Company Registration No. 08822170 (England and Wales)

AMENDED

THE LIGHT CINEMAS (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 AUGUST 2019

UHY Hacker Young
Chartered Accountants

THE LIGHT CINEMAS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr Keith Pullinger	
	Mr John Sullivan	
	Mr Simon Burke	
	Mr James Morris	(Appointed 11 September 2018)
	Mr Scott Barham	(Appointed 17 April 2019)
Company number	08822170	
Registered office	6 Kingly Street London England W1B 5PF	
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	

THE LIGHT CINEMAS (HOLDINGS) LIMITED

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THE LIGHT CINEMAS (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 1 AUGUST 2019

The directors present the strategic report for the period ended 1 August 2019.

Principal activities and review of the business
The Light Cinemas (Holdings) Limited is the holding company for the Light Cinemas Group, a UK based cinema business.

Group Results
Revenue increased 25% (2018: 39%) in the period to £31.1m (2018: £24.9m) and gross profit grew by 28% (2018:41%) to £19.6m (2018: £15.4m) as the business continued to add new cinemas to its portfolio. This increase reflects the opening of a new site at Addlestone and the stronger performance of the existing estate.

The group achieved a positive EBITDA of £2.4m (2018: £1.3m). Overall the group loss decreased to £1.05m (2018: (£1.9m)) as the business continues to focus on site and revenue expansion.

Development of the Group's business and product
As at 1st August 2019, Light Cinemas operated 11 cinemas, ten in the UK and one in Germany. During the period the company opened one new location, Addlestone and upgraded its site at Stockport. There has been a continued focus on enhancing the range of products and services offered to improve the performance of existing sites as well as increasing the ambition and expectations of our pipeline. This will help us to develop and maintain a differentiated position in the market and respond to changes in customer demands.

To support the evolution of the position and scaling of the business, we are investing significantly in technology and talent to deliver a significant transformation over the next 18 months which will enable us to realise the potential of the business.

Group Key Performance Indicators

	2019	**2018**	**Change**
Screens	76	69	7
Revenue	£31.1	£24.9m	£5.4m
Gross Profit	£19.6	£15.4m	£4.8m
UK Market Share	1.62%	1.34%	0.28%

Principal risks and uncertainties

There are a number of key risks to the business:

- The switch to online content reducing the amount of content that is released. Our response to this challenge is to diversify the business and increase the number of revenue streams which the strategy embraces in line with our strategic plan into a destinational leisure model.

- Increases to the cost base from the weakness of GBP on the international currency markets and the increase of the minimum wage. We are continuing to invest in technology to increase the return on investment from our sites and also to reduce the amount of labour required in the business.

- Increases in the level of price competition in the market. This is a trend which was observed before Covid and is likely to intensify in a competitive market. We continue to invest to differentiate our product on an experiential basis and to look at opportunities to generate additional revenues to offset the reduction in ticket prices.

Facing the Challenges of the Covid-19 Crisis

Following government guidance, the business took the decision to close its venues from 19th March 2020 prioritising the health of our customers, staff and suppliers. Whilst we are in a position to safely and legally re-open our venues having put in place all appropriate safety measures, the timing of this will depend on the quality of content available from the distributors.

During the period of closure we have taken advantage of all possible options to minimise the cost of the business including:

- Negotiating revised terms with landlords and suppliers
- Applying for all government support e.g. Furlough scheme
- Improving the liquidity of the business
- Eliminating all non-business critical expenditure

These measures coupled with our strong starting cash position at the outbreak of Covid means that we expect to remain resilient through the period of closure and during the recovery period. On the latter point, the research shows that customers have missed cinema and whilst it will take time to return, the attractiveness of the big screen has not diminished.

On behalf of the board

Mr James Morris
Director
29 July 2020

DIRECTORS' REPORT

FOR THE PERIOD ENDED 1 AUGUST 2019

The directors present their annual report and financial statements for the period ended 1 August 2019.

Principal activities
The principal activity of the company and group continued to be the of operating multiscreen cinemas.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr Keith Pullinger	
Mr John Sullivan	
Mr Miles Otway	(Resigned 17 April 2019)
Mr Simon Burke	
Mr James Morris	(Appointed 11 September 2018)
Damian Drabble	(Resigned 11 October 2018)
Mr Scott Barham	(Appointed 17 April 2019)

Results and dividends
The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor
UHY Hacker Young LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going concern
Despite the uncertainty due to the recent Covid-19 pandemic, the Group's accounts have been prepared on a going concern basis. Following guidance from the UK government, the business closed its operation on 19th March 2020 to prioritise the safety of its customers, staff and suppliers. During the period of closure, the company has minimised costs and obtained significant support from landlords, suppliers, lenders and the government. A strong, record period of trading prior to closure have provided a strong starting cash position and based on prudent forecasts which have been subjected to significant downside sensitivities, the board are confident that the business will maintain sufficient liquidity to remain a going concern. Dependent on the latter, the business may require the support of the CBILS scheme which we are eligible to apply for.

On behalf of the board

Mr James Morris
Director

29 July 2020

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE LIGHT CINEMAS (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of The Light Cinemas (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 1 August 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 1 August 2019 and of the group's loss for the period 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.

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the group has a loss for the period of £1 million (2018: £1.9 million) and net current liabilities of £1.2 million (2018: £176k). Due to the recent COVID-19 outbreak trading over recent months has been impacted. Following guidance provided by the UK government, the group has been required to close its venues until further government guidance is issued. These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast doubt on the group's and the parent company's ability to continue as a going concern. However due to recent Government Guidance, the Venues are due to open in the coming weeks. Our opinion is not modified in respect of this matter.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE LIGHT CINEMAS (HOLDINGS) LIMITED

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the strategic report and the directors' report for the financial period 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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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.

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

Other matters which we are required to address

Prior year auditors for The Light Cinemas (Holdings) Limited was Grant Thornton UK LLP who issued an unmodified audit opinion. UHY Hacker Young LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

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.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE LIGHT CINEMAS (HOLDINGS) LIMITED

Marc Waterman (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

29 July 2020

Chartered Accountants
Statutory Auditor

THE LIGHT CINEMAS (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 AUGUST 2019

	Notes	Period ended 1 August 2019 £	Period ended 2 August 2018 £
Turnover	3	31,097,202	24,948,291
Cost of sales		(11,453,092)	(9,575,910)
Gross profit		19,644,110	15,372,381
Administrative expenses		(19,263,845)	(16,632,594)
Operating profit/(loss)	4	380,265	(1,260,213)
Interest receivable and similar income	8	-	253
Interest payable and similar expenses	9	(1,643,422)	(646,265)
Loss before taxation		(1,263,157)	(1,906,225)
Tax on loss	10	209,088	(13,726)
Loss for the financial period	25	(1,054,069)	(1,919,951)
Other comprehensive income			
Currency translation differences		(463)	(608)
Total comprehensive income for the period		(1,054,532)	(1,920,559)

Loss for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 1 AUGUST 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Goodwill	11		4,333,308		5,434,698
Other intangible assets	11		3,408		3,884
Total intangible assets			4,336,716		5,438,582
Tangible assets	12		23,115,027		22,342,560
			27,451,743		27,781,142
Current assets					
Stocks	16	232,904		236,824	
Debtors	17	1,653,133		973,502	
Cash at bank and in hand		4,736,182		1,639,355	
		6,622,219		2,849,681	
Creditors: amounts falling due within one year	18	(9,128,056)		(11,748,967)	
Net current liabilities			(2,505,837)		(8,899,286)
Total assets less current liabilities			24,945,906		18,881,856
Creditors: amounts falling due after more than one year	19		(26,114,483)		(19,057,723)
Provisions for liabilities	22		(60,205)		-
Net liabilities			(1,228,782)		(175,867)
Capital and reserves					
Called up share capital	24		4,951,431		4,951,299
Share premium account	25		1,485		-
Capital redemption reserve	25		1,000		1,000
Foreign exchange reserve	25		148,520		148,983
Profit and loss reserves	25		(6,331,218)		(5,277,149)
Total equity			(1,228,782)		(175,867)

GROUP BALANCE SHEET (CONTINUED)

AS AT 1 AUGUST 2019

The financial statements were approved by the board of directors and authorised for issue on 29 July 2020 and are signed on its behalf by:

Mr James Morris
Director

THE LIGHT CINEMAS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 1 AUGUST 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		283,992		333,310
Other intangible assets	11		3,408		3,884
Total intangible assets			287,400		337,194
Tangible assets	12		132,906		71,641
Investments	13		18,802		18,802
			439,108		427,637
Current assets					
Debtors	17	5,200,939		8,475,879	
Cash at bank and in hand		2,731,944		12,625	
		7,932,883		8,488,504	
Creditors: amounts falling due within one year	18	(1,369,377)		(5,958,881)	
Net current assets			6,563,506		2,529,623
Total assets less current liabilities			7,002,614		2,957,260
Creditors: amounts falling due after more than one year	19		(9,390,837)		(1,993,314)
Net (liabilities)/assets			(2,388,223)		963,946
Capital and reserves					
Called up share capital	24		4,951,431		4,951,299
Share premium account	25		1,485		-
Capital redemption reserve	25		1,000		1,000
Profit and loss reserves	25		(7,342,139)		(3,988,353)
Total equity			(2,388,223)		963,946

THE LIGHT CINEMAS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 1 AUGUST 2019

The financial statements were approved by the board of directors and authorised for issue on 29 July 2020 and are signed on its behalf by:

Mr James Morris
Director

Company Registration No. 08822170

THE LIGHT CINEMAS (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 AUGUST 2019

	Notes	Share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss reserves	Total
		£	£	£	£	£	£
Balance at 28 July 2017		4,951,299	-	1,000	149,591	(3,357,198)	1,744,692
Period ended 2 August 2018:							
Loss for the period		-	-	-	-	(1,919,951)	(1,919,951)
Other comprehensive income:							
Currency translation differences		-	-	-	(608)	-	(608)
Total comprehensive income for the period		-	-	-	(608)	(1,919,951)	(1,920,559)
Balance at 2 August 2018		4,951,299	-	1,000	148,983	(5,277,149)	(175,867)
Period ended 1 August 2019:							
Loss for the period		-	-	-	-	(1,054,069)	(1,054,069)
Other comprehensive income:							
Currency translation differences		-	-	-	(463)	-	(463)
Total comprehensive income for the period		-	-	-	(463)	(1,054,069)	(1,054,532)
Issue of share capital	**24**	132	1,485	-	-	-	1,617
Balance at 1 August 2019		4,951,431	1,485	1,000	148,520	(6,331,218)	(1,228,782)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 AUGUST 2019

	Notes	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 28 July 2017		4,951,299	-	1,000	(1,656,975)	3,295,324
Period ended 2 August 2018:						
Loss and total comprehensive income for the period		-	-	-	(2,331,378)	(2,331,378)
Balance at 2 August 2018		4,951,299	-	1,000	(3,988,353)	963,946
Period ended 1 August 2019:						
Loss and total comprehensive income for the period		-	-	-	(3,353,786)	(3,353,786)
Issue of share capital	24	132	1,485	-	-	1,617
Balance at 1 August 2019		4,951,431	1,485	1,000	(7,342,139)	(2,388,223)

GROUP STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 AUGUST 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	29		2,496,573		1,486,599
Interest paid			(1,259,739)		(655,902)
Income taxes paid			(18,371)		(16,840)
Net cash inflow from operating activities			1,218,463		813,857
Investing activities					
Proceeds on disposal of intangibles		-		9,113	
Purchase of tangible fixed assets		(2,752,377)		(511,529)	
Interest received		-		253	
Net cash used in investing activities			(2,752,377)		(502,163)
Financing activities					
Proceeds from issue of shares		1,614		-	
Repayment of borrowings		(383,683)		-	
Proceeds of new bank loans		7,348,500		1,800,000	
Repayment of bank loans		(2,040,631)		(1,290,000)	
Payment of finance leases obligations		(295,059)		-	
Net cash generated from financing activities			4,630,741		510,000
Net increase in cash and cash equivalents			3,096,827		821,694
Cash and cash equivalents at beginning of period			1,639,355		817,661
Cash and cash equivalents at end of period			4,736,182		1,639,355

1 Accounting policies

Company information

The Light Cinemas Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6 Kingley Street, London, England, W1B 5PF.

The group consists of The Light Cinemas (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate those of The Light Cinemas (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 1 August 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Going concern

Despite the uncertainty due to the recent Covid-19 pandemic, the Group's accounts have been prepared on a going concern basis. Following guidance from the UK government, the business closed its operation on 19th March 2020 to prioritise the safety of its customers, staff and suppliers. During the period of closure, the company has minimised costs and obtained significant support from landlords, suppliers, lenders and the government. A strong, record period of trading prior to closure have provided a strong starting cash position and based on prudent forecasts which have been subjected to significant downside sensitivities, the board are confident that the business will maintain sufficient liquidity to remain a going concern. Dependent on the latter, the business may require the support of the CBILS scheme which we are eligible to apply for.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover represents amounts receivable for goods and services and is stated net of discounts and sales related taxed.

Turnover is recognised when the goods and services are consumed by the customer. Amounts received for gift vouchers are recognised when redeemed by the customer. Amounts received for annual memberships are recognised straight line over the period of membership.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life which is 6 and 10 years unless specifically related to a site when it is deemed to be the length of the lease.

1.5 Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost. After recognition under the cost model, intangible assets are measure at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be mad the useful life shall not exceed five years.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	Straight line over 10 years

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Cinema Build	Between 15 years and life of lease
Equipment	Between 4 and 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1 Accounting policies **(Continued)**

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

On consolidation the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rates are recognised in other comprehensive income.

1.18 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Judgements and key sources of estimation uncertainty

Judgements have been exercised in relation to the intangible assets held by the group. Management have reviewed these asserts for indicators of impairment and in the current year, intangible and tangible assets are not considered to have a carrying value in excess of their recoverable amount.

In reaching this conclusion, management have considered appropriate growth rates, the maturity profile of sites, a discount rate based on the current cost of capital and the economic useful life of assets. These have been validated against market conditions and industry benchmarks and the results have been subjected to sensitivity testing and analytical review.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Services	22,250,235	18,709,073
Goods	8,846,966	6,239,219
	31,097,202	24,948,291

	2019	2018
	£	£
Other revenue		
Interest income	-	260

4 Operating profit/(loss)

	2019	2018
	£	£
Operating profit/(loss) for the period is stated after charging:		
Exchange losses	24,583	29,195
Depreciation of owned tangible fixed assets	1,783,338	1,317,443
Loss on disposal of tangible fixed assets	196,572	-
Amortisation of intangible assets	1,101,864	1,098,183
Cost of stocks recognised as an expense	11,453,092	9,575,910
Operating lease charges	4,454,347	3,994,332

5 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	41,000	54,864

6 Employees

The average monthly number of persons (including directors) employed by the group during the period was:

	Group 2019 No	Group 2018 No
Sales and Trading	291	272
Administration	20	17
	311	289

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	5,471,208	4,672,607	1,157,987	981,488
Social security costs	347,582	121,508	89,589	125
Pension costs	53,380	48,574	9,463	9,815
	5,872,170	4,842,689	1,257,039	991,428

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	365,644	278,903

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	148,867	125,000

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest receivable	-	260

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	730,095	419,903
Other finance costs:		
Interest on finance leases and hire purchase contracts	63,658	38,037
Finance costs	849,669	188,332
Total finance costs	1,643,422	646,272

10 Taxation

	2019	2018
	£	£
Current tax		
Foreign tax on income for the year	-	13,726
Deferred tax		
Origination and reversal of timing differences	(209,088)	-
Total tax (credit)/charge	(209,088)	13,726

10 Taxation (Continued)

The actual (credit)/charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Loss before taxation	(1,263,157)	(1,906,226)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(240,000)	(362,183)
Tax effect of expenses that are not deductible in determining taxable profit	(576)	669,787
Tax effect of income not taxable in determining taxable profit	-	(234,870)
Gains not taxable	36,611	-
Group relief	-	(420,104)
Depreciation on assets not qualifying for tax allowances	329,720	343,945
Other non-reversing timing differences	19	-
Deferred tax adjustments in respect of prior years	(45,549)	361
Foreign exchange differences	(7,452)	13,726
Deferred tax not recognised	(281,861)	3,064
Taxation (credit)/charge	(209,088)	13,726

11 Intangible fixed assets

Group	Goodwill	Trademark	Total
	£	£	£
Cost			
At 3 August 2018 and 1 August 2019	7,897,008	4,770	7,901,778
Amortisation			
At 3 August 2018	2,462,312	886	2,463,198
Amortisation charged for the period	1,101,388	476	1,101,864
At 1 August 2019	3,563,700	1,362	3,565,062
Carrying amount			
At 1 August 2019	4,333,308	3,408	4,336,716
At 2 August 2018	5,434,696	3,884	5,438,580

11 Intangible fixed assets (Continued)

Company	Goodwill	Trademark	Total
	£	£	£
Cost			
At 3 August 2018 and 1 August 2019	494,546	4,770	499,316
Amortisation			
At 3 August 2018	161,236	886	162,122
Amortisation charged for the period	49,318	476	49,794
At 1 August 2019	210,554	1,362	211,916
Carrying amount			
At 1 August 2019	283,992	3,408	287,400
At 2 August 2018	333,310	3,884	337,194

12 Tangible fixed assets

Group	Cinema Build	Equipment	Total
	£	£	£
Cost			
At 3 August 2018	19,686,429	5,040,925	24,727,354
Additions	1,638,077	1,114,300	2,752,377
Disposals	(196,572)	-	(196,572)
At 1 August 2019	21,127,934	6,155,225	27,283,159
Depreciation			
At 3 August 2018	1,328,194	1,056,602	2,384,796
Depreciation charged in the period	1,000,544	782,794	1,783,338
At 1 August 2019	2,328,738	1,839,396	4,168,134
Carrying amount			
At 1 August 2019	18,799,198	4,315,829	23,115,027
At 2 August 2018	18,358,235	3,984,323	22,342,558

12 Tangible fixed assets (Continued)

Company	Cinema Build	Equipment	Total
	£	£	£
Cost			
At 3 August 2018	67,953	52,179	120,132
Additions	49,831	37,354	87,185
At 1 August 2019	117,784	89,533	207,317
Depreciation			
At 3 August 2018	14,770	33,721	48,491
Depreciation charged in the period	8,409	17,511	25,920
At 1 August 2019	23,179	51,232	74,411
Carrying amount			
At 1 August 2019	94,605	38,301	132,906
At 2 August 2018	53,183	18,458	71,641

13 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	18,802	18,802

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 3 August 2018 and 1 August 2019	18,802
Carrying amount	
At 1 August 2019	18,802
At 2 August 2018	18,802

14 Subsidiaries

Name	Country of Incorporation	Class of Shares	Holding	Company No
The Light Cinemas Limited	United Kingdom	Ordinary	100%	SC330332
The Light Cinemas (New Brighton) Limited	United Kingdom	Ordinary	100%	SC362465
The Light Cinemas (Cambridge) Limited	United Kingdom	Ordinary	100%	09193248
The Light Cinemas (UK) Limited	United Kingdom	Ordinary	100%	09575663
The Light Cinemas (Global) Limited	United Kingdom	Ordinary	100%	08937308
The Light Cinemas (Skelmersdale) Limited	United Kingdom	Ordinary	100%	09949964
Lights Cinemas Halle GmbH	Germany	Ordinary	100%	N/a

The Light Cinemas Limited, The light Cinemas (New Birghton) Limited, The Light Cinemas (Cambridge) Limited, The Light Cinemas (Global) Limited and the Light Cinemas (Skelmersdale) are exempt from the requirments of the Companies Act 2006 relating to the audit of individual accounts. The Light Cinemas (Holdings) Limited have issued a parental guarantee to these entities in the year which permits them to take the exemption under s479c of the Act. The Light Cinemas (UK) is a dormant company.

15 Financial instruments

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	114,613	118,593	4,900,616	8,465,945
Carrying amount of financial liabilities				
Measured at amortised cost	34,749,534	29,964,264	10,760,214	7,952,195

16 Stocks

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Finished goods and goods for resale	232,904	236,824	-	-

17 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	90,363	79,533	-	-
Amounts owed by group undertakings	2	-	4,900,616	8,465,945
Other debtors	24,248	39,060	-	-
Prepayments and accrued income	1,269,227	854,909	31,030	9,934
	1,383,840	973,502	4,931,646	8,475,879
Deferred tax asset (note 22)	269,293	-	269,293	-
	1,653,133	973,502	5,200,939	8,475,879

18 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	20	300,000	2,389,654	300,000	2,389,654
Obligations under finance leases	21	292,179	40,940	-	-
Trade creditors		2,412,201	3,480,533	-	259,233
Amounts owed to group undertakings		-	-	1,039,981	2,989,241
Corporation tax payable		774	19,145	-	-
Other taxation and social security		492,231	823,281	-	-
Other creditors		169,547	-	-	-
Accruals and deferred income		5,461,124	4,995,414	29,396	320,753
		9,128,056	11,748,967	1,369,377	5,958,881

19 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	20	9,390,837	1,993,314	9,390,837	1,993,314
Obligations under finance leases	21	209,052	755,350	-	-
Other creditors		16,514,594	16,309,059	-	-
		26,114,483	19,057,723	9,390,837	1,993,314

19 Creditors: amounts falling due after more than one year **(Continued)**

Bank loans due within one year are currently accruing interest at a combination of fixed and floating rates between 3% + LIBOR and 9.94% + LIBOR.

Bank loans due after one year are currently accruing interest at rates up to 14%.

The bank loans due within one year were due to mature on 29 July 2019, but have been subsequently refinanced, and now fall due between one and five years.

The bank loans are secured via a legal charge, a floating charge and a debenture against the assets of the group. There is also a cross-company guarantee persisting with other group entities.

20 Loans and overdrafts

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Bank loans	9,690,837	4,382,968	9,690,837	4,382,968
Payable within one year	300,000	2,389,654	300,000	2,389,654
Payable after one year	9,390,837	1,993,314	9,390,837	1,993,314

21 Finance lease obligations

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Future minimum lease payments due under finance leases:				
Within one year	292,179	254,119	-	-
In two to five years	209,052	542,171	-	-
	501,231	796,290	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Accelerated capital allowances	64,550	-	(8,629)	-
Tax losses	(4,345)	-	277,922	-
	60,205	-	269,293	-

Company	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Accelerated capital allowances	-	-	(8,629)	-
Tax losses	-	-	277,922	-
	-	-	269,293	-

Movements in the period:	Group 2019 £	Company 2019 £
Asset at 3 August 2018	-	-
Credit to profit or loss	(209,088)	(269,293)
Asset at 1 August 2019	(209,088)	(269,293)

The deferred tax asset relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	53,380	54,835

23 Retirement benefit schemes (Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company	
	2019	**2018**
Ordinary share capital	**£**	**£**
Issued and fully paid		
5,199,998 EIS Ordinary shares of 1p each	4,949,998	4,949,998
16,000 B Ordinary shares of 1p each	160	160
5,198 A Ordinary shares of 1p each	52	52
119,961 (2018: 107,324) A1 Ordinary shares of 1p each	1,200	1,087
150 (2018: 0) E Ordinary shares of 1p each	2	-
300,000 (2018: 0) Ordinary shares of 0.001p each	3	-
1,350,000 D Ordinary shares of 0.001p each	14	-
	4,951,429	4,951,297
Preference share capital		
Issued and fully paid		
208 Preference shares of 1p each	2	2
Preference shares classified as equity	2	2
Total equity share capital	4,951,431	4,951,299

Ordinary and B ordinary shares have attached to them full voting, dividend and capital distribution rights; they do not confer any rights of redemption.

A ordinary and A1 ordinary shares have attached to them full capital distribution rights; they do not confer any rights of redemption. Every A ordinary share has 5063 votes attached to it, save where an Event of Default has occured or is subsisting, when it shall have only 1 vote attached. A ordinary shareholders are entitled to a multiple of 5063 times the amount of dividend per share declared.

Preference shares are entitled to a preferencee dividend equal to 40% of the post-tax profits in each accounting period following the fifth anniversary of the date of adoption of the articles of association. They have attached to them full voting and capital distribution rights, they do not confer any rights of redemption.

25 Reserves

Profit and loss reserves
Includes all current and prior period retained profit and losses

Capital redemption reserve
Relates to the repurchase of shares

Share premium account
Relates to the proceeds received in excess of nominal value of shares

Foreign exchange reserve
Includes differences arising on translation of foreign subsidiary entities

26 Operating lease commitments

Lessee
At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Within one year	5,196,341	4,318,456	77,575	-
Between two and five years	14,418,033	17,907,240	219,654	-
In over five years	76,075,020	70,528,554	12,540	-
	95,689,393	92,754,250	309,769	-

27 Related party transactions

The group has taken advantage of the exemption allowed under FRS102 Section 33. Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

There are no other related party transactions occurring in the period.

28 Controlling party

The shareholders of The Light Cinema (Holdings) Limited are the ultimate controlling party.

29 Cash generated from group operations

	2019	2018
	£	£
Loss for the period after tax	(1,054,056)	(1,919,951)
Adjustments for:		
Taxation (credited)/charged	(209,088)	13,726
Finance costs	1,643,419	770,909
Investment income	-	(260)
Loss on disposal of tangible fixed assets	196,572	-
Amortisation and impairment of intangible assets	1,101,864	1,098,183
Net depreciation of tangible assets (after amortisation of capital contributions)	1,783,338	702,431
Foreign exchange gains on cash equivalents	-	(607)
Movements in working capital:		
Decrease in stocks	3,920	81,038
(Increase)/decrease in debtors	(410,335)	974,629
Decrease in creditors	(559,061)	(233,499)
Cash generated from operations	2,496,573	1,486,599