

# **Cine-UK Limited**

**Annual report and financial statements**

**Registered number 03005901**

**31 December 2018**

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## Strategic Report

The Directors present their Strategic Report on the Company for the year ended 31 December 2018.

### Principal activities

Cine-UK Limited, together with Cineworld Cinemas Limited, operates cinemas under the Cineworld brand. Cine-UK Limited is a wholly owned subsidiary of Cineworld Group plc which is listed on the London Stock Exchange. Throughout the rest of this report, the "Group" is used to refer to actions Cine-UK Limited has performed as part of the Cineworld Group plc, while the "Company" is used to refer specifically to Cine-UK Limited.

Cineworld is one of the UK's leading cinema chains by admissions and box office revenues. Cineworld cinemas are modern, well designed multiplexes with high quality technology, stadium seating, and online ticketing services. The sites are mostly in leisure and retail parks. Cineworld offers the "Unlimited" subscription card which allows unlimited viewings per month. Refurbishment of older sites, investment in new technologies and diversification of retail offerings are a key focus for the Cineworld brand. Cineworld is the only exhibitor in the UK to offer the 4DX experience, which includes motion seats and environmental effects.

The principal income for the Company is box office revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, less VAT. In addition, the Company operates membership schemes which provide customers with access to screening in exchange for subscriptions fees, and this revenue is also reported as part of box office. Admissions (one of the Groups key performance indicators), depend on the number, timing and popularity of the films we are able to show in our cinemas. Admissions are also a key driver for the two other main revenues for the Company; Retail revenue, the sale of food and drink for consumption within our cinemas; and screen advertising income, from advertisements shown on our screens prior to feature presentations.

### Financial Performance and position

For the year ended 31 December 2018, the Company had a turnover £259.1m (2017: £253.1m), operating profit of £10.1m (2017: £26.3m), Adjusted EBITDA (calculated as operating profit before depreciation and amortisation, onerous leases and other non-cash items, impairments and reversals of impairments, transaction and reorganisation costs and gains and losses on disposals of assets and subsidiaries) of £32.1m (2017: £40.1m) and profit after tax of £7.0m (2017: £23.1m).

The net assets of the Company at 31 December 2018 were £104.4m (2017: £66.3m).

### Key Performance Indicators

The Directors of the Group manage the Group's operations based on three operating 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 operating segment of Cineworld Group plc, which includes the Company, are discussed on pages 10 and 11 of the Cineworld Group plc 2018 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:

- Technology and data control
- Availability and performance of film content
- Provision of next generation cinemas
- Viewer experience and competition
- Revenue from retain/concession offerings
- Cinema operations
- Regulatory breach
- Strategy and performance
- Retention and attraction
- Governance and internal control

- Major incident
- Treasury management

The principal risks and uncertainties of the Group, which include those of the Company outlined above, are discussed in further detail on pages 19 to 27 of the Cineworld Group plc 2018 Annual Report and Accounts. The Cineworld Group plc 2018 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).

#### **Future developments**

The directors do not expect any change in the principal activity during the next financial period.



**R Kaufman**  
Director  
24 September 2019

## Directors' Report for year ended 31 December 2018

The directors present their financial statements and directors' report for the year ended 31 December 2018.

### Principal activities and future developments

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

### Political contributions

The Company made no political donations or incurred any political expenditure during the year (2017: None).

### Employees

The Group's policy is to recruit, employ and develop staff on the basis of the suitability of their qualifications and experience, regardless of sex, marital status, race, nationality, age, sexual orientation or religion. It is the Group's policy to give full and fair consideration to applications for employment from disabled people, having regard to their particular abilities and aptitudes. Full consideration is given to continuing the employment of staff who become disabled, including considering them for other reasonable positions and arranging appropriate training.

The health, welfare and development of the Group's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, the Group maintains a number of policies and procedures for the benefit of its employees, which can be accessed by employees via the Human Resources department and in the UK via the Human Resources manual on the Company's intranet. Continuing education, training and development are important to ensure the future success of the Group and employee development is encouraged through appropriate training. The Group supports individuals who wish to obtain appropriate further education qualifications and reimburses tuition fees up to a specified level.

Regular and open communication between management and employees is essential for motivating the workforce. Briefings are held regularly to provide updates on the Group's business and to provide opportunity for questions and feedback. The Group also maintains both an internet website which is freely accessible and an intranet site accessible to all head office employees and at all cinemas in the UK.

### Payment of dividends

The directors approved a dividend of £nil for the year ended 31 December 2018 (2017: £nil).

### Directors

The directors who served during the year and to the date of this report were as follows:

|              |   |
|--------------|---|
| M Greidinger |   |
| I Greidinger |   |
| M Keren      | (Resigned 20 April 2018)                          |
| M Eyre       | (Resigned 20 April 2018)                          |
| N Lion       | (Appointed 20 April 2018; resigned 1 August 2019) |
| S Jones      | (Appointed 20 April 2018)                         |
| R Kaufman    | (Appointed 1 August 2019)                         |

### Auditors

KPMG LLP will be ceasing to be the Company's auditor following the completion of their audit of the financial statements for the year ended 31 December 2018. A written resolution of the members of the Company in accordance with section 514 of the Companies Act 2006 will be circulated seeking approval for the appointment of PricewaterhouseCoopers LLP as replacement auditor for the financial year ending 31 December 2019.

### 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 auditor is 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 auditor is aware of that information.

By order of the board

R Kaufman  
Director

24 September 2019



8th Floor Vantage London  
Great West Road  
Brentford  
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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Cine-UK Limited**

### **Opinion**

We have audited the financial statements of Cine-UK Limited ("the company") for the year ended 31/12/2018 which comprise the Income Statement and Statement of Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31/12/2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the

information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Green (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
24 September 2019



24 September 2019



## Income Statement and Other Comprehensive Income

*for the year ended 31 December 2018*

|  | Note | Year Ended<br>31 December<br>2018<br><br>£000 | Year Ended<br>31 December<br>2017 |
|--|------|---|-----------------------------------|
| <b>Turnover</b>                                      | 2    | <b>259,080</b>                                | 253,149                           |
| Cost of sales  |      | <b>(203,397)</b>                              | (189,666)                         |
| <b>Gross profit</b>                                  |      | <b>55,683</b>                                 | 63,483                            |
| Administrative expenses                              |      | <b>(45,371)</b>                               | (36,650)                          |
| Other operating Expense                              |      | <b>(174)</b>                                  | (544)                             |
| <b>Operating profit</b>                              |      | <b>10,138</b>                                 | 26,289                            |
| Analysed between:                                    |      |   |                                   |
| Adjusted EBITDA (as defined in note 1)               |      | <b>32,102</b>                                 | 40,138                            |
| - Depreciation and amortisation                      | 3    | <b>(16,161)</b>                               | (13,820)                          |
| - Onerous lease charges                              | 3    | <b>(3,263)</b>                                | -                                 |
| - Impairments and impairment reversal                | 3    | <b>(2,540)</b>                                | (29)                              |
| Interest receivable and similar income               | 6    | <b>1</b>                                      | -                                 |
| Interest payable and similar charges                 | 7    | <b>(419)</b>                                  | (203)                             |
| <b>Profit on ordinary activities before taxation</b> | 3    | <b>9,720</b>                                  | 26,086                            |
| Tax on profit on ordinary activities                 | 8    | <b>(2,733)</b>                                | (2,943)                           |
| <b>Profit for the year</b>                           |      | <b>6,987</b>                                  | 23,143                            |
| <b>Total Comprehensive Income for the year</b>       |      | <b>6,987</b>                                  | 23,143                            |

All results are derived from continuing operations.

The Company has no other comprehensive income other than the profit for the period.

Notes from pages 11 to 25 form part of these financial statements.

## Balance Sheet

at 31 December 2018

|   | Note | 31 December 2018<br>£000 | 31 December 2017<br>£000 |
|---|------|--------------------------|--------------------------|
| <b>Fixed assets</b>   |      |                          |                          |
| Tangible assets   | 10   | 141,889                  | 135,424                  |
| Goodwill  | 9    | 825                      | 825                      |
| Investment  | 11   | 72,034                   | 19,390                   |
|   |      | <hr/>                    | <hr/>                    |
|   |      | 214,748                  | 155,639                  |
| <b>Current assets</b>   |      |                          |                          |
| Stocks  | 12   | 2,325                    | 2,325                    |
| Debtors   | 13   | 312,752                  | 309,403                  |
| Cash at bank and in hand  |      | 17                       | -                        |
|   |      | <hr/>                    | <hr/>                    |
|   |      | 315,094                  | 311,728                  |
| <b>Creditors: amounts falling due within one year</b>           | 14   | (363,027)                | (342,645)                |
|   |      | <hr/>                    | <hr/>                    |
| <b>Net current liabilities</b>                                  |      | (47,933)                 | (30,917)                 |
|   |      | <hr/>                    | <hr/>                    |
| <b>Total assets less current liabilities</b>                    |      | 166,815                  | 124,722                  |
| <b>Creditors: amounts falling due after more than one year:</b> |      |                          |                          |
| Accruals and deferred income                                    | 15   | (54,845)                 | (53,581)                 |
| Provisions  | 16   | (4,699)                  | (2,267)                  |
| Deferred tax liability  | 17   | (2,898)                  | (2,571)                  |
|   |      | <hr/>                    | <hr/>                    |
|   |      | (62,422)                 | (58,419)                 |
| <b>Net assets</b>   |      | <hr/> 104,373 <hr/>      | <hr/> 66,303 <hr/>       |
| <b>Capital and reserves</b>                                     |      |                          |                          |
| Called up share capital   | 18   | 7,900                    | 7,173                    |
| Share premium   |      | 30,217                   | -                        |
| Profit and loss account   |      | 66,256                   | 59,130                   |
|   |      | <hr/>                    | <hr/>                    |
| <b>Shareholders' funds</b>                                      |      | <hr/> 104,373 <hr/>      | <hr/> 66,303 <hr/>       |

Notes from pages 11 to 25 form part of these financial statements.

These financial statements were approved by the board of directors on 24 September 2019 and were signed on its behalf by:

**R Kaufman**  
Director



Registered number: 03005901

**Statement of Changes in Equity**  
*for the year ended 31 December 2018*

|  | Called up Share<br>capital | Share<br>Premium | Profit and loss<br>account | Total<br>equity |
|--|----------------------------|------------------|----------------------------|-----------------|
|  | £000                       | £000             | £000                       | £000            |
| Balance at 31 December 2017                        | 7,173                      | -                | 59,130                     | 66,303          |
| Profit for the year                                | -                          | -                | 6,987                      | 6,987           |
| <b>Total comprehensive income for the year</b>     | <b>-</b>                   | <b>-</b>         | <b>6,987</b>               | <b>6,987</b>    |
| Share issue  | 727                        | 30,217           | -                          | 30,944          |
| Equity-settled share based payment transactions    | -                          | -                | 139                        | 139             |
| Total contributions by and distributions to owners | 727                        | 30,217           | 139                        | 31,083          |
| <b>Balance at 31 December 2018</b>                 | <b>7,900</b>               | <b>30,217</b>    | <b>66,256</b>              | <b>104,373</b>  |

Notes from pages 11 to 25 form part of these financial statements.

## Notes to the financial statements

### 1 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.

#### ***Basis of preparation***

Cine-UK Limited is a Company incorporated and domiciled in the UK.

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 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, England, TW8 9AG.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned Group entities;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Cineworld Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- Certain disclosures required by IAS 8 accounting policies, estimates and errors including new accounting standards enacted but not yet adopted.

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

### Accounting policies (continued)

#### **Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding the Company has net current liabilities of £47,933,000 (2017: £30,917,000) and net assets of £104,373,000 (2017: £66,303,000) which the directors believe to be appropriate for the following reasons.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3.

The Company participates in the ultimate parent, Cineworld Group plc's, centralised treasury arrangements and so shares banking arrangements with the parent and fellow subsidiaries. At the period end the Group met its day-to-day working capital requirements through its bank loan, which consisted of a term loan and a revolving facility.

As a result of the Regal Entertainment Group acquisition undertaken by Cineworld Group plc, on 28 February 2018 the Group restructured its debt arrangements. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal Entertainment Group were terminated and superseded with the new financing arrangements for the enlarged Group which consist of a USD and Euro term loan totalling \$4.1bn and a \$300.0m revolving credit facility. The revolving credit facility is subject to springing covenants which are triggered above 35% utilisation. The revolving credit facility is currently not utilised and therefore no covenants are in place.

The enlarged Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the enlarged Group should be able to operate within the level of its new facilities for at least 12 months from the approval date of the financial statements, including compliance with the bank facility covenants.

The directors, having assessed the responses of the directors of the Company's parent Cineworld Group plc, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Cineworld Group plc to continue as a going concern or its ability to continue with the new banking arrangements.

Cineworld Group plc has confirmed that it is its present intention to continue to provide financial support to the Company to enable it to meet its liabilities in full as they fall due and carry on its business for the foreseeable future without significant curtailment of operations.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Cineworld Group plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, being for at least 12 months after the date of signing these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

### Accounting policies *(continued)*

#### ***Use of non-GAAP Profit and Loss Measures***

The Company believes that along with operating profit, the following measures provide additional guidance to the statutory measures of the performance of the business during the financial year:

- EBITDA
- Adjusted EBITDA

The Company defines EBITDA as Operating profit before depreciation and amortisation. EBITDA is considered a consistent measure of the trading performance at a CGU level.

The Company defines Adjusted EBITDA as reported in the Profit or Loss Account as operating profit before depreciation and amortisation, onerous leases and other non-cash items, impairments and reversals of impairments, transaction and reorganisation costs and gains and losses on disposals of assets and subsidiaries.

Adjusted EBITDA is considered an accurate and consistent measure of the Company's trading performance, items adjusted to arrive at Adjusted EBITDA are considered to be outside the Company's ongoing trading activities.

#### ***Tangible Fixed Assets***

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

|  |                                      |
|--|--------------------------------------|
| Short leasehold land and buildings           | 30 years or life of lease if shorter |
| Cinema plant and machinery                   | 3 to 10 years                        |
| Head office fixtures, fittings and equipment | 4 to 10 years                        |

Assets acquired for use in cinemas are depreciated from the date the cinema opens. Cinema properties in the course of construction are separately identified as a component of tangible fixed assets and are not depreciated until the cinema is brought into use.

#### ***Goodwill***

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on business acquisitions. In respect of business acquisitions that have occurred since incorporation, goodwill represents the difference between the cost of the acquisition and the Group's interest in the fair value of the net identifiable assets acquired. Goodwill is capitalised and assessed for impairment on an annual basis.

#### ***Impairment***

The carrying amounts of the Company's fixed assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill assets that have an indefinite useful economic life, the recoverable amount is estimated at each Balance Sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other intangible assets in the unit on a pro rata basis. A CGU is the smallest identifiable group of

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

### Accounting policies *(continued)*

assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### ***Defined Contribution Pension Plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Profit and Loss Account as incurred.

#### ***Share-based payment transactions***

The share option programme allows employees to acquire shares of the parent company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date using the Black Scholes Model and spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights are also granted by the Group to employees of the Company. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured taking into account the terms and conditions upon which the instruments were granted. The liability is premeasured at each balance sheet date and at settlement date and any changes in fair value are booked in the Statement of Comprehensive Income.

#### ***Operating Lease Payments***

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense on a straight-line basis over the term of the lease. Where the Company has operating leases that contain minimum guaranteed rental uplifts over the life of the lease, the Company recognises the guaranteed minimum lease payment on a straight-line basis over the lease term.

#### ***Finance Lease Payments***

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

#### ***Provisions***

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

#### ***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.

## Notes to the financial statements (continued)

### Accounting policies (continued)

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.

### *Inventories*

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the First-In, First-Out ("FIFO") principle. Cost comprises expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, and net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

### *Trade and Other Debtors*

Trade and other debtors are measured at amortised cost. The Company applies the simplified approach permitted by IFRS 9, where expected lifetime losses are recognised at initial recognition of the receivable.

### *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

### *Trade and Other Creditors*

Trade and other creditors are initially measured at fair value. They are subsequently carried at amortised cost using the effective interest method.

### *Turnover*

Turnover represents the total amount receivable for goods sold, excluding sales related taxes and intra-group transactions. Turnover is recognised when performance obligations have been met as follows:

Box office revenue is recognised on the date of the showing of the film it relates to

- Box office revenue is recognised on the date of the showing of the film the ticket sold relates to
- Advertising revenue is recognised when the advertisement is shown
- Unlimited card revenue is received annually and monthly in advance. When revenue from the Unlimited card is received annually in advance it is recognised on a straight line basis over the period. Monthly Unlimited card revenue is recognised in the period to which it relates.

Other revenue is recognised in the period to which it relates.

### *New standards and interpretations*

The Company implemented new accounting standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" during the current financial year. These have been adopted with no material impact.



## Notes to the financial statements (continued)

### 2 Segmental information

#### *Geographical sector analysis*

All revenues derived from activities in the United Kingdom

#### *Business sector analysis*

The Company has operated in one business sector in both financial years, being cinema operations.

### 3 Profit on ordinary activities before taxation

|  | Year ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|--|---|---|
| <i>Profit on ordinary activities before taxation is stated after charging:</i> |   |   |
| Depreciation   | 16,161                                    | 13,820                                    |
| Hire of plant and machinery – rentals payable under operating leases           | 51  | 74  |
| Hire of other assets - operating leases  | 31,564                                    | 27,613                                    |
| Impairments & Impairment reversal  | 2,540                                     | 29  |
| Onerous lease and other non-recurring charges                                  | 3,263                                     | 367                                       |
|  | <u>          </u>                         | <u>          </u>                         |

Auditor's remuneration for 2018 and 2017 was borne by a fellow Group company. Cine-UK's allocation of the Group audit fee was £80,000 (2017: £80,000). Fees paid to the Company's auditor, KPMG LLP, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated financial statements of the Company's parent company Cineworld Group plc.

Impairment charge during the current year related to the impairment of fixed assets at two sites which recoverable amounts were less than their carrying amount.

An onerous lease provision was recognised for three sites where the cost of fulfilling obligations was more than the economic benefits obtained from it.

### 4 Remuneration of directors

Director's remuneration is paid through other Group entities for the Directors services across the Group. No apportionment to determine the amount attributable to individual entities is performed. Therefore information has been provided on Directors' remuneration as a whole paid through other entities.

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

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was:

|           | Year ended<br>31 December<br>2018 | Year ended<br>31 December<br>2017 |
|-----------|-----------------------------------|-----------------------------------|
| Full time | 315                               | 248                               |
| Part time | 4,584                             | 2,629                             |
|           | <hr/> 4,899                       | <hr/> 2,877                       |
|           | <hr/> <hr/>                       | <hr/> <hr/>                       |

Included in the average number of persons employed by the Company are part-time employees. The aggregate payroll costs of these persons were as follows:

|                       | Year ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|-----------------------|---|---|
| Wages and salaries    | 32,052                                    | 30,224                                    |
| Social security costs | 1,427                                     | 1,285                                     |
| Other pension costs   | 95  | 308                                       |
|                       | <hr/> 33,574                              | <hr/> 31,817                              |
|                       | <hr/> <hr/>                               | <hr/> <hr/>                               |

### 6 Interest receivable and similar income

|   | Year ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|---|---|---|
| Effect of change in discount rate on provisions | 1   | -   |
|   | <hr/> 1                                   | <hr/> -                                   |
|   | <hr/> <hr/>                               | <hr/> <hr/>                               |

### 7 Interest payable and similar charges

|  | Year ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|--|---|---|
| Intercompany interest payable on cash pool     | (15)                                      | -   |
| Foreign exchange loss                          | (228)                                     | -   |
| Unwind of discount on onerous lease provisions | (176)                                     | (203)                                     |
|  | <hr/> (419)                               | <hr/> (203)                               |
|  | <hr/> <hr/>                               | <hr/> <hr/>                               |

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

### 8 Taxation

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

|   | Year ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|---|---|---|
| <i>Tax on ordinary activities comprises:</i>      |   |   |
| UK Corporation tax                                | 2,625                                     | 4,953                                     |
| Adjustments in respect of prior years             | (220)                                     | (1,770)                                   |
|   | <hr/>                                     | <hr/>                                     |
| <b>Current tax on income in the year</b>          | <b>2,405</b>                              | <b>3,183</b>                              |
| Origination and reversal of temporary differences | 328                                       | (223)                                     |
| Reduction in tax rate                             | -   | (17)                                      |
|   | <hr/>                                     | <hr/>                                     |
| <b>Total deferred tax charge / (credit)</b>       | <b>328</b>                                | <b>(240)</b>                              |
|   | <hr/>                                     | <hr/>                                     |
| <b>Tax on profit on ordinary activities</b>       | <b>2,733</b>                              | <b>2,943</b>                              |
|   | <hr/>                                     | <hr/>                                     |

#### b) Reconciliation of effective tax rate

The effective tax rate for the period is higher (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25 %). The differences are reconciled below:

|   | Year ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|---|---|---|
| Profit on before tax  | 9,720                                     | 26,086                                    |
|   | <hr/>                                     | <hr/>                                     |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) | 1,847                                     | 5,022                                     |
| <i>Effects of:</i>  |   |   |
| Expenses not deductible for tax purposes  | 785                                       | 552                                       |
| Deferred tax rate impact  | -   | (16)                                      |
| Adjustments to prior periods  | 101                                       | (2,615)                                   |
|   | <hr/>                                     | <hr/>                                     |
| <b>Total tax expense</b>  | <b>2,733</b>                              | <b>2,943</b>                              |
|   | <hr/>                                     | <hr/>                                     |

See note 18 for deferred tax disclosure

#### 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.

Deferred tax liabilities are measured using the tax rates that are expected to apply to the periods when the assets are released or liabilities settled, based on tax rates enacted or substantively enacted at the balance sheet date.

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

### 9 Goodwill

|  | <b>Goodwill</b> |
|--|-----------------|
| <b>Cost and netbook value</b>                    | <b>£000</b>     |
| Balance at 31 December 2018 and 31 December 2017 | <b>825</b>      |

Goodwill relates to the acquisition of the cinema complex located within The O2 in Greenwich, London.

#### Impairment testing

Goodwill has been allocated to cash generating units or Groups of cash generating units as follows:

|                  | <b>2018</b> | <b>Goodwill</b> |
|------------------|-------------|-----------------|
|                  | <b>£000</b> | <b>2017</b>     |
|                  |             | <b>£000</b>     |
| The O2 Greenwich | <b>825</b>  | <b>825</b>      |

The recoverable amount of the O2 asset has been calculated with reference to its value in use.

The key assumptions of this calculation are shown below:

|   | <b>2018</b>     | <b>2017</b>     |
|---|-----------------|-----------------|
| Period on which management approved forecasts are based | <b>20 years</b> | <b>20 years</b> |
| Growth rate applied beyond approved forecast period     | <b>2%</b>       | <b>2%</b>       |
| Discount rate   | <b>10.02%</b>   | <b>9.90%</b>    |

Management have sensitised the key assumptions in the goodwill impairment test including the discount rate and under both the base case and sensitised cases no indicators of impairment exist. Management believe that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the carrying value to exceed its recoverable amount.

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

### 10 Tangible fixed assets

|                            | Land and<br>Buildings:<br>short<br>leasehold | Cinema<br>plant and<br>machinery | Head<br>office<br>fixtures<br>Fittings and<br>equipment | Assets in<br>the course<br>of<br>construction | Total          |
|----------------------------|--|----------------------------------|---|---|----------------|
|                            | £000   | £000                             | £000  | £000  | £000           |
| <i>Cost</i>                |  |                                  |   |   |                |
| At beginning of period     | 149,235                                      | 72,627                           | 49,743  | 3,191   | 274,796        |
| Transfers AUC              | 140  | 205                              | 55  | (400)   | -              |
| Additions                  | 13,036                                       | 1,892                            | 9,842   | 396   | 25,166         |
| <b>At end of period</b>    | <b>162,411</b>                               | <b>74,724</b>                    | <b>59,640</b>   | <b>3,187</b>                                  | <b>299,962</b> |
| <i>Depreciation</i>        |  |                                  |   |   |                |
| At beginning of period     | 57,100                                       | 56,684                           | 25,588  | -   | 139,372        |
| Transfers                  | -  | -                                | -   | -   | -              |
| Charge for period          | 5,687  | 3,460                            | 7,014   | -   | 16,161         |
| Impairment                 | 2,540  | -                                | -   | -   | 2,540          |
| <b>At end of period</b>    | <b>65,327</b>                                | <b>60,144</b>                    | <b>32,602</b>   | <b>-</b>                                      | <b>158,073</b> |
| <i>Net book value</i>      |  |                                  |   |   |                |
| <b>At 31 December 2018</b> | <b>97,084</b>                                | <b>14,580</b>                    | <b>27,038</b>   | <b>3,187</b>                                  | <b>141,889</b> |
| At 31 December 2017        | 92,135                                       | 15,943                           | 24,155  | 3,191   | 135,424        |

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

### Impairment

The £2,540,000 (2017: £29,000) impairment loss in the current reporting period was caused by trading not reaching expectations for the foreseeable future for two cinema sites.

The Group determines whether tangible fixed assets 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 cash generating units to which the tangible fixed assets are allocated, which is predominantly at the individual cinema site level. Where individual sites cash flows are not considered independent from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single cash generating unit.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each CGU and discount these to their net present value at a pre-tax discount rate which is appropriate for the territory where the assets are held. A table summarising the rates used, which are derived from externally benchmarked data, is set out below:

|               | Year Ended<br>2018<br>£m | Year ended<br>2017<br>£m |
|---------------|--------------------------|--------------------------|
| Discount rate | 10.02%                   | 9.9%                     |

For established sites, expected future cash flows are based on financial budgets approved by the Board of Directors covering a one-year period. Cash flows beyond the first period are extrapolated using the assumptions used in the impairment model. Constant growth rate assumptions are used for projections on established sites. For new sites, where a constant growth would not accurately reflect market conditions, more detailed growth assumptions are used for the first five years.

The key assumptions used in the cash flow projections for the purpose of the impairment review are as follows:

|                                    | Year Ended<br>2018<br>% | Year Ended<br>2017<br>% |
|------------------------------------|-------------------------|-------------------------|
| EBITDAR growth rate years 1-2      | 3.00                    | 3.00                    |
| EBITDAR growth rate years 3 onward | 2.00                    | 2.00                    |

2019 forecast EBITDA was used as the basis of the future cash flow calculation. This is adjusted to add back rent (EBITDAR). Property costs are factored into the model; but are assumed to grow at 3.0% per annum over the life of the model. Cash flows are projected over the life of the lease

The two sites identified above were fully impaired. Therefore for remaining sites a reduction of 10% in the forecast cashflows for each CGU from year 2 to 5 or an increase in the discount rate applied to the cashflows of each CGU of 1 percentage point would not cause the carrying value to exceed its recoverable amount for any CGU. Therefore, management believe that any reasonably possible change in the key assumptions would not result in an impairment charge.

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

### Impairment Reversals

A review of future cash flows for previously impaired cinema sites did not identify improvement in trading performance sufficient to recognise a reversal of impairment.

### 11 Fixed Asset Investments

|                           | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|---------------------------|-----------------------------|-----------------------------|
| Cost at beginning of year | 19,390                      | -                           |
| Additions                 | 52,644                      | 19,390                      |
|                           | <u>72,034</u>               | <u>19,390</u>               |
| Net book value            | <u>72,034</u>               | <u>19,390</u>               |

During the financial year and additional investment of £52,644,000 was made in Cinema City Poland sp.Zoo Cinemas. Subsequently a share for exchange occurred where one share held in Cinema City Poland sp.Zoo was swapped for a share in Cinema City Cinemas sp.Zoo.

All investments relate to shares in Group undertakings.

Investments in subsidiary undertakings at 31 December 2018 comprise:

| <i>Subsidiary undertakings</i> | <b>Registered Office</b>               | <b>Share class</b> | <b>% of shares held</b> | <b>Nature of business</b> |
|--------------------------------|--|--------------------|-------------------------|---------------------------|
| <i>Directly held</i>           |  |                    |                         |                           |
| Cinema City Cinemas sp.Zoo     | UL. Fosa 37 02-768<br>Warszawa, Poland | Ordinary           | 33                      | Cinema operations         |

### 12 Inventories

|                       | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|-----------------------|-----------------------------|-----------------------------|
| Goods held for resale | 2,325                       | 2,325                       |
|                       | <u>2,325</u>                | <u>2,325</u>                |

### 13 Debtors: amounts falling due within one period

|                                    | 31 December<br>2017<br>£000 | 31 December<br>2017<br>£000 |
|------------------------------------|-----------------------------|-----------------------------|
| Other debtors                      | 1,075                       | 17                          |
| Amounts owed by Group undertakings | 311,677                     | 309,386                     |
|                                    | <u>312,752</u>              | <u>309,403</u>              |

The amounts owed by Group undertakings from trading activities are repayable on normal trading terms. Loans owed by Group undertakings are repayable at any point at the request of the borrower.

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

### 14 Creditors: amounts falling due within one period

|  | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|--|-----------------------------|-----------------------------|
| Other creditors including taxation and social security | 2,729                       | 5,076                       |
| Accruals and deferred income                           | 7,803                       | 3,295                       |
| Bank overdraft   | -                           | 83                          |
| Amounts owed to Group undertakings                     | 352,495                     | 334,191                     |
|  | <u>363,027</u>              | <u>342,645</u>              |

The amounts owed to subsidiary undertakings are repayable on demand.

### 15 Creditors: due in more than one period

|                              | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|------------------------------|-----------------------------|-----------------------------|
| Accruals and deferred income | 54,845                      | 53,581                      |

Non-current accruals and deferred income include reverse-lease premiums and an accrual for straight-lining operating leases.

### 16 Provisions

|  | Onerous leases<br>and other property provisions<br>£000 |
|--|---|
| Amount brought forward at 31 December 2017 | 2,267   |
| Utilised during period                     | (356)   |
| Unwinding of discounted amount             | 176   |
| Additional provision made                  | 2,612   |
| <b>Amount at 31 December 2018</b>          | <u><u>4,699</u></u>                                     |

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The provision for onerous leases covers the rent payable on particular cinema sites that have been assessed as currently in excess of the economic benefits expected to be derived from their operation on a discounted basis. The remaining provision will be utilised over the period to the next rent review date or the remaining lease depending on the term of the lease. The discount rate used was 10.02% (2017: 9.90%).

The level of onerous lease provision is dependent upon judgement in forecasting future cash flows and used in arriving at the discount rate applied to cash flow projections. Management have sensitised the key assumptions in assessing property provisions including the discount rate,



## Notes to the financial statements (continued)

### 16 Provisions Notes Continue

management believe that under any reasonably possible change in the key assumptions on which provision is based they would not significantly change. Other property provisions are not considered to require ongoing judgement as amounts relate to pre-determined unwinds and releases

### 17 Deferred tax

The Company has recognised a deferred tax asset in relation to accelerated capital allowances as follows:

|                       | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|-----------------------|-----------------------------|-----------------------------|
| Tangible fixed assets | (2,898)                     | (2,572)                     |
|                       | <u>(2,898)</u>              | <u>(2,572)</u>              |

*The movement in deferred tax:*

|                       | 1 January<br>2018<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>in equity<br>£000 | 31 December<br>2018<br>£000 |
|-----------------------|---------------------------|---------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | (2,572)                   | (326)                           | -                               | (2,898)                     |
|                       | <u>(2,572)</u>            | <u>(326)</u>                    | <u>-</u>                        | <u>(2,898)</u>              |

### 18 Called up share capital

|   | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|---|-----------------------------|-----------------------------|
| <b>Allotted, called up and fully paid</b> |                             |                             |
| 7,900,318 ordinary shares of £1 each      | 7,900                       | 7,173                       |
|   | <u>7,900</u>                | <u>7,173</u>                |

During the current year, Cineworld Holdings Limited subscribed to an additional 726,892 shares in Cine-UK Limited for total consideration of £30,943,821.

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

### 19 Commitments

- (i) Capital commitments at the end of the financial period for which no provision has been made:

|            | 31 December<br>2018<br>£000 | 31 December<br>2017<br>£000 |
|------------|-----------------------------|-----------------------------|
| Contracted | 16,429                      | 8,322                       |

- (ii) Annual commitments under non-cancellable operating leases are as follows:

|                            | Land and buildings<br>Year Ended<br>31 December<br>2018<br>£000 | Year ended<br>31 December<br>2017<br>£000 |
|----------------------------|---|---|
| Less than one year         | 33,674  | 33,674                                    |
| Between one and five years | 136,597   | 136,597                                   |
| more than five years       | 331,997   | 365,671                                   |
|                            | <u>502,268</u>  | <u>535,942</u>                            |

### 20 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the fund and amounted to £nil (2017: £ nil).

### 21 Related party transactions

As the Company is a wholly owned subsidiary of Cineworld Group plc, the Company has taken advantage of the exemption contained in FRS 101 (5.8) 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 23.

Digital Cinema Media ('DCM') is a joint venture between the Company and Odeon Cinemas Holdings Limited set up in 2008. Revenue receivable from DCM in the period totalled £10,600,000 (2017: £12,539,000) and £2,600,000 (2017: £3,800,000) was due from DCM in respect of receivables.

### 22 Ultimate parent company and parent undertaking of larger Group

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