
THE LIGHT CINEMAS (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 AUGUST 2018

TUESDAY



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THE LIGHT CINEMAS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr Keith Pullinger Mr John Sullivan Mr Damian Drabble (resigned 11 October 2018) Mr Miles Otway Ms Gemma Gowers (resigned 14 November 2017) Mr Simon Burke Mr James Morris (appointed 11 September 2018)
Registered number	08822170
Registered office	6 Kingly Street London England W1B 5PF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG

THE LIGHT CINEMAS (HOLDINGS) LIMITED

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THE LIGHT CINEMAS (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 2 AUGUST 2018

The Directors present their Strategic report for the Group for the period ended 2 August 2018.

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.

Results

Revenue increased 39% (2017: 49%) in the period to £24.9m (2017: £18.0m) and Gross profit grew by 41% (2017: 50%) to £15.4m (2017: £10.9m) as the business continued to add new cinemas to its portfolio. This increase reflects the opening of two new sites opened at Stockport and Bradford as well as the full year impact of the opening at Sheffield.

The Group achieved a positive EBITDA of £1.3m before pre-opening costs and £665k (2017: (£252k)) after pre-opening costs, the majority of which are non-cash. Overall the group losses increased to £1.9m (2017: £1.6m) as the business continues to focus on site and revenue expansion.

Development of the Group's business and product

As at the 2nd August 2018, Light Cinemas operated 10 cinemas, 9 in the UK and 1 in Germany. The company has a strong pipeline of sites and is continuing to focus on identifying, evaluating and committing to new locations. There is also a focus on expanding the range of products and services we offer 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, respond to changes in consumer demands and compete more effectively for new locations.

To support the evolution of the proposition 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.

Key Performance Indicators

The business made improvements in key metrics over the past year driven by increases in admissions:

	2018	2017	Chg
Screens	69	54	15
Revenue	£24.9m	£18.0m	£7.9m
Gross Profit	£15.4m	£10.9m	£4.5m
UK Market Share	1.34%	1.04%	0.30%

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 AUGUST 2018**

Principal risks and uncertainties

The major risk to the business is from adverse changes to consumer demand although the past has shown the cinema industry to be resilient to variations in disposal income and consumer confidence. The recent volatility in the food and beverage sector is likely to have an impact on the cinema sector, slowing levels of investment in property development and reducing available opportunities for growth. Whilst the Light has a large number of committed future sites, working with developers to ensure the projects are realised and helping them to respond to the challenges faced by changes to the retail environment is critical in managing this strategic risk.

Changes to the competitive landscape whether from discounting, alternative premium operators or new technologies e.g. streaming are also potential risks for the business. The Light continues to focus on differentiating its offering, diversifying its revenue base, investing in technology and innovating its site design to mitigate these risks and respond quickly and effectively to any opportunities in the market as they arise.

This report was approved by the board on 30 April 2019 and signed on its behalf.



Mr Keith Pullinger
Director

THE LIGHT CINEMAS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 2 AUGUST 2018

The directors present their report and the financial statements for the period ended 2 August 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 judgments 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 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2018

Principal activities

The principal activity of the group in the year under review was that of cinema consultancy and development.

Results and dividends

The loss for the period, after taxation, amounted to £1,919,951 (2017 - loss £1,692,834).

Directors

The directors who served during the period were:

Mr Keith Pullinger

Mr John Sullivan

Mr Damian Drabble (resigned 11 October 2018)

Mr Miles Otway

Ms Gemma Gowers (resigned 14 November 2017)

Mr Simon Burke

Post balance sheet events

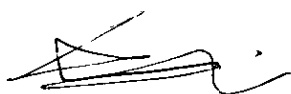
There have been no significant events affecting the Group since the period end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the exemptions provided by section 408 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Mr Keith Pullinger
Director

Date: 30 April 2019



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 2 August 2018, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated and Company Statement of changes in equity, the Consolidated 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion,:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 2 August 2018 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 Group 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.



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

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 the audit:

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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 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.



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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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.

Grant Thornton UK LLP

Gary Jones
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30 April 2019

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 2 AUGUST 2018**

		Period 28 July 2017 to 2 August 2018 £	<i>Period 29 July 2016 to 27 July 2017 £</i>
	Note		
Turnover		24,948,292	17,958,480
Cost of sales		(9,575,910)	(7,068,879)
Gross profit		15,372,382	10,889,601
Administrative expenses		(16,632,595)	(12,102,484)
Operating loss	4	(1,260,213)	(1,212,883)
Interest receivable and similar income	7	260	13,500
Interest payable and expenses	8	(646,272)	(463,717)
Loss before taxation		(1,906,225)	(1,663,100)
Tax on loss	9	(13,726)	(29,734)
Loss for the financial period		(1,919,951)	(1,692,834)
Foreign exchange (loss)/gain		(608)	90,694
Other comprehensive income for the period		(608)	90,694
Total comprehensive income for the period		(1,920,559)	(1,602,140)

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 30 form part of these financial statements.

THE LIGHT CINEMAS (HOLDINGS) LIMITED
REGISTERED NUMBER:08822170

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 2 AUGUST 2018

	Note	2 August 2018 £	27 July 2017 £
Fixed assets			
Intangible assets	11	5,438,581	6,541,992
Tangible assets	12	22,342,558	15,264,010
		<u>27,781,139</u>	<u>21,806,002</u>
Current assets			
Inventory	14	236,824	296,357
Debtors	15	973,505	1,922,789
Cash and cash equivalents	16	1,639,355	817,661
		<u>2,849,684</u>	<u>3,036,807</u>
Creditors: amounts falling due within one year	17	(11,748,967)	(10,942,427)
Net current liabilities		<u>(8,899,283)</u>	<u>(7,905,620)</u>
Total assets less current liabilities		<u>18,881,856</u>	<u>13,900,382</u>
Creditors: amounts falling due after more than one year	18	(19,057,723)	(12,155,690)
Net (liabilities)/assets		<u>(175,867)</u>	<u>1,744,692</u>
Capital and reserves			
Called up share capital	20	4,951,299	4,951,299
Capital redemption reserve	21	1,000	1,000
Foreign exchange reserve	21	148,983	149,591
Profit and loss account	21	(5,277,149)	(3,357,198)
Shareholders' (deficit)/funds		<u>(175,867)</u>	<u>1,744,692</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr Keith Pullinger
Director

Date: 30 April 2019

The notes on pages 14 to 30 form part of these financial statements.

THE LIGHT CINEMAS (HOLDINGS) LIMITED
REGISTERED NUMBER:08822170

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 2 AUGUST 2018

	Note	2 August 2018 £	27 July 2017 £
Fixed assets			
Intangible assets	11	337,194	392,649
Tangible assets	12	71,641	79,295
Investments	13	18,802	18,802
		<u>427,637</u>	<u>490,746</u>
Current assets			
Debtors: amounts falling due within one year	15	8,475,879	8,751,745
Cash at bank and in hand	16	12,625	-
		<u>8,488,504</u>	<u>8,751,745</u>
Creditors: amounts falling due within one year	17	(5,958,881)	(3,519,601)
Net current assets		<u>2,529,623</u>	<u>5,232,144</u>
Total assets less current liabilities		<u>2,957,260</u>	<u>5,722,890</u>
Creditors: amounts falling due after more than one year	18	(1,993,314)	(2,427,566)
Net assets		<u><u>963,946</u></u>	<u><u>3,295,324</u></u>
Capital and reserves			
Called up share capital	20	4,951,299	4,951,299
Capital redemption reserve	21	1,000	1,000
Profit and loss account	21	(3,988,353)	(1,656,975)
Shareholders' funds		<u><u>963,946</u></u>	<u><u>3,295,324</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Mr Keith Pullinger
 Director
 Date: 30 April 2019

The notes on pages 14 to 30 form part of these financial statements.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 AUGUST 2018**

	Called up share capital	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 28 July 2017	4,951,299	1,000	149,591	(3,357,198)	1,744,692
Comprehensive income for the period					
Loss for the period	-	-	-	(1,919,951)	(1,919,951)
Foreign exchange gain	-	-	(608)	-	(608)
Total comprehensive income for the period	-	-	(608)	(1,919,951)	(1,920,559)
At 2 August 2018	4,951,299	1,000	148,983	(5,277,149)	(175,867)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JULY 2017**

	Called up share capital	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 29 July 2016	4,951,210	-	58,897	(1,664,364)	3,345,743
Comprehensive income for the period					
Loss for the period	-	-	-	(1,692,834)	(1,692,834)
Foreign exchange gain	-	-	90,694	-	90,694
Total comprehensive income for the period	-	-	90,694	(1,692,834)	(1,602,140)
Purchase of own shares	-	1,000	-	-	1,000
Shares issued during the period	89	-	-	-	89
At 27 July 2017	4,951,299	1,000	149,591	(3,357,198)	1,744,692

The notes on pages 14 to 30 form part of these financial statements.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 AUGUST 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 28 July 2017	4,951,299	1,000	(1,656,975)	3,295,324
Comprehensive income for the period				
Loss for the period	-	-	(2,331,378)	(2,331,378)
Total comprehensive income for the period	-	-	(2,331,378)	(2,331,378)
At 2 August 2018	4,951,299	1,000	(3,988,353)	963,946

The notes on pages 14 to 30 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JULY 2017**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 29 July 2016	4,951,210	-	(359,313)	4,591,897
Comprehensive income for the period				
Loss for the period	-	-	(1,297,662)	(1,297,662)
Total comprehensive income for the period	-	-	(1,297,662)	(1,297,662)
Contributions by and distributions to owners				
Purchase of own shares	-	1,000	-	1,000
Shares issued during the period	89	-	-	89
At 27 July 2017	4,951,299	1,000	(1,656,975)	3,295,324

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 2 AUGUST 2018**

	Period 28 July 2017 to 2 August 2018 £	<i>Period 29 July 2016 to 27 July 2017 £</i>
Cash flows from operating activities		
Loss for the financial period	(1,919,951)	(1,692,834)
Adjustments for:		
Amortisation of intangible assets	1,098,183	567,356
Net depreciation of tangible assets (after amortization of capital contributions)	702,431	372,417
Interest payable	770,909	463,717
Interest receivable	(260)	(13,500)
Foreign exchange movement	(607)	90,694
Corporation tax charge	13,726	29,734
Increase/(decrease) in inventories	81,038	(99,963)
Increase/(decrease) in debtors	974,629	(1,173,789)
(Decrease)/increase in creditors	(233,499)	5,592,689
Corporation tax (paid)/received	(16,840)	44,778
Net cash generated from operating activities	1,469,759	4,181,299
Cash flows from investing activities		
Purchase of intangible assets	-	(9,930)
Sale of intangible assets	9,113	-
Purchase of tangible assets	(511,529)	(3,331,142)
Interest received	260	13,500
Net cash from investing activities	(502,156)	(3,327,572)
Cash flows from financing activities		
New secured loans	1,800,000	600,000
Repayment of loans	(1,290,000)	(503,000)
Interest paid	(655,909)	(414,122)
Net cash used in financing activities	(145,909)	(317,122)
Net increase in cash and cash equivalents	821,694	536,605
Cash and cash equivalents at beginning of period	817,661	281,056
Cash and cash equivalents at the end of period	1,639,355	817,661
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,639,355	817,661

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 AUGUST 2018

1. General information

The Light Cinemas (Holdings) Limited is a private limited group, limited by shares and is incorporated in England. The registered office is 6 Kingly Street, London, England, W1B 5PF.

These financial statements cover the period from 28 July 2017 to 2 August 2018.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. As set out in note 18, the Group has refinanced borrowings subsequent to the year end, such that bank borrowings fall due between one and five years. Consequently the directors have assessed that the Group is able to meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 August 2014.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 AUGUST 2018

2. Accounting policies (continued)

2.4 Turnover

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

Turnover is recognised when the 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.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life which is considered to be between 6 and 10 years unless specifically related to a site when it is deemed to be the length of the lease.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured 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 made, the useful life shall not exceed five years.

2.6 Tangible assets

Tangible assets are stated at cost less depreciation.

Where capital contributions have been advanced for the purchase of fixed assets, the assets are disclosed gross of the contribution, with the contributions disclosed as a liability within Creditors: Amounts falling due after more than one year.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset's expected useful life, as follows:

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

2.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.8 Inventory

Inventories are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 AUGUST 2018

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 AUGUST 2018

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

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 rate are recognised in other comprehensive income.

2.14 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.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 August 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 AUGUST 2018

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

2.19 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Judgments have been exercised in relation to the intangible assets and tangible assets held by the Group. Management have reviewed these assets 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 value.

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.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

4. Operating loss

The operating loss is stated after charging:

	2 August 2018 £	<i>27 July 2017 £</i>
Depreciation of tangible assets	1,317,443	702,659
Amortisation of intangible assets, including goodwill	1,098,183	567,357
Auditor's remuneration	35,000	60,700
Non audit services	11,300	12,300
Rent expense	3,994,322	3,090,728
	<u> </u>	<u> </u>

5. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2 August 2018 £	<i>Group 27 July 2017 £</i>
Wages and salaries	4,672,607	3,513,648
Social security costs	121,508	166,983
Cost of defined contribution scheme	48,574	17,504
	<u>4,842,689</u>	<u>3,698,135</u>

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

	2 August 2018 No.	<i>27 July 2017 No.</i>
Sales and trading	272	247
Administration	17	10
	<u>289</u>	<u>257</u>

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL)

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

6. Directors' remuneration

	2 August 2018 £	<i>27 July 2017 £</i>
Aggregate remuneration	278,903	<i>380,163</i>

The highest paid director received remuneration of £125,000 (2017 - £125,000).

7. Interest receivable

	2 August 2018 £	<i>27 July 2017 £</i>
Other interest receivable	260	<i>13,500</i>

8. Interest payable and similar expenses

	2 August 2018 £	<i>27 July 2017 £</i>
Bank interest payable	419,903	<i>310,230</i>
Finance costs	179,409	<i>153,487</i>
Finance leases and hire purchase contracts	38,037	<i>-</i>
Other interest payable	8,923	<i>-</i>
	646,272	<i>463,717</i>

9. Taxation

	2 August 2018 £	<i>27 July 2017 £</i>
Foreign tax		
Foreign tax on income for the year	13,726	<i>29,734</i>
Total current tax	13,726	<i>29,734</i>

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018

9. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.67%). The differences are explained below:

	2 August 2018 £	27 July 2017 £
Loss on ordinary activities before tax	(1,906,226)	(1,663,100)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.67%)	(362,183)	(327,132)
Effects of:		
Fixed asset differences	343,945	134,186
Expenses not deductible for tax purposes	14,813	6,220
Adjust closing deferred tax to average rate	41,824	39,978
Adjust opening deferred tax to average rate	(41,463)	-
Deferred tax not recognised	3,064	152,024
Foreign tax incurred	13,726	24,458
Total tax charge for the period	13,726	29,734

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

9. Taxation (continued)

Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £371,269 (2017: £276,893). The asset has not been recognised in the financial statements as future profits are not yet certain.

The Group has an unrecognised deferred tax asset of £355,273 (2017: £430,131). The asset has not been recognised in the financial statements as future profits are uncertain.

10. Parent company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the period was £2,331,378 (2017 - loss £1,297,662).

11. Intangible assets

Group

	Trademarks £	Goodwill £	Total £
Cost			
At 28 July 2017	9,972	7,897,008	7,906,980
Disposals	(5,202)	-	(5,202)
At 2 August 2018	<u>4,770</u>	<u>7,897,008</u>	<u>7,901,778</u>
Amortisation			
At 28 July 2017	859	1,364,129	1,364,988
Charge for the year	886	1,098,183	1,099,069
On disposals	(859)	-	(859)
At 2 August 2018	<u>886</u>	<u>2,462,312</u>	<u>2,463,198</u>
Net book value			
At 2 August 2018	<u>3,884</u>	<u>5,434,696</u>	<u>5,438,580</u>
At 27 July 2017	<u>9,113</u>	<u>6,532,879</u>	<u>6,541,992</u>

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

11. Intangible assets (continued)

Company

	Trademarks £	Goodwill £	Total £
Cost			
At 28 July 2017	9,930	494,546	504,476
Disposals	(5,160)	-	(5,160)
At 2 August 2018	<u>4,770</u>	<u>494,546</u>	<u>499,316</u>
Amortisation			
At 28 July 2017	859	110,968	111,827
Charge for the year	886	50,268	51,154
On disposals	(859)	-	(859)
At 2 August 2018	<u>886</u>	<u>161,236</u>	<u>162,122</u>
Net book value			
At 2 August 2018	<u>3,884</u>	<u>333,310</u>	<u>337,194</u>
At 27 July 2017	<u>9,071</u>	<u>383,578</u>	<u>392,649</u>

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018

12. Tangible assets

Group

	Cinema Build £	Equipment £	Total £
Cost or valuation			
At 28 July 2017	13,171,152	3,168,083	16,339,235
Additions	7,109,798	1,290,699	8,400,497
Disposals	(12,378)	-	(12,378)
At 2 August 2018	20,268,572	4,458,782	24,727,354
Depreciation			
At 28 July 2017	621,701	453,524	1,075,225
Charge for the period on owned assets	706,493	603,078	1,309,571
At 2 August 2018	1,328,194	1,056,602	2,384,796
Net book value			
At 2 August 2018	18,940,378	3,402,180	22,342,558
At 27 July 2017	12,549,451	2,714,559	15,264,010

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

12. Tangible assets (continued)

Company

	Cinema Build £	Equipment £	Total £
Cost or valuation			
At 28 July 2017	67,953	43,599	111,552
Additions	-	8,580	8,580
At 2 August 2018	<u>67,953</u>	<u>52,179</u>	<u>120,132</u>
Depreciation			
At 28 July 2017	10,165	22,092	32,257
Charge for the period on owned assets	4,605	11,629	16,234
At 2 August 2018	<u>14,770</u>	<u>33,721</u>	<u>48,491</u>
Net book value			
At 2 August 2018	<u>53,183</u>	<u>18,458</u>	<u>71,641</u>
At 27 July 2017	<u>57,788</u>	<u>21,507</u>	<u>79,295</u>

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company as at 2 August 2018:

Name	Country of incorporation	Class of shares	Holding	Registered 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
Light Cinemas Halle GmbH	Germany	Ordinary	100 %	N/a
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

The Light Cinemas Limited, The Light Cinemas (New Brighton) Limited, The Light Cinemas (Cambridge) Limited, The Light Cinemas (Global) Limited and The Light Cinemas (Skelmersdale) are exempt from the requirements 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 s479a of the Act.

The Light Cinemas (UK) Limited is a dormant company.

Company

	Investments in subsidiary companies £
Cost and net book value	
At 28 July 2017	18,802
At 2 August 2018	18,802
Net book value	
At 2 August 2018	18,802
At 27 July 2017	18,802

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

14. Inventories

	Group	<i>Group</i>
	2 August	<i>27 July</i>
	2018	<i>2017</i>
	£	<i>£</i>
Finished goods and goods for resale	236,824	<i>296,357</i>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	2 August	<i>27 July</i>	2 August	<i>27 July</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	£	<i>£</i>	£	<i>£</i>
Trade debtors	79,530	<i>882,982</i>	-	<i>4,536</i>
Amounts owed by group undertakings	-	<i>-</i>	8,465,945	<i>8,465,945</i>
Other debtors	39,062	<i>13,797</i>	-	<i>-</i>
Prepayments and accrued income	854,913	<i>1,026,010</i>	9,934	<i>281,164</i>
Tax recoverable	-	<i>-</i>	-	<i>100</i>
	973,505	<i>1,922,789</i>	8,475,879	<i>8,751,745</i>

16. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	2 August	<i>27 July</i>	2 August	<i>27 July</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	£	<i>£</i>	£	<i>£</i>
Cash at bank and in hand	1,639,355	<i>817,661</i>	12,625	<i>-</i>
Less: bank overdrafts	-	<i>-</i>	-	<i>(63,643)</i>
	1,639,355	<i>817,661</i>	12,625	<i>(63,643)</i>

The maximum limit on the overdraft facility provided by Santander bank is £400,000.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018

17. Creditors: Amounts falling due within one year

	Group 2 August 2018 £	Group 27 July 2017 £	Company 2 August 2018 £	Company 27 July 2017 £
Bank overdrafts	-	-	-	63,643
Bank loans	2,389,654	1,175,000	2,389,654	1,175,000
Trade creditors	3,480,533	4,299,867	259,233	74,723
Amounts owed to group undertakings	-	-	2,989,241	1,533,814
Corporation tax	19,145	16,840	-	-
Other taxation and social security	823,281	639,143	-	399,498
Obligations under finance lease and hire purchase contracts	40,940	-	-	-
Accruals and deferred income	4,995,414	4,811,577	320,753	272,923
	11,748,967	10,942,427	5,958,881	3,519,601

18. Creditors: Amounts falling due after more than one year

	Group 2 August 2018 £	Group 27 July 2017 £	Company 2 August 2018 £	Company 27 July 2017 £
Bank loans	1,993,314	2,451,279	1,993,314	2,427,566
Net obligations under finance leases and hire purchase contracts	755,350	668,685	-	-
Capital contributions	16,309,059	9,035,726	-	-
	19,057,723	12,155,690	1,993,314	2,427,566

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 post period end, 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.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 AUGUST 2018**

19. Financial instruments

	Group 2 August 2018 £	<i>Group 27 July 2017 £</i>
Financial assets		
Financial assets measured at fair value through profit or loss	1,639,355	817,661
Financial assets that are debt instruments measured at amortised cost	573,997	995,981
	<u>2,213,352</u>	<u>1,813,642</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(26,252,434)</u>	<u>(21,575,636)</u>

20. Share capital

	2 August 2018 £	<i>27 July 2017 £</i>
Allotted, called up and fully paid		
494,999,800 (2017 - 494,999,800) ordinary shares of £0.01 each	4,949,998	4,949,998
16,000 (2017 - 16,000) B ordinary shares of £0.01 each	160	160
5,198 (2017 - 5,198) A ordinary shares of £0.01 each	52	52
208 (2017 - 208) Preference shares of £0.01 each	2	2
108,674 (2017 - 108,674) A1 ordinary shares of £0.01 each	1,087	1,087
	<u>4,951,299</u>	<u>4,951,299</u>

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 each has 5063 votes attached to it, save where an Event of Default has occurred 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 preference 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 and rights of redemption.

THE LIGHT CINEMAS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 AUGUST 2018

21. Reserves

Capital redemption reserve

Relates to the repurchase of shares.

Foreign exchange reserve

Includes differences arising on translation of foreign subsidiary entities.

Profit and loss account

Includes all current and prior period retained profit and losses.

22. Commitments under operating leases

At 2 August 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2 August 2018 £	Group 27 July 2017 £
Less than 1 year	4,318,456	3,029,355
Between 2-5 years	17,907,240	12,728,294
After more than 5 years	70,528,554	61,416,174

23. Post balance sheet events

There are no post balance sheet events.

24. 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.

25. Control

The shareholders of the Light Cinemas (Holdings) Limited are the ultimate controlling party. There is no ultimate individual controlling party.

The smallest and largest group of consolidated accounts available are the Light Cinemas (Holdings) Limited.