Everyman Media Limited

Registered number 03883018

Annual report and financial statements

Year ended

30 December 2021

EVERYMAN

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Company information

Directors	Function
Adam Kaye	Executive Director
Alexander Scrimgeour (appointed 12 January 2022)	Chief Executive Officer
Elizabeth Lake FCA (resigned 28 March 2022)	Chief Financial Officer
William Worsdell ACA (appointed 28 June 2022)	Finance Director
Paul Wise	Executive Chairman

Company secretary
One Advisory Limited

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
BDO LLP
Level 12
Thames Tower
Station Road
Reading
RG1 1LX

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

EVERYMAN

Strategic Report

The Directors present their strategic report for the Company for the year ended 30 December 2021 (comparative period: year ended 31 December 2020).

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

Review of the business

The Company made a loss after tax of £9.2m (2020 re-stated: £21.1m loss).

The Company's adjusted operating profit before depreciation, amortisation, pre-opening expenses, acquisition costs, and share-based payments was £6.8m (2020 re-stated: £2.0m loss).

The Board does not recommend the payment of a dividend at this stage of the Company's development (2020: £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 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.

Likely future developments

Demonstrating our continued confidence in Everyman's prospects, our roll-out pipeline continues. A new venue opened in Egham in September 2022 and another, in Durham, will open in November 2022. The pipeline for 2023 is well-developed, with four further venues confirmed and another two in advanced stages of negotiation.

Business model

Everyman's business model remains simple, our aim is to further build our portfolio of venues. Additionally, growing our existing estate by bringing together great food, drink, atmosphere, service and of course film, to create exceptional experiences for our customers.

During 2021 the ability to execute this model was hampered by the impact of the pandemic on our business, however our ambitions remain the same.

Our growth strategy is multi-faceted:

- Expanding the geographical footprint by establishing new venues in order to reach new customers.
- Continually evolving the quality of experience and breadth of choice we offer at our venues.
- Engaging in effective marketing activity.

Our model is one that delivers benefits, with the premium experience warranting a premium price point and with more revenue generating activities offered than the traditional cinema. As we grow, we also benefit from increasingly efficient central costs, allowing top line revenue growth to reflect in EBITDA growth.

KPIs

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

		Year ended 30 December 2021 (52 weeks)	Year ended 31 December 2020 (52 weeks)
Admissions	+69%	**2,023,390**	1,197,248
Box office average ticket price*	-3%	**£11.44**	£11.81
Food and beverage spend per head**	+27%	**£8.96**	£7.08

Admissions were up 69% year on year, and since re-opening on 17 May 2021 admissions have been in line with management expectations. For the period from 17 May 2021 to 30 December 2021 admissions have been 87% of 2019 levels for the same period (on a non-like-for-like basis), and since restrictions were lifted towards the end of July 2021, admissions have been 103% of 2019 for the same period (on a non-like-for-like basis).

*The impacts of the different VAT rates throughout 2020 and 2021 have been removed from the Average Ticket Price (ATP) above. The reduction in ATP of 3% is due to the film slate resulting in a higher proportion of children's tickets being sold, together with increased sales in our venues outside of London, where ticket prices are typically lower.

**The Spend Per Head (SPH) has been adjusted to remove Deliveroo income and the impact of the different VAT rates throughout 2020 and 2021. Food and beverage spend per head has grown by 27%, driven by the roll out of hand-held ordering units, kitchen upgrades and consumer confidence growing, with customers showing a desire to treat themselves on returning to hospitality.

Impact of COVID-19 on strategy

Due to the pandemic, the growth strategy was paused and the focus shifted to securing the balance sheet and increasing liquidity, together with reducing costs. This was achieved by working closely with our partners including suppliers, landlords, banks and shareholders.

Since re-opening on 17 May 2021 we have seen a strong return of customers to Everyman venues and have returned to our growth strategy, albeit with a prudent level of caution, whilst we navigate through to what hopefully appears to be the end of the pandemic.

Situation in Ukraine

Following the year end we have seen the geopolitical situation deteriorate with the Russian invasion of Ukraine. This has brought further uncertainties outside the normal range of risks we see. The Board has considered the potential impacts on the business and have concluded that there is no current material impact. Whilst one of the immediate results of the war has been to see a significant rise in energy prices, the Company has a fixed rate agreement in place with one of the largest energy suppliers which continues until October 2023, which covers a significant majority of our venues.

The principal risks and uncertainties reflect the new risks that have arisen due to the pandemic.

Principal risks and uncertainties

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are reviewed regularly. A risk register is in place which the Board reviews and updates on an ad-hoc basis during meetings.

1 **COVID-19 pandemic** - Company revenues are entirely dependent on being open and able to show films and serve food and beverage. The pandemic meant that until 17 May 2021 all venues were closed as part of Government policy to tackle the pandemic. On re-opening, capacity was restricted to 50%, this was then lifted on 21 July. Whilst the situation has improved significantly the Company remains vigilant to further impacts which may arise. To mitigate this, the Company has processes and policies that can be brought back if needed. The Company has successfully negotiated reduced costs with certain landlords/suppliers during periods of enforced Government closure. The Company also has effective opening and closure procedures in place to reduce costs. Everyman works closely with the UK Cinema Association and the Department for Culture, Media and Sport to ensure that the interests of the business are represented in all policy discussions.

2 **Banking** - The Company's ability to manage liquidity during the pandemic has partly depended on the Company's banking arrangements. This risk is managed through maintaining ongoing dialogue with our banking partners through which achievable covenants are set for the facility. These are monitored closely to ensure the Company remains within those covenants. In addition, the Board ensures there are alternative sources of funding available.

3 **Alternative media channels** - The proliferation of alternative media channels, including streaming, has introduced new competitive forces for the film-going audience, and this has been accelerated by the pandemic. To date this has proven to be a virtuous relationship, both increasing the investment in film production and further fuelling an overall interest in film with customers of all ages. The Board considers that the Everyman business model works well alongside other film channels. It remains an ever-present caution that to maintain this position 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 **Film release schedule** - The level of the Company's box office revenues fluctuates throughout the course of any given year and are largely dependent on the timing of film releases, over which the Company has no control. This risk has increased during the pandemic, with major studios delaying releases of tent pole films until confidence in the level of expected admissions returns. However, we are optimistic about the film slate going forward as there are many exciting films that were delayed and will be released in 2022. The Board mitigates this risk by widening the sources for new content to include streaming platforms and TV, as well as focusing on creating a great overall experience at venues independent from the films themselves.

5 **Inflationary environment** – Given the current economic and geopolitical situation there is a risk to the cost base from inflation. To mitigate this the Company enters into long term contracts for the supply of power and works very closely with suppliers to improve efficiencies and limit costs. Thanks to its size the Company can take advantage of lower price points for higher volumes.

6 **Climate change** – The Company's business could suffer because of extreme or unseasonal weather conditions. Cinema admissions are affected by periods of abnormal, severe, or unseasonal weather conditions, such as exceptionally hot weather or heavy snowfall. Climate change is also high on the agenda for investors and increasingly institutional investors are looking closely at the actions being taken by business to reduce carbon emissions. The Company is working towards developing a net zero carbon emissions strategy to mitigate this risk.

7 **National events and consumer environment** - Specific large events can temporarily reduce cinema admissions, for example large sporting events and elections. These are managed by working the release schedule around large known events. In addition, a reduction in consumer spending because of broader economic factors could impact the Company's revenues. The risk of inflation and higher interest rates due to the pandemic and geopolitical events have increased. Historically, the cinema industry 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.

8 **Data and cyber security** – The possibility of data breaches and system attacks would have a material impact on the business through potentially exposing the business to a reduction in service availability for customers, potentially significant levels of fines, and reputational damage. To mitigate this risk the IT infrastructure is upgraded to ensure the latest security patches are in place and that ongoing security processes are regularly updated. This is supported by regular pen testing and back-ups.

9 **Film 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. As we see the numbers returning to cinema coming close to pre-pandemic levels, we see this risk reducing to a pre-pandemic level.

10 **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. Since re-opening we have seen our market share increase and received positive customer feedback.

11 **Brexit** - Risks linked to Brexit include consumer confidence, a lack of availability of certain food items and staff. Whilst the full business impacts of Brexit will unfold in the future, the Board believes the Company is well positioned to react to the potential challenges and opportunities ahead. The Company has no exchange rate exposure and is only directly impacted by a fall in sterling through cost pressure on a small number of imported food and beverage purchases.

Financial risks

The pandemic created a liquidity risk due to the business having to close venues through the Government response to controlling the pandemic. The business successfully mitigated this risk through raising shareholder funds in 2020 and negotiating new banking covenants in March 2021. The Company has reverted to the original banking covenants in June 2022. The Board monitors this risk on a regular basis through reviewing forecasts and working closely with banking partners.

The Company has direct exposure to interest rate movements in relation to interest charges on bank borrowings, with a 1% increase in rates resulting in an increase in interest charges of £0.2m on current forecast borrowings over the next twelve months. The Board manages this risk by minimising bank borrowings and reviewing forecast borrowing positions.

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

Non-GAAP adjusted profit from operations

Non-GAAP adjusted profit from operations was £6.8m, compared to a loss of £2.0m (restated) in 2020.

In addition to performance measures directly observable in the financial statements, additional performance measures (Non-GAAP adjusted loss from operations) is used internally by management to assess performance. Management believes that these measures provide useful information to evaluate performance of the business, to analyse trends in cash-based operating expenses, and to establish operational goals and allocate resources.

Non-GAAP adjusted profit from operations is defined as earnings before interest, taxes, depreciation, amortisation, impairment and share based payments. The reconciliation between operating loss and non-GAAP adjusted loss from operations is shown at the end of the statement of profit and loss on page 19.

Strategic Report (cont.)

The Company currently has venues in the following locations:

Location	Number of Screens	Number of Seats
Altrincham	4	247
Birmingham	3	328
Bristol	4	476
Cardiff	5	253
Chelmsford	5	379
Clitheroe	4	255
Edinburgh**	5	407
Egham **	4	247
Esher	4	336
Gerrards Cross	3	257
Glasgow	3	201
Harrogate	5	410
Horsham	3	239
Leeds	5	611
Lincoln*	4	291
Liverpool	4	288
London*, 13 venues (Borough new for 2021)	37	3,136
Manchester	3	247
Newcastle	4	215
Oxted	3	212
Reigate	2	170
Stratford-Upon-Avon	4	384
Walton-On-Thames	2	158
Winchester	2	236
Wokingham	3	289
York	4	329
	129	10,601

* New venues in 2021
**New venues in 2022

Companies Act s172 Statement

We believe that considering our stakeholders in key business decisions is not only the right thing to do but is fundamental to our ability to drive value creation over the longer term. Now, as we enter a new financial year in the midst of recovering from a global pandemic, balancing the needs and expectations of our stakeholders has never been a more important or challenging task.

Our Board of Directors are bound by their duties under the Companies Act 2006 (the "Act") to promote the success of the company for the benefit of our members as a whole taking into account the factors listed in section 172 of the Act. In doing so, however, they must have regard for the interests of all of our stakeholders, to ensure the long-term sustainability of the Company. The Board is therefore responsible for ensuring that it fulfils its obligations to those impacted by our business, in its stakeholder consideration and engagement.

The ongoing sustainable success of Everyman is dependent on its relationship with a wide range of stakeholders, including consumers, employees, Governments & regulators, customers, suppliers, and investors. Engagement with our shareholders and wider stakeholder groups plays an essential role throughout Everyman's business. We are aware that each stakeholder group requires a tailored engagement approach in order to foster effective and mutually beneficial relationships. Our understanding of stakeholders is then factored into Boardroom discussions, regarding the potential long-term impacts of our strategic decisions on each group, and how we might best address their needs and concerns. The Board understands that it is not always possible to provide positive outcomes for all stakeholders and therefore, sometimes must make decisions based on the competing priorities of stakeholders however the Board acts in the best long-term interests of the Company and its stakeholders generally.

In addition, effective engagement with stakeholders at Board level and throughout our business is crucial to fulfilling Everyman's purpose. While the importance of giving due consideration to our stakeholders is not new, we are taking the opportunity this year to explain in more detail how the Board engages with our stakeholders. We keep in close contact with investors, employees, customers, suppliers and local communities so we are aware of their views. This ensures we can appropriately consider their interests in decision making.

Throughout this Annual Report, we provide examples of how we:

- Take into account the likely consequences of long-term decisions;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- Understand our impact on our local community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

This section serves as our section 172 statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The principles underpinning section 172 are not only considered at Board level, the differing interests of stakeholders are taken into consideration by management when making wider business decisions. The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the Boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

With the continuing global impacts of the Covid-19 pandemic and its variants, the Company has continually re-assessed and analysed its business strategy with the key focus being minimising the impact on critical work streams, ensuring business continuity and conserving cash flows. As such, increased stakeholder engagement and open communication have become increasingly important in decision making for the Board. Specific related items have been added to our Board meeting agendas and we have continued to hold additional Board meetings to gain the Board's continued insight and experience in helping the business to manage the situation in a way that respects our people, our customers, our stakeholders and the environment.

Companies Act s172 Statement (cont.)

Key decisions taken during the year following consultations with key stakeholders include:

- Tight cash management to preserve cash during periods of closure
- New banking covenants agreed with banking partners to provide additional liquidity during the pandemic
- Ongoing negotiations with landlords to secure rent reductions during periods of closure
- Freezing of customer membership payments during periods of closure
- A return to developing a property pipeline as we see trade returning to near pre-pandemic levels
- Rewarding our employees through reinstatement of pay rises and bonus

While the Covid-19 crisis has interrupted our regular physical face to face interactions with various stakeholders internally and externally, we do consider them to be important in maintaining open communications and team cohesion and will be reintroducing these gradually provided it is safe to do so in line with Government guidelines and the needs of individual attendees. In the meantime, we have taken advantage of various video conferencing platforms where appropriate.

The table below acts as our s172(1) statement by setting out the key stakeholder groups, their interests and how Everyman has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Stakeholder	Their interests	How we engage	2021 highlights
Our employees	• Training, development and career prospects. • Health and Safety • Working conditions • Diversity and Inclusion • Human Rights and modern slavery • Fair pay, employee benefits	• Workforce posters and communications • Ongoing training and development opportunities • Whistleblowing procedures • Publication of Modern Slavery Statement • Employee benefits packages • Employee questionnaires • Staff intranet	• Introduced company-wide training schemes • Standardised contracts across the Group • All vacancies were advertised internally resulting in increased numbers of internal promotions • New role of People Director recruited • Ensured covid compliance
Our customers	• Comfort and hospitality. • Good quality food and drink • High quality viewing environment • Ease of access • Safety • Data security	• Venue staff welcome every customer • Focus on in-theatre service • Regular review of menu quality • High specification auditoria • Customer support service • Marketing and communications	• Improved at seat service • Upgraded a number of kitchens to provide faster high quality service • Menu development • Customer engagement through all digital channels
Our suppliers & landlords	• Workers' rights • Supplier engagement and management to prevent modern slavery • Fair trading and payment terms • Sustainability and environmental impact • Collaboration • Long-term partnerships	• Initial meetings and negotiations • KPIs and Feedback • Board approval on significant changes to suppliers • Direct engagement between suppliers and specified company contact	• Standardised contractual terms to comply with IR35 changes • Implemented new ERP to streamline processes from purchase to payment

Companies Act s172 Statement (cont.)

Stakeholder	Their interests	How we engage	2021 highlights
Our Investors	• Comprehensive review of financial performance of the business • Business sustainability • High standard of governance • Success of the business • Ethical behaviour • Awareness of long-term strategy and direction	• Regular reports and analysis on investors and shareholders • Investor roadshows • Annual Report • Company website • Shareholder circulars • AGM • Stock exchange announcements	• Regular communication with investors throughout the pandemic
Our banking partners	• Business performance & forecast accuracy • Cash management and financial control • Compliance with laws and regulations • High standard of governance • Ethical behaviour • Data security	• Regular meetings & updates • Regular reports and analysis • Annual Report • Stock exchange announcements	• Regular communications with latest capex estimates and cashflows
Regulatory bodies	• Compliance with regulations • Worker pay and conditions • Gender Pay • Health and Safety • Treatment of Suppliers • Brand reputation • Waste and environment • Insurance	• Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review	• Full review of pay across all roles • Gender pay reporting used to inform decision making • NOMAD attended Board meeting to update on compliance
Community and Environment	• Sustainability • Human Rights • Energy usage • Recycling • Waste Management • Community outreach and CSR	• Philanthropy • Oversight of corporate responsibility plans • CSR initiatives • Workplace recycling policies and processes	• Supported employees fundraising for various charities • Special screenings for local communities

Paul Wise
Executive Chairman

26 September 2022

Directors' report

The Directors present their annual report and audited financial statements for the Company for the year ended 30 December 2021 (comparative period: year ended 31 December 2020).

Results and dividends

The results of the Company are included in the strategic report. Further details are shown in the profit and loss and other comprehensive income and the related notes to the financial statements. The Company generated a loss after tax for the year of £9.2m (2020 re-stated: £21.1m loss). The Directors do not recommend the payment of a dividend (2020: £nil).

Principal activity

The Company is a leading independent cinema group in the UK. 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, the Balance Sheet of the Company, liquidity position and borrowing facilities, as well as the Company's objectives, policies and processes for managing capital as described in the strategic report. Financial risk management objectives, details of financial instruments 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 year were:

Directors	Function
Adam Kaye	Executive Director
Alexander Scrimgeour (appointed 12 January 2022)	Chief Executive Officer
Elizabeth Lake FCA (resigned 28 March 2022)	Chief Financial Officer
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 unless other arrangements have been agreed.

Employees

Employee involvement

The Company 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 the Company equips them with the necessary tools in order to provide a positive working atmosphere.

The year has been challenging for all our employees, and the Company has maintained regular communication throughout the year, particularly during periods of closure and furlough. The Company has continued to seek 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

The Company 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.

Directors' report (cont.)

Political and charitable donations
The Company did not make charitable donations during the year (2020: £44,000).

Post balance sheet event
There have been no significant events after the balance sheet date.

Disclosure of information to auditor
In the case of each person who was a Director at the time this report was approved:

- So far as that each Director was aware, there was no relevant available information of which the Company's auditor is unaware
- Each Director has taken all steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

Auditor
BDO LLP were appointed as auditor to the Company and under section 487 of the Companies Act 2006 will be deemed reappointed.

Internal financial control
The Company operates a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a system in place for financial reporting and the Board receives regular reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits within the Company, including those matters which are reserved specifically for the Board.

The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Company does not currently have, nor considers there is currently a need for, an internal audit function. As the number of sites operated by the Company increases the Board intends to regularly assess the ongoing need for strengthening internal financial controls.

The Company's financial risk management, objectives, and policies together with the Board's policies in respect of price risk, credit risk, liquidity risk and cash flow risk are set out in the notes to the financial statements.

On behalf of the Board
Paul Wise
Executive Chairman
Everyman Media Limited
Studio 4, 2 Downshire Hill
London
NW3 1NR
26 September 2022

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

The Directors are responsible for preparing the strategic report, Directors' report, and the financial statements in accordance with applicable laws 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 or loss of the Company for that period. In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant, reliable, and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the Going Concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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 on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Everyman Media Limited ("the Company") for the year ended 30 December 2021 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities *under those standards are further described in the Auditor's 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 remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and Strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit

or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

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

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the annual report and financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The significant laws and regulations we considered in this context included the UK Companies Act, the accounting framework, and relevant tax legislation.
- enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to recording of journal postings and judgemental adjustments.

  As part of this discussion, we identified potential for fraud in the following areas:
    - Management override of controls; and
    - Revenue recognition – specific to non-routine journal postings and judgemental adjustments
    - Impairment of property, plant and equipment, including the right-of-use assets

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, and
- in addressing the risk of fraudulent revenue recognition, testing the manual journals posted to revenue general ledger accounts were performed, identifying any abnormal journal posted, and obtaining sufficient support, and
- in addressing the risk of impairment of property, plant and equipment, including the right-of-use assets, include inspecting management's calculation and obtain evidence of support, and
- assessing management's calculation of prior period errors for evidence of potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Use of our report

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.

DocuSigned by:
Daniel Henwood
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Daniel Henwood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
26 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of profit and loss and other comprehensive income for the year ended 30 December 2021

	Note	Year ended 30 December 2021 £000	Restated* Year ended 31 December 2020 £000
Revenue	6	48,940	24,126
Cost of sales		(18,129)	(9,147)
Gross profit		30,811	14,979
Covid-19 Government support	11	3,800	6,062
Impairment reversal/(charge) of goodwill, PPE & ROU	14/15/16	2,155	(4,812)
Administrative expenses		(40,400)	(34,097)
Operating (loss)		(3,634)	(17,868)
Financial income		106	108
Financial expenses	12	(5,590)	(4,758)
		(5,484)	(4,650)
(Loss) before tax		(9,118)	(22,518)
Tax credit/(expense)	13	(62)	1,378
(Loss) for the year		(9,180)	(21,140)
Total comprehensive loss for the year		(9,180)	(21,140)

All amounts relate to continuing activities.

* See note 2 for details regarding the restatement.

Non-GAAP measure: adjusted profit from operations		Year ended 30 December 2021 £000	Restated* Year ended 31 December 2020 £000
Adjusted (loss)/profit from operations		6,850	(2,007)
Before:			
Depreciation and amortisation	14/15/16	(10,907)	(9,566)
Disposal of property, plant and equipment		(530)	(380)
Pre-opening expenses		(130)	(419)
Impairment of fixed assets	14/15/16	2,155	(4,812)
Share-based payment expense	26	(1,072)	(671)
Option-based social security		-	(13)
Operating (loss)		(3,634)	(17,868)

*See note 2 for details regarding restatement

The notes on page 23 to 47 form an integral part of these financial statements.

Balance sheet at 30 December 2021

Registered in England and Wales
Company number 03883018

	Note	30 December 2021 £000	Restated* 31 December 2020 £000
Assets			
Non-current assets			
Property, plant and equipment	14	78,543	78,168
Right-of-use assets	15	46,403	44,000
Intangible assets	16	2,211	2,445
Trade and other receivables	20	3,327	3,382
Investments	17	2,194	2,194
		132,678	130,189
Current assets			
Inventories	18	711	381
Trade and other receivables	20	6,525	3,574
Cash at Bank	19	4,240	328
		11,476	4,283
Total assets		**144,154**	**134,472**
Liabilities			
Current liabilities			
Trade and other payables	21	16,080	9,653
Lease liabilities	15	2,070	1,947
		18,150	11,600
Non-current liabilities			
Other payables	21	95,772	87,481
Lease liabilities	15	62,478	58,996
Provisions for other liabilities	23	1,345	868
Deferred tax liabilities	24	271	209
		159,866	147,554
Total liabilities		**178,016**	**159,154**
Net liabilities		**(33,862)**	**(24,682)**
Equity attributable to owners of the Company			
Called up share capital	25	285	285
Retained earnings		(34,147)	(24,967)
Total equity		**(33,862)**	**(24,682)**

*See note 2 for details regarding the restatement.

The notes on page 23 to 47 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 September 2022 and signed on its behalf by:

Paul Wise
Executive Chairman

Statement of changes in equity for the year ended 30 December 2021

	Note	Share capital £000	Retained earnings £000	Total Equity £000
Balance at 2 January 2020 – as previously reported		**285**	**(3,776)**	**(3,491)**
Effect of prior year restatements*		-	38	38
Balance at 2 January 2020 – restated*		**285**	**(3,738)**	**(3,453)**
Loss for the year restated*		-	(21,140)	(21,140)
Total comprehensive loss restated*		-	(21,140)	(21,140)
Deferred tax on share-based payments		-	(89)	(89)
Total transactions with owners of the parent		-	(89)	(89)
Balance at 31 December 2020 restated*		**285**	**(24,967)**	**(24,682)**
Loss for the year		-	(9,180)	(9,180)
Total comprehensive loss		-	(9,180)	(9,180)
Balance at 30 December 2021		**285**	**(34,147)**	**(33,862)**

*See note 2 for details regarding the restatement.

The notes on page 23 to 47 form an integral part of these financial statements.

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 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 Kingdom.

2 Basis of preparation and accounting policies

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

The preparation of financial statements requires the use of certain critical accounting estimates, it also required Company management to exercise judgements and estimates have been made in preparing the financial statements and their effects are disclosed in the notes below.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Company financial statements. The Company prepares its financial statements on a 52/53-week basis. The year-end date is determined by the 52nd Thursday in the year. A 53rd week is reported where the year-end date is no longer aligned with 7 days either side of 31st December. The year ended 30 December 2021 is a 52-week period as is the comparative prior year.

Amounts are rounded to the nearest thousand, unless otherwise stated.

Company basis of preparation

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards but makes amendments where necessary 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:

- 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.
- New but not yet effective IFRS.

As the consolidated financial statements 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.
- Certain disclosures required by IFRS7 Financial Instruments.

Going concern

The Directors have carried out a full review of the Company's going concern status and ability to meet its obligations over the next 12 months. This has involved a review of the latest forecast and the funding currently in place, which demonstrate that the business has access to sufficient funds and can maintain its banking covenants during the period.

Base Case

In preparing the forecast, the Directors have considered current macroeconomic conditions. Key assumptions are that venues remain fully open and that admissions increase modestly in 2023, that no further government support is received and that rates of film hire continue at the current run-rate. In the current inflationary environment, inflation has been assumed as per current Bank of England forecast, and wages are assumed to increase in line with the latest Low Pay Commission estimates. Utilities contracts are fixed until October 2023.

The Company's capital spend is based on two openings in 2022 (Egham at the end of September and Durham in November) and six further openings in 2023. There will be continued investment in existing venues and IT.

From June 2022, banking covenants return to pre-pandemic tests based on leverage and fixed cover charge. In this scenario, the Company maintains significant headroom on both measures.

Stress Testing
As we emerge from the pandemic, the Directors consider the prospect of another lockdown unlikely, but recognise the current macroeconomic environment and the challenges this presents for consumers. Everyman has managed such challenges well in the past and we have seen minimal impact on admissions from the current squeeze on spending.

The Directors have considered an alternative scenario in which banking covenants are breached. This scenario involves a sustained reduction in admissions during 2023, with like-for-like admissions falling by 20% vs. 2019 levels. The Directors consider this extremely unlikely in light of current admission levels and the strong film slate for Q2 2022 and 2023. With capital spend maintained at the same level as the Base Case, this scenario would create a breach of the leverage covenant in September 2023. There would still be significant headroom on the fixed charge covenant.

Whilst considered very unlikely, should such a scenario occur, the Company would be able to manage its capital pipeline to avoid a covenant breach. A 10% reduction in capital expenditure in 2023 would maintain compliance with banking covenants throughout the year.

As a result of the above, the Directors believe that the Company is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Company will have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Consolidated financial statements
The financial statements contain information about Everyman Media Limited 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 the 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. The reconciliation between operating profit and non-GAAP loss from operations is shown on page 20.

Adjusted profit or loss 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 beyond generally accepted accounting principles.

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 obligations have 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. Revenue from memberships that provide a certain number of tickets per year is recognised over the year as utilised. Revenue from sponsorships and memberships providing unlimited access is recognised equally over the year. Advertising revenue is recognised at the point the advertisement is shown in the cinemas.

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), this is usually an individual cinema venue. 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.

Intangible assets
Amortisation on software in development does not commence until it is complete and available for use.

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

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 on assets under construction does not commence until they are complete and available for use. These assets represent fit outs. 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

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Impairment (excluding inventories)
Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Company's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

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	- First in first out
Projection stock	- First in first out

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. Lease dilapidation provisions are recognised when entering into a lease where an obligation is created. This obligation may be to return the leasehold property to its original state at the end of the lease in accordance with the lease terms. Leasehold dilapidations are recognised at the net present value and discounted over the remaining lease period.

Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset (this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset). If the supplier has a substantive substitution right, then the asset is not identified.
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases in which the Company is a lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises these lease payments as an expense on a straight-line basis over the lease term.

IFRS 16: Leases – COVID-19 Related Rent concessions amendment

The Company has adopted the amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Where the rent concession is a direct consequence of the COVID-19 pandemic, the revised consideration for the lease is substantially the same or less, the reduction affects only payments originally due on or before 30 June 2022 and there were no other substantive changes to the lease then the concessions can be credited to the profit and loss in the period in which the event or condition that triggers the rent concession occurs, rather than as a lease modification. Further details relating to the application of the practical expedient are detailed within note 15.

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 nor 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.

Taxation (continued)

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 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

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, right-of-use depreciation, and financing expenses.

Employee benefits

Furlough income

The business topped up employee pay to 80% of normal pay where the Government furlough income was less than 80% of that employee's pay. The claims for furlough income are submitted in the month after the payroll costs have been incurred, therefore the income is recognised in the profit and loss on an accruals basis to match the payroll costs incurred in the month.

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 and 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 in the ultimate parent Everyman Media Group Plc. The cost of share-based payments is recharged by Everyman Media Group Plc to subsidiary undertakings including the Company in proportion to the services recognised.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Research and development

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Restatement of accounting for leases

Restatement of prior year reported numbers 31 December 2020	As previously reported 31 December 2020 £'000	Restatement 1 £'000	Restatement 2 £'000	Restated 31 December 2020 £'000
Income Statement				
Loss for the period	**(21,023)**	**(84)**	**(33)**	**(21,140)**
Statement of Changes in Equity				
Loss for the period	**(21,023)**	**(84)**	**(33)**	**(21,140)**
Balance Sheet				
Right-of-use assets	42,482	893	625	44,000
Lease Liabilities (Current)	(2,004)	50	7	(1,947)
Lease Liabilities (Non-Current)	(57,300)	(1,168)	(528)	(58,996)
Trade and other payables	(9,671)	18	-	(9,653)
Trade and other receivables	3,550	24	-	3,574
Retained earnings	(24,888)	(183)	104	(24,967)
Net Assets and Total Equity	**(24,603)**	**(183)**	**104**	**(24,682)**

Restatement of prior year reported numbers 2 January 2020	As previously reported 2 January 2020 £'000	Restatement 1 £'000	Restatement 2 £'000	Restated 2 January 2020 £'000
Statement of Changes in Equity				
Total equity balance	(3,491)	(99)	137	(3,453)

Restatement 1

The previously reported results have been restated in respect of two leases as follows:

Canary Wharf
An assumption was made that rent would increase from March 2020, however, this was not the case. As a result, the opening lease liability and right of use asset required amendment, as the discounted cashflows were greater than actually payable.
Correcting this led to a reduction in the right of use asset of £223,000 with a corresponding decrease in the lease liability of £344,000 and increase in retained earnings of £160,000.
This also gave rise to a decrease in depreciation charge of £45,000 and decrease in finance charge of £24,000. An adjustment to the gain on concession was made to reduce the gain by £21,000.

Chelmsford
Implicit in the lease is a contractual 2.5% compound increase in rent every 5 years. This meets the definition of an in-substance fixed payment and so should be accounted for when discounting the future cash flows upon recognition of the lease.
Accounting for this amendment has led to an increase in right of use asset of £1,174,000 with a corresponding increase of £1,462,000 to the lease liability and a decrease in retained earnings of £197,000.
This also gave rise to an increase in depreciation charge of £103,000 and an increase in finance charge of £107,000.

Restatement 2

Oxted
A reversionary lease that was signed in 2017 extended the term of the lease by 10 years and set absolute figures for rental reviews. This reversionary lease was not included in the adoption to IFRS 16 in 2019 and therefore the extension and rent reviews need to be amended and accounted for as per the reversionary lease.
Accounting for this amendment gave rise to an increase in right of use asset of £658,000 with a corresponding increase of £488,000 to the lease liability and an increase in retained earnings of £169,000.
The change in right of use asset and lease liability led to an increase in depreciation charge within administrative expenses of £16,000 (with a corresponding increase in operating loss) and an increase in financial expenses of £17,000. The cumulative increase in loss before tax is £33,000.

3 Financial Instruments – Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Floating rate bank revolving credit facilities and lease liabilities

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.

Classification and subsequent measurement

Financial assets classification

On initial recognition, financial assets are classified as measured at amortised cost. 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 and liabilities as per IFRS 9 requirement

Financial assets include the Company's loans and receivables, and these are recognised at the amount expected to be received. In the receivables, we have the trade receivables, stock, cash, and cash equivalents and these are included the current assets due to their short-term nature.

liabilities include the Company's loans, trade payables and bank indebtedness. Trade payables are included in current liabilities due to their short-term nature.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents classification

Cash and cash equivalents comprise cash balances and call deposits.

Financial assets subsequent measurement, gains and losses

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.

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.

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 IFRS 15).

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.

4 Changes in accounting policies

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

5 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill, right-of-use assets and property, plant, and equipment
The Company determines whether the above are impaired when impairment indicators exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the tangible fixed assets are allocated, which is predominantly at the individual cinema site level.

Estimating the value in use requires the company to make an estimate of the expected future cash flows from each cinema and discount these to their net present value at an appropriate discount rate. All venues are located in the UK and therefore a single discount rate has been used for all CGUs. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs and that the discount rates used are appropriate given the risks associated with the specific cash flows. A sensitivity analysis has been performed over the estimates (see Note 16).

Lease dilapidations
Future costs of repair and reinstatement obligations have been estimated by management using quotes or historical costs incurred for similar work and judgement based on experience and technical knowledge of employees with detailed knowledge of the premises and experience managing the estate. The costs are reviewed at least annually and updated based on physical inspections performed periodically.

6 Revenue

	Year ended 30 December 2021 £000	Year ended 31 December 2020 £000
Film and entertainment	25,126	13,565
Food and beverages	20,360	9,447
Venue Hire, Advertising and Membership Income	3,454	1,114
	48,940	24,126

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.

Contract balances	30 December 2021 £000	31 December 2020 £000
Trade and other receivables	3,850	653
Deferred income	4,283	3,028

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 (£3,028,000) were recognised in the profit and loss during the year. All deferred income at the end of the year (£4,283,000) is due to be recognised within 12 months.

7 Profit before taxation

Profit before taxation is stated after charging:

	Year ended 30 December 2021 £000	Year ended 31 December 2020 restated* £000
Depreciation of tangible assets	7,934	6,799
Amortisation of right-of-use assets	2,353	2,348
Amortisation of intangible assets	620	419
Impairment (reversal)/charge on intangibles, right- of- use asset and property, plant and equipment	(2,155)	4,812
Loss on disposal of property, plant and equipment	530	380
Operating lease expense	1,606	1,698
Share-based payments	1,072	671
Foreign currency (gains) / losses	54	(8)

8 Staff numbers and employment costs

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

	30 December 2021 Number	31 December 2020 Number
Management	181	180
Operations	731	716
	912	896

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

	Year ended 30 December 2021 £000	Year ended 31 December 2020 £000
Wages and salaries	14,982	13,582
Social security costs	1,211	1,013
Pension costs	224	195
Share-based payments	3,847	671
Other staff benefits	5	4
	20,269	15,465

There were pension liabilities as at 30 December 2021 of £73,000 (31 December 2020: £38,000).

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 30 December 2021 £000	Year ended 31 December 2020 £000
Salaries/fees	436	566
Bonuses	74	50
Other benefits	3	4
Pension contributions	6	-
	519	620
Share-based payments	(30)	55
	489	675

Share-based payment credits in relation to option lapses for Directors during the year were £142,000 (2020: £171,000)

Information regarding the highest paid Director is as follows:

	Year ended 30 December 2020	Year ended 30 December 2021
Salaries/fees	177	140
Bonuses	42	10
Other benefits	3	2
Pension contributions	6	-
	228	152
Share-based payments	(30)	120
	198	272

10 Auditor's remuneration

	Year ended 30 December 2021	Year ended 31 December 2020
Fees payable to the Company's auditor for:	£000	£000
Audit of the Company's financial statements	62	54
	62	54

11 Covid – 19 Government Support

	Year ended 30 December 2021 £'000	Year ended 31 December 2020 £'000
Job Retention Scheme	2,801	5,699
Business Grants	999	363
	3,800	6,062

12 Financial expenses

	Year ended 30 December 2021	Year ended 31 December 2020 restated*
	£000	£000
Interest on bank loans	600	276
Less: Interest capitalised within assets under construction	-	(17)
Bank loan arrangement fees	85	137
Interest on dilapidations	8	8
Revaluation of dilapidations	(23)	14
Interest on lease liabilities	2,022	1,975
Interest on intercompany loans	2,898	2,365
Interest expense recognised in the profit and loss	5,590	4,758

*See note 2 for details regarding the restatement.

13 Taxation

	Year ended 30 December 2021	Year ended 31 December 2020 restated*
	£000	£000
Tax expense		
Current tax	-	-
Adjustment in respect of prior years	-	-
Total current tax (credit)/charge	-	-
Deferred tax expense		
Origination and reversal of temporary differences	346	(2,043)
Adjustment in respect of prior years	(99)	429
Effect of tax change rate	(185)	236
Total tax (credit)/charge	62	(1,378)

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

Reconciliation of effective tax rate	Year ended 30 December 2021	Year ended 31 December 2020
	£000	£000
(Loss) before tax	(9,118)	(22,518)
Tax at the UK corporation tax rate of 19.00%	(1,732)	(4,278)
Permanent differences (expenses not deductible for tax purposes)	729	1,025
Group relief	703	347
Adjustment in respect of previous accounting periods	(99)	429
Impact of a decrease in Share Based payments Intrinsic value	(1)	145
Other short term timing differences	557	-
Unutilised tax losses		700
Other	6	18
Effect of change in expected future statutory rates on deferred tax	(101)	236
Total tax (credit)/expense	62	(1,378)

The UK corporation rate remains at 19% and will affect the company's future current tax charge accordingly.

14 Property, plant and equipment

	Leasehold improvements £000	Plant & machinery £000	Fixtures & Fittings £000	Assets under construction £000	Total £000
Cost					
At 2 January 2020	72,655	14,161	9,107	2,161	98,084
Acquired in the year	1,374	399	126	5,972	7,871
Disposals	-	(17)	-	(363)	(380)
Transfer on completion	4,724	970	452	(6,146)	-
At 31 December 2020	78,753	15,513	9,685	1,624	105,575
Acquired in the year	4,363	5,075	395	4,432	14,265
Disposals	(3,904)	(8,502)	(1,155)	(97)	(13,658)
Transfer to intangibles	96	-	-	(96)	-
At 30 December 2021	79,308	12,086	8,925	5,863	106,182
Depreciation					
At 2 January 2020	9,337	5,928	3,169	-	18,434
Charge for the year	3,296	2,540	963	-	6,799
Impairment	1,845	220	109	-	2,174
At 31 December 2020	14,478	8,688	4,241	-	27,407
Charge for the year	4,107	2,574	1,253	-	7,934
Impairment	(1,124)	(75)	(167)	-	(1,366)
On disposals	(926)	(4,312)	(1,098)	-	(6,336)
At 30 December 2021	16,535	6,875	4,229	-	27,639
Net book value					
At 30 December 2021	62,773	5,211	4,696	5,863	78,543
At 31 December 2020	64,275	6,825	5,444	1,624	78,168

For impairment considerations of tangible fixed assets this was considered using the value in use basis disclosed in Note 16.

15 Leases

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove, or restore the leased asset (typically leasehold dilapidations – see note 23).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

If the company revises its estimate of the term of any lease it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Nature of leasing activities

The company leases a number of properties in the towns and cities from which it operates. In some locations, depending on the lease contract signed, the lease payments may increase each year by inflation or and in others they are reset periodically to market rental rates. For some property leases the periodic rent is fixed over the lease term.

The company also leases certain vehicles. Leases of vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

30 December 2021	Lease contract numbers	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with payments linked to inflation	14	-	45%	+/- 1,954
Property leases with periodic uplifts to market rentals	14	-	43%	+/- 924
Property leases with fixed payments	2	11%	-	-
Vehicle leases	4	1%	-	-
	34	**12%**	**88%**	**2,878**

The percentages in the table below reflect the proportions of lease payments that are either fixed or variable for the comparative period.

31 December 2020	Lease contract numbers	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with payments linked to inflation	13	-	47%	+/- 1,796
Property leases with periodic uplifts to market rentals * restated	14	-	46%	+/- 964
Property leases with fixed payments	2	6%	-	-
Vehicle leases	3	1%	-	-
	32	7%	93%	+/- 2,760

*See note 2 for details regarding the restatement.

Right-of-Use Assets

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 2 January 2020 restated*	45,904	39	45,943
Additions	711	-	711
Amortisation restated*	(2,331)	(17)	(2,348)
Impairment	(1,034)	-	(1,034)
Effect of modification to lease terms restated*	728	-	728
At 31 December 2020 restated*	43,978	22	44,000

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 31 December 2020 restated*	43,978	22	44,000
Additions	4,358	30	4,388
Amortisation	(2,330)	(23)	(2,353)
Impairment	784	-	784
Effect of modification to lease terms	(416)	-	(416)
At 30 December 2021	46,374	29	46,403

*See note 2 for details regarding the restatement.

Lease Liabilities

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 2 January 2020 restated*	59,129	31	59,160
Additions	2,297	-	2,297
Interest expense	1,974	1	1,975
Effect of modification to lease terms	728	-	728
Rent concession gains (see note below)	(1,048)	-	(1,048)
Lease payments	(2,155)	(14)	(2,169)
At 31 December 2020 restated*	60,925	18	60,943

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 31 December 2020 restated*	60,925	18	60,943
Additions	5,503	30	5,533
Interest expense	2,021	1	2,022
Effect of modification to lease terms	(416)	-	(416)
Rent concession gains (see note below)	(442)	-	(442)
Lease payments	(3,067)	(25)	(3,092)
At 30 December 2021	64,524	24	64,548

	30 December 2021 £'000	31 December 2020 Restated* £'000
Lease liabilities		
Current	2,070	1,947
Non-current	62,478	58,996
	64,548	60,943

*See note 2 for details regarding the restatement.

Rent Concessions

Due to Government policy, the Company had to suspend trading across all venues at the beginning of the year until 17 May 2021.

The Company has received numerous forms of rent concessions from lessors due to the Company being unable to operate for significant periods of time, including:

- Rent forgiveness (e.g. reductions in rent contractually due under the terms of lease agreements); and
- Deferrals of rent (e.g. payment of April – June rent on an amortised basis from January to March 2021).

As discussed in note 2 the Company has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the year satisfy the criteria to apply the practical expedient. For any of the modifications that did not meet the practical expedient requirements; the lease liability was remeasured using the discount rate applicable at the date of modification, with the right of use being adjusted by the same amount.

The application of the practical expedient has resulted in the reduction of total lease liabilities of £442,000 (Restated 2020: £1,048,000). The effect of this reduction has been recorded as a gain in the period in which the event or condition that triggered those payments occurred.

Maturity analysis of lease payments

	30 December 2021 £'000	31 December 2020 restated* £'000
Contractual future cash outflows		
Land and buildings		
Less than one year	3,711	4,048
Between one and five years	17,434	15,907
Over five years	71,635	63,677
	92,780	83,632
Motor Vehicles		
Less than one year	14	14
Between one and five years	11	4
	25	18

Recognised in profit and loss

	30 December 2021 £'000	31 December 2020 restated* £'000
Interest on lease liabilities	2,022	1,975
Expenses relating to short-term and low-value leases	1,606	1,698
Lease expenses	3,628	3,673

16 Goodwill, intangible assets, and impairment

	Goodwill £'000	Software Assets £'000	Total £'000
Cost			
At 2 January 2020	2,255	2,507	4,762
Acquired in the year	-	484	484
Disposals	-	-	-
At 31 December 2020	2,255	2,991	5,246
Acquired in the year	-	1,615	1,615
Disposals	-	(1,737)	(1,737)
At 30 December 2021	2,255	2,869	5,124
Amortisation and impairment			
At 2 January 2020	-	778	778
Charge for the year	-	419	419
Impairment	1,599	5	1,604
At 31 December 2020	1,599	1,202	2,801
Charge for the year	-	620	620
Impairment	-	(5)	(5)
On disposals	-	(503)	(503)
At 30 December 2021	1,599	1,314	2,913
Net book value			
At 30 December 2021	656	1,555	2,211
At 31 December 2020	656	1,789	2,445
At 2 January 2020	2,255	1,729	3,984

Impairment Review

The Company evaluates assets for impairment annually or when indicators of impairment exist. As of 30 December 2021, there was no indicator that an impairment exists as forecasts were improved from the year ended 31 December 2020. As required by IAS 36, the Company assessed whether there was an indication that a previously recognised impairment no longer exists or may have decreased. A reversal of an impairment loss should only be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The recoverable amount of a CGU is the higher of value-in-use or fair value less cost of disposal. The Company determines the recoverable amount with reference to its value-in-use. Where the recoverable amount is less than the carrying value, an impairment charge to reduce the assets down to recoverable amount is recognised.

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 post-tax discount rate was applied to calculate the net present value of pre-tax cash flows. The discount rate was calculated using a market participant weighted average cost of capital. Whilst there is some sensitivity to the inputs, the methodology is not significantly impacted by reasonable fluctuations in inputs.

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:

	30 December 2021 £000	31 December 2020 £000
Baker Street	96	96
Islington	74	74
Oxted	95	95
Reigate	105	105
Walton-On-Thames	86	86
Winchester	200	200
	656	656

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:

	31 December 2020	31 December 2020
Discount rate	**9.8%**	9.8%
Long term growth rate	**2%**	2%
Number of years projected	**5 years**	5 years

The Company considered the budgets and forecasts in light of the trading environment and reasonable expectations going forward which has resulted in forecast future revenue increasing versus the expectations at 31 December 2020, and therefore determined the recoverable amount for all of its cash generating units. The recoverable amount is the higher of fair value less costs of disposal and value in use.

The cash flow forecasts were probability weighted based on the following scenarios:

1. Base Case (65% weighting): Venues remain open going forward, with non-like-for-like admissions, and CGU cash generation levels returning to pre-pandemic levels by 2022 Cash generation levels per CGU are assumed to grow at 3% in 2023 and then 5% per annum in 2024-2026.
2. Positive case (15% weighting): The assumptions in this case are the same as the base case except that cash generation levels per CGU increase by 5% in 2023 and 8% between 2024-2026.
3. Downside case (20% weighting): The assumptions in this case are the same as the base case except that cash generation levels per CGU and reduced by 10% in 2022, and then annual growth from the lower base is at 3% for 2023-2026. The terminal value includes a growth rate of 2%, which is set to be consistent with the UK historic growth rate.

The results of this review showed the cash generating units that were impaired in 2020 had higher recoverable amounts at 30 Dec 2021 and therefore a reversal of previously recognised impairment has been made. This is shown in the table below:

Venue (CGU)	2020 impairment (excl. goodwill)	2021 impairment reversal	2021 carried forward impairment
	£'000	£'000	£'000
Belsize Park	372	(51)	321
Leeds	1,393	(656)	737
Liverpool	955	(955)	-
York	493	(493)	-
Total	**3,213**	**(2,155)**	**1,058**

The write back of the Company's assets is summarised as follows:

Class of Asset	31 December 2020 Impairment	2021 impairment reversal	30 December 2021 Impairment
	£'000	£'000	£'000
Goodwill	1,599	-	1,599
Right-of-use assets	1,034	(784)	250
Corporate assets	5	-	5
Leasehold improvements, PPE, F&F	2,174	(1,371)	803
Total	**4,812**	**(2,155)**	**2,657**

The amount by which the impairment changes is sensitive to the discount rate used and the assumptions on future trading levels, the potential impact is demonstrated in the scenarios below (independent of each other);

- Increasing the discount rate by 1% in the base case results in
  - (I) No further venues being impaired, and
  - (II) an increase in the impairment charge of £1,815,000; or

- Adjustment in the assumptions used in in the base case (i.e., the most likely case) cash flow scenario, decreasing the 2022 expected cashflows by 10% for each venue results in:
  - (I) 1 further venue being impaired, and
  - (II) An increase in the impairment charge of £371,000

17 Investments

	Total
	£000
At 31 December 2020	2,194
At 30 December 2021	**2,194**

With respect to the class and proportion of shares held in existing subsidiaries, the amounts remain the same for the year ended 30 December 2021 and the year ended 31 December 2021. 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 subsidiaries of the Company are as follows (all of which are included on consolidation and all are registered at 2 Downshire Hill, London NW3 1NR):

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

* Shareholding is held by Everyman Media Ltd
** Shareholding is held by Bloom Martin Ltd

18 Inventories

	30 December 2021 £000	31 December 2020 £000
Food and beverages	638	327
Projection	73	54
	711	381

Finished goods recognised as cost of sales in the year amounted to £5,185,000 (2020: £2,452,000).

19 Cash and cash equivalents

	30 December 2021 £000	31 December 2020 £000
Cash at Bank	4,240	328
	4,240	328

20 Trade and other receivables

	30 December 2021 £000	31 December 2020 Restated* £000
Included in current assets	6,525	3,574
Included in non-current assets	3,327	3,382
	9,852	6,956
Trade and other receivables	3,850	653
Amounts due from group undertakings	4,258	4,363
Other debtors	172	172
Government Grant – Job retention scheme	-	427
Prepayments and accrued income	1,572	1,341
	9,852	6,956

There were no receivables that were considered to be impaired. 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 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 Company by its lenders, currently 3.3%. The loans are repayable on the 15th January 2024.

*See note 2 for details regarding the restatement.

21 Trade and other payables

	30 December 2021 £000	31 December 2020 restated* £000
Included in current liabilities	16,080	9,653
Included in non-current liabilities	95,772	87,481
	111,852	97,134

Trade payables	3,230	2,914
Social security and other taxation	1,051	2
Amounts due to group undertakings	95,900	87,609
Other creditors	8	14
Accrued expenses	7,380	3,567
Deferred income	4,283	3,028
	111,852	97,134

Interest is charged on inter-company loans at the same rate as that charged to the Company by its lenders, currently 3.3%. The loans are repayable on the 15th January 2024.

*See note 2 for details regarding the restatement.

22 Corporation tax liabilities

	30 December 2021 £'000	31 December 2020 £'000
Included in current liabilities	-	-
Corporation tax gross movements:		
Opening balance	-	-
Recognised in profit and loss:		
Movement on share option intrinsic value	-	13
Charge to profit and loss	-	13
Movement on share option intrinsic value	-	(13)
Closing balance	-	-

23 Provisions

	Other Provisions £'000	Leasehold Dilapidations £'000	Total £'000
As at 31 December 2020	-	868	868
On acquisition	393	104	497
Other decreases	-	(28)	(28)
Unwinding of discount	-	8	8
As at 30 December 2021	393	952	1,345
Due within one year or less	393	-	393
Due within one to five years	-	160	160
Due after more than five years	-	792	792
	393	952	1,345

Leasehold dilapidations relate to the estimated cost of returning leasehold property to its original state at the end of the lease in accordance with lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease term, the average remaining lease term for leases held at 30 December 2021 was 21 years (2020: 21 years).

24 Deferred tax

	30 December 2021 £000	31 December 2020 £000
Included in non-current liabilities	271	209
Deferred tax gross movements		
Opening balance deferred tax liability	209	1,499
Recognised in profit and loss		
Arising on loss carried forward	(473)	(3,185)
Other temporary differences	86	(7)
Net book value in excess of tax written down value	807	1,685
Movement on share option intrinsic value	(257)	124
Amortisation of IFRS accumulated restatement	(101)	8
(Credit)/ Charge to profit and loss	62	(1,375)
Recognised in equity		
Movement on share option intrinsic value	-	85
Closing balance deferred tax liability	271	209
The deferred tax asset comprises:		
Temporary differences on property, plant and equipment	4,725	3,919
Temporary differences on IFRS 16 accumulated restatement	(419)	(317)
Share-option scheme intrinsic value	(282)	(16)
Available losses	(4,029)	(3,568)
Other temporary and deductible differences	276	191
	271	209

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 liability 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. Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that they will be recovered.

25 Share capital and reserves

	Nominal value	30 December 2021 £000	31 December 2020 £000
Ordinary Shares	£1.00	285	285

Number of shares	Nominal value	30 December 2021 Number	31 December 2020 Number
Ordinary Shares	£1.00	285,000	285,000

All shares shown above are authorised, issued and fully paid up. The Ordinary shares shall 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 winding up.

Dividends
No dividends were declared or paid during the period (2020: £nil).

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

27 Commitments
There were capital commitments for tangible assets at 30 December 2021 of £9,407,000 (2020: £8,891,000). This amount is net of landlord contributions of £7,820,000 (2020: £4,320,000).

The Company's commitment to new leases is £92,000,000 (2020: £105,000,000). Within that total is an amount of £650,000 (2020: £850,000) relating to office rental, £4,800,000 (2020: £4,900,000) relating to Stratford-Upon-Avon, £2,100,000 (2020: £2,300,000) relating to Bristol and £4,900,000 (2020: £5,100,000) relating to Harrogate. The landlords of the sites are entities related to the Directors of the Company.

28 Events after the balance sheet date

There have been no significant events after the balance sheet date.

29 Related party transactions

In the year to 30 December 2021, the Company engaged services from entities related to the Directors and key management personnel of £566,000 (2020: £433,000) comprising consultancy services of £10,000 (2020: £8,000), office rental of £98,000 (2020: £46,000) and venue rental for Bristol, Harrogate and Maida Vale of £458,000 (2020: £249,000). Due to the pandemic the Company received rent discounts on the related properties amounting to a saving in 2021 of £123,000 (2020: £242,000). There were no other related party transactions. There are no key management personnel other than the Directors.

Notes to the financial statements (continued)

30 Ultimate controlling party

The Company is a subsidiary of Everyman Media Holdings Limited which is the immediate parent undertaking and is incorporated and registered in the United Kingdom.

The ultimate parent undertaking is Everyman Media Group PLC, incorporated and registered in the United Kingdom.

The largest and smallest group of undertakings for which group accounts are drawn up, and in which the Company is included, is the group headed by Everyman Media Group PLC. The registered address of Everyman Media Group PLC is Studio 4, 2 Downshire Hill, London NW3 1NR.

Copies of the financial statements of Everyman Media Group PLC are available to the public and may be obtained from the registrar at Companies House and on the Company's website.