Cineworld Cinemas Holdings Limited

Annual report and financial statements Registered number 02010626 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 and future developments

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

Financial Performance and Position

During the period the Company continued to act as a holding Company. This generated income from investments of Enil (2017: £50,000,000).

The profit on ordinary activities before taxation for the period ended 31 December 2018 was £nil (2017: £50,000,000), and profit after tax for the year ended 31 December 2018 was £nil (2017: £50,000,000).

At 31 December 2018 Net Assets were £87,171,000 (2017: £56,227,000).

Principal Risks and Uncertainties

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

- Regulatory breach
- Governance and internal control

The principal risks and uncertainties of the Group, which include those of the Company outlined above, are discussed in further detail on pages 22 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.

The Strategic Report was approved by the Board on 24 September 2019 and signed on its behalf by

R Kaufman Director

Directors' Report for year ended 31 December 2018

The directors present their annual report and the audited financial statements 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.

Payment of dividends

The directors do not recommend the payment of a dividend (2017: £50,000,000).

Directors

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

1 Greidinger

M Eyre (Resigned 20 April 2018)

M Greidinger N Cohen

N Lion (Appointed 20 April 2018; resigned 1 August 2019)

S Jones (Appointed 20 April 2018)
R Kaufman (Appointed 1 August 2019)

Political and charitable contributions

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

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

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

24 September 2019

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 Cineworld Cinemas Holdings Limited Opinion

We have audited the financial statements of Cineworld Cinemas Holdings Limited 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 4, 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 econômic 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.

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 statement of comprehensive income for the year ended 31 December 2018

,	Note	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Income received from fixed asset investments	2	-	50,000
Profit before taxation	3	-	50,000
Tax on profit	4	-	-
Profit for the financial year			50,000
Total comprehensive income for year		<u>-</u>	50,000

All results are derived from continuing operations.

The company has no other comprehensive income other than the profit for the year.

Notes from pages 10 to 15 form part of these financial statements.

Balance Sheet at 31 December 2018

	Note	31 December 2018 £000	31 December 2017 £000
Fixed assets Investments	7	53,412	15,691
Current assets Debtors Cash at bank and in hand	8	180,302 -	187,079
Creditors: amounts falling due within one year	9	(146,543)	(146,543)
Net current assets	pt.	33,759	40,536
Net assets		87,171	56,227
Capital and reserves Called up share capital Share premium account Retained earnings	10	1 81,106 6,064	1 50,162 6,064
Shareholders' funds		87,171 ————	56,227 ———

Notes from pages 10 to 15 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: 02010626

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

Called up Share capital	Share Premium	Retained earnings	Total equity
£000	£000	£000	£000
1	50,162	6,064	56,227
-	-	.	-
-	-	-	-
	30,944	-	30,944
1	81,106	6,064	87,171
	capital	capital Premium £000 £000 1 50,162	capital Premium earnings £000 £000 £000 1 50,162 6,064 - - - - - - - - - - - - - - - - - - - - - 30,944 - -

Notes from pages 10 to 15 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

Cineworld Cinemas Holdings 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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of accounting policy changes, estimates and errors and new accounting standards in acted but not yet adopted.

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

Going concern

The financial statements have been prepared on the going concern basis.

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 page 2.

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.

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.

Investments

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

Impairment

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

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.

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.

New standards and interpretations

The Company implemented new accounting standards IFRS 9 "Financial Instruments" during the current financial year. This has been adopted with no material impact.

2 Income received from fixed asset investments

	Year ended 31 December	Year ended 31 December
	2018 £000	2017 £000
Dividends received	-	50,000

3 Profit on ordinary activities before taxation

Auditor's remuneration for 2018 and 2017 was borne by fellow Group companies. Cineworld Cinema Holdings allocation of the Group audit fee was £1,325 (2017: £1,325).

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 ultimate parent company Cineworld Group plc.

4 Taxation

a) Analysis of tax charge in year

a) Analysis of tax charge in year		
	Year ended	Year ended
	31 December	31 December
	2018	2017
	£000	£000
Tax on ordinary activities comprises:		
UK corporation tax	-	-

b) Reconciliation of effective tax rate

The effective tax rate for the period is lower (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	Year ended
	31 December	31 December
	2018	2017
	£000	£000
Profit on ordinary activities before tax	-	50,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	-	9,625
Effects of:		
Group relief	-	-
Expenses not deductible for tax purposes	-	
Imputed intercompany interest	-	-
Non-taxable inter-company dividends received	-	9,625
Adjustments relating to prior year	-	-
Total tax expense		
Total tax expense		<u></u>

Factors that may affect future tax charges

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

5 Directors' emoluments

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.

6 Staff numbers and costs

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

7 Investments

Shares in Group undertaking £000

Investment at cost and net book value

 Balance at 31 December 2017
 15,691

 Additions
 37,721

 Balance at 31 December 2018
 53,412

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

Investments in subsidiary undertakings at 31 December 2018 comprise:

	Registered Office	Class	% of shares	Principal
Subsidiary undertakings			held	activity
Directly held				
Cineworld Cinemas Limited	8th Floor, Vantage London Great West Road Brentford,TW8 9AG	Ordinary	100	Holding company and cinema operations
Indirectly held				
Classic Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford,TW8 9AG	Ordinary	100	Retail services company
Gallery Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford,TW8 9AG	Ordinary	100	Holding Company
Cineworld Estates Limited	8th Floor, Vantage London, Great West Road, Brentford,TW8 9AG	Ordinary	100	Cinema property leasing
Cineworld South East Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford,TW8 9AG	Ordinary	100	Holding company
Cineworld Elite Pictures Theatre (Nottingham) Limited	8th Floor, Vantage London, Great West Road, Brentford,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
Basildon Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema property leasing
Bromley Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Basildon Cinema Number Two 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Empire Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Hemel Hempstead Two Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Poole Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Newcastle Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW	Ordinary	100	Cinema operations
Cinema City Cinemas sp. Zoo	UL. FOSA 37	Ordinary	33	Group Services
	02-768 WARSZAWA			
	NIP 521-33-04-554			
	REGON: 015805025			
Classic Cinemas Limited	8th Floor, Vantage London, Great West	Ordinary	100	Retail services company
	Road, Brentford,TW8 9AG	•		
Gallery Cinemas Limited	8th Floor, Vantage London, Great West	Ordinary	100	Non-trading (formerly
	Road, Brentford,TW8 9AG	.		cinema operations)
Cineworld Cinema Properties Limited	8th Floor, Vantage London, Great West Road, Brentford,TW8 9AG	Ordinary	100	Property company

8 Debtors: amounts falling due within one period

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.

9 Creditors: amounts falling due within one year

	31 December	31 December
	2018	2017
	£000	£000
Amounts owed to Group undertakings	146,543	146,543

The amounts owed to Group undertakings are repayable on demand.

10 Called up share capital

	21 necember	21 pecemper
•	2018	2017
	£000	£000
Allotted, called up and fully paid		
1,309 (2017: 1,308) Ordinary shares of £1 each	1	1

On 8 November 2018, Cineworld Limited issued one share to Cineworld Holdings Limited for consideration of £30,943,820.

11 Related party disclosures

As the Company is a wholly owned subsidiary of Cineworld Group plc, the Company has taken advantage of the exemption contained in FRS 101 (5.8) 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 12.

12 Ultimate parent company

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