

Cineworld Cinemas Holdings Limited

Annual report and financial statements

Registered number 02010626

For the year ended 31 December 2022

THURSDAY



ACTZMPYA

A11

04/01/2024

#85

COMPANIES HOUSE

Contents

	Page
Company Information	2
Strategic report for the year ended 31 December 2022	3
Directors' Report for year ended 31 December 2022	5
Statement of Directors' responsibilities	7
Independent auditors' report to the members of Cineworld Cinemas Holdings Limited	8
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the financial statements	14
1. Accounting policies	14
2. (Loss) / profit before taxation	22
3. Tax on (loss) / profit	22
4. Dividends	23
5. Directors' emoluments	23
6. Staff numbers and costs	23
7. Investments	23
8. Trade and other receivables	25
9. Trade and other payables	26
10. Called up share capital	26
11. Commitments, guarantees and contingencies	26
12. Related party disclosures	26
13. Ultimate parent Company	26
14. Post balance sheet events	26

Company Information

DIRECTORS	S Jones R Kaufman
COMPANY SECRETARY	S Brooker (appointed 1 March 2022)
REGISTERED NUMBER	02010626
REGISTERED OFFICE	8 th Floor Vantage London Great West Road Brentford TW8 9AG
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Strategic report for the year ended 31 December 2022

The Directors present their Strategic Report on the Company for the year ended 31 December 2022. During the year, the Company changed its accounting reference date to 28 December 2022. The account reference date and the date to which the Company has prepared comparative figures is 31 December 2021.

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. Subject to the events noted in note 14, there are no changes foreseen to the company's principal activities.

Financial Performance and Position

During the year, the Company continued to act as a holding company, with investments in subsidiaries which operate cinemas in the United Kingdom.

The loss before and after taxation for the year ended 31 December 2022 was £36,004,000 (2021: £3,029,000 profit before and after taxation). The loss during the year and the profit in the prior year represents the current year movement on an expected credit loss provisions recognised against intercompany balances (see note 8). At 31 December 2022, net assets were £36,849,000 (2021: £72,853,000).

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 on a stand alone basis is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the UK and Ireland reporting operating segment of the Group, which includes the Company, are discussed on page 5 of the Crown UK Holdco Limited 2022 Annual Report and Accounts, which does not form part of this document (see note 13).

Principal Risks and Uncertainties

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

- Regulatory breach
- Governance and internal control
- Trading performance of the investments

The principal risks and uncertainties of the Group, which include those of the Company outlined above, are discussed in further detail on pages 10 to 15 of the Crown UK Holdco Limited 2022 Annual Report and Accounts. The Crown UK Holdco Limited 2022 Annual Report and Accounts also includes details of the controls and mitigation activity in place.

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 Parent Limited (see note 14 for change of ultimate shareholder after year end). Due to the nature of the Company as a wholly-owned subsidiary, limited decisions were taken by the Board during the 2022 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 whether or not to make 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 2022 (*continued*)

Employees, Suppliers and Stakeholders

There are no employees directly employed through this Company (see note 6).

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 5.

Future developments

On 7 September 2022, Cineworld Group plc and certain of its subsidiaries (collectively, the "Group Chapter 11 Companies") filed voluntary petitions for relief under title 11 of the United States Code (the "Chapter 11 Cases") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Chapter 11 Cases remained ongoing at 31 December 2022.

On 2 April 2023, the Group Chapter 11 Companies entered into a restructuring support agreement and a backstop commitment agreement with certain lenders holding and controlling the Group's term loans due 2025 and 2026 and revolving credit facility due 2023 (together, the "Legacy Facilities"). Further, on 9 May 2023, the Group Chapter 11 Companies entered into amended and restated versions of the restructuring support agreement (as amended and restated, the "RSA") and the backstop commitment agreement (as amended and restated, the "BCA") with certain lenders holding and controlling approximately 99% of the Legacy Facilities.

On 31 July 2023, the Group, including its newly incorporated parent company, Cineworld Parent Limited, announced that the Chapter 11 Companies had successfully completed their plan of re-organisation (the "Plan") and emerged from the Chapter 11 Cases. As part of the Plan, the Chapter 11 Companies successfully reduced their funded indebtedness by approximately \$4.53 billion, raised approximately \$800 million in new equity capital, and secured new debt financing in the aggregate amount of approximately \$1.71 billion, including a new revolving credit facility ("RCF") of \$250 million. On the same date, the former parent company, Cineworld Group plc, entered administration pursuant to a court order under the UK Insolvency Act 1986.

Other than the above, the Directors do not expect any change in the principal activities of the Company during the next financial period.

On behalf of the board



R Kaufman
Director
22 December 2023

Directors' Report for year ended 31 December 2022

The Directors present the audited financial statements and Directors' report for the year ended 31 December 2022.

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 and paid a dividend of £nil (2021: £nil). The Directors have not approved or paid any other dividend for the financial year ended 31 December 2022 and up to the date of signing these financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

I Greidinger (resigned 31 July 2023)
M Greidinger (resigned 31 July 2023)
N Cohen (resigned 31 July 2023)
S Jones
R Kaufman

Directors' and Officers' Insurance and Indemnity

The Company maintains insurance cover for all Directors and Officers of the 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 (2021: none).

Independent auditors

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 Company's investments both during and subsequent to year end. Further details on this and the impact on the Company have been outlined within note 1 and 14.

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 2022 (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 2023

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, 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 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 also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 2023

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

Opinion

In our opinion, Cineworld Cinemas Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, 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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, 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 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the design of management's controls designed to prevent and detect irregularities;
- Enquiry of management of known or suspected instances of non-compliance with law and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Testing unusual or unexpected journal entries;
- Challenging assumptions and judgements made by management in respect of significant accounting estimates; and
- Reviewing financial statement disclosures to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or 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.



Christopher Richmond (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

22 December 2023

Statement of Comprehensive Income
for the year ended 31 December 2022

	<i>Note</i>	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Administrative (expenses)/ income		(36,004)	3,029
Operating (loss) / profit		(36,004)	3,029
(Loss) / profit before taxation	2	(36,004)	3,029
Tax on (loss) / profit	3	-	-
(Loss) / profit for the financial year		(36,004)	3,029
Total comprehensive (loss) / income for the year		(36,004)	3,029

All results are derived from continuing operations.

Notes from pages 14 to 27 form part of these financial statements.

Balance Sheet
at 31 December 2022

	<i>Note</i>	As at 31 December 2022 £000	As at 31 December 2021 £000
Fixed assets			
Investments	7	53,412	53,412
Current assets			
Trade and other receivables	8	144,397	181,838
Cash and cash equivalents		1	-
Total assets		197,810	235,250
Creditors: amounts falling due within one year			
Trade and other payables	9	(160,961)	(162,397)
Total liabilities		(160,961)	(162,397)
Net assets		36,849	72,853
Capital and reserves			
Called up share capital	10	1	1
Share premium account		81,106	81,106
Accumulated losses		(44,258)	(8,254)
Total equity		36,849	72,853

Notes from pages 14 to 27 form part of these financial statements.

These financial statements on pages 11 to 27 were approved by the board of Directors on 22 December 2023 and were signed on its behalf by:



R Kaufman
Director

Registered number: 02010626

Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total equity £000
Balance at 1 January 2021	1	81,106	(11,283)	69,824
Total comprehensive income for the year				
Profit for the year	-	-	3,029	3,029
Total comprehensive income for the year	-	-	3,029	3,029
Balance at 31 December 2021	1	81,106	(8,254)	72,853
Total comprehensive loss for the year				
Loss for the financial year	-	-	(36,004)	(36,004)
Total comprehensive loss for the year	-	-	(36,004)	(36,004)
Balance at 31 December 2022	1	81,106	(44,258)	36,849

Notes from pages 14 to 27 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"). On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101.

The Company's ultimate parent undertaking, Crown UK Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Crown UK Holdco Limited 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).
- 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).

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

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.

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.

On a stand-alone basis, the Company's investment, and indirect investments in trading entities, have been significantly impacted by the COVID-19 pandemic with revenue lower in 2021 following the closure of cinemas from 1 January 2021 to 7 June 2021. Revenue in 2022 has improved significantly as cinemas remained open for the full year. Revenue is expected to gradually return towards pre-pandemic levels; however this is anticipated to take a number of years. The Company recognised impairments to investment values in the previous years along with not receiving any finance income from its investments in the current and prior year. As a result, the Company is reliant on financial and other support from a parent entity in order to meet its obligations, specifically relating to repayment of amounts advanced to the Company by the parent undertaking and/or other members of the parent undertaking's Group. The Directors of the Company have therefore performed an assessment of Cineworld Group plc's ability to continue as a going concern. The Cineworld Group plc's going concern assessment is duly outlined below.

The impact of the COVID-19 pandemic on both the Group and the wider cinema industry has been severe and long-lasting. Following the onset of the pandemic in early 2020, the Group was forced to close all cinemas. As a result, the Group experienced a significant deterioration in key financial metrics, with 2020 admissions and revenues falling by circa 80% against 2019 comparatives. The 2021 financial year remained extremely challenging. Through the early part of the year, cinemas remained closed. While they re-opened in mid-2021, operational restrictions continued to apply in most countries and regions. This in turn prompted studios to reschedule multiple blockbuster movies until later dates. In 2022, the industry benefited from strong performances from some blockbuster films, notably *Top Gun: Maverick* and *Avatar: The Way of Water*. These performances demonstrated the strong consumer demand that exists post-pandemic for the 'blockbusters'. At the same time, the industry was negatively impacted by a general lack of cinema content and reduced levels of admissions, issues exacerbated by increased competition from streaming along with COVID-related production delays and cancellations that occurred from mid-2020 to late-2021.

Over the past three years, the Group has sought to address the various operational and financial challenges generated by the COVID-19 pandemic. Along with reducing its cost base, the Group undertook various financing and liability management transactions aimed at improving liquidity.

Voluntary Reorganisation under Chapter 11

Given the long-lasting effects of COVID-19 on the cinema industry, these financing and liability management transactions did not resolve the Group's liquidity challenges. As a result, on 7 September 2022, Cineworld Group plc announced that it and certain of its subsidiaries (collectively, the "Group Chapter 11 Companies") had filed voluntary petitions for relief under title 11 of the United States Code (the "Chapter 11 Cases") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court").

The Chapter 11 Cases remained ongoing at 31 December 2022.

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

On 31 July 2023, the Group, including its newly incorporated parent company, Cineworld Parent Limited, announced that the Chapter 11 Companies had successfully completed their plan of re-organisation (the "Plan") and emerged from the Chapter 11 Cases. As part of the Plan, the Chapter 11 Companies successfully reduced their funded indebtedness by approximately \$4.53 billion, raised approximately \$800 million in new equity capital, and secured new debt financing in the aggregate amount of approximately \$1.71 billion, including a new revolving credit facility ("RCF") of \$250 million. On the same date, the former parent company, Cineworld Group plc, entered administration pursuant to a court order under the UK Insolvency Act 1986.

Despite the successful execution of the Plan, the Group remains exposed to the effects of fluctuating cinema admission levels on the Group's ability to generate positive free cash flows. On monthly basis, these cinema admission levels can be materially impacted by the performance of individual 'blockbuster' films. Due to multiple factors, including but not limited to changing consumer behaviours, the Group's ability to forecast future admission levels has become inherently more challenging in the post-COVID environment.

Pre-Petition Borrowings

The filing of the Chapter 11 Cases constituted an event of default that accelerated substantially all obligations under the documents governing the prepetition existing indebtedness of the Group Chapter 11 Companies. In response to this, the Group has reclassified all such debt obligations, other than debt subject to compromise, to current maturities of long-term debt on the consolidated balance sheet as of 31 December 2022. Refer to Note 14 for further details.

Debtor-In-Possession ("DIP") Financing Facility

When the Group Chapter 11 Companies commenced their Chapter 11 Cases, they secured a super-priority senior secured priming multi-draw term loan credit facility of approximately \$1,935 million (the "DIP Facility"). Borrowings on the DIP Facility, together with the Group's available cash reserves and cash flows from operations, provided sufficient liquidity for the Group to meet its ongoing obligations, including post-petition obligations to vendors and suppliers, as well as employee wages, salaries, and benefits programs, over the course of the Chapter 11 Cases.

Prior to the emergence from the Chapter 11 Cases, the ability of the Group to continue as a going concern remained dependent on the DIP Facility being available and sufficient for the Group's needs. For the duration of the Chapter 11 Cases, there were no defaults under the credit agreement governing the DIP Facility.

The DIP Facility was successfully repaid upon exit from the Chapter 11 Cases (refer below).

Restructuring Support Agreement and Backstop Commitment Agreement

On 2 April 2023, the Group Chapter 11 Companies entered into a restructuring support agreement and a backstop commitment agreement with certain lenders holding and controlling the Group's term loans due 2025 and 2026 and revolving credit facility due 2023 (together, the "Legacy Facilities"). Further, on 9 May 2023, the Group Chapter 11 Companies entered into amended and restated versions of the restructuring support agreement (as amended and restated, the "RSA") and the backstop commitment agreement (as amended and restated, the "BCA") with certain lenders holding and controlling approximately 99% of the Legacy Facilities.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

When subsequently implemented upon exit from the Chapter 11 Cases, the RSA and BCA:

- reduced the Group Chapter 11 Companies' funded indebtedness by approximately \$4.53 billion, principally through lenders under the Legacy Facilities (the "Legacy Lenders") receiving equity in the reorganised Group in exchange for the release of their claims under the Legacy Facilities;
- raised \$800 million in aggregate gross proceeds, through a fully backstopped equity offering to the Legacy Lenders (the "Backstopped Rights Offering") and a direct equity offering to certain Legacy Lenders (the "Direct Allocation Offering" and, together with the Backstopped Rights Offering, the "Rights Offering"); and
- provided approximately \$1.46 billion (net of original issue discount and excluding the RCF (as defined below)) in new debt financing (the "Exit Facility") to the Group Chapter 11 Companies upon their emergence from the Chapter 11 Cases.

The proceeds of the Rights Offering and the Exit Facility were used to, among other things: (i) repay in full the DIP Facility; (ii) fund the costs associated with the Group Chapter 11 Companies' emergence from the Chapter 11 Cases; and (iii) fund their go-forward business operations.

The restructuring did not provide any recovery for holders of Cineworld's prepetition existing equity interests and limited recovery for unsecured creditors.

Revolving Credit Facility

On 31 July 2023, the Group entered into a new Revolving Credit Facility ("RCF") with an aggregate principal amount of \$250 million. The RCF matures on 31 July 2027 and has a number of covenants in place around the future reporting of quarterly and annual financial results.

Dissenting Shareholders

On 10 September 2021, the Group announced that it had reached agreement with the dissenting shareholders of Regal Entertainment Group (the "Regal Litigation Parties") with respect to the payment of judgment of their claim. Under this agreement, the Group paid \$170 million of the judgment to the dissenting shareholders and \$92 million was placed into an escrow account to be available to the Group as additional liquidity under certain circumstances. When the Group Chapter 11 Companies commenced their Chapter 11 Cases, the Group still owed \$56.2 million to the Dissenting Shareholders who, under the terms of the judgment, were deemed to be unsecured creditors within the Class 6 – Section 510(b) Claims. Therefore, while \$56.2 million was owed as at 31 December 2022, this liability was extinguished upon emergence from the Chapter 11 Cases and no future payments will be made to the Dissenting Shareholders in accordance with the terms of the Plan.

Cineplex

On 6 July 2020, the Group confirmed that Cineplex, Inc. ("Cineplex") had initiated proceedings against it in relation to its termination on 12 June 2020 of the arrangement agreement relating to its proposed acquisition of Cineplex (the "Acquisition" and such agreement, the "Arrangement Agreement"). The proceedings alleged that the Group breached its obligations under the Arrangement Agreement and/or duty of good faith and claimed damages of up to C\$2.18 billion less the value of Cineplex shares retained by Cineplex shareholders.

On 15 December 2021, the Ontario Superior Court of Justice granted Cineplex's claim, dismissed the Group's counterclaim and awarded Cineplex damages of C\$1.23 billion for lost synergies to Cineplex and C\$5.5 million for lost transaction costs. The Group disagreed with this judgment and appealed the decision.

On 9 September 2022, Cineplex filed a motion for emergency relief from the automatic stay in connection with the Group Chapter 11 Cases in order to proceed with the appeal process relating to the Cineplex litigation. The Group filed an objection to Cineplex's motion on 22 September 2022. A hearing before the Bankruptcy Court took place on 28 September 2022 to consider Cineplex's motion. The Bankruptcy Court denied the motion and ruled to uphold the automatic stay in connection with the Chapter 11 Cases.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

No liability was recognised in respect of the judgment at the balance sheet date on the basis that payment was not considered probable at that stage, and the directors did not factor any payment of damages within their assessment of whether it was appropriate to adopt the going concern basis for the Group as at 31 December 2022. While the Chapter 11 Cases were ongoing, any amounts subsequently owed to Cineplex rank alongside the Group's other unsecured claims within Class 5A – Section 510(b) Claims, and Cineplex will receive its pro rata share of the Class 5A recovery out of the general unsecured claim recovery pool (in accordance with the Plan). At emergence from the Chapter 11 Cases, Cineplex's claim against Cineworld Group plc (and other subsidiary companies) was extinguished.

Conclusion

The 2022 financial statements have been prepared assuming that the Group will be able to provide sufficient support, as needed, to enable the Company to continue as a going concern. Whilst the Group was not able to meet all its liabilities at the balance sheet date, it was under US Chapter 11 bankruptcy protection at that time and the Group was subsequently able to restructure its liabilities, secure new financing and emerge from Chapter 11.

The Directors have determined the going concern basis of accounting in the preparation of the financial statements is appropriate in light of the signing and subsequent execution of the restructuring support agreement and backstop commitment agreement, combined with the forecast trading levels and hence the level of liquidity and available finance in making this assessment.

Despite the Group Chapter 11 Companies' emergence from Chapter 11, the recovery of the Group remains sensitive to the speed at which admission levels continue to recover following the COVID-19 pandemic. If admissions fail to reach the Group's forecasts, the recovery of the Group may be slower than anticipated and the new financing arrangements may prove to be inadequate. Admission levels may be impacted by matters outside of the Group's control such as the reception of certain theatrical releases or macro events, for example the recent Writers Guild of America strike and SAG-AFTRA (Screen Actors Guild – American Federation of Television and Radio Artists) strike – both of which have now ended but impacted the release date of a number of movies.

To gauge the going concern position, a liquidity model has been developed, extending to 31 January 2025, producing both a base case and a severe but plausible downside case. Under the base case scenario, the Group foresees no additional liquidity needs during the specified period. The downside case incorporates a further 15 percent reduction in admissions and would require the group to draw down on its Revolving Credit Facility (RCF) to meet its obligations, but no additional financing would be required.

Upon careful consideration of the aforementioned factors, the Directors are confident in the ability of the Company, with support as needed from the wider group to sustain its operations for the foreseeable future, extending at least 12 months from the date of this report. Consequently, the Company continues to apply the going concern basis in preparing these financial statements.

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.

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

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:

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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Impairment of financial assets

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.

The probability of default is based on an external assessment of the Group's weighted corporate default rate which is a function of the Group's external credit rating.

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.

Net financing costs

Net finance income comprise interest income received from jointly controlled entity.

New standards and interpretations

There were no new standards adopted by the Company in the year but the following amendments became applicable during the year:

Title	Effective date
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Annual Improvements to IFRS Standards 2018-2020; and	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022

These amendments did not have a material impact on the Company's accounting policies and have therefore not resulted in any changes.

Notes to the financial statements (continued)

1. Accounting policies (continued)

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company:

Title	Effective date
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023
Amendments to IAS 12, 'Taxation', relating to Deferred tax related to assets and liabilities arising from a single transaction (issued 7 May 2021)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent and Classification of Liabilities as Current or Noncurrent – Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)	1 January 2024
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback (issued 22 September 2022)	1 January 2024

These amendments did not have a material impact on the Company's accounting policies and have therefore not resulted in any changes.

Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements and estimates 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 financial assets

As described further in Note 1, the Company measures expected credit losses using a three-stage approach for all amounts owing from Group undertakings. This involves significant estimation regarding both the probability of default and the subsequent loss to the Company. It also involves forming views with respect to expected future movements in credit ratings over the expected life of each receivable. Refer to Note 7 for an explanation of the key changes in the expected credit loss allowance between the beginning and the end of the year and sensitivity analysis to key assumption.

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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

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 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. See note 7 for impairment sensitivity analysis.

2. (Loss) / profit before taxation

Auditors' remuneration for 2022 and 2021 was borne by fellow Group companies. Cineworld Cinema Holdings allocation of the Group audit fee was £4,080 (2021: £3,709).

There were no fees paid to the Company's auditors, PricewaterhouseCoopers LLP for 2022 and 2021, 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 immediate parent company Crown UK Holdco Limited.

3. Tax on (loss) / profit

a) Analysis of tax charge in year

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
<i>Tax comprises:</i>		
UK corporation tax	-	-

b) Reconciliation of standard tax rate

The standard tax rate for the year is higher than (2021: lower than) than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are reconciled below:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
(Loss) / profit before taxation	(36,004)	3,029
(Loss) / profit before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	(6,841)	576
<i>Effects of:</i>		
Income and expenses non taxable	6,841	(576)
Total tax charge	=	=

Notes to the financial statements (continued)

3. Tax on (loss) / profit (continued)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% was substantively enacted on 24 May 2021. The increased rate will apply from 1 April 2023.

4. Dividends

At 31 December 2022 or up to the date of signing these Annual report and financial statements, the Company did not have any declared or unpaid dividends (2021: £Nil).

5. 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 immediate parent company Crown UK Holdco Limited. Where Directors of the Company are not Directors of Crown UK Holdco Limited, 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 Cinemas Limited will provide contributions into a defined contribution pension scheme.

Certain Directors' are awarded shares under the Group 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 immediate parent company Crown UK Holdco Limited.

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

6. Staff numbers and costs

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

7. Investments

	31 December 2022	31 December 2021
	£000	£000
Investment at cost and net book value		
Opening	53,412	53,412
Additions	-	-
Closing balance	53,412	53,412

Impairment

The Company holds a direct investment in Cineworld Cinemas Limited.

The Company determines whether these assets are impaired when indicators of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the recoverable amount by reference to the value in use of those investments. Where the recoverable amount is less than the carrying value, an impairment charge to reduce the investment to recoverable amount is recognised.

Notes to the financial statements (continued)

7. Investments (continued)

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from its investment and discount these to net present value at a pre-tax discount rate and into perpetuity from 2027 applying a long-term growth rate of 0%. This growth rate does not exceed the long-term average growth rate for the markets in which these investments operate. These cash flows are adjusted to take into account the repayment of any borrowings held at 31 December 2022, any required intercompany payments, and future rental payments beyond the year covered by each current lease. These cash flows have been discounted at a weighted average cost of capital of 15.2%.

Based on management's assessment, the recoverable amount of the Company's investment in all shares in Group undertakings was greater than its carrying value and no impairment was recognised.

In calculating the recoverable amount of the Company's investments, reference was also made to the fair value less cost of disposal. It was concluded that the calculated value in use was greater than fair value less cost of disposal and therefore the recoverable amount was deemed to represent the value in use.

Impairment sensitivities

Sensitivities have been applied to the forecast cash flows to assess the potential impairment under different scenarios.

The results would be as follows:

	Additional impairment/(reversal) £'000
2% reduction in forecast Average Ticket Price (ATP)	-
2% reduction in forecast Spend Per Person (SPP)	-
5% reduction in forecast admissions	-
10% reduction in forecast admissions	-
1% increase in weighted average cost of capital (WACC)	-

No additional impairment would be booked under these scenarios.

Investments in subsidiary undertakings and joint ventures at 31 December 2022 and 31 December 2021 comprise:

Subsidiary undertakings	Registered Office	Class	% of shares held	Principal activity
Directly held				
Cineworld Cinemas Limited	8th Floor, Vantage London Great West Road Brentford, England, TW8 9AG	Ordinary	100	Holding Company and cinema operations
Indirectly held				
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
Adelphi-Carlton Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary	100	Cinema operations

Notes to the financial statements (continued)

7. Investments (continued)

Subsidiary undertakings	Registered Office	Class	% of shares held	Principal activity
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
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
Investment in associated Cinema City Cinemas sp. Zoo	UL. FOŚA 37 02-768 WARSZAWA NIP 521-33-04-554 REGON: 015805025	Ordinary	33	Group Services

8. Trade and other receivables

	31 December 2022 £000	31 December 2021 £000
Amounts owed by Group undertakings	193,302	196,157
Expected credit loss	(48,905)	(14,319)
	144,397	181,838

An expected credit loss of £48,905,000 (2021: £14,319,000) has been recognised against amounts owed from Group undertakings. The movement in this provision for the year is a loss of £34,586,000 (2021: 3,029,000 gain). This is recognised as administrative expenses in the Statement of Comprehensive Income. The primary reason for the increase in expected credit loss is the change to the probability of default to 25.3% (2021: 7.3%). This is due to Group filling for Chapter 11 Cases (see note 1).

The probability of default estimated for 2022 is 25.3% (2021: 7.3%). If the probability of default is 5% lower this would reduce the expected credit loss charge to £39,240,000. If the probability of default is 5% higher this would increase the expected credit loss charge to £58,571,000.

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

Notes to the financial statements (continued)

9. Trade and other payables

	31 December 2022 £000	31 December 2021 £000
Amounts due to Group undertakings	160,961	162,397

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

10. Called up share capital

	31 December 2022 £000	31 December 2021 £000
<i>Allotted, called up and fully paid</i>		
1,309 (2021: 1,309) Ordinary shares of £1 each	1	1

The Directors have not proposed any other dividend payment for the financial year ended 31 December 2022 and up to date of signing of the Annual Report and financial statements.

11. Commitments, guarantees and contingencies

The Company had no contractual commitments, pension commitments, guarantees and contingencies at 31 December 2022 (2021: £nil).

12. Related party disclosures

As the Company is a wholly owned subsidiary of Crown UK Holdco Limited, the Company has taken advantage of the exemption contained in FRS 101 8(k) 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 Crown UK Holdco Limited, within which this Company is included, can be obtained from the address given in note 13. There are no other related party transactions other than those disclosed within the consolidated financial statements.

13. Ultimate parent Company

As at the balance sheet date, the Company's immediate parent is Crown UK Holdco 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 Crown UK Holdco Limited. Copies of the Financial statements are available from 8th Floor Vantage London, Great West Road, Brentford, England, Brentford TW8 9AG.

After the balance sheet date, the Group emerged from Chapter 11 proceedings in July 2023 (see note 1). Following this, the Company's immediate parent undertaking is New Cineworld Midco Limited (previously Cineworld Group plc), a company incorporated in England and Wales. The Company's ultimate parent undertaking is Cineworld Parent Limited (previously, the ultimate controlling party was Cineworld Group plc), a company incorporated in the Cayman Islands.

14. Post balance sheet events

On 7 September 2022, the Group announced that Cineworld and certain of its subsidiaries (collectively, the "Group Chapter 11 Companies") had filed voluntary petitions for relief under title 11 of the United States Code (the "Chapter 11 Cases") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court").

Notes to the financial statements *(continued)*

14. Post balance sheet events *(continued)*

The Chapter 11 Cases remained ongoing at 31 December 2022.

On 3 January 2023, the Group confirmed that, in parallel with developing a plan of reorganisation (the "Plan") to restructure the Group's capital structure, it would run a marketing process in pursuit of a value maximising transaction for the Group's assets, focused on proposals for the Group as a whole. The Group subsequently received proposals from a number of prospective counterparties, however the proposals did not meet the value level required by the Group's lenders. Consequently, the Group announced that, in agreement with its key stakeholders, the Group had decided to terminate the marketing process.

On 2 April 2023, the Group Chapter 11 Companies entered into a restructuring support agreement and a backstop commitment agreement with certain lenders holding and controlling the Group's term loans due 2025 and 2026 and revolving credit facility due 2023 (together, the "Legacy Facilities"). Further, on 9 May 2023, the Group Chapter 11 Companies entered into amended and restated versions of the restructuring support agreement (as amended and restated, the "RSA") and the backstop commitment agreement (as amended and restated, the "BCA") with certain lenders holding and controlling approximately 99% of the Legacy Facilities.

On 31 July 2023, the Group, including its newly incorporated parent company, Cineworld Parent Limited, announced that the Chapter 11 Companies had successfully completed their financial restructuring process and emerged from the Chapter 11 Cases. As part of the financial restructuring process, the Chapter 11 Companies successfully reduced their funded indebtedness by approximately \$4.53 billion (including the DIP facility), raised approximately \$800 million in new equity capital, and secured new debt financing in the aggregate amount of approximately \$1.71 billion, including a new revolving credit facility ("RCF") of \$250 million. Refer to Note 1 for further details. On the same date, the former parent company, Cineworld Group plc, entered administration pursuant to a court order under the UK Insolvency Act 1986. As part of the restructuring plan, any balances payable to Cineworld Group Plc by the Company have been released.

Refer to Note 1 of the consolidated financial statements of Crown UK Holdco Limited for further information on the Chapter 11 Cases. Additional information on the Chapter 11 Cases (including copies of all documents filed in the Chapter 11 Cases) can be found at <https://cases.ra.kroll.com/cineworld>.