Everyman Media Limited
Registered number: 03883018

Annual report and financial statements
53 weeks ended
3 January 2019

TUESDAY
A82JVGZU
A16 02/04/2019 #226
COMPANIES HOUSE

Contents

EVERYMAN

Company information

Directors

Adam Kaye	Executive Director
Crispin Lilly	Chief Executive Officer
Jonathan Peters FCA	Finance Director
Paul Wise	Executive Chairman

Company secretary
Jonathan Peters FCA

Registered office address of the Company
Studio 4
2 Downshire Hill
London
NW3 1NR

Company registration number
03883018 (registered in England & Wales)

Auditor to the Company
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Solicitor to the Company
Howard Kennedy
No. 1 London Bridge
London
SE1 9BG

Strategic report

The Directors present their strategic report for the Company for the 53 weeks ended 3 January 2019.

Principal activity

The Company is the main trading entity of a leading independent cinema group in the UK.

Review of the business

The Company made a profit after tax of £1,747,000 (2017: £1,302,000). Revenue for the year was up 27.8% on last year to £51,780,000 (2017: £40,520,000).

The Company's adjusted operating profit before depreciation, amortisation, pre-opening expenses, acquisition costs and share-based payments was £8,965,000 (2017: £6,566,000). This is an adjusted FRS101 measure which has been further explained in note 2 and on the face of the profit and loss.

The Board does not recommend the payment of a dividend at this stage of the Company's development (2017: £nil).

Further details are shown on the statement of profit and loss and other comprehensive income, together with the related notes to the financial statements.

Development of the Company's business

The Everyman offering

The positioning of the Everyman brand remains unchanged at the premium end of the UK leisure/cinema market. We deliver unique, high quality, intimate venues, usually of a smaller capacity than traditional multiplexes and in relatively central high street locations. Hospitality is our primary focus.

The true differentiation lies in our ambition to deliver a personal, exceptional experience for all our customers whenever they visit. This is achieved by combining the strengths of our cinema design with a strong, credible food and drink offer, expansive programming and our tremendous front of house team members and managers.

Our customers enjoy a wide and diverse range of films, live streamed events or corporate hospitality, in venues fitted with high end digital projection and sound equipment.

Growth strategy

The Directors continue to focus both on the growth of our footprint as well as increasing our customer base, frequency and ancillary spends from our existing venues.

In 2018 the Company signed a further 7 agreements for lease for new venues, which brings the committed pipeline to 14 on top of the existing 26 venues now open. The opportunities for further new venues is strong through a combination of larger developer-led builds and smaller high street opportunities. The latter, in particular, is encouraging with spaces continuing to be available in line with our desire to be a core part of the regeneration of town centres.

At the same time, an increased focus on digital engagement, membership and understanding of our existing customers is helping to increase frequency and the ongoing development of our food and beverage offering is increasing dwell time and associated spends. The introduction of freshly made baked cookies, the development of a range of small sharing plates and a brand new wine list were particular successes in this area in 2018.

Investment in the underlying business, as well as in new venues, continues with the imminent launch of our first mobile app, new training programmes for our venue teams as well as improved IT infrastructure.

In addition, a full refurbishment of our Maida Vale venue took place during the year and a programme of planned maintenance work and other building improvements across the growing estate is in place.

These investments and the continuing expansion will be financed from current resources including the new extended bank facility and retained earnings.

Strategic report *(continued)*

Current estate

The Company currently has venues in the following locations:

Location	Number of Screens	Number of Seats
Altrincham*	4	247
Birmingham	3	328
Bristol	3	439
Chelmsford	5	379
Esher	4	336
Gerrards Cross	2	215
Glasgow*	3	201
Harrogate	5	410
Leeds	5	611
Liverpool*	4	288
London, Baker Street	2	118
London, Barnet	5	429
London, Belsize Park	1	129
London, Canary Wharf	3	266
London, Crystal Palace*	4	313
London, Hampstead	2	194
London, Islington	1	125
London, Kings Cross	4	276
London, Maida Vale*	2	149
London, Muswell Hill	5	478
Oxted	3	212
Reigate	2	170
Stratford-Upon-Avon	4	384
Walton-On-Thames	2	158
Winchester	2	236
York*	4	329
	84	**7,420**

*Venues added/significantly refurbished during the year.

Over the course of 2018 the Company conditionally exchanged contracts on a further 6 new venues in Cardiff, London Broadgate, Manchester, Clitheroe, Northallerton and Plymouth, as well as acquiring the freehold of Crystal Palace. In 2019 we expect to open 7 venues in total, including Horsham, which is due to open in March.

The Directors are confident of being able to grow the existing pipeline beyond the 14 new sites which are already committed and expected to open by 2021. To help achieve this, on 16 January 2019, the Company's parent undertaking, Everyman Media Group PLC, agreed a new loan facility of £30 million provided by Barclays Bank PLC and Santander UK PLC. This replaced the previous £20 million facility signed on 10 March 2017 with Barclays Bank PLC. This new facility has a term of 5 years and supports growth opportunities for the Company.

UK cinema market

Market performance

Admissions in the UK increased in 2018, ending the year up 6.4m to 177m, the highest level since 1970 (source: UK Cinema Association). Gross box office for the UK decreased marginally by 0.1% to £1.28bn (source: UK Cinema Association) reflecting the growth in family and subscription audiences.

Our share of UK & Ireland box office revenue in 2018 rose from 2.11% in 2017 to 2.53% (source: ComScore).

The volume of films and event cinema being released theatrically in the UK continues to be very healthy with over 900 titles in 2019. The breadth and quality of this content remains strong. With these factors as a backdrop, the Directors continue to believe that the cinema market is healthy and that the Company's continued focus on delivering great value in the overall experience puts us in a strong and robust position within that market.

Competition

The UK cinema market continues to be dominated by the 3 main multiplexes: Cineworld, Odeon and Vue. All of these chains continued to invest in their UK sites in 2018 as well as in new sites.

Empire and The Light, both smaller multiplex operators, opened new sites in 2018, the former with a new boutique style offer; Tivoli. Picturehouse and Curzon both continue to open a small number of new sites, with Picturehouse opening Ashford and West Norwood at the end of the year.

Strategic report *(continued)*

Key performance indicators

The growth in revenue in the current year reflects the effect of an increase in the number of venues and admissions, an increase in box office pricing and an improved spend per head on food and beverage.

The Company uses the following key performance indicators, in addition to total revenues, to monitor the progress of the Company's activities:

		Year ended 3 January 2019	Year ended 28 December 2017
Admissions	25% ↑	**2,795,359**	2,227,885
Box office average ticket price	0% ↓	**£11.26**	£11.28
Food and beverage spend per head	6% ↑	**£6.30**	£5.97

The average ticket price remains flat due to the disproportionate increase in admissions being generated by the Company in new venues outside London. Like for like, the Company is continuing to realise annual increases in ticket prices in line with inflation.

In contrast, the food and beverage spend per head continues to grow off the back of enhanced menu development and the success of new products such as cookies. Actual price increases are kept in line with inflation. The average spends in our new venues remain disproportionately strong as we continue to improve the design and operational support that we put into new openings.

Principal risks and uncertainties

Risks relating to the Company's business

The identified risks remain largely unchanged from our last annual report:

1 **Admissions** - The Company's revenues are dependent on admissions. Nearly all revenues (box office, food & beverage, screen advertising) are linked to this. As a result, the Company's financial position is largely reliant on the continued popularity and the overall quantity and quality of the films (and other content) which it shows. The Board believes that the Company's strategy of focusing on customer experience, the venue environment and hospitality mitigates this risk somewhat as customers are more willing to try smaller, more diverse films that may not get the same exposure either in above-the-line advertising spend or through wider platform releases by the industry.

2 **Film licensing** - The Company's ability to license films on acceptable terms is also largely dependent on its relationships with film distributors and remains a core risk to the costs of the business. This risk is managed through healthy partnership-based relations with distributors of all sizes as well as careful weekly negotiation on specific titles.

3 **Alternative media channels** - The proliferation of alternative media channels, including streaming, has introduced new competitive forces for the film-going audience. To date this has proven to be a more virtuous relationship, both increasing the investment in film production and further fuelling an overall interest in film with customers of all ages. It remains an ever-present caution however, that we must continue to deliver an exceptional experience in order to deliver real added value for our customers who choose to see a film at our venues.

4 **Piracy** - Film piracy, aided by technological advances, continues to be a real threat to the cinema industry generally. Any theft within our venues may result in distributors withholding content to the business. Everyman's typically smaller, more intimate auditoria, with much higher occupancy levels than the industry average, make our venues less appealing to film thieves. In addition, higher levels of staffing further mitigate this risk.

5 **Seasonality** - Release schedules affect the Company's box office revenues as they fluctuate throughout the course of any given year and are largely dependent on the timing of release of films, over which the Company has no control. As a result, the Company's revenues may vary significantly from month to month and within any given financial year. The Board mitigates this risk by reviewing changes in the release schedule and through the development and promotion of special events at certain times of the year.

6 **Extreme weather** - The Company's business may suffer as a result of periods of abnormal, severe or unseasonal weather conditions. Cinema admissions are affected by periods such as exceptionally hot weather or heavy snowfall. This is mitigated somewhat by becoming a national player, ensuring that localised extreme weather has a decreasing impact on the overall business.

7 **Extraordinary events and consumer environment** - Specific large events can temporarily reduce cinema admissions, for example royal weddings, elections or large sporting events. In addition, a reduction in consumer spending because of broader economic factors could impact the group's revenues. Film release schedules tend to work around large, known events such as a World Cup, so that admissions are typically lower at these times anyway. Historically, cinema has been incredibly resilient to recession with it remaining an affordable treat during such times for most consumers. However, the Company constantly monitors long term trends as well as the broader leisure market.

Strategic report *(continued)*

***Risks relating to the Company's business** (continued)*

8 **Food & Beverage** - Retail sales of food & beverage form an important part of the revenues of the Company. Our cinemas sell freshly prepared food and drink which also presents food hygiene risks. Stringent operational procedures exist to ensure compliance with all necessary regulations and the Company retains the services of an external health, safety and food hygiene audit company to check standards regularly.

9 **Advertising revenue** - The Company earns revenue from advertising which may fluctuate due to broader macro-economic factors. Revenue earned from advertising is influenced by the level of admissions and the size of the Company's portfolio of properties and as such, may decrease in line with any reduction of admissions. The Company over-indexes on this revenue stream due to its reputation for partnership-driven sponsorship activity and this, combined with the growth of other revenue streams, helps mitigate any decline in traditional advertising revenues.

10 **Property** - The Company's operating costs include rent and energy costs. These costs may be volatile, for example due to increased market fluctuations in the price of property rental, business rates, gas and electricity. The Board mitigates this risk by regularly assessing alternative energy suppliers and rental costs when open market rent reviews are due on each property.

11 **Competition** - Where the Company has an existing cinema, it may be subject to competition from the introduction of new and/or upgraded cinema operated by other chains. The Board continuously monitors competing operators and significant capital budget is set aside for refurbishments. We believe the Everyman offer represents great value to our customers and is more resilient to competition than more traditional cinema offers.

12 **Key suppliers** - The Company is reliant on certain key contracts and arrangements with partners and suppliers. The loss of some of these arrangements may cause temporary disruption to the operations and financial performance of the Company. The Board mitigates this risk by maintaining relationships with a number of alternative suppliers as well as appropriate reviews of these contracts.

13 **Reputation** - The strong positive reputation of the Everyman brand is a key benefit, helping to ensure the successful future performance and growth which also serves to mitigate many of the risks identified above. The Company consistently focuses on customer experience and monitors feedback from many different sources. A culture of partnership and respect for customers and our suppliers is fostered within the business at all levels.

14 **Brexit** - Risks linked to Brexit include consumer confidence, foreign exchange rate risk, a lack of availability of certain food items and staff. Whilst the full business implications of Brexit remain uncertain, and will do for some time, the Board believes the Group is well positioned to react to the potential challenges and opportunities ahead. The Group has no exchange rate exposure and is only directly impacted by the fall in sterling due to cost pressure on a small number of imported food and beverage purchases. These are, for the most part, offset by increased buying power due to our rapid expansion. The cinema industry is historically resilient to recessionary pressures however, the Board is continuing to monitor the situation closely. The Group has secured financing to allow it to fully fund its next phase of expansion.

Financial risks

The Company does not have a direct exposure to foreign currency movements and does not contract any hedging arrangements in respect of currency positions.

The Company takes out suitable insurance against property and operational risks where considered material to the anticipated revenue of the Company.

On behalf of the Board
C Lilly
CEO
12 March 2019

Directors' report

The Directors present their report and the audited financial statements for the Company for the 53 weeks ended 3 January 2019.

Results and dividends
The results of the Company are included in the strategic report. Further details are shown in the statement of profit and loss and other comprehensive income and the related notes.

Principal activity
The principal business of the Company is the ownership and operation of cinema venues for the exhibition of films and other entertainment activities. Further information is contained in the strategic report.

Financial risk management: objectives and policies
The financial and other risks to which the Company is exposed, together with the Company's objectives and policies in respect of these risks, are set out in the strategic report.

Going concern
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing these accounts. Therefore, they continue to adopt a going concern basis in preparing the annual financial statements. In adopting a going concern basis for preparing the financial statements, the Directors have considered the business activities and the principal risks and uncertainties set out in the strategic report. The balance sheet of the Company, its cash flows, liquidity position and borrowing facilities, as well as the Company's objectives, policies and processes for managing capital, are described in the strategic report. Financial risk management objectives, details of financial instruments and hedging activities and exposure to credit risk and liquidity risk are described in the proceeding notes. Letters of support have been provided by the Company's parent entities that financial obligations will be met and they will not seek repayment of any amounts currently made available.

Directors
The Directors of the Company during the financial year were:

Name	Function
Adam Kaye	Executive Director
Crispin Lilly	Chief Executive Officer
Jonathan Peters FCA	Finance Director
Paul Wise	Executive Chairman

The interests of the Directors in the Company's ultimate parent undertaking, Everyman Media Group PLC, are disclosed in the financial statements of the Group.

Policy and practice on the payment of creditors
The policy of the Company is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers.

Employees
Employee involvement
Everyman places considerable emphasis on maintaining good relations with all its employees. The Company places great importance on managers at each venue being well trained and capable of recruiting, training and developing a strong team and we equip them with the necessary tools in order to provide a positive working atmosphere. The Company regularly communicates important updates with employees and seeks engagement and consultation whenever making decisions that affect them or their interests. Employees are provided with regular on-the-job training and career development opportunities and the Company places a significant importance on developing from within.

Employment of disabled persons
Everyman is an equal opportunities employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet the minimum selection criteria. The Company provides training and development for people with disabilities tailored, where appropriate, to ensure they have the opportunity to achieve their potential. If a Company employee becomes disabled while in our employment the Company will do its best to retain them, including consulting with them about their requirements, making reasonable and appropriate adjustments and providing alternative suitable employment where possible.

Political and charitable donations
The Company made charitable donations of £36,000 in the year (2017: £12,000).

EVERYMAN

Directors' report *(continued)*

Post-balance sheet events

On 16 January 2019, the Company's parent undertaking, Everyman Media Group PLC, agreed a new loan facility of £30 million provided by Barclays Bank PLC and Santander UK PLC. This replaced the previous £20 million facility signed on 10 March 2017 with Barclays Bank PLC. This new facility has a term of 5 years and will be used to fund the expansion of the Company through inter-company loans.

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.
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to s487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board
C Lilly
CEO
Everyman Media Limited
Studio 4, 2 Downshire Hill
London
NW3 1NR
12 March 2019

Statement of Directors' responsibilities in respect of the strategic report, Directors' report and financial statements

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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 and 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.
- 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.
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are 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, and 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.

Independent auditor's report to the members of Everyman Media Limited

Opinion

We have audited the financial statements of Everyman Media Limited (the Company) for the year ended 3 January 2019 which comprise the statement of profit and loss and other comprehensve income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 3 January 2019 and of the Company's profit for the year then ended.
- Have been properly prepared in accordance with UK accounting standards, including FRS101 Reduced Disclosure Framework.
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) and applicable laws. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of, the Company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as valuation of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and Directors' report

The Directors are responsible for the strategic report and Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the strategic report and Directors' report.
- In our opinion the information given in those reports for the financial year is consistent with the financial statements.
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

KA Dunn

Kelly Dunn
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered accountants
15 Canada Square
Canary Wharf
E14 5GL

12 March 2019

Statement of profit and loss and other comprehensive income for the year ended 3 January 2019

	Note	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Revenue	5	**51,780**	40,520
Cost of sales		**(20,248)**	(15,937)
Gross profit		**31,532**	24,583
Other operating income		**3**	46
Administrative expenses		**(28,744)**	(22,890)
Operating profit		**2,791**	1,739
Financial income		**-**	4
Financial expenses	10	**(160)**	-
Net financing (expense)/income		**(160)**	4
Profit before tax		**2,631**	1,743
Tax expense	12	**(884)**	(441)
Profit for the year		**1,747**	1,302
Other comprehensive income for the year	20	**-**	851
Total comprehensive income for the year		**1,747**	2,153

All amounts relate to continuing activities.

Non-GAAP measure: adjusted profit from operations			
Adjusted profit from operations		**8,965**	6,566
Before:			
Depreciation and amortisation	13,14	**(4,398)**	(3,525)
Acquisition expenses	24	**(9)**	(86)
Pre-opening expenses		**(1,164)**	(915)
Share-based payment expense	23	**(500)**	(301)
Option-based social security		**(103)**	-
Operating profit		**2,791**	1,739

EVERYMAN

Balance sheet as at 3 January 2019

Registered in England & Wales
03883018

	Note	3 January 2019 £000	28 December 2017 £000
Assets			
Fixed assets			
Property, plant and equipment	13	**62,403**	47,762
Intangible assets	14	**3,411**	2,786
Trade and other receivables	17	**3,473**	173
Investments	15	**2,194**	2,194
		71,481	52,915
Current assets			
Inventories	16	**405**	310
Trade and other receivables	17	**3,753**	1,006
Cash and cash equivalents		**3,517**	18,366
		7,675	19,682
Total assets		**79,156**	72,597
Liabilities			
Current liabilities			
Trade and other payables	18	**12,397**	69,402
		12,397	69,402
Non-current liabilities			
Other payables	18	**66,120**	5,168
Provisions for other liabilities	19	**504**	523
Deferred tax liabilities	20	**1,386**	255
		68,010	5,946
Total liabilities		**80,407**	75,348
Net liabilities		**(1,251)**	(2,751)
Capital and reserves			
Called up share capital	21	**285**	285
Profit and loss account		**(1,536)**	(3,036)
Shareholders' deficit		**(1,251)**	(2,751)

These financial statements were approved by the Board of Directors on 12 March 2019 and signed on its behalf by:

C Lilly
CEO

Statement of changes in equity for the year ended 3 January 2019

	Note	Called up share capital £000	Profit and loss account £000	Shareholders' deficit £000
Balance at 30 December 2016		285	(5,189)	(4,904)
Profit for the year		-	1,302	1,302
Other comprehensive income	20	-	851	851
Balance at 28 December 2017		285	(3,036)	(2,751)
Balance at 29 December 2017		285	(3,036)	(2,751)
Profit for the year		-	1,747	1,747
Deferred tax on share-based payment	20	-	(247)	(247)
Balance at 3 January 2019		**285**	**(1,536)**	**(1,251)**

Notes to the financial statements

1 **General Information**

Everyman Media Limited is engaged in the ownership and management of cinemas in the United Kingdom. Everyman Media Limited (the Company) is a private company limited by shares registered, domiciled and incorporated in England and Wales, in the United Kingdom (registered number 03883018). The address of its registered office is Studio 4, 2 Downshire Hill, London NW3 1NR. All trade takes place in the United

2 **Basis of preparation and accounting policies**

The financial statements have been prepared on the historical cost basis in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken. In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:
- A cash flow statement and related notes.
- Disclosures in respect of transactions with wholly-owned subsidiaries.
- Disclosures in respect of capital management.
- Disclosures in respect of the compensation of key management personnel.
- The effects of new but not yet effective IFRS.

As the consolidated financial statements of Everyman Media Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:
- IFRS2 Share Based Payments in respect of Group-settled share based payments.
- Certain disclosures required by IAS36 Impairment of assets in respect of the impairment of goodwill and indefinite-life intangible assets.
- Certain disclosures required by IFRS3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.
- Certain disclosures required by IFRS13 Fair Value Measurement and the disclosures required by IFRS7 Financial Instrument disclosures.

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

Going concern

The Company balance sheet shows net current liabilities of £4,722,000 (2017: £49,720,000) and net liabilities of £1,251,000 (2017: £2,751,000). Notwithstanding these facts, the Directors continue to adopt a going concern basis in preparing the financial statements on the basis that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing these accounts. In adopting a going concern basis for preparing the financial statements, the Directors have received assurances from the Board of Directors of its related parties, Everyman Media Holdings Limited and Everyman Media Group PLC, that they will continue to make adequate funding available via inter-company loans and not call these accounts immediately due for the forseeable future.

The Company is able to meet its day-to-day working capital requirements and funding of new site purchases through ongoing trading activities and through borrowings from its ultimate parent undertaking, including new bank borrowing arrangements. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Consolidated financial statements

The financial statements contain information about Everyman Media Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group. The Company's ultimate parent undertaking, Everyman Media Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Everyman Media Group PLC are prepared in accordance with IFRS and are available to the public from Companies House, Crown Way, Cardiff CF14 3UZ and can be obtained from: investors.everymancinema.com.

Use of non-GAAP profit and loss measures

The Company believes that along with operating profit, the 'adjusted profit from operations' provides additional guidance to the statutory measures of the performance of the business during the financial year.

Adjusted profit from operations is calculated by adding back depreciation, amortisation, pre-opening expenses and certain non-recurring or non cash items. Adjusted profit is an internal measure used by management as they believe it better reflects the underlying performance of the Company.

Notes to the financial statements *(continued)*

2 **Basis of preparation and accounting policies** *(continued)*

Revenue recognition

Revenue for the Company is measured at the fair value of the consideration received or receivable. The Company recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Company's revenues from film and entertainment activities are recognised on completion of the showing of the relevant film. The Company's revenues for food and beverages are recognised at the point of sale as this is the time the performance obligation has been met. The Company's other revenues, which include commissions, are recognised when all performance obligations have been satisfied.

All advanced booking fees, gift cards and similar income which are received in advance of the related performance are classified as deferred revenue and shown as a liability until completion of the performance.

All contractual-based revenue from memberships is initially classified as deferred revenue and released over the course of 12 months in accordance with seasonal admissions.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Goodwill represents the excess of the costs of a business combination over the total acquisition date fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset. Costs incurred in a business combination are expensed as incurred with the exception that for business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value-in-use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit/group of units on a pro-rata basis.

Business combinations

Acquisitions that are deemed to be the transfer of a 'business' per IFRS13 requirements, are valued at fair value through the use of an external valuation specialist. As such, any identifiable tangible and intangible assets and liabilities are valued prior to acquisition and any excess consideration is treated as goodwill and reviewed for impairment annually.

Intangible assets

Amortisation on software in development does not commence until it is complete and available for use. Amortisation is charged to the profit and loss account within administrative expenses.

Software assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on all software assets so as to write off their carrying value over the expected useful economic lives. The estimated useful lives are as follows:

Software assets	- 3 to 5 years

Notes to the financial statements *(continued)*

2 Basis of preparation and accounting policies *(continued)*

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. As well as the purchase price, cost includes directly attributable costs. Depreciation is charged to the profit and loss account within administrative expenses.

Depreciation on assets under construction does not commence until they are complete and available for use. These assets represent fit-outs. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Depreciation is provided on all other leasehold improvements and all other items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. The estimated useful lives are as follows:

Leasehold improvements	- straight line on cost over the remaining life of the lease
Plant and machinery	- 5 years
Fixtures and fittings	- 8 years

Impairment (excluding inventories)

A financial asset not carried at fair value through the profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost incurred in bringing each product to its present location and condition is accounted for as follows:

Food and beverages	- purchase cost on a first-in, first-out basis
Projection stock	- purchase cost on a first-in, first-out basis

Net realisable value is the estimated selling price in the ordinary course of business.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Market rent provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Financial instruments *(from 29 December 2017)*

Recognition and initial measurement

Trade receivables are initially recognised when originated. All other financial assets and liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets (unless a trade receivable without a significant financing component) or financial liabilities are initially measured at fair value plus, for items not at fair value through the profit and loss, transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

EVERYMAN

Notes to the financial statements *(continued)*

2 **Basis of preparation and accounting policies** *(continued)*

Financial instruments *(from 29 December 2017) (continued)*

Classification and subsequent measurement

Financial assets classification

On initial recognition, financial assets are classified as measured at either amortised cost, fair value through other comprehensive income for debt investments or equity investments, or fair value through profit and loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at amortised cost if they meet both of the following conditions:
- They are held within a business model whose objective is to hold assets to collect contractual cash flows
- The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments are measured at fair value through other comprehensive income if they meet both of the following conditions:
- They are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income, as described above, are measured at fair value through profit and loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets that otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents classification

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial assets subsequent measurement, gains and losses

Financial assets classified at fair value through profit and loss, other than derivatives designated as hedging instruments, are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit and loss.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit and loss. Any gain or loss on derecognition is recognised in the profit and loss.

Debt investments classified at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit and loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the profit and loss.

Equity investments classified at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in the profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the profit and loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following conditions:
- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company
- Where the instruments may be settled in the Company's own equity instruments, they are either a non-derivative that include no obligation to deliver a variable number of the Company's own equity instruments or they are a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes to the financial statements *(continued)*

2 Basis of preparation and accounting policies *(continued)*

Financial instruments *(from 29 December 2017) (continued)*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. Financial liabilities are classified as fair value through profit and loss if they are classified as held for trading, they are a derivative or they are designated as such on initial recognition. Financial liabilities classified at fair value through profit and loss are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit and loss. Any gain or loss on derecognition is also recognised in the profit and loss.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets (as defined in IFRS15).

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12 month expected credit losses.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Company considers a financial asset to be in default when the financial asset is more than 120 days past due.

Lifetime expected credit losses are those that result from all possible default events over the expected life of a financial instrument.

12 month expected credit losses are the portion that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities classified at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Written-off financial assets

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the financial statements *(continued)*

2 **Basis of preparation and accounting policies** *(continued)*

Financial instruments *(prior to 29 December 2017)*

Investments

Investments in subsidiaries are held at cost less accumulated impairment.

Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through rental deposits and the provision of services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for any impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial liabilities

Non-derivative financial liabilities are recognised initially at fair value less attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments within the scope of IAS39 are classified as financial assets or liabilities at fair-value through the profit and loss. Changes to fair value are made through the profit and loss. All derivative financial instruments are recognised initially at fair value. The subsequent measurement of derivative financial instruments is also at fair value. Financial assets at fair value through the profit and loss are carried in the balance sheet at fair value with net changes in fair value recognised in finance costs in the profit and loss.

Fair value hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices, in active markets
- Level 2: Level 1 quoted prices are not allowable but fair value is based on observable market data.
- Level 3: Inputs that are not based on observable market data.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's Ordinary shares are classified as equity instruments.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated profit and loss on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term.

Notes to the financial statements *(continued)*

2 **Basis of preparation and accounting policies** *(continued)*

Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. 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 adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:
- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.
- Investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:
- The same taxable group company; or
- Different company entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Pre-opening expenses

Property rentals and other related overhead expenses incurred prior to a new site opening are expensed to the profit and loss in the year that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are expensed as incurred. These expenses are included within administrative expenses.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit an loss in the periods during which services are rendered by employees.

Share-based payments

Certain employees (including Directors and senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions) in the ultimate parent undertaking, Everyman Media Group PLC. The cost of share-based payments are recharged by the ultimate parent undertaking to Everyman Media Limited in proportion to the services recognised.

Notes to the financial statements *(continued)*

3 Adoption of new and revised Standards

IFRS16: Leases (effective January 2019)

The Company is required to adopt IFRS16 for accounting periods beginning on or after 1 January 2019. The Company has assessed the estimated impact that initial application will have on its financial statements as described below. The actual impacts of adopting the standard may change due to new accounting policies which are subject to change until the Company presents its first financial statements including the date of initial application.

The standard introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term and low-value leases. Lessor accounting remains similar or the current standard such that they continue to classify leases as either finance or operating leases.

IFRS16 replaces existing lease guidance, including IAS17 Leases, IFRIC4 Determining whether an arrangement contains a lease, SIC15 Operating leases - incentives and SIC27 Evaluating the substance of transactions involving the legal form of a lease.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of premises. The nature of expenses relating to those leases will now change such that the Company will recognise a depreciation charge for right-of-use assets and a finance expense on outstanding lease liabilities.

Previously, the Company recognised operating leases on a straight-line basis over the term of the lease and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability.

Based on the information currently available, the Company expects to add £31.1m right-of-use assets and £33.2m finance lease liabilities to its balance sheet in the next financial year.

Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will not reclassify any sub-leases as finance leases given the lack of legal obligation and that its subsidiary undertakings have not taken on the full remainder of any lease terms.

The Company is a lessor to a third party and will account for the lease as an operating lease in accordance with the new standard.

Transition

The Company plans to apply IFRS16 using the modified retrospective approach on a lease-by-lease basis. Therefore, the cumulative effect of adopting the standard will be recognised as an adjustment to the opening balance if retained earnings with no restated comparative information.

4 Critical accounting estimates

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other facts that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimate of the fair value of the cash-generating units less costs to sell. The determination of a fair value and of suitable selling costs require a level of estimation. In situations where this is lower than the book value of the net assets of the cash generating unit, a value-in-use calculation will need to be performed. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the impairment accounting policies are set out in the above notes.

Notes to the financial statements *(continued)*

5 Revenue

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Film and entertainment	**31,465**	25,124
Food and beverages	**17,622**	13,306
Other income	**2,693**	2,090
	51,780	40,520

All trade takes place in the United Kingdom.

The following provides information about opening and closing receivables, contract assets and liabilities from contracts with customers. There was no impact on the balance sheet when the Company first applied IFRS15 on 29 December 2017.

Contract balances	3 January 2019 £000	28 December 2017 £000
Trade receivables	**963**	230
Deferred income	**2,935**	1,879

Deferred income relates to advanced consideration received from customers in respect of memberships, gift cards and advanced screenings. All deferred balances at the beginning of the year (£1,879,000) were recognised in the profit and loss during the year. All deferred income at the end of the year (£2,935,000) is due to be recognised within 12 months.

6 Profit before tax

Profit before tax is stated after charging:	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Depreciation of tangible assets	**4,107**	3,447
Amortisation of intangible assets	**291**	78
Loss on disposal of property, plant and equipment	**17**	13
Operating lease rentals	**3,452**	2,911
Share-based payments	**500**	301
Acquisition expenses	**9**	86

7 Staff numbers

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	3 January 2019 Number	28 December 2017 Number
Management	**132**	102
Operations	**641**	572
	773	674

Management staff represent all full-time employees in the Company.

Notes to the financial statements *(continued)*

8 Employee costs including Directors

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Wages and salaries	**11,414**	9,138
Social security costs	**870**	668
Pension contributions	**126**	71
Share-based payments	**500**	301
Other benefits	**6**	4
	12,916	10,182

There were pension liabilities as at 3 January 2019 of £30,000 (28 December 2017: £13,000).

9 Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures:

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Salaries/fees	**449**	410
Bonuses	**70**	98
Other benefits	**6**	4
Pension contributions	**29**	25
	554	537
Share-based payments	**195**	181
	749	718
Information regarding the highest-paid Director is as follows:		
Salaries/fees	**172**	168
Bonuses	**54**	59
Other benefits	**2**	-
Pension contributions	**17**	17
	245	244
Share-based payments	**97**	77
	342	321

Directors remuneration for each Director is disclosed in the Directors' report of the consolidated financial statements of the ultimate parent undertaking, Everyman Media Group PLC. The costs relating to the Directors' remuneration are wholly incurred by Everyman Media Limited for the wider Group. The amount attributable to services provided to the Company was £594,000 (2017: £594,000).

10 Auditor's remuneration

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Fees payable to the Company's auditor for:		
Audit of the Company's financial statements	**58**	45

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the ultimate parent undertaking, Everyman Media Group PLC.

Notes to the financial statements *(continued)*

11 Financial expenses

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Total interest expense	**185**	336
Less: Interest capitalised within assets under construction	**(25)**	(336)
Interest expense recognised in the profit and loss	**160**	-

12 Taxation

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Tax expense		
Current tax	**-**	-
Deferred tax expense		
Origination and reversal of temporary differences	**284**	282
Deferred tax not previously recognised	**600**	159
Total tax charge	**884**	441

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the profit for the year are as follows:

Reconciliation of effective tax rate	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Profit before tax	**2,631**	1,743
Tax at the UK corporation tax rate of 19.00%/19.25%	**500**	336
Permanent differences (expenses not deductible for tax purposes)	**23**	17
Deferred tax not previously recognised	**600**	159
Other short term timing differences (potentially exercisable share options)	**(239)**	(40)
Effect of change in expected future statutory rates on deferred tax	**-**	(31)
Total tax expense	**884**	441

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax at 3 January 2019 has been calculated based in these rates.

Notes to the financial statements *(continued)*

13 Property, plant and equipment

	Leasehold improvements £000	Plant & machinery £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost					
At 30 December 2016	30,402	5,552	6,058	429	42,441
Acquired in the year	12,259	1,896	1,101	669	15,925
Acquired in business combination	-	250	50	-	300
Disposals	-	-	(13)	-	(13)
Transfer on completion	301	-	-	(301)	-
At 28 December 2017	42,962	7,698	7,196	797	58,653
Acquired in the year	12,041	2,705	1,178	2,912	18,836
Disposals	(120)	(167)	(826)	-	(1,113)
Transfer to profit and loss	-	-	-	(41)	(41)
Transfer to intangibles	-	(118)	-	-	(118)
Transfer on completion	265	-	-	(265)	-
At 3 January 2019	**55,148**	**10,118**	**7,548**	**3,403**	**76,217**
Depreciation					
At 30 December 2016	2,919	1,828	2,697	-	7,444
Charge for the year	1,847	1,109	491	-	3,447
At 28 December 2017	4,766	2,937	3,188	-	10,891
Transfer to intangibles	-	(95)	(2)	-	(97)
Charge for the year	2,112	1,409	586	-	4,107
On disposals	(118)	(163)	(806)	-	(1,087)
At 3 January 2019	**6,760**	**4,088**	**2,966**	**-**	**13,814**
Net book value					
At 3 January 2019	**48,388**	**6,030**	**4,582**	**3,403**	**62,403**
At 28 December 2017	38,196	4,761	4,008	797	47,762
At 29 December 2016	27,483	3,724	3,361	429	34,997

The Company held no assets under finance leases as at 3 January 2019 (28 December 2017: £nil).

Notes to the financial statements *(continued)*

14 Intangible assets

	Goodwill £000	Software £000	Software in development £000	Total £000
Cost				
At 30 December 2016	723	228	-	951
Acquired in the year	-	391	-	391
Acquired in business combination	1,532	-	-	1,532
At 28 December 2017	2,255	619	-	2,874
Acquired in the year	-	632	263	895
Transfer from tangibles	-	118	-	118
At 3 January 2019	**2,255**	**1,369**	**263**	**3,887**
Amortisation and impairment				
At 30 December 2016	-	10	-	10
Charge for the year	-	78	-	78
At 28 December 2017	-	88	-	88
Transfer from tangibles	-	97	-	97
Charge for the year	-	291	-	291
At 3 January 2019	**-**	**476**	**-**	**476**
Net book value				
At 3 January 2019	**2,255**	**893**	**263**	**3,411**
At 28 December 2017	2,255	531	-	2,786
At 29 December 2016	723	218	-	941

Value in use calculations are performed annually at each reporting date for each cash-generating unit (CGU) which represents each site acquired. Value in use was calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A pre-tax discount rate was applied to calculate the net present value of pre-tax cash flows.

Goodwill and indefinite life intangible assets considered significant in comparison to the Company's total carrying amount of such assets have been allocated to CGUs or groups of CGUs as follows:

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Baker Street	**96**	96
Belsize Park	**62**	62
Islington	**79**	79
Oxted	**95**	95
Reigate	**105**	105
Walton-On-Thames	**86**	86
Winchester	**200**	200
York	**1,532**	1,532
	2,255	2,255

Notes to the financial statements *(continued)*

14 **Intangible assets** *(continued)*

The recoverable amount of each CGU has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	Year ended 3 January 2019	Year ended 28 December 2017
Sales and cost growth (over a 5 year period)	**0%**	0%
Discount rate (the Group's adjusted weighted average cost of capital)	**9.48%**	9.51%
Terminal value	**8 x EBITDA**	8 x EBITDA
Number of years projected	**5 years**	5 years

There have been no impairments indicated in the year to 3 January 2019 (2017: £nil). The projected sales growth was based upon the Company's latest forecasts at the time of review and is in line with the average growth rate for the industry within the United Kingdom. The key assumptions in the cash flow pertain to revenue growth. Management have determined that growth based on industry average growth rates and actuals achieved historically are the best indication of growth going forward.The Company has adjusted the level of its weighted average cost of capital to 9.48%. The Directors are confident that the Company is largely immune from the effects of Brexit and the impact on the wider economic environment. Additionally the Company believes that there has been no significant impact on the structure of the Company that should result in a changed weighted average cost of capital. Management has performed sensitivity testing on all inputs to the model and noted no highly sensitive variables.

15 **Investments**

	Total £000
At 28 December 2017 and 3 January 2019	**2,194**

The subsidiaries of the Company are as follows:

	Principal activity	Country of incorporation	Class of share held	Proportion of shares held
Bloom Martin Limited	Dormant	UK	Ordinary	100%
Bloom Theatres Limited*	Dormant	UK	Ordinary	100%
ECPee Limited	Property management	UK	Ordinary	100%
Mainline Pictures Limited*	Dormant	UK	Ordinary	100%

*Shareholding is held by Bloom Martin Limited.

The Company acquired 100 Ordinary shares of 1p each in ECPee Limited, a property management company, on 18 January 2018, representing 100% of the issued share capital of the company to become a wholly owned subsidiary. With respect to the class and proportion of shares held in existing subsidiaries, the amounts remain the same for the year ended 3 January 2019 and the year ended 28 December 2017. Bloom Martin Limited, Bloom Theatres Limited and Mainline Pictures Limited are all dormant companies and exempt from the requirement for an audit for the year.

The registered office address of all investments is Studio 4, 2 Downshire Hill, London NW3 1NR. All companies listed above are included in the Group financial statements of Everyman Media Group PLC. All companies have the same financial year and apply the same accounting policies.

16 **Inventories**

	3 January 2019 £000	28 December 2017 £000
Food and beverages	**337**	265
Projection	**68**	45
	405	310

Included within inventories is £nil (2017: £nil) expected to be recovered in more than 12 months. Finished goods recognised as cost of sales in the year amounted to £4,297,000 (2017: £3,337,000). The write-down of inventories to net realisable value amounted to £nil (2017: £nil).

Notes to the financial statements *(continued)*

17 Trade and other receivables

	3 January 2019 £000	28 December 2017 £000
Due within 12 months	**3,753**	1,006
Due in more than 12 months	**3,473**	173
	7,226	1,179
Trade receivables	**963**	230
Amounts due from Company undertakings	**3,301**	-
Other debtors	**1,326**	174
Prepayments and accrued income	**1,636**	775
	7,226	1,179

There were no receivables that were considered to be impaired other than existing provisions. There is no significant difference between the fair value of the other receivables and the values stated above. Other debtors include deposits paid in respect of a long-term leases. All amounts other than those from Company undertakings are due for payment within one year. Interest is charged on inter-company loan receivables at the same rate as that charged to the Group by its lenders, currently 3.3%. The loans are repayable on 15 January 2021.

18 Trade and other payables

	3 January 2019 £000	28 December 2017 £000
Due within 12 months	**12,397**	69,402
Due in more than 12 months	**66,120**	5,168
	78,517	74,570
Trade payables	**2,660**	1,427
Amounts due to Company undertakings	**58,325**	56,924
Social security and other taxation	**733**	1,115
Other payables	**2**	27
Accrued expenses	**5,737**	7,807
Lease incentives	**8,125**	5,391
Deferred income	**2,935**	1,879
	78,517	74,570

Interest is charged on inter-company loans at the same rate as that charged to the Group by its lenders, currently 3.3%. The loans are repayable on 15 January 2021.

Included within lease incentives is £7,795,000 (2017: £5,168,000) expected to be settled in more than 12 months.

19 Provisions

	3 January 2019 £000	28 December 2017 £000
Market rent provisions		
Opening balance	**523**	-
Additional provisions arising on acquisition	**-**	529
Utilised against rent during the year	**(19)**	(6)
Closing balance	**504**	523

Notes to the financial statements *(continued)*

20 Deferred tax

	3 January 2019 £000	28 December 2017 £000
Included in non-current liabilities	**1,386**	255
Deferred tax gross movements		
Opening balance	**255**	665
Recognised in the profit and loss		
Net book value in excess of tax written down value	**1,188**	(118)
Movement on share option intrinsic value	**(64)**	(67)
Rollover gain released	**-**	(12)
Arising on loss carried forward	**(240)**	638
Credit to profit and loss	**884**	441
Recognised in equity		
Movement on share option intrinsic value	**247**	(851)
Closing balance	**1,386**	255
The deferred tax liability comprises:		
Temporary differences on property, plant and equipment	**2,318**	1,130
Available losses	**(363)**	(123)
Rollover gain	**221**	221
Share-option scheme intrinsic value	**(790)**	(973)
Closing balance	**1,386**	255

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates that have been substantively enacted for future periods, being 19%. The deferred tax has arisen due to the timing difference on property, plant and equipment, the deferral of capital gains tax arising from the sale of a property and other temporary and deductible differences. The Company has unutilised tax allowances of £363,000 at expected tax rates in future periods (2017: £123,000).

In accordance with IAS12 Income taxes, the expense of £247,000 (2017: credit of £851,000) has been recognised outside of profit and loss to the extent that the deferred tax asset has arisen on expected allowable deductions for tax purposes at future tax rates in excess of the fair value of the share option charge that will be recognised in the profit and loss. In this instance, the expected gain on the exercise of share options in the ultimate parent company is anticipated to exceed the full share option charge recognised in the profit and loss at initial fair value.

21 Share capital and reserves

	Nominal value	3 January 2019 £000	28 December 2017 £000
Ordinary shares	£1.00	**285**	285

Number of shares

	Nominal value	3 January 2019 Number	28 December 2017 Number
Ordinary shares	£1.00	**285,000**	285,000

All shares shown above are authorised, issued and fully paid up. The Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

Dividends

No dividends were declared or paid during the period (2017: £nil).

Notes to the financial statements *(continued)*

22 Obligations under operating leases

	3 January 2019 £000	28 December 2017 £000
Land and buildings		
Less than one year	**2,332**	3,164
Between one and two years	**2,376**	3,089
Between three and five years	**7,072**	9,214
Over five years	**39,459**	47,075
	51,239	62,542

The Company conditionally entered into new operating leases at Horsham, Newcastle, Manchester, Cardiff, Clitheroe, Wokingham, Plymouth, Lincoln, Edinburgh, Northallerton, Durham, Tunbridge Wells, Broadgate London and Borough Market London. The total commitment of these new leases including those previously announced is £52,688,000. This is not included within operating lease obligations since they are still conditional. Rentals will commence after the fit-outs have been completed.

23 Share-based payment arrangements

The cost of share-based payments are recharged by the ultimate parent undertaking to Everyman Media Limited in proportion to the services recognised. Details of the share-based payments are detailed in the consolidated financial statements of Everyman Media Group PLC.

The recharge to the Company by its ultimate parent undertaking was £500,000 (2017: £301,000). The relevant charge is included within administrative expenses.

24 Commitments

There were capital commitments for tangible assets at 3 January 2019 of £5,122,000 (28 December 2017: £417,000).

25 Related party transactions

In the year to 3 January 2019 the Company engaged services from entities related to the Directors and key management personnel of £628,000 (2017: £601,000) comprising consultancy services of £75,000 (2017: £50,000), office rental of £56,000 (2017: £66,000) and venue rental for Bristol, Harrogate and Stratford-Upon-Avon of £497,000 (2017: £485,000). There were no other related party transactions. There are no key management personnel other than the Directors.

The ultimate parent undertaking, Everyman Media Group PLC, charged an amount of £500,000 (2017: £301,000) to the Company in respect of share-based payments, £823,000 (2017: £797,000) in respect of the rental of four cinema sites acquired in 2016 and £185,000 (2017: £336,000) in respect of interest on bank loan funds provided to the Company.

The parent undertaking, Everyman Media Holdings Limited, charged an amount of £419,000 (2017: £419,000) to the Company in respect of the rental of two cinema sites.

The subsidiary undertaking, ECPee Limited, charged an amount of £103,000 (2017: £nil) to the Company in respect of the rental of its cinema site during the year.

The Company's commitment to new leases is set out in the above notes. Within the total of £51,239,000 is an amount of £951,000 relating to office rental, £4,432,000 relating to Stratford-Upon-Avon, £2,512,000 relating to Bristol and £5,647,000 relating to Harrogate. The landlords of the sites are entities related to the Directors of the Company.

26 Ultimate controlling party

The Company is a subsidiary of Everyman Media Holdings Limited which is the immediate parent undertaking and is incorporated in the United Kingdom. The ultimate parent undertaking is Everyman Media Group PLC and its registered address is Studio 4, 2 Downshire Hill, London NW3 1NR.

The largest and smallest group in which the results of the Company are consolidated is that headed by Everyman Media Group PLC. The consolidated accounts of this Company are available to the public and may be obtained from the registrar at Companies House and on the Company's website.