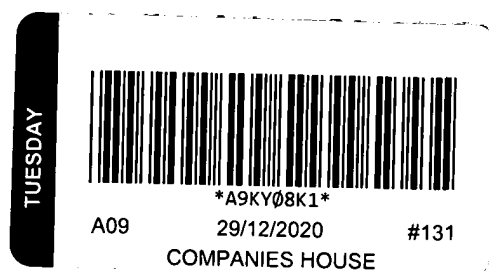


# **Cineworld Cinemas Holdings Limited**

Annual report and financial statements

Registered number 02010626

For the year ended 31 December 2019



## Contents

	Page
Strategic Report	2
Directors' Report	4
Statement of Directors' responsibilities in respect of the Strategic Report and the Directors' Report and the Financial statements	6
Independent auditors' report to the members of Cineworld Cinemas Holdings Limited	7
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the financial statements	13

## Strategic report for the year ended 31 December 2019

The Directors present their Strategic Report on the Company for the year ended 31 December 2019.

### Principal activities and future developments

The Company acts as an investment holding company. The Directors do not expect any change in the principal activity during the next financial year.

### Financial Performance and Position

During the period the Company continued to act as a holding Company. This generated income from investments of £14,419,000 (2018: £nil).

The profit before and after taxation for the period ended 31 December 2019 was £4,714,000 (2018: £nil).

The profit during the year represents dividend income from investments and a one-off charge to recognise an expected credit loss against intercompany balances. No dividends from investments were received in prior year or expected credit loss provision recognised against intercompany balances.

At 31 December 2019 Net Assets were £77,466,000 (2018: £87,171,000).

### Key Performance Indicators

The Directors of the Group manage the Group's operations based on three reporting segments: US, UK and Ireland and Rest of the World ("ROW"). For this reason, the Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK and Ireland reporting operating segment of Cineworld Group plc, which includes the Company, are discussed on pages 6 to 9 and 14 to 17 of the Cineworld Group plc 2019 Annual Report and Accounts, which does not form part of this document. The Cineworld Group plc Annual Report and Accounts are available on the Group's website at [www.cineworldplc.com](http://www.cineworldplc.com).

### Principal Risks and Uncertainties

The principal risks and uncertainties of the Company are summarised as follows:

- Regulatory breach
- Governance and internal control

The principal risks and uncertainties of the Group, which include those of the Company outlined above, are discussed in further detail on pages 24 to 29 of the Cineworld Group plc 2019 Annual Report and Accounts. The Cineworld Group plc 2019 Annual Report and Accounts also includes details of the controls and mitigation activity in place. The Cineworld Group plc Annual Report and Accounts are available on the Group's website at [www.cineworldplc.com](http://www.cineworldplc.com).

### Section 172(1) Statement

In discharging their duty to act, in good faith, in a way that they consider would be most likely to promote the success of the Company for the benefit of its members as a whole in accordance with section 172(1) of the Companies Act 2006, the Directors have had regard to a number of different factors and stakeholder interests and in particular to the matters set out in section 172(1)(a – f) of the Companies Act 2006.

However, whilst the Group considers its shareholders and investors to be key stakeholders, as a wholly-owned subsidiary the Company largely engages with its own immediate shareholder and Cineworld, as ultimate shareholder. Due to the nature of the Company as a wholly-owned subsidiary, limited decisions were taken by the Board during the 2019 financial year which required them to have particular regard to the factors set out in section 172(1)(a – f) of the Companies Act 2006. When making decisions, the Board reviews the necessary financial and operational information at Board meetings, enabling the directors to comply with their duties under section 172(1) of the Companies Act 2006. Principal decisions taken by the directors during the year were in relation to financial matters, including intragroup dividend payments as detailed in the financial statements. The relevant factors taken into account during the decision making processes were the likely long term consequences of the decision (including whether it would be likely to promote the success of the Company for the benefit of its members) and the need to act fairly between members of the Company.

## **Strategic report for the year ended 31 December 2019** *(Continued)*

### **Employees, Suppliers and Stakeholders**

Information on how the Directors have supported the Company's employees is included in the Directors' Report on page 4.

The Directors have considered all the Company's stakeholders and the long-term consequences of decisions taken. Information on stakeholder engagement can be found in the Directors' report on page 4.

The Strategic Report was approved by the Board on 22 December 2020 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R Kaufman', with a stylized, cursive-like script.

**R Kaufman**  
Director

## **Directors' Report for year ended 31 December 2019**

The Directors present the financial statements and Directors' report for the year ended 31 December 2019.

### **Principal activities and future developments**

The principal activity of the Company and future developments are outlined in the strategic report.

### **Payment of dividends**

The Directors approved payment of a £14,419,000 dividend during the financial year (2018: no dividend payment). The Directors have not approved or paid any other dividend for the financial year ended 31 December 2019 and up to the date of signing these financial statements.

### **Directors**

The Directors who held office during the period and to the date of this report were as follows:

I Greidinger

M Greidinger

N Cohen

N Lion

(Resigned 1 August 2019)

S Jones

R Kaufman

(Appointed 1 August 2019)

### **Directors' and Officers' Insurance and Indemnity**

The Company maintains insurance cover for all Directors and Officers of Group companies against liabilities which may be incurred by them while acting as Directors and Officers. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors as permitted by law and by the Articles against liabilities they may incur in the execution of their duties as Directors of the Company. These indemnities are qualifying third party indemnities. These policies were in force during the financial year and up to the date of signing this report.

### **Political and charitable contributions**

The Company made no political contributions and no charitable donations in the year (2018: none).

### **Independent auditors**

On 18th December 2019 KPMG LLP resigned as auditors of the Company, with PricewaterhouseCoopers LLP appointed on 13th May 2020. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

### **Events affecting the Company since the year end**

The global Coronavirus pandemic has had a significant impact on the Companies investments operations subsequent to year end. Further details on this and the impact on the Company have been outlined within note 15.

### **Going concern**

Details of the Directors' assessment of Going Concern are set out in Note 1.

### **Employees, Suppliers and Stakeholders**

The Company is not an operating company and does not have any employees or suppliers. The Company may sometimes engage directly with certain stakeholders on specific issues, but the size and distribution of our stakeholders and the Group means that stakeholder engagement often takes place at an operational level by other companies within the Group.

## **Directors' Report for year ended 31 December 2019** *(Continued)*

### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



**R Kaufman**  
Director

22 December 2020

8th Floor Vantage London  
Great West Road  
Brentford  
England  
TW8 9AG

## Statement of Directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the board



**R Kaufman** Director  
22 December 2020

8th Floor Vantage London  
Great West Road  
Brentford  
England  
TW8 9AG

# Independent auditors' report to the members of Cineworld Cinemas Holdings Limited

## Report on the audit of the financial statements

### Disclaimer of opinion

Because of the significance of the going concern matter described in the Basis for disclaimer of opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on Cineworld Cinemas Holdings Limited's financial statements (the "financial statements").

We were engaged to audit the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 31 December 2019; Statement of comprehensive income, and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

### Basis for disclaimer of opinion

We have been unable to form an opinion on the appropriateness of the going concern basis of preparation of the financial statements due to the existence of a number of material uncertainties.

The Company requires access to parental support in order to meet its obligations, and the Company has received written confirmation from Cineworld Group plc providing this support. In its published results for the six-month period ended 30 June 2020, Cineworld Group plc included material uncertainties with respect to its going concern assessment, including whether sufficient liquidity existed for both the base case and severe but plausible downside case. In light of the ongoing Covid-19 situation there remains significant uncertainty over the short and medium term in respect of the impact that this will continue to have on the Company and the wider cinema industry. Refer to management's basis of preparation in note 1 to the financial statements which sets out the key assumptions in respect of both the base case and severe but plausible downside forecasts.

Although Cineworld Group plc has secured additional facilities to enhance liquidity since the release of its published results, the directors have not updated their assessment of going concern to reflect these matters and accordingly, there can be no certainty that the support required by the Company from Cineworld Group plc will be made available. These conditions, along with the other matters explained in the basis of preparation section included in note 1 to the financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

We have not been able to obtain sufficient appropriate evidence as to whether the going concern models used by management in their going concern assessment allow for Cineworld Group plc to provide ongoing support for the Company to be a going concern. The absence of this evidence and the uncertainty over the short and medium term as a result of the ongoing Covid-19 situation and wider impact on the cinema industry represent material uncertainties which are too severe for us to express an opinion on the financial statements.



The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Reporting on the Strategic Report and Directors' Report**

Notwithstanding our disclaimer of an opinion on the financial statements, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements.

Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph above we have been unable to form an opinion whether, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year has been prepared in accordance with applicable legal requirements.

Notwithstanding our disclaimer of an opinion on the financial statements, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit and performed subject to the pervasive limitation described above, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the financial statements in accordance with ISAs (UK) and to issue an auditors' report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

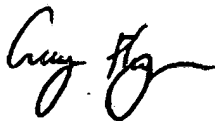
Arising from the limitation of our work referred to in the Basis for disclaimer of opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
22 December 2020

**Statement of comprehensive income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>Year ended 31 December 2019 £000</b>	<b>Year ended 31 December 2018 £000</b>
<b>Administrative expenses</b>		<b>(9,705)</b>	-
<b>Operating loss</b>		<b>(9,705)</b>	-
Income received from fixed asset investments	2	<b>14,419</b>	-
<b>Profit before taxation</b>	3	<b>4,714</b>	-
Tax on profit	4	-	-
<b>Profit for the financial year</b>		<b>4,714</b>	-
<b>Total comprehensive income for the year</b>		<b>4,714</b>	-

All results are derived from continuing operations.

The Company has no other comprehensive income other than the profit/result for the Financial year.

Notes from pages 13 to 23 form part of these financial statements.

**Balance Sheet**  
**at 31 December 2019**

	<i>Note</i>	<b>31 December 2019 £000</b>	<b>31 December 2018 £000</b>
<b>Fixed assets</b>			
Investments	8	53,412	53,412
<b>Current assets</b>			
Trade and other receivables	9	185,015	180,302
<b>Creditors: amounts falling due within one year</b>	10	<b>(160,961)</b>	<b>(146,543)</b>
<b>Net current assets</b>		<b>24,054</b>	<b>33,759</b>
<b>Net assets</b>		<b>77,466</b>	<b>87,171</b>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Share premium account		81,106	81,106
Retained (deficit) / earnings		(3,641)	6,064
<b>Shareholders' funds</b>		<b>77,466</b>	<b>87,171</b>

Notes from pages 13 to 23 form part of these financial statements.

These financial statements on pages 10 to 23 were approved by the board of Directors on 22 December 2020 and were signed on its behalf by:



**R Kaufman**  
Director

**Statement of Changes in Equity**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>Called up share capital £000</b>	<b>Share premium £000</b>	<b>Retained (deficit) / earnings £000</b>	<b>Total equity £000</b>
Balance at 1 January 2018		1	50,162	6,064	56,227
<b>Total comprehensive income for the year</b>					
Result for the financial year		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Share issue		-	30,944	-	30,944
Balance at 31 December 2018		1	81,106	6,064	87,171
<b>Total comprehensive income for the year</b>					
Profit for the financial year		-	-	4,714	4,714
Total comprehensive income for the year		-	-	4,714	4,714
Dividend payment	5	-	-	(14,419)	(14,419)
<b>Balance at 31 December 2019</b>		<b>1</b>	<b>81,106</b>	<b>(3,641)</b>	<b>77,466</b>

Notes from pages 13 to 23 form part of these financial statements.

## Notes to the financial statements

### 1 Accounting Policies

#### **General information**

Cineworld Cinemas Holdings Limited is a private limited company limited by shares incorporated and domiciled in the UK. The Companies registered address is 8th Floor Vantage London, Great West Road, Brentford, England, TW8 9AG.

#### **Basis of preparation**

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared on a historical cost basis in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Cineworld Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Cineworld Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 8th Floor Vantage London, Great West Road, Brentford TW8 9AG, England.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - i. Paragraph 79(a)(iv) of IAS 1;
  - ii. Paragraph 73(e) of IAS 16, 'Property, plant and equipment';
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows); 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and
  - 40A–D (requirements for a third statement of financial position).

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

### Functional and presentational currency

The functional and presentational currency of the company are pound sterling and presented in £'000

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### Going concern

The Directors of the Company have prepared the financial statements on a going concern basis which assumes the Company will be able to meet its future obligations as they fall due and the Company will settle all payments within the agreed terms.

The Company is reliant on financial and other support from a parent entity in order to meet its obligations and the Directors have received written confirmation from Cineworld Group Plc, the parent undertaking of the smallest group to consolidate the Company's financial statements of its intention to support the Company with financial and other resources as necessary such that the Company can meet its financial obligations as they fall due. Furthermore, the parent undertaking has confirmed that it will not seek the repayment of amounts advanced to the Company by the parent undertaking and/or other members of the parent undertaking's group unless adequate financing has been secured by the Company. This written support is available for at least the next twelve months from the date of approval of these financial statements.

The directors of Cineworld Group Plc, the ultimate parent company of Cineworld Cinemas Holdings Ltd and the ultimate parent undertaking to consolidate the Company's financial statements, in the published results for the six-month period ended 30 June 2020 recognised the uncertainty around the recovery of the cinema industry following the impact of COVID-19, and the potential risks that remain, which represent uncertainties with respect to the Group's ability to continue as a going concern, and as such any support from the ultimate parent may not be forthcoming in the event it is required.

Further details of the base case and severe but plausible scenarios are included in Note 1 to the Interim Financial Statements which are publicly available ([www.cineworldplc.com](http://www.cineworldplc.com)).

Subsequent to the approval of the Interim Financial Statements of Cineworld Group Plc, in response to an increasingly challenging theatrical landscape and sustained key market closures due to the COVID-19 pandemic, the Group temporarily suspended operations at all US and UK cinemas. In order to secure additional liquidity, the Group agreed the terms of an extended maturity to its incremental revolving credit facility of \$110.8m, a new secured debt facility of \$450.0m and waivers in respect of existing financial covenants for the coming 18 months. The Group also took steps to bring forward an expected one off tax cash receipt under the US CARES act. These steps are considered to provide sufficient additional liquidity for the Group to continue to operate until lockdown restrictions are eased and a full pipeline of major film releases is available.

The Directors have not updated their assessment of going concern to reflect these additional matters. However, having considered the basis of preparation of the Cineworld Group Plc Interim Financial Statements, the Directors are satisfied that it remains appropriate to prepare the Company financial statements on a going concern basis. However, the inherent uncertainties outlined in the above represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis.



## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### Investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

#### Impairment

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment in value is recorded.

#### Calculation of recoverable amount

The recoverable amount is the greater of the asset's 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

#### Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount, including a change in fair value less costs to sell.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

IFRS 9 contains three classification categories for financial assets and liabilities: measured at amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ("FVOCI"). At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Financial assets and liabilities at amortised cost:**

The Company's financial assets comprise intercompany receivables. These receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the receivable to fair value. Subsequently, these receivables are measured at amortised cost using the effective interest method, less a loss allowance.

Financial liabilities at amortised cost include intercompany payables. These payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, these payables are measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

The Company has no financial instruments recognised at FVPL or FVOCI.

#### **Impairment of financial assets**

The Company measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables and amounts receivable from Group undertakings.

Expected credit loss allowances on amounts receivable from group undertakings are measured using a probability-weighted amount which reflects the possibility that a credit loss occurs and the possibility that no credit losses occur. All amounts due from Group undertakings are repayable on demand and the nature of these receivables is considered within the expected credit loss calculation.

The expected credit losses are calculated using the 3-stage general impairment model as follows:

- probability of default – the likelihood that the borrower would not be able to repay in the very short payment period;
- loss given default – the loss that occurs if the borrower is unable to repay in that very short payment period; and
- exposure at default - the outstanding balance at the reporting date.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available which the asset can be utilised.

#### New standards and interpretations

No new accounting standards IFRICS effective for year ended 31 December 2019 had material impact.

#### Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements and estimates made by the Directors in the application of these accounting policies that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next financial year are set out below.

#### Judgements

The Company has no significant accounting judgements

#### Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Company's accounting policies described above the Directors have identified that the following areas are the key estimates that could have a significant impact on the amounts recognised in the Financial Statements in the next financial year.

#### Impairment of investment in subsidiaries

The Company determines whether its investment in subsidiary companies are impaired when indicators of impairments exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the investment carrying value is allocated, which is all CGU's under that investments control.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from each investment and discount these to their net present value.

The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

The Directors consider that the assumptions made represent their best estimate of the future cash flows generated

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

by the investment in subsidiaries and that the discount rates used are appropriate given the risks associated with the specific cash flows.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows. Based on the sensitivity analysis performed no additional impairment would be recognised.

Therefore, it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance and the fact that it could change as a result of future events.

### 2 Income received from fixed asset investments

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Dividends received	14,419	-

### 3 Profit before taxation

Auditors' remuneration for 2019 and 2018 was borne by fellow Group companies. Cineworld Cinema Holdings allocation of the Group audit fee was £5,000 (2018: £1,325).

There were no fees paid to the Company's auditors, PricewaterhouseCoopers LLP for 2019 and KPMG LLP for 2018, and its associates for services other than the statutory audit of the Company. This is on the basis that such non-audit fees are disclosed in the consolidated financial statements of the Company's ultimate parent company Cineworld Group plc.

## Notes to the financial statements (continued)

### 4 Tax on profit

#### a) Analysis of tax charge in year

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
<i>Tax on ordinary activities comprises:</i>		
UK corporation tax	-	-
	<u>          </u>	<u>          </u>

#### b) Reconciliation of effective tax rate

The effective tax rate for the period is equal (2018: equal) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00 %). The differences are reconciled below:

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Profit before taxation	4,714	-
	<u>          </u>	<u>          </u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00 %)	896	-
<i>Effects of:</i>		
Income and expenses non taxable	(896)	-
	<u>          </u>	<u>          </u>
Total tax charge / (credit)	-	-
	<u>          </u>	<u>          </u>

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

A reversal of this reduction, to retain the UK corporation tax rate at 19% from 1 April 2020, was substantively enacted after the balance sheet date on 17 March 2020.

### 5 Dividends

Dividends paid during the year were to the Companies parent. At 31 December 2019, the Company did not have any declared or unpaid dividends.

## Notes to the financial statements (*continued*)

### 6 Directors' emoluments

Directors' received remuneration from other Group companies, none of which is considered to be in respect of services rendered to this Company.

Information on emoluments of Directors of this Company borne by Group entities is disclosed in the consolidated financial statements of the Company's ultimate holding parent company Cineworld Group plc. Where Directors of the Company are not Directors of Cineworld Group plc, their salaries have been disclosed within the financial statements of Cineworld Cinemas Limited. No apportionment to determine the amount attributable to individual entities is performed.

As part of the Directors remuneration their employer Cineworld Group plc or Cineworld Cinemas Limited will provide contributions into a defined contribution pension scheme.

Certain Directors are awarded shares under Cineworld Group plc long term incentive plan. Information on the number of shares which were granted and exercised during the year under the long term incentive plans are disclosed within the consolidated financial statements of the Company's ultimate holding parent company Cineworld Group plc.

Directors who resigned during the current financial year were not awarded any additional remuneration for loss of office.

### 7 Staff numbers and costs

There were no employees at any time in the year or prior year.

### 8 Investments in subsidiaries

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<i>Investment at cost and net book value</i>		
Opening	53,412	15,691
Additions	-	37,721
Closing balance	<u>53,412</u>	<u>53,412</u>

On 11 October 2018 and 8 November 2018, Cineworld Cinemas Holdings Limited invested an additional £6,777,557 and £30,943,821 in Cineworld Cinemas Limited respectively.

Investments in subsidiary undertakings at 31 December 2019 comprise:

<i>Subsidiary undertakings and jointly controlled entities</i>	Registered Office	Class	% of shares held	Principal activity
<i>Directly held</i>				
Cineworld Cinemas Limited	8th Floor, Vantage London Great West Road Brentford, England, TW8 9AG	Ordinary	100	Holding Company and cinema operations
<i>Indirectly held</i>				
Classic Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Retail services Company
Gallery Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Holding Company
Cineworld Estates Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Cinema property leasing
Cineworld South East Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Holding Company
Cineworld Elite Pictures Theatre (Nottingham) Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	99.1	Non-trading

## Notes to the financial statements (continued)

Adelphi-Carlton Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary	100	Cinema operations
Basildon Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema property leasing
Bromley Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Basildon Cinema Number Two 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Empire Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Hemel Hempstead Two Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Poole Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Newcastle Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Cinema City Cinemas sp. Zoo	UL FOSA 37 02-768 WARSZAWA NIP 521-33-04-554 REGON: 015805025	Ordinary	33	Group Services
Classic Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Retail services Company
Gallery Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Non-trading (formerly cinema operations)
Cineworld Cinema Properties Limited	8th Floor, Vantage London, Great West Road, Brentford, England, TW8 9AG	Ordinary	100	Property Company

### 9 Trade and other receivables:

	31 December 2019 £000	31 December 2018 £000
Amounts owed by Group undertakings	194,720	180,302
Expected credit loss	(9,705)	-
	<u>185,015</u>	<u>180,302</u>

An expected credit loss of £9,705,000 (2018: £nil) has been recognised against amounts owed from Group undertakings.

The amounts owed by Group undertakings represent loans owed from Group undertakings are repayable at any point at the request of the borrower. No interest is charged on these balances.

### 10 Creditors: amounts falling due within one year

	31 December 2019 £000	31 December 2018 £000
Amounts owed to Group undertakings	160,961	146,543
	<u>160,961</u>	<u>146,543</u>

The amounts owed to Group undertakings are non-interest bearing, unsecured and repayable on demand.

## Notes to the financial statements (continued)

### 11 Capital and reserves

	31 December 2019 £000	31 December 2018 £000
<b>Allotted, called up and fully paid</b>		
1,309 (2018: 1,309) Ordinary shares of £1 each	1	1

During the current financial year, the directors declared and paid a dividend to the Companies parent company of £14,419,000. The Directors have not proposed any other dividend payment for the financial year ended 31 December 2019 and up to date of signing of the Annual Report and financial statements.

### 12 Commitments, pension commitments, guarantees and contingencies

The Company had no contractual commitments, pension commitments, guarantees and contingencies at 31 December 2019 (2018: £nil).

### 13 Related party disclosures

As the Company is a wholly owned subsidiary of Cineworld Group plc, the Company has taken advantage of the exemption contained in FRS 101 (5.8k) and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the group qualifying as related parties) in-line with IAS 24. The consolidated financial statements of Cineworld Group plc, within which this Company is included, can be obtained from the address given in note 14. There are no other related party transactions other than those disclosed within the consolidated financial statements.

### 14 Ultimate parent Company

The Company's immediate parent is Cineworld Holdings Limited, a Company incorporated in England and Wales. The Company's ultimate parent undertaking is Cineworld Group plc. The smallest and largest Group in which the results of the Company are consolidated is that headed by Cineworld Group plc. Copies of the Financial statements are available from 8th Floor Vantage London, Great West Road, Brentford, England, Brentford TW8 9AG.

### 15 Post balance sheet events

On 18 March 2020 as a result of the global Coronavirus pandemic, the Company's investments were ordered to close all cinema operations. The cinema operations re-opened on 31 July 2020, however, a limited schedule of film content was available. As a result of continued limitations to content and further changes to the expected film release schedule for 2020, the Company's investments temporary closed their cinema operations on 8 October 2020.

Whilst Coronavirus has had a significant negative impact on the short term operations of the Companies investments during 2020, the Directors believe the Company and its investments can continue as a going concern as outlined within note 1.