Everyman Media Limited

Registered number 03883018

Annual report and financial statements

Year ended

29 December 2022

EVERYMAN

Contents

EVERYMAN

Company information

Directors	Function
Adam Kaye	Executive Director
Alexander Scrimgeour (appointed 12th January 2022)	Chief Executive Officer
Elizabeth Lake FCA (resigned 28 March 2022)	Chief Financial Officer
Paul Wise (resigned 28 February 2023)	Executive Chairman
William Worsdell ACA (appointed 28 June 2022)	Finance Director

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

The Directors present their strategic report for the Company for the year ended 29 December 2022 (comparative period: year ended 30 December 2021).

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 £6.4m (2021: £9.2m loss).

The Company's adjusted EBITDA (calculated by adding back depreciation, amortisation, pre-opening expenses and certain non-recurring or non-cash items) was £12.9m (2021: £6.9m).

The Board does not recommend the payment of a dividend at this stage of the Company's development (2021: £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. We opened a five-screen venue in Edinburgh in April 2022 and a four-screen venue in Egham in September 2022. In 2023, we have opened a four-screen venue in Northallerton in May 2023, a three-screen venue in Plymouth and a four-screen venue in Salisbury in June 2023. We expect to open a two-screen venue in Marlow in September 2023 and the pipeline for 2024 remains well developed.

Business model

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

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 29 December 2022 (52 weeks)	Year ended 30 December 2021 (52 weeks)
Admissions	+69%	3,418,599	2,023,390
Paid for average ticket price*	-3%	£11.29	£11.00
Food and beverage spend per head**	+27%	£9.34	£9.07

Admissions were 69% ahead of last year on a non like-for-like basis. However, in 2021, the venues were closed from the beginning of the year to 17th May as a result of pandemic-related trading restrictions.

*Paid for average ticket price has been adjusted to remove the benefit of VAT reductions in both 2022 and 2021 in order to provide a like-for-like comparison. The directors believe that this metric, which excludes any complimentary tickets, is more representative of actual customer spend and will be used as a KPI moving forward.

**Food and beverage spend per head has been adjusted to remove the benefit of VAT reductions in both 2022 and 2021 in order to provide a like-for-like comparison. The prior year metric has been adjusted to include Deliveroo income, which had previously been excluded. This is consistent with the treatment for the current year.

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.

1 **Film release schedule** - The level of the Group'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 Group has no control. The film release schedule remained adversely impacted by the pandemic in 2022, mainly as a result of production delays during 2020 and 2021. As the impact of this reduces and the volume of releases increases, the Board remains optimistic about the film slate going forward. The Group mitigates this risk by widening the sources for new content to include streaming platforms, TV and theatre, as well as focusing on creating a great overall experience at venues independent from the films themselves.

2 **COVID-19 pandemic** - Group revenues are entirely dependent on being open and able to show films, and to serve food and beverage. Although there were no Covid-related closures in 2022, the beginning of the period was negatively impacted by the spread of the Omicron variant. Whilst the situation has improved substantially, the Board remains vigilant to new developments and further impacts which may arise. In addition, the Group has processes and policies that can be brought back if needed, and has more flexible employment contracts allowing temporarily reduced working hours, if required. 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.

3 **Consumer environment** – A reduction in consumer spending because of broader economic factors could impact the Group's revenues. During 2022, inflation and interest rates have increased due to the pandemic and geopolitical events. Historically, the cinema industry has been resilient to difficult macroeconomic conditions, with it remaining an affordable treat during such times for most consumers. Whilst the Board considers that the impact has been minimal in 2022, the Group continues to monitor long term trends and the broader leisure market.

4 **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.

5 **Inflation** – Given the current economic and geopolitical situation there is a risk to the cost base from inflation. To mitigate this the Group enters into long term contracts and works very closely with suppliers to improve efficiencies and limit costs. The Group has a fixed rate agreement in place with one of the largest energy suppliers until the end of October 2023. Whilst the Board expects energy costs to increase from the current rate, forward prices for Gas and Electricity continue to fall. The Group is confident that any increases can be absorbed without material impact to unit economics. In addition, and thanks to its size, the Group can take advantage of lower price points for higher volumes. Furthermore, payroll costs are closely monitored and managed to the level of admissions. We remain cautious when passing on price increases to our customer base.

6 **Climate change** – The Group'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 Group is working towards developing a net zero carbon emissions strategy to mitigate this risk.

7 **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.

8 **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.

9 **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 Group 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.

Financial risks

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

Non-GAAP adjusted EBITDA

Non-GAAP adjusted EBITDA was £12.9m, compared to £6.9m in 2021.

In addition to performance measures directly observable in the financial statements, additional performance measures (Non-GAAP adjusted EBITDA) 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 EBITDA is defined as earnings before interest, taxes, depreciation, amortisation, impairment and share based payments. The reconciliation between operating loss and non-GAAP adjusted EBIITDA is shown at the end of the statement of profit and loss on page 20.

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	6	411
Clitheroe	4	255
Edinburgh	5	407
Egham	4	275
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	37	3,136
Manchester	3	247
Newcastle	4	215
Northallerton*	4	274
Oxted	3	212
Plymouth*	3	189
Reigate	2	170
Salisbury*	4	310
Stratford-Upon-Avon	4	384
Walton-On-Thames	2	158
Winchester	2	236
Wokingham	3	289
York	4	329
	141	11,434

*Venue opened after reporting date 29 December 2022.

Section 172 Statement

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. 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 Board 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.

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

- *Take into account the likely consequences of long-term decisions;*
- Consider the interests of the Company's employees;
- Consider the interests of the Company's shareholders;
- Foster the Company's business relationships with suppliers, customers and others;
- *Understand our impact on our local community and the environment; and*
- Maintain a reputation for high standards of business conduct; and

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.

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	2022 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	• Implementation of new careers website and applicant tracking system • Implementation of new Employee Assistance Programme • Implementation of new financial wellbeing platform

Section172 Statement (cont.)

Stakeholder	Their interests	How we engage	2022 highlights
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	• Completed upgrades to kitchens and bars to provide faster, high-quality service • Refurbishment of several venues to maintain high standards • Menu development to improve breadth of choice
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	• Completed implementation of new ERP system to streamline processes from purchase to payment • Recruitment of a new Procurement Director
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	• Bi-annual investor roadshows • Regular ad-hoc communication with shareholders
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 meetings and communication with banking partners • Recruitment of a new Finance Director
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 • 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 • Energy monitoring and reduction initiative

Section172 Statement (cont.)

Within the Corporate Governance Report in Everyman Media Group PLC Financial statements we describe how the Board operates and the culture of the business including employee engagement.

William Worsdell ACA
Finance Director

28 September 2023

Directors' report

The Directors present their annual report and audited financial statements for the Company for the year ended 29 December 2022 (comparative period: year ended 30 December 2021).

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 £6.4m (2021: £9.2m loss). The Directors do not recommend the payment of a dividend (2021: £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 (resigned 28 February 2023)	Executive Chairman
William Worsdell ACA (appointed 28 June 2022)	Finance Director

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.

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 (2021: Nil).

Post balance sheet event
On 17 August 2023, Everyman Media Group Plc, the company's ultimate parent undertaking, replaced its existing £25m Revolving Credit Facility ("RCF") and £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS") with a new three-year £35m RCF held with Barclays Bank Plc and National Westminster Bank Plc. This facility is available to the Company.

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

William Worsdell ACA
Everyman Media Limited
Studio 4, 2 Downshire Hill
London
NW3 1NR

28 September 2023

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 29 December 2022 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 29 December 2022 which comprise the Statement of profit and loss and other comprehensive income, the Balance sheet, the 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 are 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 financial statements, 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 Director's responsibilities, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussions with management and those charged with governance;
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework and UK tax legislation.

We did not identify any other laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

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

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based in our risk assessment, we considered the area most susceptible to fraud to be management override of controls and revenue recognition, specifically in relation to recording of journal postings, judgemental adjustments and impairment of goodwill, property, plant and equipment, including the right-of-use asset.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing whether judgments made in accounting estimates are indicative of potential bias;
- 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;
- In addressing risk of impairment of property, plant and equipment, including the right-of-use assets, include inspecting management's calculation and obtain evidence of support.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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
28 September 2023

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 29 December 2022

	Note	Year ended 29 December 2022 £000	Year ended 30 December 2021 £000
Revenue	6	78,817	48,940
Cost of sales		(28,338)	(18,129)
Gross profit		50,479	30,811
Other operating income	11	622	3,800
Impairment reversal		-	2,155
Administrative expenses		(51,515)	(40,400)
Operating loss		(414)	(3,634)
Financial income		106	106
Financial expenses	12	(5,946)	(5,590)
		(5,840)	(5,484)
Loss before tax		(6,254)	(9,118)
Tax expense	13	(139)	(62)
Loss for the year		(6,393)	(9,180)
Total comprehensive loss for the year		(6,393)	(9,180)

All amounts relate to continuing activities.

Non-GAAP measure: adjusted EBITDA		Year ended 29 December 2022 £000	Year ended 30 December 2021 £000
Adjusted EBITDA		12,948	6,850
Before:			
Depreciation and amortisation	14/15/16	(10,887)	(10,907)
Exceptional		(308)	-
Disposal of property, plant and equipment		(435)	(530)
Pre-opening expenses		(195)	(130)
Impairment reversal		-	2,155
Share-based payment expense	24	(1,537)	(1,072)
Operating loss		(414)	(3,634)

The notes on page 23 to 46 form an integral part of these financial statements.

Balance sheet at 29 December 2022

Registered in England and Wales
Company number 03883018

	Note	29 December 2022 £000	30 December 2021 £000
Assets			
Non-current assets			
Property, plant and equipment	14	90,062	78,543
Right-of-use assets	15	46,871	46,403
Intangible assets	16	2,618	2,211
Trade and other receivables	19	3,308	3,327
Investments	17	2,194	2,194
		145,053	132,678
Current assets			
Inventories	18	690	711
Trade and other receivables	19	6,721	6,525
Cash at Bank		3,702	4,240
		11,113	11,476
Total assets		156,166	144,154
Liabilities			
Current liabilities			
Trade and other payables	20	15,138	16,080
Lease liabilities	15	2,306	2,070
		17,444	18,150
Non-current liabilities			
Other payables	20	109,832	95,772
Lease liabilities	15	67,546	62,478
Provisions for other liabilities	21	1,187	1,345
Deferred tax liabilities	22	412	271
		178,977	159,866
Total liabilities		196,421	178,016
Net liabilities		(40,255)	(33,862)
Equity attributable to owners of the Company			
Called up share capital	23	285	285
Retained earnings		(40,540)	(34,147)
Total equity		(40,255)	(33,862)

The notes on page 23 to 46 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 September 2023 and signed on its behalf by:

William Worsdell ACA
Finance Director

Statement of changes in equity for the year ended 29 December 2022

	Note	Share capital £000	Retained earnings £000	Total Equity £000
Balance at 30 December 2020		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)
Loss for the year		-	(6,393)	(6,393)
Total comprehensive loss		-	(6,393)	(6,393)
Balance at 29 December 2022		285	(40,540)	(40,255)

The notes on page 23 to 46 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 29 December 2022 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

Current trading is in line with management expectations. Given the increased number of wide releases year-on-year, commitment to the theatrical window from distributors and new investment from streamers in content for cinema, management expect admissions to continue to recover towards pre-pandemic levels. Paid for Average Ticket Price and Spend per Head have continued to grow steadily despite well-publicised concerns over consumer spends.

Banking

The Company's banking arrangements consisted of a £25m Revolving Credit Facility ("RCF") and a £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). On 17 August 2023, the Group replaced this with a new three-year loan facility of £35m with Barclays Bank Plc and National Westminster Bank Plc, repayable on 17 August 2026, extendable by up to a further two years, subject to lender consent. This Group facility agreement is available to the Company. At the end of the year, the Company had drawn down £22.0m on its facilities and held £3.7m in cash; the undrawn facility was therefore £18m and net banking debt £18.5m.

The new RCF has leverage and fixed charge cover covenants. The Board has reviewed forecast scenarios and is confident that the business can continue to operate with sufficient headroom. These forecasts consider scenarios in which there is no further growth in admissions beyond 2023 levels and include realistic assumptions around wage increases and inflation. Utilities contracts have been fixed for a year from 1st November 2023 and rates achieved on both gas and electricity are in line with management expectations and forecasts.

In light of this, the Board consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Salisbury Freehold
During the year the Company acquired the freehold at Gala Clubs, Endless Street, Salisbury SP1 1DP, which opened as a new four-screen cinema in June 2023. The Company's forecasts do not consider the sale of this freehold and subsequent leaseback within the next 12 months. However, should the need for additional liquidity arise, management are of the view that this could be brought forward, as required.

Base case Scenario
The period forecast is up to 30 September 2024.

The business has now traded for in excess of 2 years without Government-enforced closures due to the pandemic, and the Board approved budget and latest forecasts assume that this will continue indefinitely. The forecast assumes growth in like-for-like admissions vs. 2022, given the fuller film release schedule as the industry recovers from pandemic-related production delays, but remains below pre-pandemic levels. Increases in forecast costs reflect the current inflationary environment.

In this scenario the Company maintains significant headroom in its banking facilities and complies with covenants.

Stress testing
The Board considers budget assumptions on admissions to be very conservative. A reduction in budgeted admissions of 11% each month from October 2023 has been modelled. This scenario would cause a breach in the Fixed Cover Charge covenant in September 2024.

If such a scenario were to occur, Management would be able to temporarily reduce administrative expenditure to increase EBITDA and avoid a breach, without material impact to the Company's operations and the quality of customer experience. Management would also have the ability to reduce or delay capital expenditure, as required. In this scenario, the Company would remain compliant with the Adjusted Leverage covenant.

The Directors believe that the Group 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 approval of the financial statements. The Board considers that an 11% reduction in budgeted admissions is unlikely, particularly in light of business performance between January and August 2023, a fuller film slate in the remaining months in 2023 and following into 2024, and with wide releases continuing to climb to pre-pandemic levels. As a result, the Board does not believe this to represent a material uncertainty, and therefore 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, adjusted EBITDA 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 EBITDA is shown on page 20.

Adjusted EBITDA is calculated by adding back depreciation, amortisation, pre-opening expenses and certain non-recurring or non-cash items. Adjusted EBITDA 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

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.

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 adopted from 1 January 2022

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.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-Current Liabilities with Covenants)

The Company is currently assessing the impact of these new accounting standard and amendments.

The Company does not expect any other standards issued, but not yet effective, to have a material impact on the Company.

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 29 December 2022 £000	Year ended 30 December 2021 £000
Film and entertainment	39,764	25,126
Food and beverages	32,250	20,360
Venue Hire, Advertising and Membership Income	6,803	3,454
	78,817	48,940

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	29 December 2022 £000	30 December 2021 £000
Trade and other receivables	3,309	3,850
Deferred income	4,514	4,283

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 (£4,283,000) were recognised in the profit and loss during the year. All deferred income at the end of the year (£4,514,000) is due to be recognised within 12 months.

7 Profit before taxation

Profit before taxation is stated after charging:

	Year ended 29 December 2022 £000	Year ended 30 December 2021 £000
Depreciation of tangible assets	7,640	7,934
Amortisation of right-of-use assets	2,586	2,353
Amortisation of intangible assets	661	620
Impairment reversal	-	(2,155)
Loss on disposal of property, plant and equipment	435	530
Operating lease expense	-	1,606
Share-based payments	1,537	1,072
Foreign currency (gains) / losses	-	54

8 Staff numbers and employment costs

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

	29 December 2022 Number	30 December 2021 Number
Management	222	181
Operations	1,032	731
	1,254	912

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

	Year ended 29 December 2022 £000	Year ended 30 December 2021 £000
Wages and salaries	20,374	14,982
Social security costs	1,719	1,211
Pension costs	307	224
Share-based payments	1,537	3,847
Other staff benefits	31	5
	23,968	20,269

There were pension liabilities as at 29 December 2022 of £62,000 (30 December 2021: £73,000).

9 Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Company, is set out below:

	Year ended 29 December 2022 £000	Year ended 30 December 2021 £000
Salaries/fees	523	436
Bonuses	68	74
Other benefits	22	3
Pension contributions	14	6
	627	519
Share-based payments	744	(30)
	1,371	489

Share-based payment credits in relation to option lapses for Directors during the year were £Nil (2021: £142,000)

Information regarding the highest paid Director is as follows:

	Year ended 29 December 2022	Year ended 30 December 2021
Salaries/fees	294	140
Bonuses	44	10
Other benefits	21	2
Pension contributions	10	-
	369	152
Share-based payments	598	120
	967	272

10 Auditor's remuneration

	Year ended 29 December 2022	Year ended 30 December 2021
Fees payable to the Company's auditor for:	£000	£000
Audit of the Company's financial statements	129	62
	129	62

11 Other operating income

	Year ended 29 December 2022 £'000	Year ended 30 December 2021 £'000
Job Retention Scheme	-	2,801
Business Grants	155	999
Landlord compensation	467	-
	622	3,800

12 Financial expenses

	Year ended 29 December 2022	Year ended 30 December 2021
	£000	£000
Interest on bank loans	1	600
Bank loan arrangement fees	61	85
Interest on dilapidations	10	8
Revaluation of dilapidations	-	(23)
Interest on lease liabilities	2,297	2,022
Interest on intercompany loans	3,577	2,898
Interest expense recognised in the profit and loss	5,946	5,590

13 Taxation

	Year ended 29 December 2022	Year ended 30 December 2021
	£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	139	346
Adjustment in respect of prior years	-	(99)
Effect of tax change rate	-	(185)
Total tax (credit)/charge	139	62

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 29 December 2022	Year ended 30 December 2021
	£000	£000
(Loss) before tax	(6,254)	(9,118)
Tax at the UK corporation tax rate of 19.00%	(1,188)	(1,732)
Permanent differences (expenses not deductible for tax purposes)	823	729
Group relief	373	703
Adjustment in respect of previous accounting periods	-	(99)
Impact of a decrease in Share Based payments Intrinsic value	-	(1)
Other short term timing differences	-	557
Unutilised tax losses	124	-
Other	214	6
Effect of change in expected future statutory rates on deferred tax	(207)	(101)
Total tax (credit)/expense	139	62

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

14 Property, plant and equipment

	Freehold Property £000	Leasehold improvements £000	Plant & machinery £000	Fixtures & Fittings £000	Assets under construction £000	Total £000
Cost						
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 on completion	-	96	-	-	(96)	-
At 30 December 2021	-	79,308	12,086	8,925	5,863	106,182
Acquired in the year	1,278	977	830	406	16,102	19,593
Disposals	-	(648)	(284)	(425)	-	(1,357)
Transfer on completion	-	7,950	3,060	4,433	(15,443)	-
At 29 December 2022	1,278	87,587	15,692	13,339	6,522	124,418
Depreciation						
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
Charge for the year	5	3,850	2,536	1,249	-	7,640
On disposals	-	(523)	(129)	(271)	-	(923)
At 29 December 2022	5	19,862	9,282	5,207	-	34,356
Net book value						
At 29 December 2022	1,273	67,725	6,410	8,132	6,522	90,062
At 30 December 2021	-	62,773	5,211	4,696	5,863	78,543

Impairment considerations for tangible fixed assets 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.

29 December 2022	Lease contract numbers	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with payments linked to inflation	15	-	45%	+/-1,905
Property leases with periodic uplifts to market rentals	17	-	46%	+/-1,208
Property leases with fixed payments	2	8%	-	-
Vehicle leases	3	1%	-	-
	37	9%	91%	3,112

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

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 * restated	14	-	43%	+/- 924
Property leases with fixed payments	2	11%	-	-
Vehicle leases	4	1%	-	-
	34	12%	88%	2,878

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Notes to the financial statements (continued)

Right-of-Use Assets

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 31 December 2020	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

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 30 December 2021	46,374	29	46,403
Additions	2,601	43	2,644
Amortisation	(2,569)	(17)	(2,586)
Effect of modification to lease terms	479	-	479
Reversionary lease adjustment	(69)	-	(69)
At 29 December 2022	46,816	55	46,871

Lease Liabilities

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 31 December 2020	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

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 30 December 2021	64,524	24	64,548
Additions	2,502	43	2,545
Interest expense	2,297	-	2,297
Effect of modification to lease terms	269	-	269
Reversionary lease adjustment	10	-	10
Lease payments	(4,352)	(15)	(4,367)
Landlord contributions	4,550	-	4,550
At 29 December 2022	69,800	52	69,852

	29 December 2022 £'000	30 December 2021 £'000
Lease liabilities		
Current	2,306	2,070
Non-current	67,546	62,478
	69,852	64,548

Rent Concessions

During 2020 and 2021, the Group received numerous forms of rent concessions from lessors due to the Group being unable to operate for significant periods of time. These concessions included rent forgiveness and deferrals.

As discussed in note 2 in the annual financial statements for the year ended 30 December 2021, the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all the rent concessions entered into during 2021 satisfied 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 in 2021 resulted in the reduction of total lease liabilities of £442,000. During the year ended 29 December 2022 no new rent concessions were agreed.

Maturity analysis of lease payments

	29 December 2022 £'000	30 December 2021 £'000
Contractual future cash outflows		
Land and buildings		
Less than one year	4,729	3,711
Between one and five years	19,322	17,434
Over five years	66,185	71,635
	90,236	92,780
Motor Vehicles		
Less than one year	24	14
Between one and five years	28	11
	52	25

Recognised in profit and loss

	29 December 2022 £'000	30 December 2021 £'000
Interest on lease liabilities	2,297	2,022
Expenses relating to short-term and low-value leases	1,430	1,606
Lease expenses	3,727	3,628

16 Goodwill, intangible assets, and impairment

	Goodwill £'000	Software Assets £'000	Total £'000
Cost			
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
Acquired in the year	-	1,068	1,068
At 29 December 2022	2,255	3,937	6,192
Amortisation and impairment			
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
Charge for the year	-	661	661
At 29 December 2022	1,599	1,975	3,574
Net book value			
At 29 December 2022	656	1,962	2,618
At 30 December 2021	656	1,555	2,211

Impairment Review

The Company evaluates assets for impairment annually or when indicators of impairment exist. As of 29 December 2022, there was no indicator that an impairment exists as forecasts were improved from the year ended 30 December 2021. 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 annual impairment assessment requires an estimate of the value in use of each cash-generating unit (CGU) to which goodwill, property plant and equipment and right-of-use assets are allocated, which is the individual cinema level. The recoverable amount of a CGU is the higher of value in use and fair value less cost of disposal. The Company determines the recoverable amount with reference to its value in use.

Goodwill is allocated to the following CGUs:

	29 December 2022 £000	30 December 2021 £000
Baker Street	96	96
Islington	74	74
Oxted	95	95
Reigate	105	105
Walton-On-Thames	86	86
Winchester	200	200
	656	656

Estimating the value in use requires estimate of the expected future cash flows from each CGU and discount these to their net present value at a pre-tax discount rate. Forecast cash flows are derived from adjusted EBITDA generated by each CGU which is based on management's forecast performance. Cash flow forecasts have been prepared for each CGU by applying growth assumptions to key drivers of cash flows, including admissions, average ticket price, spend per head, direct and overhead costs.

The key assumptions of this calculation are shown below:

	29 December 2022	30 December 2021
Discount rate	15.3%	13.1%
Long term growth rate	2%	2%
Number of years projected	5 years	5 years

Adjusted EBITDA used for 2023 is based on the Board approved budget and represents managements best estimate of future cashflows, it has been used as the base assumption within the forecast. In the remaining five-year forecast the following assumptions have been applied:

- Admissions increase by 5.5% in 2024 representing continued recovery from impact of the pandemic. In 2024, forecast admissions remain 10% below pre- Covid19 levels.
- EBITDA growth from 2025 -2027 includes lower admission growth rate than 2024 and expectations about increases in average ticket prices and spend per head.
- For venues opened since 2019 that are early in their maturity curve, specific assumptions have been applied to the key drivers over the five- year forecast period.

Sensitivity analysis

Impairment reviews are sensitive to changes in key assumptions. Sensitivity analysis has been performed by considering incremental changes *in assumptions of admission levels and discount rates. Goodwill cannot be written back once impaired. As a result, impairment of* goodwill brought forward of £1,599,000 was excluded from the calculations.

Scenarios

The following sensitivity scenarios have been applied to the cash flow forecasts for stress testing purposes:

- Admissions levels were increased by 1% in the upside case and decreased by 1% in the downside case; and
- WACC was decreased by 1.5% in the upside case and increased by 1.5% in the downside case. WACC has been included in sensitivity analysis due to the increase in the cost of debt over the past financial year and relative uncertainty over the cost of debt going forward.

	Upside Case		Downside Case	
	Change	Reversal of Previous Impairment	Change	Additional Impairment
		£000		£000
Admissions	+1.0%	27	-1.0%	(427)
WACC	-1.5%	170	+1.5%	(985)

Reversal of previous impairment relates to two venues impaired in prior periods. Additional impairment relates to two venues impaired in prior periods and three further venues.

The impact on the total impairment charge of applying the different scenarios explained above relates to two venues that were impaired in previous years. An impairment charge would not be triggered on any other venues based on the changes in these assumptions.

The following cumulative impairment charges have been recognised in previous periods and have not been reversed. Bought forward impairment of right-of-use assets and property, plant and equipment relates to two venues.

	29 December 2022 £000	30 December 2021 £000
Goodwill	1,599	1,599
Right-of-use assets	250	250
Property, plant & equipment	808	808
Total	2,657	2,657

17 Investments

	Total £000
At 30 December 2021	2,194
At 29 December 2022	2,194

With respect to the class and proportion of shares held in existing subsidiaries, the amounts remain the same for the year ended 29 December 2022 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

	29 December 2022 £000	30 December 2021 £000
Food and beverages	656	638
Projection	34	73
	690	711

Finished goods recognised as cost of sales in the year amounted to £7,848,000 (2021: £5,185,000).

19 Trade and other receivables

	29 December 2022 £000	30 December 2021 £000
Included in current assets	6,721	6,525
Included in non-current assets	3,308	3,327
	10,029	9,852
Trade and other receivables	3,309	3,850
Amounts due from group undertakings	4,243	4,258
Other debtors	202	172
Prepayments and accrued income	2,275	1,572
	10,029	9,852

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 2025.

20 Trade and other payables

	29 December 2022 £000	30 December 2021 £000
Included in current liabilities	15,138	16,080
Included in non-current liabilities	109,832	95,772
	124,970	111,852

Trade payables	2,305	3,230
Social security and other taxation	1,834	1,051
Amounts due to group undertakings	109,960	95,900
Other creditors	589	8
Accrued expenses	5,768	7,380
Deferred income	4,514	4,283
	124,970	111,852

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 2025.

21 Provisions

	Other Provisions £'000	Leasehold Dilapidations £'000	Total £'000
As at 30 December 2021	393	952	1,345
Utilised in the year	(393)	-	(393)
Additions	-	97	97
Other increases	-	112	112
Unwinding of discount	-	26	26
As at 29 December 2022	-	1,187	1,187
Due within one year or less	-	-	-
Due within one to five years	-	-	-
Due after more than five years	-	1,187	1,187
	-	1,187	1,187

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 29 December 2022 was 21 years (2021: 21 years).

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Notes to the financial statements (continued)

22 Deferred tax

	29 December 2022	30 December 2021
	£000	£000
Included in non-current liabilities	419	271
Deferred tax gross movements		
Opening balance deferred tax liability	271	209
Recognised in profit and loss		
Arising on loss carried forward	(1,224)	(473)
Other temporary differences	5	86
Net book value in excess of tax written down value	1,080	807
Movement on share option intrinsic value	245	(257)
Amortisation of IFRS accumulated restatement	33	(101)
(Credit)/ Charge to profit and loss	139	62
Recognised in equity		
Movement on share option intrinsic value		-
Closing balance deferred tax liability	412	271
The deferred tax asset comprises:		
Temporary differences on property, plant and equipment	5,805	4,725
Temporary differences on IFRS 16 accumulated restatement	(385)	(419)
Share-option scheme intrinsic value	(28)	(282)
Available losses	(5,259)	(4,029)
Other temporary and deductible differences	279	276
	412	271

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 25%. 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.

23 Share capital and reserves

	Nominal value	29 December 2022 £000	30 December 2021 £000
Ordinary Shares	£1.00	285	285

Number of shares	Nominal value	29 December 2022 Number	30 December 2021 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 (2021: £nil).

24 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.

25 Commitments

There were capital commitments for tangible assets at 29 December 2022 of £15,878,000 (2021: £9,407,000). This amount is net of landlord contributions of £7,055,000 (2021: £7,820,000).

26 Events after the balance sheet date

On 17 August 2023, Everyman Media Group Plc, the company's ultimate parent undertaking, replaced its existing £25m Revolving Credit Facility ("RCF") and £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS") with a new three-year £35m RCF held with Barclays Bank Plc and National Westminster Bank Plc. This facility is available to the Company.

27 Related party transactions

In the year to 29 December 2022, the Company engaged services from entities related to the Directors and key management personnel of £617,000 (2021: £566,000) comprising consultancy services of £31,000 (2021: £10,000), office rental of £100,000 (2021: £98,000) and venue rental for Bristol, Harrogate and Maida Vale of £486,000 (2021: £458,000). Due to the pandemic the Company received rent discounts on the related properties amounting to a saving in 2022 of £nil (2021: £123,000). There were no other related party transactions. There are no key management personnel other than the Directors.

The Company's commitment to leases is set out in the above notes. Within the total of £90,000,000 (2021:£93,000,000) is an amount of £550,000 (2021:£650,000) relating to office rental, £4,523,000 (2021:£4,800,000) relating to Stratford-Upon-Avon, £3,596,000 (2021:£2,100,000) relating to Bristol and £4,670,000 (2021:£4,900,000) relating to Harrogate. The landlords of the sites are entities related to the Directors of the Company.

28 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.