Cineworld Group plc providing this support. In its published financial statements for the year ended 31 December 2020, Cineworld Group plc included material uncertainties with respect to its going concern assessment, including whether sufficient liquidity existed for both the base case and severe but plausible downside case. In light of the ongoing COVID-19 situation there remains significant uncertainty over the short and medium term in respect of the impact that this will continue to have on the Group and the wider cinema industry. Accordingly, there can be no certainty that the support required by the Company will in fact be made available. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of City Screen (S.O.A.) Limited

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of City Screen (S.O.A.) Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Guy Flynn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2021

CITY SCREEN (S.O.A) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £	Year ended 31 December 2018 £
Revenue	3	**679,004**	726,463
Cost of sales		**(469,411)**	(484,544)
Gross profit		**209,593**	241,919
Total administrative expenses		**(131,549)**	(375,489)
Interest expense		**(1,005)**	-
Impairment loss		**(7,029)**	-
Operating profit / (loss)	4	**70,010**	(133,570)
Profit/(loss) before taxation		**70,010**	(133,570)
Tax on profit	6	**(9,054)**	20,864
Profit / (loss) and total comprehensive income / (loss) for the financial year		**60,956**	(112,706)

On 1 January 2019 the Company adopted IFRS 16. Due to the transition method selected prior year results were not restated. The above statement of comprehensive income has been prepared in accordance with IFRS 16 for 2019 and IAS 17 for 2018. Note 2 provides a reconciliation of the two accounting standards.

The Company has no other comprehensive income / (loss) than the profit / (loss) for the year.

The notes on pages 13 to 29 form part of these financial statements.

CITY SCREEN (S.O.A) LIMITED
REGISTERED NUMBER:03060554

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 £	RESTATED 31 December 2018 £
Fixed assets			
Property, plant and equipment	*8*	-	60,791
		-	60,791
Current assets			
Inventories	*9*	**4,958**	6,619
Trade and other receivables	*10*	**135,258**	28,907
Cash and cash equivalents	*11*	**2,948**	2,896
		143,164	38,422
Current liabilities			
Creditors: amounts falling due within one year	*12*	**(1,288,152)**	(1,121,325)
Net current liabilities		**(1,144,988)**	(1,082,903)
Total assets less current liabilities		**(1,144,988)**	(1,022,112)
Non-current liabilities			
Creditors: amounts falling due after more than one year	*13*	-	(58,558)
		-	(58,558)
Net liabilities		**(1,144,988)**	(1,080,670)
Capital and reserves			
Called up share capital	*14*	**2**	2
Accumulated losses		**(1,144,990)**	(1,080,672)
Total shareholders' deficit		**(1,144,988)**	(1,080,670)

On 1 January 2019, the Company adopted IFRS 16. Refer to note 2 for further details on the impact of this adoption.

The notes from pages 13 to 29 form part of these financial statements.

Refer to note 1.2 for details of the restatement

The financial statements on pages 10 to 29 were approved by the board of Directors on 30th April 2021 and were signed on its behalf by:

R Kaufman
Director

CITY SCREEN (S.O.A) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Accumulated losses (Restated)	Total equity
	£	£	£
Balance at 1 January 2019 (RESTATED)	2	(1,080,672)	(1,080,670)
Impact of change in accounting policy	-	**(125,274)**	**(125,274)**
At 1 January 2019	2	(1,205,946)	(1,205,944)
Comprehensive income for the Period			
Profit for the year	-	**60,956**	**60,956**
At 31 December 2019	2	(1,144,990)	(1,144,988)

Refer to note 1.2 for details of the restatement

The notes from pages 13 to 29 form part of these financial statements.

1. Accounting policies

General information

City Screen (S.O.A) LIMITED is a private limited company limited by shares incorporated and domiciled in the UK. The Companies registered address is 8th Floor Vantage London, Great West Road, United Kingdom, TW8 9AG.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), applying the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Cineworld Group plc includes the companies in its consolidated financial statements. The consolidated financial statements of Cineworld Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    - iii. Paragraph 79(a)(iv) of IAS 1;
    - iv. Paragraph 73(e) of IAS 16, 'Property, plant and equipment';
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows); 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B–D (additional comparative information);
    - 111 (statement of cash flows information); and
    - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

Accounting policies *(continued)*

- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and
    - 40A–D (requirements for a third statement of financial position).

Presentational currency

The financial results of the Company are presented in Pound Sterling rounded to the nearest £.

Going concern

The Directors of the Company have prepared the financial statements on a going concern basis which assumes the Company will be able to meet its future obligations as they fall due and the Company will settle all payments within the agreed terms.

The Company is reliant on financial and other support from a parent entity in order to meet its obligations and the Directors have received written confirmation from Cineworld Group Plc, the parent undertaking of the smallest group to consolidate the Company's financial statements of its intention to support the Company with financial and other resources as necessary such that the Company can meet its financial obligations as they fall due. Furthermore, the parent undertaking has confirmed that it will not seek the repayment of amounts advanced to the Company by the parent undertaking and/or other members of the parent undertaking's group unless adequate financing has been secured by the Company. This written support is available for at least the next twelve months from the date of approval of these financial statements.

The directors of Cineworld Group Plc, the ultimate parent company of City Screen (S.O.A) Limited and the ultimate parent undertaking to consolidate the Company's financial statements, in the published results for the year ended 31 December 2020 recognised the uncertainty around the recovery of the cinema industry following the impact of COVID-19, and the potential risks that remain, which represent uncertainties with respect to the Group's ability to continue as a going concern, and as such any support from the ultimate parent may not be forthcoming in the event it is required.

Further details of the base case and severe but plausible scenarios are included in Note 1 to the Interim Financial Statements which are publicly available (www.cineworldplc.com).

Having considered the basis of preparation of the Cineworld Group Plc Annual Report and Accounts, the Directors are satisfied that it remains appropriate to prepare the Company financial statements on a going concern basis. However, the inherent uncertainties outlined in the above represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis.

Accounting policies *(continued)*

Significant accounting policies

The accounting policies set out below have been applied consistently in all the years presented, unless otherwise stated in dealing with items which are considered material in relation to the Company's financial statements.

Revenue

Revenue represents the total amount receivable for goods sold and services provided, excluding sales-related taxes and intra-group transactions. All the Companies revenue is received from the sale of goods and services. The Company disaggregates revenue into three material revenue streams which are made up of the following:

Box office revenue

- Box office revenue is recognised on the date of the showing of the film it relates to

Retail revenue

- Concessions revenue includes the sale of food and drink in the cinemas. All concession revenue is recognised at the point of sale. The Group operates a licence arrangement with Starbucks. The Company pays a licence and royalty fee which is recognised in cost of sales.
  The Company records proceeds from the sale of gift cards and other advanced bulk tickets in deferred revenue and recognises admissions or retail revenue when redeemed. Dependent on the revenue stream the gift card is redeemed against, revenue will either be recorded within box office revenue or retail revenue. Additionally, the Company recognises unredeemed gift cards and bulk tickets as other revenues based on a proportion of redemptions, which is estimated primarily based on the Company's historical experience.

Other revenue

Other revenue includes the following:

- Fees are charged for advanced bookings of tickets classified as booking fee revenue. This revenue is recognised at the point when the tickets are purchased.
- Advertising revenue is recognised at the point the advertisement is shown in cinemas or the related impressions are delivered.
- The Company receives rebates primarily from concession vendors. The rebates are either a fixed amount or a specified percentage based on the total purchases made from the vendor. The rebates are subject to some estimation uncertainty but the arrangements are not complex. Rebates are calculated and accrued monthly based on the volume of purchases.
- These rebates are either recognised as other revenues, a reduction of cost of goods sold, or a combination of the two dependent on the nature of the services provided. For arrangements where the Company is providing various forms of in theatre, lobby or website advertising in exchange for the rebate, such rebates are accounted for as a component of other revenues. For arrangements under which the Company provides no material form of advertising such rebates are accounted for as a reduction of cost of goods sold.

Accounting policies *(continued)*

Deferred revenue
Deferred revenue primarily consists of the following:

- Unredeemed gift cards and bulk tickets: Revenue is initially recognised in deferred revenue and subsequently recognised in revenue in proportion to the pattern exercised by the customer.
- Revenue received in advance for advertising contracts.

Property, plant and equipment
Property, plant and equipment are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided by the Company to write off the cost less the estimated residual value of Property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Land and buildings	30 years or life of lease if shorter
Plant and machinery	3 to 10 years
Fixtures and fittings and motor vehicles	4 to 10 years

Assets acquired for use in cinemas are depreciated from the date the cinema opens. Cinema properties in the course of construction are separately identified as a component of Property, plant and equipment and are not depreciated until the cinema is brought into use.

Impairment of fixed assets
The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating-unit ('CGU') exceeds its recoverable amount. Impairment losses are recognised in the Income statement and statement of comprehensive income.

Impairment tests in respect of property, plant and equipment and right-of-use assets are based on cash flows for individual sites. Where individual sites' cash inflows are determined not to operate independently from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU.

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment in value is recorded

Accounting policies *(continued)*

Calculation of recoverable amount
The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversals of impairment
An impairment loss is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount, including a change in fair value less costs to sell.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stocks
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the First-In, First-Out ("FIFO") principle. Cost comprises expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, and net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

IFRS 9 contains three classification categories for financial assets and liabilities: measured at amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ('FVOCI'). At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

Financial assets and liabilities at amortised cost:
The Company's loans and receivables comprise trade receivables, and are included in current assets due to their short-term nature. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less an loss allowance.

Accounting policies *(continued)*

Financial liabilities at amortised cost include trade payables, bank indebtedness and long-term debt. Trade payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank indebtedness and long term debt, are recognised initially at fair value, net of any transaction costs incurred and, subsequently, at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as noncurrent liabilities.

Impairment of financial assets
The Company measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables and amounts receivable from group undertakings.

Loss allowances will be measured on either of the following bases:
i. 12-month expected credit losses ('ECLs') are the ECLs that result from possible default events within 12 months after the reporting date; and

ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

The expected loss rates are based on the historical payment profiles of sales during the financial year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company has identified historical losses measured against receivables to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Expected credit loss allowances on amounts receivable from group undertakings are measured using a probability-weighted amount which reflects the possibility that a credit loss occurs and the possibility that no credit losses occur. All amounts due from Group undertakings are repayable on demand and the nature of these receivables is considered within the expected credit loss calculation.

The expected credit losses are calculated using the 3-stage general impairment model as follows:

- probability of default – the likelihood that the borrower would not be able to repay in the very short payment period;
- loss given default – the loss that occurs if the borrower is unable to repay in that very short payment period; and
- exposure at default - the outstanding balance at the reporting date.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Accounting policies *(continued)*

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect nether accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available which the asset can be utilised.

Leases

The Companies leases predominantly relate to property leases for each cinema site, however the Company's lease portfolio also includes other assets such as motor vehicles. Rental contracts are typically made for fixed periods of on average 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Income Statement on a straight-line basis over the period of the lease.

From 1 January 2019, on adoption of IFRS 16 "Leases" leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company in the Balance Sheet.

In adopting IFRS 16 "Leases", the Company applied the modified retrospective approach and has not restated comparatives for 2018. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The depreciation charge recognised on the right-of-use assets is being charged to administration expenses in the Income Statement, in-line with where depreciation has previously been recorded.

Liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

Accounting policies *(continued)*

- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which has a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office and cinema equipment.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Landlord contributions

Where the Company receives contributions and incentives from landlords at the start of the lease, these are recorded against the right-of-use asset.

Prior to the adoption of IFRS 16 on 1 January 2019 the Company recorded contributions and incentives received from landlords as liabilities and amortised the balance against the rent expense recorded in the Income Statement over the initial term of the lease.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

We have identified the inclusion of extensions and termination options within the lease term as a significant judgement. Refer to significant accounting estimates and uncertainties section of the accounting policies for further details.

New Standards and interpretations

A number of new or amended standards became applicable for the current reporting period. The following standards have been adopted by the Company in the year:

- IFRIC 23 "Uncertainty over Income Tax Treatments"
- IFRS 16 "Leases"
- Amendment to IFRS 9: "Prepayment features with negative compensation"

The Company has changed its accounting policies as a result of adopting IFRS 16 "Leases". The impact of the adoption of the standard and the new accounting policies are disclosed in Note 2. The other standards did not have a material impact on the Company's accounting policies and did not result in retrospective adjustments being made.

Accounting policies *(continued)*

1.2 Prior year restatement

Historical accruals and intercompany balances

On review of the Company's balance sheet at 31 December 2019 it was identified that certain historical accruals and deferred income and amounts payable balances had been understated by £85,240 and £2,544 respectively.

As a result, the creditors amounts due falling within one year at 31 December 2018 comparative has been restated by £87,784 from £1,033,541 to £1,121,325. The opening retained deficit at 1 December 2019 has been increased by £87,784 from £992,888 to £1,080,672.

The 31 December 2018 balance sheet has been restated as follows:

	Previously reported	Adjustment	Restated
	£	£	£
Balance Sheet			
Creditors: Amounts falling due within one year	1,033,541	87,784	1,121,325
Net Liabilities	**(992,886)**	**(87,784)**	**(1,080,670)**
Statement of changes in equity			
Retained deficit at 1 January 2019	(992,888)	(87,784)	(1,080,672)

2 . Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Company's financial statements and discloses the new accounting policies that have been applied from 1 January 2019. The Company has adopted "IFRS 16", applying the modified retrospective approach, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Balance Sheet on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the property lease liabilities on 1 January 2019 was 5.9% for property and 4.5% for other leases.

	£
Operating lease commitments disclosed as at 31 December 2018	91,875
Less discounting using the lessee's incremental borrowing rate of at the date of initial application[1]	(13,190)
Less adjustments as a result of a different treatment of extension and termination options[2]	(1,669)
Plus other lease commitments	-
Plus existing finance lease liability at 31 December 2018[3]	-
Lease liability recognised as at 1 January 2019	**77,016**

2. Changes in accounting policies *(continued)*

1) The previously disclosed lease commitments were undiscounted, whilst the IFRS 16 obligations have been discounted based on the Company's incremental borrowing rate.
2) Previously, lease commitments only included non-cancellable periods in the lease agreements. Under IFRS 16, *the lease term includes periods covered by options to extend the lease where the Company is reasonably certain* that such options will be exercised.
3) Under the transitional rules in IFRS 16, leases classified as finance leases under IAS 17 have not been reassessed. This reconciling item represents these leases classified as finance leases under IAS 17 on transition

The associated right-of-use assets for property leases were measured as:

- for certain leases their carrying amount was calculated as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet as at 31 December 2018.

The recognised right-of-use assets relate to property and other assets classes.
The associated right-of-use assets of vehicles leases were measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The asset and liability are sensitive to the discount rate applied on adoption. The incremental borrowing rates applied to property leases ranged between 2.6% and 7.8%. The asset specific incremental borrowing rate applied to each lease was determined by taking into account the risk-free rate, adjusted for factors such as the credit rating linked to the life of the underlying lease agreement. These rates are intended to be long term in nature and calculated on inception of each lease.

	31 December 2019	1 January 2019
	£	£
Properties	-	-
Other	-	-
Total right-of-use assets	-	-

The change in accounting policy affected the following items in the Balance Sheet on 1 January 2019:

- property, plant and equipment – decrease by £60,791
- prepayments and other receivables – decrease by £13,125
- lease liabilities – increase by £77,016

The impact on total assets was an increase of £73,916 and total liabilities increased by £77,016. The net impact on retained earnings on 1 January 2019 was £150,932 which included impairments of £150,932

The adoption of IFRS 16 for the year ended 31 December 2019 resulted in an increase in finance costs of £1,005 as a result of recognising a right-of-use asset and lease liability.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous, on a lease by lease basis;
- on a lease by lease basis adjust the right-of-use asset on transition by the amount of any previously recognised onerous lease provision, as an alternative to performing an impairment review;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

2. Changes in accounting policies *(continued)*

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease".

3. Revenue

Revenue can be broken down by product and service provided as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Revenue by product and service provided		
Box Office	**421,757**	439,348
Retail	**142,765**	145,175
Membership	**45,747**	76,393
Advertising	**43,995**	39,259
Other	**24,740**	26,288
Total revenue	**679,004**	726,463
Timing of revenue recognition		
At a point in time	**679,004**	726,463
Over time	**-**	-

No revenue recognised during the year was included within the opening contract liability balance (2018 £nil).

Geographical sector analysis:
All revenues derived from activities in the United Kingdom.

Business sector analysis
The Company has operated in one business sector in both financial periods, being cinema operations

4. OPERATING PROFIT / (LOSS)

The operating profit / (loss) is stated after charging:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Impairment of tangible assets	67,820	84,708
Depreciation of tangible assets	793	60,791

The allocated audit fee of £5,500 (2018: £1,200) has been paid by Cineworld Group plc, the ultimate parent of the company.

5. EMPLOYEES

Staff costs were as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Wages and salaries	**189,168**	192,879
Social security costs	**10,173**	12,983
	199,341	205,862

Directors' remuneration is paid through other Group entities for the Directors services across the Group. No apportionment to determine the amount attributable to individual entities is performed. Therefore information has been provided on Directors' remuneration as a whole paid through other entities. No apportionment to determine the amount attributable to individual entities is performed. As part of the Directors' remuneration their employer Cineworld Cinemas Limited or Picturehouse Cinemas Limited will provide contributions into a defined contribution pension scheme.

Certain Directors are awarded shares under Cineworld Group plc long term incentive plan. Information on the number of shares which were granted and exercised during the year under the long term incentive plans are disclosed within the consolidated financial statements of the Company's ultimate holding parent company Cineworld Group plc.

Directors who resigned during the current financial year were not awarded any additional remuneration for loss of office.

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2019 No.	Year ended 31 December 2018 No.
Management and administration	**4**	5
Operational	**10**	10
	14	15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. TAX ON PROFIT/(LOSS)

Factors affecting tax charge/(credit) for the year

The tax assessed for the period is lower than (2018 – higher than) the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Corporation tax		
UK corporation Tax	-	(746)
Adjustments in respects of prior periods	**746**	(3,017)
Total current tax	**746**	(3,763)
Origination and reversal of temporary differences	**9,288**	(19,112)
Reduction in tax rate	**(980)**	2,011
Total deferred tax	**8,308**	(17,101)
Taxation on loss on total activities	**9,054**	(20,864)

Reconciliation of effective tax rate:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Profit/(Loss) before tax	**70,011**	133,570
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	**13,302**	(25,378)
Group relief	**(3,801)**	-
Income non taxable	**1,336**	
Expenses not deductible for tax purposes	**(1,527)**	5,529
Adjustments in respect of prior periods	**724**	(3,025)
Reduction in tax rate on deferred tax balances	**(980)**	2,010
Total tax charge/(credit) for the period	**9,054**	(20,864)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% (effective from a April 2020) was substantively enacted on 6 September 2016.

Deferred tax assets and liabilities are measured using the 17% tax rate expected to apply to
the periods when the assets are released or liabilities settled, based on the tax rates enacted or substantively enacted at the balance sheet date.

A reversal of this reduction, to retain the UK corporation tax rate at 19% from 1 April 2020, was substantively enacted after the balance sheet date on 17 March 2020. If continuation of the 19% rate had been substantively enacted at the balance sheet date this would increase the deferred tax liability by £265,087.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the periods when the assets are released or liabilities settled, based on tax rates enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. DEFERRED TAX

Movement in deferred tax during the year

	Deferred tax
At 1 January 2019	**7,404**
Opening B/S adjustment	**25,658**
Recognised in income	(8,308)
At 31 December 2019	**24,754**

The deferred tax asset is made up as follows:

	31 December 2019 £	31 December 2018 £
Accelerated capital allowances	**1,148**	7,404
Deferred transition	**23,606**	-
Total	**24,754**	7,404

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2019	843,322	276,179	244,002	1,363,503
Additions	6,000	1,822	-	7,822
At 31 December 2019	849,322	278,001	244,002	1,371,325
Accumulated depreciation				
At 1 January 2019	801,808	276,179	224,725	1,302,712
Charge for the year	429	364		793
Impairment charge	47,086	1,458	19,276	67,820
At 31 December 2019	**849,322**	**278,001**	**244,002**	**1,371,325**
At 31 December 2019	-	-	-	-
At 31 December 2018	41,514	-	19,277	60,791

9. INVENTORIES

	31 December 2019 £	31 December 2018 £
Finished goods and goods for resale	**4,958**	6,619

10. TRADE AND OTHER RECEIVABLES

	31 December 2019 £	31 December 2018 £
Trade debtors	-	1,178
Amounts owed by group undertakings	104,936	-
Expected credit loss provision	(737)	-
Prepayments and accrued income	6,305	19,579
Corporation tax	-	746
Deferred tax	24,754	7,404
	135,258	28,907

11. CASH AND CASH EQUIVALENTS

	31 December 2019 £	31 December 2018 £
Cash at bank and in hand	2,948	2,896

12. CREDITORS: Amounts falling due within one year

	31 December 2019 £	RESTATED 31 December 2018 £
Amounts owed to group undertakings	1,234,048	976,638
Other taxation and social security	397	397
Accruals and deferred income	53,707	144,290
	1,288,152	1,121,325

13. CREDITORS: Amounts falling due after more than one year

	31 December 2019 £	31 December 2018 £
Other creditors	-	58,558

14. CALLED UP SHARE CAPITAL

	31 December 2019 £	31 December 2018 £
Allotted, called up and fully paid		
2 (2018: 2) - Ordinary shares of £1 each	2	2

15. Leases

The Balance Sheet shows the following amounts relating to leases:

	Land and buildings £	Other £	Total £
Lease liabilities			
1 January 2019			
Adjustments due to adoption of IFRS 16	77,016	-	77,016
Additions	-	-	-
Interest expense related to lease liabilities	1,005	-	1,005
Disposals	(37,639)	-	(37,639)
Repayment of lease liabilities (including interest)	(40,382)	-	(40,382)
31 December 2019	-	-	-
Current	-	-	-
Non-current	-	-	-

The Income Statement shows the following amounts relating to leases:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Interest expense (included in finance costs)	(1,005)	-
Charge to profit before taxation for leases	**(1,005)**	-

Commitments for leases classified as short-term at 31 December 2019 was £nil (2018: £nil).

As outlined in note 2 extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

No leases contain a residual value guarantee clause.

The lease in place at year end was terminated on 7th January 2020. All rent was paid prior to 31 December 2019 therefore there was no liability at the year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Cineworld Group Plc, the Company has taken advantage of the exemption contained in FRS 101 (5.8) and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) in-line with IAS 24. The consolidated financial statements of Cineworld Group Plc, within which this Company is included, can be obtained from the address given in note 17.

17. CONTROLLING PARTY

The Company is a subsidiary of Picturehouse Cinemas Limited. The Company's ultimate parent undertaking is Cineworld Group plc. The smallest and largest group in which the results of the Company are consolidated is that headed by Cineworld Group Plc. Copies of the financial statements are available from 8th Floor, Vantage London, Great West Road, Brentford TW8 9AG

18. POST BALANCE SHEET EVENT

On 8th January 2020 the underlying property lease of City Screen (S.O.A) LIMITED which was used to run the cinema operations of the Company ended and was not renewed. On this date the cinema operations ceased.

As part of the Companies ultimate parent company, Cineworld Group PLC interim report issued for the 30 June 2020 reporting period an impairment charge of £7,302 was recognised in relation to the Companies property, plant and equipment and Right-of-use asset.