PICTUREHOUSE BOOKINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Contents

Company Information

DIRECTORS	C Binns R Kaufman
COMPANY SECRETARY	S Brooker (appointed on 1st March 2022) N Kravitz (appointed 27 January 2022, resigned 1 March 2022) F Smith (resigned on 27th January 2022)
REGISTERED NUMBER	06504784
REGISTERED OFFICE	8th Floor Vantage London Great West Road Brentford TW8 9AG

Directors' report for the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This Company is exempt from audit under s479A-479C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of the operation of a telephone and internet booking services for cinemas operating under the "Picturehouse" brand in the United Kingdom. The directors do not expect any change in the principal activity during the next financial period. Picturehouse Bookings 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. Picturehouse Bookings has performed as part of the Cineworld Group plc, while the "Company" is used to refer specifically to Picturehouse Bookings.

KEY PERFORMANCE INDICATORS

The Directors of the Group manage the Group's operations based on three reporting segments: US, UK and Ireland and Rest of the World ("ROW"). For this reason, the Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK and Ireland reporting operating segment of Cineworld Group plc, which includes the Company, are discussed on pages 10 to 13 and 30 to 35 of the Cineworld Group plc 2022 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.

PRINCIPAL RISK AND UNCERTAINTIES

The principal risks and uncertainties which could have a material impact on the Company's performance are the same as those described in detail pages 14 to 19 of the Cineworld Group plc 2022 Annual Report and Accounts. The Cineworld Group plc 2022 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.

These include:

Technology and Data Control	A critical system interruption or major IT security breach encountered
Availability and Performance of Film Content	Lack of access to high quality, diverse and well publicised movie product
Provision of next Generation Cinemas	Maintaining/refurbishing existing sites and/or developing new sites fails to provide a circuit of next generation cinemas.
Viewer Experience and Competition	The quality of products and services offered fails to meet the needs of the customer and deliver an enhanced viewer experience
Revenue from Retail/Concession Offerings	Delivery of a retail/concession offering that does not meet the requirements and preferences of our customers
Cinema operations	Failure to maintain and operate well run and cost effective cinemas
Regulatory Breach	A major statutory, regulatory or contractual compliance breach
Strategy and Performance	The approach to setting, communicating, monitoring and executing a clear strategy fails to deliver long-term objectives
Retention and Attraction	Failure to attract and retain Senior Management and/or other key personnel
Governance and Internal Control	A critical internal control and/ or governance failing occurs
Major incident	Inability to respond to a major incident
Treasury Management	Ineffective treasury management slows down our ability to service our debt obligations and deliver against our planned strategic initiatives (e.g. refurbishment programmes)
Climate change	Warming of the planet caused by greenhouse gas emissions poses serious risks to the global economy and will have an impact across many economic sectors.

Directors' report for the year ended 31 December 2022 *(Continued)*

DIRECTORS
The directors of the company who were in office during the year and up to the date of signing the financial statements were C Binns and R Kaufman.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITY
The Company maintains insurance cover for all Directors and Officers of Group companies against liabilities which may be incurred by them while acting as Directors and Officers. As at the date of this report, qualifying third party indemnities during the financial year and also at the date of approval of the financial statements, under which the Company has agreed to indemnity the Directors as permitted by law and by the Articles against liabilities they may incur in the execution of their duties as Directors of the Company.

POLITICAL DONATIONS
The Company made no political donations or incurred any political expenditure for year ended 31 December 2022 (2021: None).

PAYMENT OF DIVIDENDS
No dividends were approved for the year ended 31 December 2022 (2021: £nil).

STRATEGIC REPORT
The Company is classified as a small company if not for being a part of a large group, under the Companies Act 2006 and as a result has met the requirements in Companies Act 2006 section 414B to obtain the exemption provided from the presentation of a strategic report.

The directors have also taken advantage of the small company exemptions in the Companies Act 2006 in preparing this Directors' report.

FUTURE DEVELOPMENTS
Despite the re-opening of cinemas, the COVID-19 pandemic continues to have a significant impact on the performance of the Company's trading activity.

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

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

R Kaufman
Director
27 September 2023

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

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board

R Kaufman
Director
27 September 2023

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

Statement of Comprehensive Income
for year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	2	**549,806**	408,259
Cost of sales		**(274,261)**	(144,792)
Gross profit		**275,545**	263,467
Expected credit loss provision	6	**(2,212,171)**	(102,021)
Administrative expenses		**(1,075)**	(184)
Operating (loss) / profit		**(1,937,702)**	161,262
(Loss) / profit before taxation	3	**(1,937,702)**	161,262
Tax on profit / (loss)	5	-	-
(Loss) / profit for the financial year		**(1,937,702)**	161,262

The notes on pages 9 to 19 form part of these financial statements.

Balance Sheet
At 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Current assets			
Trade and other receivables	*6*	**9,180,511**	11,392,683
Cash and cash equivalents	*7*	**355,388**	333,753
		9,535,899	11,726,436
Current liabilities			
Creditors: amounts falling due within one year	*8*	**(10,629,393)**	(10,882,229)
		(10,629,393)	(10,882,229)
Net (liabilities) / assets		**(1,093,494)**	844,207
Capital and reserves			
Ordinary shares	*9*	**1**	1
Retained earnings / (accumulated losses)		**(1,093,495)**	844,206
Total shareholders' funds		**(1,093,494)**	844,207

The notes on pages 6 to 19 form part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 27 September 2023 and signed on its behalf by;

R Kaufman
Director

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

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	1	682,943	682,944
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	161,263	161,263
At 31 December 2021	**1**	**844,206**	**844,207**
COMPREHENSIVE LOSS FOR YEAR			
(Loss) for the year	-	(1,937,702)	(1,937,702)
At 31 December 2022	**1**	**(1,093,495)**	**(1,093,494)**

The notes on pages 9 to 19 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

General information

Picturehouse Bookings Limited is a private limited company limited by shares incorporated and domiciled in the UK. The Companies registered address is 8th Floor Vantage London, Great West Road, United Kingdom, TW8 9AG.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), applying the historical cost convention. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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

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

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

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
- iii. Paragraph 79(a)(iv) of IAS 1;
- iv. Paragraph 73(e) of IAS 16, 'Property, plant and equipment';
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d) (statement of cash flows); 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B–D (additional comparative information);
- 111 (statement of cash flows information); and
- 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 and 18(a) of IAS 24, 'Related party disclosures' (key management compensation).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and
- 40A–D (requirements for a third statement of financial position).

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Presentational currency
The financial results of the Company are presented in Pound Sterling rounded to the nearest £.

Going concern

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

On a stand-alone basis, the Company has been significantly impacted by the COVID-19 pandemic with revenue severely lower in 2020 following the closure of cinemas for most of the year. Revenue in 2021 and 2022 has improved however remain below pre-pandemic levels. The Company is reliant on financial and other support from a parent entity in order to meet its obligations, specifically relating to matching of amounts due to the Company from fellow parent undertakings with the contractual lease payments of the Company's lease liabilities.

Additionally, the lease relating to the cinema expired in 2022. The Company has continued trading from the cinema post year end and expects to agree renewed terms for this cinema. However as at the time of approving these financial statements, no terms have been formally agreed. If no terms can be agreed, this would have a material impact on the Company's ability to continue as a going concern.

The directors of the company, as part of their going concern consideration, have therefore performed an assessment of Cineworld Group plc's ability to continue as a going concern. The Cineworld Group plc's going concern assessment is duly outlined below.

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

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

Voluntary Reorganisation under Chapter 11

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

The Chapter 11 Cases remained ongoing at 31 December 2022.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

On 31 July 2023, the restructured Cineworld group, including its newly incorporated parent company, announced that the Chapter 11 Companies had successfully completed their plan of re-organisation (the "Plan") and emerged from the Chapter 11 Cases. As part of the Plan, the Chapter 11 Companies successfully reduced their funded indebtedness by approximately $4.53 billion, raised approximately $800 million in new equity capital, and secured new debt financing in the aggregate amount of approximately $1.71 billion, including a new revolving credit facility ("RCF") of $250 million. Refer below for further details.

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

Pre-Petition Borrowings

The filing of the Chapter 11 Cases constituted an event of default that accelerated substantially all obligations under the documents governing the prepetition existing indebtedness of the Group Chapter 11 Companies. In response to this, the Group has reclassified all such debt obligations, other than debt subject to compromise, to current maturities of long-term debt on the consolidated balance sheet as of 31 December 2022. Refer to Note 20 for further details.

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

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

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

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

Restructuring Support Agreement and Backstop Commitment Agreement

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

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

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

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

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

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

Revolving Credit Facility

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

Dissenting Shareholders

On 10 September 2021, the Group announced that it had reached agreement with the dissenting shareholders of Regal Entertainment Group (the "Regal Litigation Parties") with respect to the payment of judgment of their claim. Under this agreement, the Group paid $170 million of the judgment to the dissenting shareholders and $92 million was placed into an escrow account to be available to the Group as additional liquidity under certain circumstances.

When the Group Chapter 11 Companies commenced their Chapter 11 Cases, the Group still owed $56.2m to the Dissenting Shareholders who, under the terms of the judgment, were deemed to be unsecured creditors within the Class 6 – Section 510(b) Claims, and therefore no future payments are expected to be made to the Dissenting Shareholders under the terms of the Plan.

Cineplex

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

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

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

No liability has been recognised in respect of the judgment at the balance sheet date on the basis that payment is not considered probable at this stage, and the directors have not factored any payment of damages within their assessment of whether it is appropriate to adopt the going concern basis for the Group as at 31 December 2022. Any amounts subsequently paid to Cineplex will rank alongside the Group's other unsecured claims.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Conclusion

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

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

Despite the Group Chapter 11 Companies' emergence from Chapter 11, the recovery of the Group remains sensitive to the speed at which admission levels continue to recover following the COVID-19 pandemic. If admissions fail to reach the Group's forecasts, the recovery of the Group may be slower than anticipated and the new financing arrangements may prove to be inadequate. These conditions raise a material uncertainty which may cast significant doubt upon the Group's ability to continue as a going concern for at least twelve months after the date of signing the consolidated financial statements. The consolidated financial statements do not reflect the adjustments to the carrying values of assets, liabilities and the reported expenses and balance sheet classifications that would be necessary if the Group was unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.
These conditions raise a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern for at least twelve months after the date of signing the financial statements.

The financial statements do not reflect the adjustments to the carrying values of assets, liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Significant accounting policies
The accounting policies set out below have been applied consistently in all the years presented, unless otherwise stated in dealing with items which are considered material in relation to the Company's financial statements.

Revenue
Revenue is recognised at the point performance obligations are met. Revenue arises from booking fees charged to customers, recognised at the date of the film showing, as well as rebate income from third party operators of the telephone booking system.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect nether 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.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

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.

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

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

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

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

Financial assets and liabilities at amortised cost:
The Company's Financial assets comprise intercompany amounts receivables, and are included in current assets due to their short-term nature. Financial assets are initially recognised at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets are measured at amortised cost using the effective interest method, less a loss allowance.

Financial liabilities at amortised cost include trade payables, bank indebtedness and long-term debt. Trade payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank indebtedness and long-term debt, are recognised initially at fair value, net of any transaction costs incurred and, subsequently, at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as noncurrent liabilities. The Company has no financial instruments recognised at FVPL or FVOCI.

Impairment of financial assets
The Company measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables and amounts receivable from group undertakings.

All amounts due from Group undertakings are repayable on demand and the nature of these receivables is considered within the expected credit loss calculation.

The expected credit losses are calculated using the 3-stage general impairment model as follows:
- probability of default – the likelihood that the borrower would not be able to repay in the very short payment period;
- loss given default – the loss that occurs if the borrower is unable to repay in that very short payment period; and
- exposure at default - the outstanding balance at the reporting date.

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

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Significant accounting judgements and estimates

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

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

Judgements
The Company has no significant accounting judgements.

Estimates
The Company has no significant accounting estimates.

New Standards and interpretations

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

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

These standards and others not yet effective are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

Notes to the financial statements *(continued)*

2. Revenue

Revenue can be broken down by product and service provided as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue by product and service provided		
Bookings fees	**549,167**	406,336
Rebate income	**639**	1,923
Total revenue	**549,806**	408,259
Timing of revenue recognition		
At a point in time	**549,806**	408,259
Over time	**-**	-

No revenue recognised during the year was included within the opening contract liability balance (2020 £nil).

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 periods, being cinema operations.

3. Loss before taxation

See note 6 for further detail relating to the expected credit loss charge.

4. Employees

The company has no employees and has therefore not incurred any employee remuneration expenses during the year (2021: £nil). Staff costs relating to employees focused on booking fees are employed by Picturehouse Cinemas Limited, the immediate parent company and no recharges have been made for these costs.

Notes to the financial statements *(continued)*

5. Tax on profit / (loss)

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Corporation tax		
UK corporation Tax	-	-
Total current tax	-	-
Taxation charge on profit on total activities	-	-

Factors affecting tax charge / (credit) for the year

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Profit / (loss) before tax	(1,937,702)	161,262
(Profit / (loss) before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(368,163)	30,640
Effects of:		
Group relief	(52,149)	(50,024)
Expenses non deductible	420,312	19,384
Total tax charge / (credit) for the period	-	-

There are no unrecognised deferred tax assets.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

6. Trade and other receivables

	31 December 2022 £	31 December 2021 £
Amounts owed by Group undertakings	12,289,841	12,289,841
Expected credit loss provision	(3,109,330)	(897,158)
	9,180,511	11,392,683

The amounts owed by Group undertakings from trading activities are repayable on normal trading terms. No interest is charged on these balances.

An expected credit loss of £3,109,330 (2021: £897,158) has been recognised against amounts owed from Group undertakings. The movement in this provision for the year of £2,212,172 (2021: £102,021) is recognised on the face of the statement of comprehensive income.

7. Cash and cash equivalents

	31 December 2022 £	31 December 2021 £
Cash at bank and in hand	355,388	333,753

Notes to the financial statements *(continued)*

8. Creditors: Amounts falling due within one year

	31 December 2022	31 December 2021
	£	£
Amounts owed to group undertakings	**10,609,007**	10,863,215
Other taxes payable	**20,386**	19,014
	10,629,393	10,882,229

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

9. Share capital

	31 December 2022	31 December 2021
	£	£
Allotted, called up and fully paid		
1 (2020: 1) Ordinary shares of £1.00	1	1

10. 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 8(k) and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) in-line with IAS 24. The consolidated financial statements of Cineworld Group plc, within which this Company is included, can be obtained from the address given in note 11.

11. Controlling party

The company is a subsidiary of Picturehouse Cinemas Limited. The company's ultimate parent undertaking is Cineworld Group plc. The smallest and largest group in which the results of the company are consolidated is that headed by Cineworld Group Plc. Copies of the financial statements are available from 8th Floor, Vantage London, Great West Road, Brentford TW8 9AG.

12. Commitments and contingencies

The Company had no contractual commitments, pension commitments, guarantees and contingencies at 31 December 2022.

13. Remuneration of directors

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

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

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

Notes to the financial statements *(continued)*

14. Post balance sheet events

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

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

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

On 31 July 2023, the reorganised Cineworld group, including its newly incorporated parent company, announced that the Chapter 11 Companies had successfully completed their financial restructuring process and emerged from the Chapter 11 Cases. As part of the financial restructuring process, the Chapter 11 Companies successfully reduced their funded indebtedness by approximately $4.53 billion, raised approximately $800 million in new equity capital, and secured new debt financing in the aggregate amount of approximately $1.71 billion, including a new revolving credit facility ("RCF") of $250 million. Refer to Note 1 for further details.