Everyman Media Group PLC

Registered number: 08684079

Annual report and financial statements

53 weeks ended

3 January 2019

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Company information

Directors

Adam Kaye	Executive Director
Charles Dorfman	Non-Executive Director
Crispin Lilly	Chief Executive Officer
Jonathan Peters FCA	Finance Director
Michael Rosehill FCA	Non-Executive Director
Paul Wise	Executive Chairman
Philip Jacobson FCA	Independent Non-Executive Director
Streisan Bevan	Independent Non-Executive Director (appointed 18th January 2019)

Company secretary
Jonathan Peters FCA

Registered office address of the Company
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London
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Company registration number
08684079 (registered in England & Wales)

Nominated adviser and broker
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Auditor to the Company
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Solicitor to the Company
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Registrar to the Company
Computershare Investor Services PLC
The Pavilions
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Chairman's statement

I am pleased to report on the Group's results for the 53 weeks ended 3 January 2019.

With 5 new openings in the year in York, Glasgow, Altrincham, Crystal Palace and Liverpool, 2018 marked another year of strong growth. The business delivered performance in line with the Board's expectations across all key areas.

The Group now operates 26 venues (84 screens) as at 12 March 2019, up from 21 (65 screens) at the beginning of 2018.

Review of the business

The Everyman experience continues to be embraced and enjoyed by our customers across our ever-growing variety of locations throughout the UK. Whether our venues are located as part of urban communities in larger cities, or smaller, more rural towns, the business model continues to deliver against our expectations.

By the end of 2018, Everyman had become the fifth largest UK cinema business, as defined by gross box office revenue (source: ComScore), and continues to be seen as a trusted and highly regarded national brand. This is set against a background of the UK cinema industry which delivered a modern-day record of 177 million admissions in 2018, the highest since 1970 (source: UK Cinema Association). Once again, this demonstrates the power of cinema during times of economic uncertainty, with people's appetite for entertainment continuing to be an important trend.

Our growing team of employees, now numbering more than 900, continues to be our greatest strength, with their enthusiasm and consistent attention to customer experience remaining an important differentiator for Everyman.

The Board's long-held confidence in the business and it's differentiated proposition continues to be vindicated by the significant opportunities that continue to arise in order to expand the business. Currently, Everyman has a further 14 committed venues, of which 7 are expected to open in 2019, and a strong pipeline of opportunities well beyond that.

Results

Revenue for the year was up 27.7% on last year to £51,880,000 (2017: £40,620,000).

The Group's adjusted operating profit (before depreciation, amortisation, pre-opening expenses, acquisition costs and share-based payments) was up 38.2% to £9,150,000 (2017: £6,619,000). This is an adjusted IFRS measure which has been further explained in note 2 and on the face of the statement of profit and loss and other comprehensive income. The Group generated a operating profit for the year of £2,876,000 (2017: £1,624,000) and generated a profit after tax for the year of £2,037,000 (2017: £1,268,000).

The Directors believe that the Group's balance sheet remains well capitalised, with sufficient working capital to service all its day-to-day requirements. The Directors take a prudent approach to the Group's leverage ratio and regularly review its balance sheet with this in mind. The Board does not recommend the payment of a dividend at this stage of the Group's development (2017: £nil).

Openings

The Group opened new sites during the year in York (4 screens, 29 December 2017), Glasgow (3 screens, October 2018), Altrincham (4 screens, November 2018), Crystal Palace (4 screens, November 2018) and Liverpool (4 screens, December 2018). The opening of four sites in a 2 month period at the end of 2018 was especially pleasing as it demonstrated the ability of the Group to manage numerous openings successfully in a short time period.

The Group conditionally exchanged contracts on 6 further sites in Cardiff, London Broadgate, Manchester, Clitheroe, Northallerton and Plymouth during the year.

In March 2018, the Group completed on the purchase of the freehold of a site in Crystal Palace, London for £3.225m.

Cash flows

Net cash generated from operating activities was £7,611,000 (2017: £13,737,000). Net cash outflows for the year, before financing, were £15,510,000 (2017: £3,538,000). This is largely represented by capital expenditure on the expansion of the business through build and fit-out costs of new sites and refurbishment of existing sites during the year.

Cash held at the end of the year was £3,517,000 (2017: £18,366,000). The cash held will be invested in the continuing development and expansion of the Group's business in 2019.

After the year end on 16 January 2019 the Group agreed a new 5 year loan facility of £30m with Barclays Bank PLC and Santander UK PLC. This replaced the £20m loan facility signed in March 2017 with Barclays Bank PLC. At the year end the Group had drawn down £7,000,000 (2017: £7,000,000) of the available funds. Charges have been put in place over the net assets of the Group as collateral against the loan balance.

Chairman's statement *(continued)*

Pre-opening costs

Pre-opening costs, which have been expensed within administrative expenses, were £1,099,000 (2017: £916,000). These costs include expenses which are necessarily incurred in the period prior to a new venue being opened but which are specific to the opening of that venue.

Current trading

Since the year end, trading has been in line with expectations and the film release schedule for 2019 looks both strong and diverse.

Marketing activity

We continue to materially invest in marketing within the business, including investment in digital technology (with our new mobile app launching soon) and social media. Typically, we avoid more conventional advertising, preferring to focus on delivering in-venue events and experiences that surprise and exceed our customers' expectations. This in turn builds loyalty and goodwill whilst fostering tremendous word of mouth, increasingly shared on social media. Such events in 2018 included a 'premiere' opening night party for 'Mamma Mia! Here We Go Again', several exclusive Q&A screenings as well as the 4th annual Everyman Music & Film Festival.

Staff

Our team of employees averaged 777 in 2018 (2017: 677). Once again I would like to recognise them all, and thank them, for their continued efforts and support that are a major part of our business success.

Annual general meeting

The Directors look forward to welcoming shareholders to the annual general meeting of the Company which will be held at 10:30am on 9 May 2019 at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX.

Future of the Group

The Group continues to balance the development and growth of the pipeline for new venues with the opportunities for growth within our existing estate. Progress in this latter area has been strong in 2018 with admissions, food & beverage revenue and other ancillary income from the continuing estate growing well. The Directors believe that continuing to achieve growth in both of these areas will enable us to increase our customer base and frequency of visits in communities across the country whilst continuing to deliver exciting growth for the business and for our shareholders.

Paul Wise
Executive Chairman
12 March 2019

Corporate Governance

It is the responsibility of the Chairman of the Board of Directors of Everyman Media Group PLC to ensure that the Group has both sound corporate governance and an effective Board. This is managed by ensuring that the Group and the Board are acting in the best interests of shareholders, and by making sure that the Board discharges its responsibilities appropriately. This includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Executive Chairman also has a key role in creating and planning the strategic direction of the Group and is intimately involved in the branding and creative direction of the Group and its venues.

Key governance matters which have occurred during the year include the adoption of the Quoted Companies Alliance corporate governance code (QCA code) in September 2018, the appointment of a second independent non-executive director, changes to committee memberships so that only non-executive directors attend the relevant committee meetings, and the adoption of a risk register.

The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Group. The Board recognises that the Group does not fully comply with the 10 principles and general provisions of the QCA code but does use it as a benchmark in assessing its corporate governance standards. Areas of non-compliance are disclosed below.

While seeking to build a strong governance framework the Board is mindful to ensure that the Group takes a proportionate approach and that processes remain fit for purpose as well as embedded within the culture of the organisation. The Group continues to evolve its approach and make ongoing improvements as part of building a successful and sustainable business. Good governance provides a framework that allows the right decisions to be taken by the right people at the right time. As the Group grows over the medium term, the Board is targeting full compliance with the QCA code.

QCA principles

A description of the Group's business model and strategy can be found in the strategic report along with key challenges in their execution and information in relation to the Group's risk management.

Directors

The Board comprises the Executive Chair, Paul Wise; the CEO, Crispin Lilly; Executive Director, Adam Kaye; Finance Director, Jonathan Peters; two independent Non-Executive Directors, Streisan Bevan and Philip Jacobson; and two non-independent Non-Executive Directors, Charles Dorfman and Michael Rosehill.

Philip Jacobson has an interest in 86,336 Ordinary Shares and holds 100,000 options over Ordinary Shares which were granted to him as part of the Group's admission to AIM. Neither Philip Jacobson nor the other Directors believe his shareholding or options are significant in assessing his independence.

All Directors are encouraged to challenge and to bring independent judgement to bear on all matters, both strategic and operational.

Biographical details of the Directors can be found on the Group's website.

All Non-Executive Directors are expected to dedicate at least one day per month to the Group. The Chairman dedicates approximately 10 days per month. The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The number of meetings of the Board and its Committees are outlined below:

	Board	Audit	Remuneration	Nomination
Attendance by Directors				
Paul Wise*	10	1	1	n/a
Crispin Lilly	10	n/a	n/a	n/a
Adam Kaye	7	n/a	n/a	n/a
Jonathan Peters	10	n/a	n/a	n/a
Streisan Bevan**	-	-	-	-
Philip Jacobson	10	3	3	1
Charles Dorfman	8	n/a	3	1
Michael Rosehill***	8	2	2	n/a
Total meetings held	10	3	3	1

*Resigned from audit committee and remuneration committee during the year.
**Appointed after the year on 18 January 2019.
***Appointed to the audit committee and remuneration committee during the year.

Corporate governance *(continued)*

The Group accepts that having a Chairman and two Non-Executive Directors who are not independent is not in line with best practice or the recommendations made by the QCA. However, the Board believes that the skill-sets of the Chairman and non-independent Directors are appropriate and beneficial for all shareholders and stakeholders. Each of the Chairman and non-independent Directors has significant experience in building successful businesses and offer key expertise to the Executive Directors that are beneficial to the Group as a whole.

To enable each Director to keep their skill-set up to date, individual training needs are identified as part of the annual Board evaluation process and training is provided as required. All Directors receive regular updates on legal, regulatory and governance issues. In addition, there are regular 'deep dives' from across the business at Board level to ensure the Directors' understanding of the operational aspects of the business are kept up to date. From time to time Board meetings are held away at operational sites away from the head office to further enhance the Directors' understanding of the business.

Advisors

Jonathan Peters acts as Group Secretary and the Group has also engaged ONE Advisory as support for its Group secretarial function to ensure the necessary information is supplied to the Group Secretary and Directors on a timely basis and to enable them to discharge their duties effectively. All Directors have access to the advice of the Group's solicitors as well as access to independent professional advice, at the Group's expense, as and when required.

Everyman also engaged the services of ONE Advisory who supported the Board in their development of the Group's corporate governance, assisting with the Group's application of the QCA code and amendments in relation to AIM rule 26.

Neither the Board nor its Committees have sought external advice on a significant matter.

Board evaluation

The Group intends to formulate a detailed evaluation procedure over the coming months and will disclose it in more in detail on its website when this has been implemented. The Board evaluation will be based on clear and relevant objectives and seek continuous improvement. Therefore, the Board accepts that the Group does not comply with this aspect of the QCA code, although in the frequent Board meetings, Directors can discuss any areas where they feel a change would benefit the Group, and the Group Secretary and other Group advisers remain on hand to provide impartial advice.

Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way employees behave. The Corporate Governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

A large part of the Group's activities are centred on an open and respectful dialogue with employees, customers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Directors consider that the Group has an open culture facilitating comprehensive dialogue and feedback that enables positive and constructive challenge.

The Board also recognises that as an operator of cinemas within local communities, it has responsibility to engage openly, transparently and effectively with community stakeholders, local planning and government agencies.

The Group places considerable emphasis on maintaining good relations with all its employees. The Group places great importance on managers at each venue being well trained and capable of recruiting, training and developing a strong team and equips them with the necessary tools in order to provide a positive working environment. The Group regularly communicates important updates with employees and seeks engagement and consultation whenever making decisions that affect them or their interests. Employees are provided with regular on-the-job training, including a staff handbook and career development opportunities. The Group places a significant importance on developing from within.

The Group is an equal opportunities employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet the minimum selection criteria. The Group provides training and development for people with disabilities tailored, where appropriate, to ensure they have the opportunity to achieve their potential. If an employee becomes disabled while in our employment the Group will do its best to retain them, including consulting with them about their requirements, making reasonable and appropriate adjustments and providing alternative suitable employment where possible.

The Group has an anti-bribery and confidentiality policy in place to ensure the highest standards of personal and professional ethical behaviour are adhered to.

Corporate governance *(continued)*

The Company has adopted a code for Directors' and employees' dealings in securities in relation to its Ordinary Shares and related securities which is compliant with AIM as well as being in accordance with the requirements of the market abuse regulation which came into effect in 2016.

There is a system in place for financial reporting and the Board receives regular reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for, an internal audit function. As the number of venues operated by the Group increases, the Board intends to regularly assess the ongoing need for strengthening internal financial controls.

The Board's financial risk management, objectives and policies together with the Board's policies in respect of credit risk, liquidity risk and cash flow risk are set out in the notes to the financial statements.

Audit committee

The audit committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee meets no less than twice a year and has unrestricted access to the Group's external auditors. The audit committee is chaired by Philip Jacobson and also includes Michael Rosehill.

The audit committee met 3 times during the year. The external auditors attended each of these meetings at the invitation of the committee chairman. The committee also met with the external auditors without the presence of the Finance Director.

Remuneration committee

The remuneration committee is chaired by Philip Jacobson and also includes Charles Dorfman and Michael Rosehill. The remuneration committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The remuneration committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation. The remuneration committee meets as and when necessary.

Base salary, benefits in kind and Company pension contributions are determined by the committee with reference to the experience and responsibilities of each individual and having regard to prevailing market conditions.

Bonus plans, share option awards and the Company's LTIP scheme are regularly reviewed by the committee to ensure that they are appropriately incentivising key management.

The committee met 3 times during the year.

Strategic report

The Directors present their strategic report for the Group for the 53 weeks ended 3 January 2019.

Principal activity

The Group is a leading independent cinema group in the UK. The principal activity of the Company is that of a holding company.

Review of the business

The Group made a profit after tax of £2,037,000 (2017: £1,268,000).

Further details are shown in the Chairman's statement and consolidated statement of profit and loss and other comprehensive income, together with the related notes to the financial statements.

Development of the Group's business

The Everyman offering

The positioning of the Everyman brand remains unchanged at the premium end of the UK leisure/cinema market. We deliver unique, high quality, intimate venues, usually of a smaller capacity than traditional multiplexes and in relatively central high street locations. Hospitality is our primary focus.

The true differentiation lies in our ambition to deliver a personal, exceptional experience for all our customers whenever they visit. This is achieved by combining the strengths of our cinema design with a strong, credible food and drink offer, expansive programming and our tremendous front of house team members and managers.

Our customers enjoy a wide and diverse range of films, live streamed events or corporate hospitality, in venues fitted with high end digital projection and sound equipment.

Growth strategy

The Directors continue to focus both on the growth of our footprint as well as increasing our customer base, frequency and ancillary spends from our existing venues.

In 2018 the Group signed a further 7 agreements for lease for new venues, which brings the committed pipeline to 14 on top of the existing 26 venues now open. The opportunities for further new venues is strong through a combination of larger developer-led builds and smaller high street opportunities. The latter, in particular, is encouraging with spaces continuing to become available in line with our desire to be a core part of the regeneration of town centres.

At the same time, an increased focus on digital engagement, membership and understanding of our existing customers is helping to increase frequency and the ongoing development of our food and beverage offering is increasing dwell time and associated spends. The introduction of freshly made baked cookies, the development of a range of small sharing plates and a brand new wine list were particular successes in this area in 2018.

Investment in the underlying business, as well as in new venues, continues with the imminent launch of our first mobile app, new training programmes for our venue teams, as well as improved IT infrastructure.

In addition, a full refurbishment of our Maida Vale venue took place during the year and a programme of planned maintenance work and other building improvements across the growing estate is in place.

These investments and the continuing expansion will be financed from current resources including the new extended bank facility and retained earnings.

Strategic report *(continued)*

Current estate

The Group currently has venues in the following locations:

Location	Number of Screens	Number of Seats
Altrincham*	4	247
Birmingham	3	328
Bristol	3	439
Chelmsford	5	379
Esher	4	336
Gerrards Cross	2	215
Glasgow*	3	201
Harrogate	5	410
Leeds	5	611
Liverpool*	4	288
London, Baker Street	2	118
London, Barnet	5	429
London, Belsize Park	1	129
London, Canary Wharf	3	266
London, Crystal Palace*	4	313
London, Hampstead	2	194
London, Islington	1	125
London, Kings Cross	4	276
London, Maida Vale*	2	149
London, Muswell Hill	5	478
Oxted	3	212
Reigate	2	170
Stratford-Upon-Avon	4	384
Walton-On-Thames	2	158
Winchester	2	236
York*	4	329
	84	7,420

*Venues added/significantly refurbished during the year.

Over the course of 2018 the Group conditionally exchanged contracts on a further 6 new venues in Cardiff, London Broadgate, Manchester, Clitheroe, Northallerton and Plymouth, as well as acquiring the freehold of Crystal Palace. In 2019 we expect to open 7 venues in total, including Horsham, which is due to open in March.

The Directors are confident of being able to grow the existing pipeline beyond the 14 new sites which are already committed and expected to open by 2021. To help achieve this, on 16 January 2019, the Group agreed a new loan facility of £30 million provided by Barclays Bank PLC and Santander UK PLC. This replaced the previous £20 million facility signed in March 2017 with Barclays Bank PLC. This new facility has a term of 5 years and supports growth opportunities for the Group.

UK cinema market

Market performance

Admissions in the UK increased in 2018, ending the year up 6.4m to 177m, the highest level since 1970 (source: UK Cinema Association). Gross box office for the UK decreased marginally by 0.1% to £1.28bn (source: UK Cinema Association) reflecting the growth in family and subscription audiences.

Our share of UK & Ireland box office revenue in 2018 rose from 2.11% in 2017 to 2.53% (source: ComScore).

The volume of films and event cinema being released theatrically in the UK continues to be very healthy with over 900 titles in 2019. The breadth and quality of this content remains strong. With these factors as a backdrop, the Directors continue to believe that the cinema market is healthy and that the Group's continued focus on delivering great value in the overall experience puts us in a strong and robust position within that market.

Competition

The UK cinema market continues to be dominated by the 3 main multiplexes: Cineworld, Odeon and Vue. All of these chains continued to invest in their UK sites in 2018 as well as in new sites.

Empire and The Light, both smaller multiplex operators, opened new sites in 2018, the former with a new boutique style offer; Tivoli. Picturehouse and Curzon both continue to open a small number of new sites, with Picturehouse opening Ashford and West Norwood at the end of the year.

Strategic report *(continued)*

Key performance indicators

The growth in revenue in the current 53-week year reflects the effect of an increase in the number of venues and admissions, an increase in box office pricing and an improved spend per head on food and beverage.

The Group uses the following key performance indicators, in addition to total revenues, to monitor the progress of the Group's activities:

		Year ended 3 January 2019	Year ended 28 December 2017
Admissions	25% ↑	**2,795,359**	2,227,885
Box office average ticket price	0% ↓	**£11.26**	£11.28
Food and beverage spend per head	6% ↑	**£6.30**	£5.97

The average ticket price remains flat due to the disproportionate increase in admissions being generated by the Group at new venues outside London. Like for like, the Group is continuing to realise annual increases in ticket prices in line with inflation.

In contrast, the food and beverage spend per head continues to grow off the back of enhanced menu development and the success of new products such as cookies. Actual price increases are kept in line with inflation. The average spends in our new venues remain disproportionately strong as we continue to improve the design and operational support that we put into new openings.

Principal risks and uncertainties

Risks relating to the Group's business

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are reviewed regularly. A risk register has been introduced which the Board plans to review and update on an ad-hoc basis during meetings.

The identified risks remain largely unchanged from our last annual report:

1. Admissions - The Group's revenues are dependent on admissions. Nearly all revenues (box office, food & beverage, screen advertising) are linked to this. As a result, the Group's financial position is largely reliant on the continued popularity and the overall quantity and quality of the films (and other content) which it shows. The Board believes that the Group's strategy of focusing on customer experience, the venue environment and hospitality mitigates this risk somewhat as customers are more willing to try smaller, more diverse films that may not get the same exposure either in above-the-line advertising spend or through wider platform releases by the industry.

2. Film licensing - The Group's ability to license films on acceptable terms is also largely dependent on its relationships with film distributors and remains a core risk to the costs of the business. This risk is managed through healthy partnership-based relations with distributors of all sizes as well as careful weekly negotiation on specific titles.

3. Alternative media channels - The proliferation of alternative media channels, including streaming, has introduced new competitive forces for the film-going audience. To date this has proven to be a more virtuous relationship, both increasing the investment in film production and further fuelling an overall interest in film with customers of all ages. It remains an ever-present caution however, that we must continue to deliver an exceptional experience in order to deliver real added value for our customers who choose to see a film at our venues.

4. Piracy - Film piracy, aided by technological advances, continues to be a real threat to the cinema industry generally. Any theft within our venues may result in distributors withholding content to the business. Everyman's typically smaller, more intimate auditoria, with much higher occupancy levels than the industry average, make our venues less appealing to film thieves. In addition, higher levels of staffing further mitigate this risk.

5. Seasonality - Release schedules affect the Group's box office revenues as they fluctuate throughout the course of any given year and are largely dependent on the timing of release of films, over which the Group has no control. As a result, the Group's revenues may vary significantly from month to month and within any given financial year. The Board mitigates this risk by reviewing changes in the release schedule and through the development and promotion of special events at certain times of the year.

6. Extreme weather - The Group's business may suffer as a result of periods of abnormal, severe or unseasonal weather conditions. Cinema admissions are affected by periods such as exceptionally hot weather or heavy snowfall. This is mitigated somewhat by becoming a national player, ensuring that localised extreme weather has a decreasing impact on the overall business.

Risks relating to the Group's business (continued)

7 **Extraordinary events and consumer environment** - Specific large events can temporarily reduce cinema admissions, for example royal weddings, elections or large sporting events. In addition, a reduction in consumer spending because of broader economic factors could impact the group's revenues. Film release schedules tend to work around large, known events such as a World Cup, so that admissions are typically lower at these times anyway. Historically, cinema has been incredibly resilient to recession with it remaining an affordable treat during such times for most consumers. However, the Group constantly monitors long term trends as well as the broader leisure market.

8 **Food & Beverage** - Retail sales of food & beverage form an important part of the revenues of the Group. Our cinemas sell freshly prepared food and drink which also presents food hygiene risks. Stringent operational procedures exist to ensure compliance with all necessary regulations and the Group retains the services of an external health, safety and food hygiene audit company to check standards regularly.

9 **Advertising revenue** - The Group earns revenue from advertising which may fluctuate due to broader macro-economic factors. Revenue earned from advertising is influenced by the level of admissions and the size of the Group's portfolio of properties and as such, may decrease in line with any reduction of admissions. The Group over-indexes on this revenue stream due to its reputation for partnership-driven sponsorship activity and this, combined with the growth of other revenue streams, helps mitigate any decline in traditional advertising revenues.

10 **Property** - The Group's operating costs include rent and energy costs. These costs may be volatile due to increased market fluctuations in the price of property rental, business rates, gas and electricity. The Board mitigates this risk by regularly assessing alternative energy suppliers, rating and rental costs when open market rent reviews are due on each property.

11 **Competition** - Where the Group has an existing cinema, it may be subject to competition from the introduction of new and/or upgraded cinema operated by other chains. The Board continuously monitors competing operators and significant capital budget is set aside for refurbishments. We believe the Everyman offer represents great value to our customers and is more resilient to competition than more traditional cinema offers.

12 **Key suppliers** - The Group is reliant on certain key contracts and arrangements with partners and suppliers. The loss of some of these arrangements may cause temporary disruption to the operations and financial performance of the Group. The Board mitigates this risk by maintaining relationships with a number of alternative suppliers as well as appropriate reviews of these contracts.

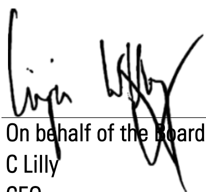
13 **Reputation** - The strong positive reputation of the Everyman brand is a key benefit, helping to ensure the successful future performance and growth which also serves to mitigate many of the risks identified above. The Group consistently focuses on customer experience and monitors feedback from many different sources. A culture of partnership and respect for customers and our suppliers is fostered within the business at all levels.

14 **Brexit** - Risks linked to Brexit include consumer confidence, foreign exchange rate risk, a lack of availability of certain food items and staff. Whilst the full business implications of Brexit remain uncertain, and will do for some time, the Board believes the Group is well positioned to react to the potential challenges and opportunities ahead. The Group has no exchange rate exposure and is only directly impacted by the fall in sterling due to cost pressure on a small number of imported food and beverage purchases. These are, for the most part, offset by increased buying power due to our rapid expansion. The cinema industry is historically resilient to recessionary pressures however, the Board is continuing to monitor the situation closely. The Group has secured financing to allow it to fully fund its next phase of expansion.

Financial risks

The Group does not have a direct exposure to foreign currency movements and does not contract any hedging arrangements in respect of currency positions.

The Group takes out suitable insurance against property and operational risks where considered material to the anticipated revenue of the Group.



On behalf of the Board
C Lilly
CEO
12 March 2019

Directors' report

The Directors present their annual report and the audited financial statements for the Group for the 53 weeks ended 3 January 2019.

Results and dividends

The results of the Group are included in the strategic report. Further details are shown in the consolidated statement of profit and loss and other comprehensive income and the related notes to the financial statements. The Group generated a profit after tax for the year of £2,037,000 (2017: £1,268,000). As mentioned in the Chairman's statement, the Directors do not recommend the payment of a dividend (2017: £nil).

Principal activity

The Group is a leading independent cinema group in the UK. Further information is contained in the strategic report. The principal activity of the Company is that of a holding company. The subsidiaries of the Group are set out in the related notes to the financial statements.

Financial risk management: objectives and policies

The financial and other risks to which the Group is exposed, together with the Group's objectives and policies in respect of these risks, are set out in the strategic report.

Capital structure

962,200 new shares were issued in 2018. The number of Ordinary shares in issue at 3 January 2019 was 70,989,303 (2017: 70,027,103).The Company has also issued options over the share capital of the Company to members of the Board and to certain employees and contractors which amounted to 5,575,344 Ordinary shares (2017: 5,861,152 Ordinary shares) which, if exercised, would comprise 7.9% (2017: 8.66%) of the current issued share capital of the Company (see also Directors' interests below and the related notes). Of these, 1,392,864 (2017: 1,392,864) are represented by 'A' Ordinary shares issued by Everyman Media Holdings Limited which are convertible into Ordinary shares of the Company, subject to certain market conditions. The shares of the Company are quoted on the London AIM market.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for 12 months from the date of signing these accounts. Therefore, they continue to adopt a going concern basis in preparing the financial statements. In adopting a going concern basis for preparing the financial statements, the Directors have considered the business activities and the principal risks and uncertainties set out in the strategic report. The balance sheet of the Group, its cash flows, liquidity position and borrowing facilities, as well as the Group's objectives, policies and processes for managing capital, are described in the strategic report. Financial risk management objectives, details of financial instruments and hedging activities and exposure to credit risk and liquidity risk are described in the proceeding notes to the financial statements. Letters of support have been given to the Group's subsidiaries that financial obligations will be met and that it will not seek repayment of any amounts currently made available.

Substantial shareholdings

As at 3 January 2019 the Company was aware of the following interests in 3% or more of the Company's Ordinary share capital as set out below. Killik & Co LLP subsequently reduced their interests below 3% though no other notifications relating to major shareholdings have been made to the Company under disclosure and transparency rule 5 (vote holder and issuer notification rules) since this date.

Shareholder	% of issued share capital 2018	% of issued share capital 2017
Blue Coast Private Equity LP	**19.44%**	19.70%
Canaccord Genuity Group Inc	**10.85%**	9.23%
Schroders PLC	**8.33%**	9.87%
Charles Dorfman*	**7.56%**	7.86%
Adam Kaye	**7.38%**	8.12%
Samuel Kaye	**6.20%**	6.29%
BlackRock Inc	**5.41%**	3.90%
Killik & Co LLP	**4.67%**	4.76%
Paul Wise**	**3.26%**	4.09%
Phillip Kaye	**3.19%**	3.24%
Jonathan Kaye	**3.08%**	3.12%

*Of the 5,370,027 Ordinary shares Charles Dorfman is interested in, 3,592,565 (2017: 3,592,565) Ordinary shares are held by the Lloyd Dorfman Children's Settlement. Charles Dorfman is one of the potential beneficiaries of the settlement.

**Of the 2,311,479 Ordinary shares Paul Wise is interested in, 2,260,052 (2017: 2,812,374) Ordinary shares are held by the Paul Wise Family Trust. Paul Wise is one of the potential beneficiaries of the Trust.

Directors' report *(continued)*

Directors

The Directors of the Company during the financial year were:

Name	Function
Adam Kaye	Executive Director
Charles Dorfman *1 *2	Non-Executive Director
Crispin Lilly	Chief Executive Officer
Jonathan Peters FCA	Finance Director
Michael Rosehill FCA *1 *3	Non-Executive Director
Paul Wise	Executive Chairman
Philip Jacobson FCA *1 *2 *3	Independent Non-Executive Director
Streisan Bevan	Independent Non-Executive Director (appointed 18th January 2019)

*1 Member of the remuneration committee
*2 Member of the nominations committee
*3 Member of the audit committee

Biographical details of continuing Directors are set out on the Company's website: investors.everymancinema.com.

Directors' interests in the Company

The following Directors held shares in the Company at the year end (there were no significant changes between the shareholdings at the year end and one month before notice of the annual general meeting):

Director	Number of Ordinary shares 2018	% of issued share capital 2018	Number of Ordinary shares 2017	% of issued share capital 2017
Charles Dorfman	**5,370,027**	**7.56%**	5,505,041	7.86%
Adam Kaye	**5,239,682**	**7.38%**	5,686,280	8.12%
Paul Wise	**2,311,479**	**3.26%**	2,863,840	4.09%
Michael Rosehill FCA*	**198,710**	**0.28%**	188,410	0.27%
Philip Jacobson FCA	**86,336**	**0.12%**	73,776	0.11%

*Michael Rosehill is a director of Blue Coast Private Equity LP and therefore has an interest in its shareholding.

As at the date of this document, the following options over Ordinary shares were held by the Directors (see also notes to the financial statements):

Director	Grant date	**Vesting conditions	Exercise price Pence	28 December 2017 Number	Issued in the year Number	Exercised in the year Number	3 January 2019 Number
Crispin Lilly	1 Dec 14	5	83	287,356	-	287,356	**-**
	1 Dec 14	6	83	257,009	-	257,009	**-**
	29 Oct 15	9	85	352,942	-	235,295	**117,647**
	13 Mar 17	10	109.5	250,000	-	-	**250,000**
	23 Nov 17	11	10	52,746	-	-	**52,746**
	23 Apr 18	12	10	-	43,617	-	**43,617**
Jonathan Peters FCA	20 Apr 15	7	85	174,725	-	70,000	**104,725**
	20 Apr 15	8	85	233,349	-	-	**233,349**
	29 Oct 15	9	85	90,130	-	-	**90,130**
	23 Nov 17	11	10	35,659	-	-	**35,659**
	23 Apr 18	12	10	-	32,051	-	**32,051**
Paul Wise	29 Oct 15	9	85	499,977	-	-	**499,977**
	29 Oct 13	*4	83	696,432	-	-	**696,432**
Adam Kaye	29 Oct 15	9	85	499,977	-	-	**499,977**
	29 Oct 13	*4	83	696,432	-	-	**696,432**
Philip Jacobson FCA	29 Oct 13	2	83	100,000	-	-	**100,000**
Charles Dorfman	29 Oct 13	2	83	50,000	-	-	**50,000**
Michael Rosehill FCA	29 Oct 13	2	83	50,000	-	-	**50,000**

* The benefit of holding 'A' Ordinary shares in Everyman Media Holdings Limited is considered by the Board to be similar to the benefit of holding an EMI option.
** See note 28 in the notes to the financial statements for vesting conditions.

Directors' report *(continued)*

Directors' interests in the Company *(continued)*

Details of the option scheme vesting and performance conditions are set out at note 28 of the financial statements.849,660 share options (2017: 100,000) were exercised by Directors during the year, resulting in a gain of £1,244,916 (2017: £102,000).

Directors' remuneration

For the year ended 3 January 2019

Director	Salary £000	Fees £000	Pension contributions £000	Other benefits £000	Bonus £000	Share-based payments £000	Total £000
Crispin Lilly	172	-	17	2	55	97	343
Jonathan Peters FCA	123	-	12	-	15	48	198
Paul Wise	50	75	-	2	-	24	151
Adam Kaye	30	-	-	2	-	24	56
Philip Jacobson FCA	30	-	-	-	-	-	30
	405	75	29	6	70	193	778

For the year ended 28 December 2017

Director	Salary £000	Fees £000	Pension contributions £000	Other benefits £000	Bonus £000	Share-based payments £000	Total £000
Crispin Lilly	168	-	17	-	59	77	321
Jonathan Peters FCA	112	-	8	-	39	43	202
Paul Wise	50	50	-	2	-	30	132
Adam Kaye	30	-	-	2	-	30	62
Philip Jacobson FCA	30	-	-	-	-	-	30
	390	50	25	4	98	180	747

Other benefits include interest in respect of an amount of uncalled share capital due in respect of the issue of performance shares in Everyman Media Holdings Limited, a subsidiary of the Company, to certain members of the Board.

Share-based payments are valued using the share price at the original grant date.

Policy and practice on the payment of creditors

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers.

Employees

Employee involvement

The Group places considerable emphasis on maintaining good relations with all its employees. The Group places great importance on managers at each venue being well trained and capable of recruiting, training and developing a strong team and the Group equips them with the necessary tools in order to provide a positive working atmosphere. The Group regularly communicates important updates with employees and seeks engagement and consultation whenever making decisions that affect them or their interests. Employees are provided with regular on-the-job training and career development opportunities and the Group places a significant importance on developing from within.

Employment of disabled persons

The Group is an equal opportunities employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet the minimum selection criteria. The Group provides training and development for people with disabilities tailored, where appropriate, to ensure they have the opportunity to achieve their potential. If a Group employee becomes disabled while in our employment the Group will do its best to retain them, including consulting with them about their requirements, making reasonable and appropriate adjustments and providing alternative suitable employment where possible.

Political and charitable donations

The Group made charitable donations of £36,000 in the year (2017: £12,000).

Post balance sheet events

On 16 January 2019, the Group agreed a new loan facility of £30 million provided by Barclays Bank PLC and Santander UK PLC. This replaced the previous £20 million facility signed in March 2017 with Barclays Bank PLC. This new facility has a term of 5 years.

Directors' report *(continued)*

Disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

- So far as that each Director was aware, there was no relevant available information of which the Company's auditor is unaware.
- Each Director has taken all steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

Auditor

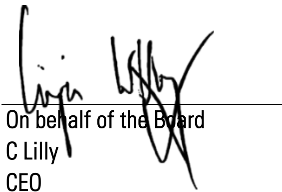
In accordance with s489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Internal financial control

The Group operates a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a system in place for financial reporting and the Board receives regular reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for, an internal audit function. As the number of sites operated by the Group increases the Board intends to regularly assess the ongoing need for strengthening internal financial controls.

The Board's financial risk management, objectives and policies together with the Board's policies in respect of price risk, credit risk, liquidity risk and cash flow risk are set out in the notes to the financial statements.



On behalf of the Board
C Lilly
CEO
Everyman Media Group PLC
Studio 4, 2 Downshire Hill
London
NW3 1NR
12 March 2019

Statement of Directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the annual report and the Group and parent Company financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant, reliable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU.
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and a Directors' report that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

1 Our opinion is unmodified

We have audited the financial statements of Everyman Media Group PLC (the Company) for 53 weeks (year) ended 3 January 2019 which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the Company balance sheet, the Company statement of changes in equity and the related notes, including the accounting policies in note 2.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 3 January 2019 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- The parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS101 Reduced Disclosure Framework; and
- The financial statements 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) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Recoverability of property, plant and equipment, goodwill and parent company investment in subsidiary (risk vs 2017: ◄►)

Group: Goodwill - £9m (2017: £9m), property, plant and equipment £66.2m (2017: £48.2m), parent: £30.3m (2017: £30.3m) - refer to accounting policy note 2 and financial disclosures notes 14-16 in the notes to the financial statements.

The risk: forecast-based valuation

Plant, property and equipment and goodwill in the Group, and the carrying amount of the parent Company's investment in its trading subsidiary, are significant and at risk of potential impairment due to the Group operating in a competitive industry where box office and food & beverage revenues and associated profits are dependent on admissions. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting the related future cash flows.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of property, plant and equipment, goodwill and the recoverable amount of the cost of investment in subsidiaries has a degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Our response: our procedures included:

Our sector experience

- We challenged the cash flow forecasts, and the assumptions behind them, based on our knowledge of the business and market for all cinema sites with goodwill, and those others where there was an indicator of impairment such as potential loss-making sites, identified by inspecting the Group's records of performance by site.

Historical comparisons

- We compared the EBITDA of each site against budget and prior year results for any changes that could have a potential impairment impact.
- We assessed the historical accuracy of the forecast used in the impairment model by considering actual prior year performance to budget.

Benchmarking assumptions

We compared the Group's assumptions to externally derived data in relation to key inputs such as projected growth and the discount rate using our own valuation specialists.

Sensitivity analysis

- For all cinemas with goodwill, and those with impairment indicators over plant, property and equipment, we calculated the degree to which the key inputs and assumptions would need to fluctuate before an impairment was triggered and considered the likelihood of this occurring.

2 Key audit matters: our assessment of risks of material misstatement *(continued)*

Comparing valuations

- We compared the carrying amount of the parent company's investment in its trading subsidiary with the expected value of the business based on the Group's year end market capitalisation.

Assessing transparency

- We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

We continue to perform procedures over business combinations. However, as none were made in the year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the parent company financial statements as a whole was set at £400,000 (2017: £323,000), determined with reference to a benchmark of total assets, of which it represents 0.5% (2017: 0.4%) and chosen to be lower than materiality for the Group financial statements as a whole.

Materiality for the parent company financial statements as a whole was set at £400,000 (2017: £323,000), determined with reference to a benchmark of total assets and chosen to be lower than materiality for the Group financial statements as a whole.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £23,000 (2017: £14,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group audit team subjected all (2017: all) of the Group's three reporting components to full scope audits for Group purposes and performed the audit of the parent Company. The Group team approved the component materialities, which ranged from £50,000 to £440,000, having regard to the mix of size and risk profile of the Group across the components.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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 their 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).

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 Group or the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:
- The impact of there being a poor quality of new film releases over the period;
- The impact of particularly poor or good weather over the period which would reduce demand.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, 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.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the annual report

The Directors are responsible for the other information presented in the annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- 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.
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us.
- The parent Company financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of Directors' remuneration specified by law are not made.
- We have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

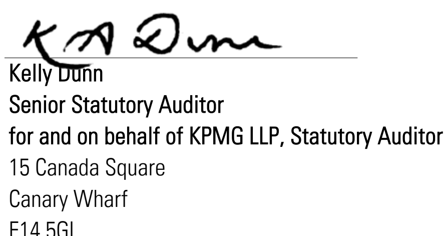
As explained more fully in their statement set out on page 16, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 Group or the parent 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 International Standards on Auditing (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.

8 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.



Kelly Dunn
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
15 Canada Square
Canary Wharf
E14 5GL

12 March 2019

Consolidated statement of profit and loss and other comprehensive income for the year ended 3 January 2019

	Note	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Revenue	5	51,880	40,620
Cost of sales		(20,248)	(15,937)
Gross profit		31,632	24,683
Other operating income		3	48
Administrative expenses		(28,759)	(23,107)
Operating profit		2,876	1,624
Financial income		-	4
Financial expenses	11	(160)	-
Net financing (expense)/income		(160)	4
Profit before tax	6	2,716	1,628
Tax expense	12	(679)	(360)
Profit for the year		2,037	1,268
Other comprehensive income for the year	25	-	851
Total comprehensive income for the year		2,037	2,119
Basic earnings per share (pence)	13	2.89	2.04
Diluted earnings per share (pence)	13	2.78	1.97

All amounts relate to continuing activities.

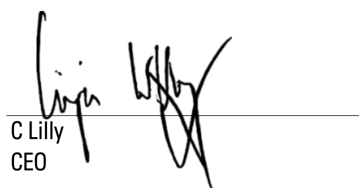
Non-GAAP measure: adjusted profit from operations			
Adjusted profit from operations		9,150	6,619
Before:			
Depreciation and amortisation	14,15	(4,563)	(3,692)
Acquisition expenses	30	(9)	(86)
Pre-opening expenses		(1,099)	(916)
Share-based payment expense	28	(500)	(301)
Option-based social security		(103)	-
Operating profit		2,876	1,624

Consolidated balance sheet at 3 January 2019

Registered in England & Wales
08684079

	Note	3 January 2019 £000	28 December 2017 £000
Assets			
Non-current assets			
Property, plant and equipment	14	66,150	48,239
Intangible assets	15	10,655	10,066
Trade and other receivables	19	173	173
		76,978	58,478
Current assets			
Inventories	17	406	308
Trade and other receivables	19	3,790	1,044
Cash and cash equivalents	18	3,517	18,366
		7,713	19,718
Total assets		84,691	78,196
Liabilities			
Current liabilities			
Other interest-bearing loans and borrowings	21	56	43
Trade and other payables	20	12,398	12,479
		12,454	12,522
Non-current liabilities			
Other interest-bearing loans and borrowings	21	7,000	7,000
Other payables	20	7,796	5,168
Provisions for other liabilities	24	1,794	1,883
Deferred tax liabilities	25	1,210	284
		17,800	14,335
Total liabilities		30,254	26,857
Net assets		54,437	51,339
Equity attributable to owners of the Company			
Share capital	26	7,099	7,003
Share premium		39,066	38,354
Merger reserve		11,152	11,152
Retained earnings		(2,880)	(5,170)
Total equity		54,437	51,339

These financial statements were approved by the Board of Directors on 12 March 2019 and signed on its behalf by:



C Lilly
CEO

Consolidated statement of changes in equity for the year ended 3 January 2019

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 30 December 2016		5,982	22,720	11,152	(7,590)	32,264
Profit for the year		-	-	-	1,268	1,268
Other comprehensive income	25	-	-	-	851	851
Total comprehensive income		-	-	-	2,119	2,119
Shares issued in the period	26	1,021	16,155	-	-	17,176
Share issue expenses	26	-	(521)	-	-	(521)
Share-based payments	28	-	-	-	301	301
Total transactions with owners of the parent		1,021	15,634	-	301	16,956
Balance at 28 December 2017		7,003	38,354	11,152	(5,170)	51,339
Balance at 29 December 2017		7,003	38,354	11,152	(5,170)	51,339
Profit for the year		-	-	-	2,037	2,037
Shares issued in the period	26	96	712	-	-	808
Share-based payment expense	28	-	-	-	500	500
Deferred tax on share-based payment	25	-	-	-	(247)	(247)
Total transactions with owners of the parent		96	712	-	253	1,061
Balance at 3 January 2019		**7,099**	**39,066**	**11,152**	**(2,880)**	**54,437**

The notes on pages 26 to 48 form an integral part of these consolidated financial statements

EVERYMAN

Consolidated cash flow statement for the year ended 3 January 2019

	Note	3 January 2019 £000	28 December 2017 £000
Cash flows from operating activities			
Profit for the year		2,037	1,268
Adjustments for:			
Financial income	10	-	(4)
Financial expenses	11	160	-
Income tax expense	12	679	360
Operating profit		2,876	1,624
Depreciation and amortisation	14,15	4,563	3,686
Loss on disposal of property, plant and equipment	14	17	13
Transfer of property, plant and equipment to profit and loss		41	-
Bad debts		141	8
Lease incentives		214	135
Market rent provisions	24	(88)	(76)
Equity-settled share-based payments	28	500	301
		8,264	5,691
Increase in inventories		(98)	(63)
(Increase)/decrease in trade and other receivables		(2,887)	570
Increase in trade and other payables		2,332	7,539
Net cash generated from operating activities		7,611	13,737
Cash flows from investing activities			
Acquisition as business combination	30	-	(1,302)
Acquisition of property, plant and equipment		(22,235)	(15,586)
Proceeds from sale of property, plant and equipment		9	-
Acquisition of intangible assets		(895)	(391)
Interest received	10	-	4
Net cash used in investing activities		(23,121)	(17,275)
Cash flows from financing activities			
Proceeds from the issuance of Ordinary shares		808	17,176
Share issue expenses	26	-	(521)
Proceeds from bank borrowings	21	6,000	4,000
Repayment of bank borrowings	22	(6,000)	-
Interest paid		(147)	(317)
Net cash generated from financing activities		661	20,338
Net (decrease)/increase in cash and cash equivalents		(14,849)	16,800
Cash and cash equivalents at the beginning of the year		18,366	1,566
Cash and cash equivalents at the end of the year		3,517	18,366

The Group had £13,000,000 of undrawn funds available (2017: £13,000,000) of the Barclays Bank PLC facility at the year end.

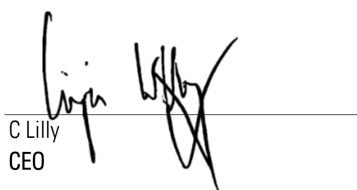
EVERYMAN

Company balance sheet as at 3 January 2019

Registered in England & Wales
08684079

	Note	3 January 2019 £000	28 December 2017 £000
Assets			
Non-current assets			
Trade and other receivables	19	44,536	-
Property, plant and equipment	14	348	477
Investments	16	30,337	30,337
Intangible assets	15	547	584
		75,768	31,398
Current assets			
Trade and other receivables	19	-	43,231
Total assets		75,768	74,629
Liabilities			
Current liabilities			
Loans and borrowings	21	56	43
		56	43
Non-current liabilities			
Interest-bearing borrowings	21	7,000	7,000
Provisions for other liabilities	24	1,289	1,360
Deferred tax liabilities	25	41	43
		8,330	8,403
Total liabilities		8,386	8,446
Net assets		67,382	66,183
Equity			
Equity attributable to owners of the Company			
Ordinary shares	26	7,099	7,003
Share premium	26	39,066	38,354
Merger reserve	26	20,336	20,336
Retained earnings		881	490
Total equity		67,382	66,183

These financial statements were approved by the Board of Directors on 12 March 2019 and signed on its behalf by:



C Lilly
CEO

Company statement of changes in equity for the year ended 3 January 2019

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 30 December 2016		5,982	22,719	20,336	247	49,284
Loss for the year		-	-	-	(58)	(58)
Shares issued in the period		1,021	16,156	-	-	17,177
Share issue expenses		-	(521)	-	-	(521)
Share-based payments	28	-	-	-	301	301
Balance at 28 December 2017		7,003	38,354	20,336	490	66,183
Balance at 29 December 2017		7,003	38,354	20,336	490	66,183
Loss for the year		-	-	-	(109)	(109)
Shares issued in the period		96	712	-	-	808
Share-based payment expense	28	-	-	-	500	500
Balance at 3 January 2019		**7,099**	**39,066**	**20,336**	**881**	**67,382**

Notes to the financial statements

1 General information

Everyman Media Group PLC and its subsidiaries (together, the Group) are engaged in the ownership and management of cinemas in the United Kingdom. Everyman Media Group PLC (the Company) is a public company limited by shares registered, domiciled and incorporated in England and Wales, in the United Kingdom (registered number 08684079). The address of its registered office is Studio 4, 2 Downshire Hill, London NW3 1NR. All trade takes place in the United Kingdom.

2 Basis of preparation and accounting policies

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU. The Company has elected to prepare its parent Company financial statements in accordance with FRS101.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial liabilities (including derivatives) measured at fair value, and liabilities for cash-settled share-based payments. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. The Group prepares its financial statements on a 52/53 week basis. The year end date is determined by the 52nd Thursday in the year. A 53rd week is reported where the year end date is no longer aligned with 7 days either side of 31st December. The year ended 3 January 2019 is a 53 week period in comparison to the previous 52 week period ended 28 December 2017.

Company basis of preparation

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101). The amendments to FRS101 (2014/15 cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:
- A cash flow statement and related notes.
- Disclosures in respect of transactions with wholly-owned subsidiaries.
- Disclosures in respect of capital management.
- Disclosures in respect of the compensation of key management personnel.
- New but not yet effective IFRS.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:
- IFRS2 Share Based Payments in respect of Group-settled share based payments.
- Certain disclosures required by IAS36 Impairment Of Assets in respect of the impairment of goodwill and indefinite-life intangible assets.
- Certain disclosures required by IFRS3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.
- Certain disclosures required by IFRS13 Fair Value Measurement.
- Certain disclosures required by IFRS7 Financial Instruments.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for 12 months from the date of signing these accounts. Thus they continue to adopt a going concern basis in preparing the financial statements. In adopting a going concern basis for preparing the financial statements, the Directors have considered the business activities, the principal risks and uncertainties, the financial position of the Group, its cash flows, liquidity position and borrowing facilities, as well as the Groups objectives, policies and processes for managing capital.

At the year end the Group was able to meet its day-to-day working capital requirements and funding of new site purchases through its bank loan facility (including new bank borrowing arrangements available post year end), existing cash deposits and ongoing trading activities. Letters of support have been given to the Group's subsidiaries that financial obligations will be met and it will not seek repayment of any amounts currently made available.

The loan facility is subject to three covenants: the ratio of adjusted EBITDAR to net finance charges, adjusted EBITDA (the Group's non-GAAP measure below) to net debt and minimum net tangible asset requirements. The Group's forecasts and projections show that the Group is able to operate within the level of its current facility for at least 12 months from the approval date of the financial statements, including meeting requirements for planned refurbishments and openings and compliance with the bank facility covenants. The Group therefore continues to adopt a going concern basis for the presentation of the financial statements.

Use of non-GAAP profit and loss measures

The Group believes that along with operating profit, the 'adjusted profit from operations' provides additional guidance to the statutory measures of the performance of the business during the financial year.

Adjusted profit from operations is calculated by adding back depreciation, amortisation, pre-opening expenses and certain non-recurring or non cash items. Adjusted profit is an internal measure used by management as they believe it better reflects the underlying performance of the Group beyond generally accepted accounting principles.

2 Basis of preparation and accounting policies *(continued)*

Basis of consolidation

Where the Group has power, either directly or indirectly so as to have the ability to affect the amount of the investor returns and has exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The balance sheet at 3 January 2019 incorporates the results of all subsidiaries of the Group for all years and periods, as set out in the basis of preparation.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

Merger reserve

On 29 October 2013 the Company became the new holding company for the Group. This was put into effect through a share-for-share exchange of 1 Ordinary share of 10 pence in Everyman Media Group PLC for 1 Ordinary share of 10 pence in Everyman Media Holdings Limited (previously, Everyman Media Group Limited), the previous holding company for the Group. The value of 1 share in the Company was equivalent to the value of 1 share in Everyman Media Holdings Limited.

The accounting treatment for group reorganisations is presented under the scope of IFRS3. The introduction of the new holding company was accounted for as a capital reorganisation using the principles of reverse acquisition accounting under IFRS3. Therefore, the consolidated financial statements are presented as if Everyman Media Group PLC has always been the holding company for the Group. The Company was incorporated on 10 September 2013.

The use of merger accounting principles has resulted in a balance in Group capital and reserves which has been classified as a merger reserve and included in the Group's shareholders' funds.

The Company recognised the value of its investment in Everyman Media Holdings Limited at fair value based on the initial share placing price on admission to AIM. As permitted by s612 of the Companies Act 2006, the amount attributable to share premium was transferred to the merger reserve. The investment in the Company is recorded at fair value.

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group's revenues from film and entertainment activities are recognised on completion of the showing of the relevant film. The Group's revenues for food and beverages are recognised at the point of sale as this is the time the performance obligations have been met. The Group's other revenues, which include commissions, are recognised when all performance obligations have been satisfied.

All advanced booking fees, gift cards and similar income which are received in advance of the related performance are classified as deferred revenue and shown as a liability until completion of the performance.

All contractual-based revenue from memberships is initially classified as deferred revenue. Revenue from memberships that provide a certain number of tickets per year is recognised over the year as utilised. Revenue from memberships that provide unlimited access is recognised equally over the year.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Goodwill represents the excess of the costs of a business combination over the total acquisition date fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset. Costs incurred in a business combination are expensed as incurred with the exception that for business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit/group of units on a pro-rata basis.

Business combinations

Acquisitions that are deemed to be the transfer of a 'business' per IFRS3 requirements, are valued at fair value through the use of an external valuation specialist. As such, any identifiable tangible and intangible assets and liabilities are valued prior to acquisition and any excess consideration is treated as goodwill and reviewed for impairment annually.

Notes to the financial statements *(continued)*

2 Basis of preparation and accounting policies *(continued)*

Intangible assets

Interests in property-based leases acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated on a straight-line basis to allocate the cost of property-based leases across the term of the relevant leasehold interest.

Amortisation on software in development does not commence until it is complete and available for use.

Software assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on all software assets so as to write off their carrying value over the expected useful economic lives. The estimated useful lives are as follows:

Leasehold interest	- straight line on cost over the remaining life of the lease
Software assets	- 3 to 5 years

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. As well as the purchase price, cost includes directly attributable costs.

Depreciation on assets under construction does not commence until they are complete and available for use. These assets represent fit-outs. Depreciation is provided on all other leasehold improvements and all other items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. The estimated useful lives are as follows:

Freehold properties	- 50 years
Leasehold improvements	- straight line on cost over the remaining life of the lease
Plant and machinery	- 5 years
Fixtures and fittings	- 8 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Land is not depreciated.

Impairment (excluding inventories)

A financial asset not carried at fair value through the profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost incurred in bringing each product to its present location and condition is accounted for as follows:

Food and beverages	- purchase cost on a first-in, first-out basis
Projection stock	- purchase cost on a first-in, first-out basis

Net realisable value is the estimated selling price in the ordinary course of business.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Market rent provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Financial instruments *(from 29 December 2017)*

Recognition and initial measurement

Trade receivables are initially recognised when originated. All other financial assets and liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets (unless a trade receivable without a significant financing component) or financial liabilities are initially measured at fair value plus, for items not at fair value through the profit and loss, transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

2 **Basis of preparation and accounting policies** *(continued)*

Financial instruments *(from 29 December 2017)* (continued)

Classification and subsequent measurement

Financial assets classification

On initial recognition, financial assets are classified as measured at either amortised cost, fair value through other comprehensive income for debt investments or equity investments, or fair value through profit and loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at amortised cost if they meet both of the following conditions:
- They are held within a business model whose objective is to hold assets to collect contractual cash flows
- The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments are measured at fair value through other comprehensive income if they meet both of the following conditions:
- They are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income, as described above, are measured at fair value through profit and loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate financial assets that otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents classification

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 for the purpose only of the cash flow statement.

Financial assets subsequent measurement, gains and losses

Financial assets classified at fair value through profit and loss, other than derivatives designated as hedging instruments, are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit and loss.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit and loss. Any gain or loss on derecognition is recognised in the profit and loss.

Debt investments classified at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit and loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the profit and loss.

Equity investments classified at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in the profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the profit and loss.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following conditions:
- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group
- Where the instruments may be settled in the Group's own equity instruments, they are either a non-derivative that include no obligation to deliver a variable number of the Group's own equity instruments or they are a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. Financial liabilities are classified as fair value through profit and loss if they are classified as held for trading, they are a derivative or they are designated as such on initial recognition. Financial liabilities classified at fair value through profit and loss are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit and loss. Any gain or loss on derecognition is also recognised in the profit and loss.

2 Basis of preparation and accounting policies *(continued)*

Financial instruments *(from 29 December 2017)* (continued)

Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets (as defined in IFRS15).

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12 month expected credit losses.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Group considers a financial asset to be in default when the financial asset is more than 120 days past due.

Lifetime expected credit losses are those that result from all possible default events over the expected life of a financial instrument.

12 month expected credit losses are the portion that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities classified at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Written-off financial assets

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Financial instruments *(prior to 29 December 2017)*

Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through rental deposits and the provision of services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for any impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial liabilities

Non-derivative financial liabilities are recognised initially at fair value less attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

The Group's interest-rate swap was classified as a financial liability at fair value through the profit and loss account. Derivative financial instruments within the scope of IAS39 are classified as financial assets or liabilities at fair-value through the profit and loss. Changes to fair value are made through the profit and loss. All derivative financial instruments are recognised initially at fair value. The subsequent measurement of derivative financial instruments is also at fair value. Financial assets at fair value through the profit and loss are carried in the balance sheet at fair value with net changes in fair value recognised in finance costs in the profit and loss.

2 Basis of preparation and accounting policies *(continued)*

Financial instruments *(prior to 29 December 2017) (continued)*

Fair value hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:
- Level 1: Quoted prices, in active markets.
- Level 2: Level 1 quoted prices are not allowable but fair value is based on observable market data.
- Level 3: Inputs that are not based on observable market data.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's Ordinary shares are classified as equity instruments.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an operating lease), the total rentals payable under the lease are charged to the consolidated profit and loss on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the profit and loss.

Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. 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 adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:
- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:
- The same taxable group company; or
- Different company entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Operating segments

The Board, the chief operating decision maker, considers that the Group's primary activity constitutes one reporting segment, as defined under IFRS8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated profit and loss. No differences exist between the basis of preparation of the performance measures used by management and the figures used in the Group financial information.

All of the revenues generated relate to cinema tickets, sale of food and beverages and ancillary income, an analysis of which appears in the notes below. All revenues are wholly generated within the UK. Accordingly there are no additional disclosures provided to the financial information.

Pre-opening expenses

Property rentals and other related overhead expenses incurred prior to a new site opening are expensed to the profit and loss in the year that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are expensed as incurred. These expenses are included within administrative expenses.

Notes to the financial statements *(continued)*

2 Basis of preparation and accounting policies *(continued)*

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss in the periods during which services are rendered by employees.

Share-based payments

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of share-based payments is recharged by the Company to subsidiary undertakings in proportion to the services recognised.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3 Adoption of new and revised Standards

Amendments to IFRS that are mandatorily effective for the current year

The following new standards and interpretations to existing standards have been published and are mandatory for the Group's future accounting. The application of the amendments has had no material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

- IAS16 and IAS38 (amendments): clarification of acceptable methods of depreciation and amortisation
- IAS1 (disclosure initiative): the amendments are on presentation of the financial statements and should not require any significant change to current practice but should facilitate improved reporting.
- IFRS9: Financial Instruments
- IFRS15: Revenue from contracts with customers.

New and revised IFRS in issue but not yet effective

The following adopted IFRS have been issued but have not yet been applied (by the Group) in these financial statements:
- IFRS16: Leases (effective date 1 January 2019)
- IFRS2 (amendments): Share-based Payments classification and measurement (effective date to be confirmed)
- IAS12 (amendments): Income Taxes recognition of deferred tax assets for unrealised losses (effective date to be confirmed).

IFRS16: Leases (effective January 2019)

The Group is required to adopt IFRS16 for accounting periods beginning on or after 1 January 2019. The Group has assessed the estimated impact that initial application will have on its financial statements as described below. The actual impacts of adopting the standard may change due to new accounting policies which are subject to change until the Group presents its first financial statements including the date of initial application.

The standard introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term and low-value leases. Lessor accounting remains similar to the current standard such that they continue to classify leases as either finance or operating leases.

IFRS16 replaces existing lease guidance, including IAS17 Leases, IFRIC4 Determining whether an arrangement contains a lease, SIC15 Operating leases - incentives and SIC27 Evaluating the substance of transactions involving the legal form of a lease.

Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of premises. The nature of expenses relating to those leases will now change such that the Group will recognise a depreciation charge for right-of-use assets and a finance expense on outstanding lease liabilities.

Previously, the Group recognised operating leases on a straight-line basis over the term of the lease and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

Based on the information currently available, the Group expects to add £44.9m right-of-use assets and £48.1m finance lease liabilities to its balance sheet in the next financial year.

Notes to the financial statements *(continued)*

3 Adoption of new and revised Standards *(continued)*

IFRS16: Leases (effective January 2019) (continued)

Leases in which the Company is a lessor

The Group will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Group expects that it will not reclassify any sub-leases as finance leases given the lack of legal obligation and that its subsidiary undertakings have not taken on the full remainder of any lease terms.

Transition

The Group plans to apply IFRS16 using the modified retrospective approach on a lease-by-lease basis. Therefore, the cumulative effect of adopting the standard will be recognised as an adjustment to the opening balance of retained earnings with no restated comparative information.

4 Critical accounting estimates

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other facts that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the current year, there are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

5 Revenue

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Film and entertainment	31,465	25,124
Food and beverages	17,622	13,306
Other income	2,793	2,190
	51,880	40,620

All trade takes place in the United Kingdom.

The following provides information about opening and closing receivables, contract assets and liabilities from contracts with customers. There was no impact on the opening balance sheet when the Company first applied IFRS15 on 29 December 2017.

Contract balances	3 January 2019 £000	28 December 2017 £000
Trade and other receivables	963	230
Deferred income	2,935	1,879

Deferred income relates to advanced consideration received from customers in respect of memberships, gift cards and advanced screenings. All deferred balances at the beginning of the year (£1,879,000) were recognised in the profit and loss during the year. All deferred income at the end of the year (£2,935,000) is due to be recognised within 12 months.

6 Profit before taxation

Profit before taxation is stated after charging:	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Depreciation of tangible assets	4,236	3,575
Amortisation of intangible assets	327	113
Loss on disposal of property, plant and equipment	17	13
Operating lease rentals	3,301	2,762
Share-based payments	500	301
Acquisition expenses	9	86

7 Staff numbers

The average number of employees (including Directors) during the year, analysed by category, was as follows:	3 January 2019 Number	28 December 2017 Number
Management	136	105
Operations	641	572
	777	677

Management staff represent all full-time employees in the Group.

8 Employee costs including Directors

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Wages and salaries	11,414	9,138
Social security costs	870	668
Pension costs	126	71
Share-based payments	500	301
Other staff benefits	6	4
	12,916	10,182

There were pension liabilities as at 3 January 2019 of £30,000 (28 December 2017: £13,000).

9 Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures:

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Salaries/fees	480	440
Bonuses	70	98
Other benefits	6	4
Pension contributions	29	25
	585	567
Share-based payments	193	180
	778	747
Information regarding the highest paid Director is as follows:		
Salaries/fees	172	168
Bonuses	55	59
Other benefits	2	-
Pension contributions	17	17
	246	244
Share-based payments	97	77
	343	321

Directors remuneration for each Director is disclosed in the Directors' report. The costs relating to the Directors remuneration are wholly incurred by Everyman Media Limited for the wider Group. The amount attributable to services provided to the Company was £178,000 (2017: £179,000). 2 Directors exercised options over shares in the Company during the year (2017: 1)

10 Auditor's remuneration

Fees payable to the Company's auditor for:	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Audit of the Company's financial statements	12	12
Audit of the subsidiary undertakings of the Company	73	55
Taxation and compliance services to the Group	58	12
Other services	-	27
	143	106

The Group's policy on the use of the external auditor for non-audit services is to ensure that any work undertaken does not impair the auditor's independence. We have considered the auditor's independence and we continue to believe that KPMG LLP is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired.

11 Financial expenses

(Group)

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Total interest expense	185	336
Less: Interest capitalised within assets under construction	(25)	(336)
Interest expense recognised in the profit and loss	160	-

12 Taxation

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Tax expense		
Current tax	-	-
Deferred tax expense		
Origination and reversal of temporary differences	296	259
Deferred tax not previously recognised	383	101
Total tax charge	679	360

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to the profit for the year are as follows:

Reconciliation of effective tax rate	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Profit before tax	2,716	1,628
Tax at the UK corporation tax rate of 19.00%/19.25%	516	313
Permanent differences (expenses not deductible for tax purposes)	19	13
Deferred tax not previously recognised	383	101
Other short term timing differences (potentially exercisable share options)	(239)	(40)
Effect of change in expected future statutory rates on deferred tax	-	(27)
Total tax expense	679	360

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax at 3 January 2019 has been calculated based in these rates.

13 Earnings per share

	Year ended 3 January 2019 £000	Year ended 28 December 2017 £000
Profit used in calculating basic and diluted earnings per share	2,037	1,268
Number of shares (000's)		
Weighted average number of shares for the purpose of basic earnings per share	70,391	62,099
Number of shares (000's)		
Weighted average number of shares for the purpose of diluted earnings per share	73,366	64,528
Basic earnings per share (pence)	2.89	2.04
Diluted earnings per share (pence)	2.78	1.97

Weighted average number of shares for the purpose of basic earnings per share	3 January 2019 Weighted average no. 000's	28 December 2017 Weighted average no. 000's
Issued at beginning of the year	70,027	59,820
Share options exercised	364	81
Shares issued in equity raise	-	2,198
Weighted average number of shares at end of the year	70,391	62,099
Weighted average number of shares for the purpose of diluted earnings per share		
Basic weighted average number of shares	70,391	62,099
Effect of share options in issue	2,975	2,429
Weighted average number of shares at end of the year	73,366	64,528

Notes to the financial statements *(continued)*

13 Earnings per share *(continued)*

Basic earnings per share values are calculated by dividing net profit/(loss) for the year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

The Company has 5,575,000 potentially issuable Ordinary shares (2017: 5,818,000) all of which relate to the potential dilution from both the Group's A Ordinary shares and share options issued to the Directors and certain employees and contractors, under the Group's incentive arrangements.

The Company made a post-tax loss for the year of £109,000 (2017: £58,000).

14 Property, plant and equipment

(Group)	Land & Buildings £000	Leasehold improvements £000	Plant & machinery £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost						
At 30 December 2016	-	30,402	6,038	6,313	429	43,182
Acquired in the year	-	12,259	1,895	1,101	669	15,924
Acquired in business combination	-	-	250	50	-	300
Disposals	-	-	-	(13)	-	(13)
Transfer on completion	-	301	-	-	(301)	-
At 28 December 2017	-	42,962	8,183	7,451	797	59,393
Acquired in the year	6,339	9,101	2,705	1,178	2,912	22,235
Disposals	-	(120)	(167)	(826)	-	(1,113)
Transfer to profit and loss	-	-	-	-	(41)	(41)
Transfer to intangibles	-	-	(118)	-	-	(118)
Transfer on completion	-	265	-	-	(265)	-
At 3 January 2019	6,339	52,208	10,603	7,803	3,403	80,356
Depreciation						
At 30 December 2016	-	2,919	1,930	2,730	-	7,579
Charge for the year	-	1,847	1,205	523	-	3,575
On disposals	-	-	-	-	-	-
At 28 December 2017	-	4,766	3,135	3,253	-	11,154
Transfer to intangibles	-	-	(95)	(2)	-	(97)
Charge for the year	-	2,112	1,506	618	-	4,236
On disposals	-	(118)	(163)	(806)	-	(1,087)
At 3 January 2019	-	6,760	4,383	3,063	-	14,206
Net book value						
At 3 January 2019	6,339	45,448	6,220	4,740	3,403	66,150
At 28 December 2017	-	38,196	5,048	4,198	797	48,239
At 29 December 2016	-	27,483	4,109	3,582	429	35,603

The Group held no assets under finance leases as at 3 January 2019 (2017: £nil).

14 Property, plant and equipment *(continued)*

(Company only)

	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost			
At 30 December 2016	485	255	740
Acquired in the year	-	-	-
At 28 December 2017	485	255	740
Acquired in the year	-	-	-
At 3 January 2019	**485**	**255**	**740**
Depreciation			
At 30 December 2016	100	34	134
Charge for the year	98	31	129
At 28 December 2017	198	65	263
Charge for the year	97	32	129
At 3 January 2019	**295**	**97**	**392**
Net book value			
At 3 January 2019	**190**	**158**	**348**
At 28 December 2017	287	190	477
At 29 December 2016	385	221	606

15 Intangible assets

(Group)

	Goodwill £000	Leasehold Interests £000	Software Assets £000	Software in Development £000	Total £000
Cost					
At 30 December 2016	7,419	674	228	-	8,321
Acquired in the year	-	-	391	-	391
Acquired in business combination	1,532	-	-	-	1,532
At 28 December 2017	8,951	674	619	-	10,244
Acquired in the year	-	-	632	263	895
Transfer from tangibles	-	-	118	-	118
At 3 January 2019	**8,951**	**674**	**1,369**	**263**	**11,257**
Amortisation and impairment					
At 30 December 2016	-	55	10	-	65
Charge for the year	-	35	78	-	113
At 28 December 2017	-	90	88	-	178
Transfer from tangibles	-	-	97	-	97
Charge for the year	-	36	291	-	327
At 3 January 2019	**-**	**126**	**476**	**-**	**602**
Net book value					
At 3 January 2019	**8,951**	**548**	**893**	**263**	**10,655**
At 28 December 2017	8,951	584	531	-	10,066
At 29 December 2016	7,418	619	218	-	8,255

Notes to the financial statements *(continued)*

15 Intangible assets *(continued)*

(Company only)

	Leasehold Interests £000	Total £000
Cost		
At 30 December 2016	674	674
Acquired in the year	-	-
At 28 December 2017	674	674
Acquired in the year	-	-
At 3 January 2019	**674**	**674**
Amortisation and impairment		
At 30 December 2016	55	55
Charge for the year	35	35
At 28 December 2017	90	90
Charge for the year	36	36
At 3 January 2019	**126**	**126**
Net book value		
At 3 January 2019	**547**	**547**
At 28 December 2017	584	584
At 29 December 2016	619	619

Value-in-use calculations are performed annually and at each reporting date for each cash-generating unit (CGU) which represents each site acquired. Value-in-use was calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A pre-tax discount rate was applied to calculate the net present value of pre-tax cash flows. The discount rate was calculated using a market participant weighted average cost of capital. A single rate has been used for all sites as management believe the risks to be the same for all sites. Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to CGUs or groups of CGUs as follows:

	3 January 2019 £000	28 December 2017 £000
Baker Street	**103**	103
Barnet	**1,309**	1,309
Belsize Park	**67**	67
Esher	**2,804**	2,804
Gerrards Cross	**1,309**	1,309
Islington	**86**	86
Muswell Hill	**1,215**	1,215
Oxted	**102**	102
Reigate	**113**	113
Walton-On-Thames	**94**	94
Winchester	**217**	217
York	**1,532**	1,532
	8,951	8,951

The recoverable amount of each CGU has been calculated with reference to its value-in-use. The key assumptions of this calculation are shown below:

	3 January 2019	28 December 2017
Sales and cost growth (over a 5 year period)	**0%**	0%
Discount rate	**9.48%**	9.51%
Terminal value	**8 x EBITDA**	8 x EBITDA
Number of years projected	**5 years**	5 years

There have been no impairments indicated in the year to 3 January 2019 (2017: £nil). The projected sales growth was based on the Group's latest forecasts at the time of review and is in line with the average growth rate for the industry within the UK. The key assumptions in the cash flow pertain to revenue growth. Management have determined that growth based on industry average growth rates and actuals achieved historically are the best indication of growth going forward. The Group has adjusted its discount rate to 9.48%. The Directors are confident that the Group is largely immune from the effects of Brexit and the impact on the wider economic environment. Additionally, the Group believes that there has been no significant impact on the structure of the Group that should result in a changed discount rate. Management has performed sensitivity testing on all inputs to the model and noted no highly sensitive variables.

16 Investments

(Company only)	Total £000
At 28 December 2017 and 3 January 2019	30,337

The subsidiaries of the Company are as follows (all of which are included on consolidation):

Name	Principal activity	Country of incorporation	Class of share held	Proportion of shares held
Everyman Media Holdings Limited	Cinema management and ownership	UK	Ordinary	100%
			A Ordinary, Series 1, 2 and 3	28%
Everyman Media Limited*	Cinema management and ownership	UK	Ordinary	100%
CISAC Limted*	Dormant	UK	Ordinary	100%
ECPee Limited**	Property management	UK	Ordinary	100%
Bloom Martin Limited**	Dormant	UK	Ordinary	100%
Bloom Theatres Limited***	Dormant	UK	Ordinary	100%
Mainline Pictures Limited***	Dormant	UK	Ordinary	100%

* Shareholding is held by Everyman Media Holdings Ltd
** Shareholding is held by Everyman Media Ltd
*** Shareholding is held by Bloom Martin Ltd

The A Ordinary shares have no rights to a dividend. Everyman Media Group PLC directly holds all the Ordinary shares (£27,015) and 535,718 A Ordinary shares (£1,819) of Everyman Media Holdings Limited. The remainder of the A Ordinary shares (£4,736) are held by Directors Paul Wise and Adam Kaye. The A Ordinary shares are convertible into Ordinary shares of Everyman Media Group PLC if the share price of Everyman Media Group PLC has remained at or above the performance criteria set out in note 28. The conversion rights were accounted for as a share-based payment.

Everyman Media Limited has 285,000 Ordinary shares of £1.00 each in issue, all of which are held by Everyman Media Holdings Limited and therefore indirectly held by Everyman Media Group PLC. All other subsidiaries are also indirectly-held investments. Everyman Media Limited acquired 100 Ordinary shares of 1p each in ECPee Limited, a property management company, on 18 January 2018 representing 100% of the issued share capital of the company to become a wholly owned subsidiary. With respect to the class and proportion of shares held in existing subsidiaries, the amounts remain the same for the year ended 3 January 2019 and the year ended 28 December 2017. Bloom Martin Limited, Bloom Theatres Limited and Mainline Pictures Limited are all dormant companies and exempt from the requirement for an audit for the year.

The class and proportion of shares held in all other subsidiaries remain the same for the year ended 3 January 2019 and the year ended 28 December 2017.

The registered office address of all investments is Studio 4, 2 Downshire Hill, London NW3 1NR. All companies listed above are included in the consolidated financial statements. All consolidated companies have the same financial year and apply the same accounting policies.

17 Inventories

	3 January 2019 £000	28 December 2017 £000
Food and beverages	338	263
Projection	68	45
	406	308

Included within inventories is £nil (2017: £nil) expected to be recovered in more than 12 months. Finished goods recognised as cost of sales in the year amounted to £4,297,000 (2017: £3,337,000). The write-down of inventories to net realisable value amounted to £nil (2017: £nil).

18 Cash and cash equivalents

	3 January 2019 £000	28 December 2017 £000
Per balance sheet	3,517	18,366
Per cash flow statement	3,517	18,366

19 Trade and other receivables

(Group)	3 January 2019 £000	28 December 2017 £000
Included in current assets	3,790	1,044
Included in non-current assets	173	173
	3,963	1,217
Trade and other receivables	963	230
Other debtors	1,363	211
Prepayments and accrued income	1,637	776
	3,963	1,217

There were no receivables that were considered to be impaired other than existing provisions. There is no significant difference between the fair value of the other receivables and the values stated above. Other debtors include deposits paid in respect of a long-term leases.

Trade and other receivables (Company only)	3 January 2019 £000	28 December 2017 £000
Included in current assets	-	43,231
Included in non-current assets	44,536	-
	44,536	43,231
Amounts due from company undertakings	44,536	43,231

All amounts other than those from Company undertakings are due for payment within one year. Interest is charged on inter-company loans at the same rate as that charged to the Group by its lenders, currently 3.3%. The loans are repayable on 15 January 2021.

20 Trade and other payables

(Group)	3 January 2019 £000	28 December 2017 £000
Included in current liabilities	12,398	12,479
Included in non-current liabilities	7,796	5,168
	20,194	17,647
Trade creditors	2,660	1,427
Social security and other taxation	733	1,115
Other creditors	2	27
Accrued expenses	5,739	7,808
Lease incentives	8,125	5,391
Deferred income	2,935	1,879
	20,194	17,647

Included within lease incentives is £7,795,000 (2017: £5,168,000) expected to be settled in more than 12 months.

21 Other interest-bearing loans and borrowings

	3 January 2019 £000	28 December 2017 £000
Bank borrowings		
Current	56	43
Non-current	7,000	7,000
	7,056	7,043

The Company agreed a loan facility with Barclays Bank PLC for the sum of £20m on 10 March 2017. The Company replaced the loan facility with a £30m sum provided by Barclays Bank PLC and Santander UK PLC on 16 January 2019. Interest is charged at LIBOR on the drawn-down balance on a 365/ACT D-basis (the nominal interest rate ranging between 1.65% and 2.65% in 2019). The capital sum is repayable in full on or before 15 January 2024. Commitment fees are charged quarterly on any balances not drawn at 35% of the applicable rate of drawn funds. The face value is deemed to be the carrying value. The Group had drawn down £7m of the £20m debt facility as at 3 January 2019 (2017: £7m).

Notes to the financial statements *(continued)*

22 Financial assets and financial liabilities

Changes in liabilities from financing activities

	3 January 2019 £000	28 December 2017 £000
Opening balance	7,043	3,024
Changes from financing cash flows:		
Proceeds from borrowings	6,000	4,000
Repayment of borrowings	(6,043)	(24)
Interest on borrowings	56	43
	7,056	7,043

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following indicates their effective interest rates at the end of the year and the periods in which they mature:

	Effective interest rate %	Maturing within 1 year £000	Maturing between 1 to 2 years £000	Maturing between 2 to 5 years £000
At 28 December 2017				
Bank borrowings	3.3%	(43)	-	(7,000)
Bank current and deposit balances	1.0%	18,366	-	-
At 3 January 2019				
Bank borrowings	3.3%	(56)	-	(7,000)
Bank current and deposit balances	1.0%	3,517	-	-

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit and loss before tax through the impact on floating rate borrowings and bank deposits and cash flows:

	Change in rate %	3 January 2019 £000	28 December 2017 £000
Bank borrowings		(7,056)	(7,043)
	-1.0%	71	70
	-0.5%	35	35
	0.5%	(35)	(35)
	1.0%	(71)	(70)
	1.5%	(106)	(106)
Bank current and deposit balances		3,517	18,366
	-1.0%	(18)	(184)
	-0.5%	(35)	(92)
	0.5%	18	92
	1.0%	35	184
	1.5%	53	275

23 Financial instruments

Investments, financial assets and financial liabilities, cash and cash equivalents and other interest-bearing loans and borrowings are measured at amortised cost and the Directors believe their present value is a reasonable approximation to their fair value.

	3 January 2019 £000	28 December 2017 £000
Financial liabilities measured at amortised cost		
Bank borrowings	7,056	7,043

Financial instruments not measured at fair value

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

23 Financial instruments *(continued)*

Non-derivative financial liabilities

	3 January 2019 £000	28 December 2017 £000
Unsecured bank facility		
Carrying amount	7,056	7,043
Contractual cash flows:		
Less than one year	275	245
Between one and two years	284	267
Between three and five years	852	802
Over five years	7,284	7,267
	8,696	8,582

Charges have been put in place over the net assets of the Group as collateral against the loan balance.

Risk management

(Group)

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group has not issued or used any financial instruments of a speculative nature and the Group does not contract derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments.

The Group is exposed to the following financial risks:
- Credit risk
- Liquidity risk
- Interest rate risk

To the extent financial instruments are not carried at fair value in the consolidated Balance Sheet, net book value approximates to fair value at 3 January 2019 and 28 December 2017.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of profit and loss and other comprehensive income in the relevant period. Cash and cash equivalents are held in sterling and placed on deposit in UK banks. Trade and other payables are measured at book value and held at amortised cost.

Accounting classification

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Carrying amount	3 January 2019 £000	28 December 2017 £000
Financial assets not measured at fair value		
Trade and other receivables	3,963	1,217
Cash and cash equivalents	3,517	18,366
	7,480	19,583
Financial liabilities not measured at fair value		
Unsecured bank loans	7,056	7,043
Trade and other payables	20,194	17,647
	27,250	24,690

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

At 3 January 2019 the Group has trade receivables of £963,000 (2017: £230,000). The Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms. At 3 January 2019 the Directors have provided for £122,230 against doubtful debts (2017: £10,000).

23 Financial instruments *(continued)*

The Company is exposed to credit risk in respect of its receivables from its subsidiary companies. The recoverability of these balances is dependent upon the performance of these subsidiaries in future periods. The performance of the Company's subsidiaries is closely monitored by the Company's Board of Directors. The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	3 January 2019 £000	28 December 2017 £000
Ageing of receivables		
<30 days	370	(8)
31-60 days	140	25
61-120 days	128	9
>120 days	325	204
	963	230

Only receivables aged more than 30 days were outstanding as at 3 January 2019.

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is limited due to the customer base being diverse and unrelated. There has not been any impairment other than existing provisions in respect of trade receivables during the year (2017: £nil).

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements as determined by regular cash flow forecasts prepared by management.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts shown are gross, not discounted and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
3 January 2019	Carrying amount £000	Less than one year £000	Between one and two years £000	Between three and five years £000	Over five years £000	Total £000
Non-derivative financial liabilities						
Unsecured bank facility	7,056	275	284	852	7,284	8,696
Trade creditors	2,660	2,660	-	-	-	2,660
Social security and other taxation	733	733	-	-	-	733
Other creditors	2	2	-	-	-	2
Accrued expenses	5,737	5,737	-	-	-	5,737
	16,188	9,407	284	852	7,284	17,828

		Contractual cash flows				
28 December 2017	Carrying amount £000	Less than one year £000	Between one and two years £000	Between three and five years £000	Over five years £000	Total £000
Non-derivative financial liabilities						
Unsecured bank facility	7,043	245	267	802	7,267	8,582
Trade creditors	1,427	1,427	-	-	-	1,427
Social security and other taxation	1,115	1,115	-	-	-	1,115
Other creditors	27	27	-	-	-	27
Accrued expenses	7,807	7,807	-	-	-	7,807
	17,419	10,621	267	802	7,267	18,958

Interest rate risk

Interest rate risk arose from the Group's holding of interest-bearing loans linked to LIBOR. The Group is also exposed to interest rate risk in respect of its cash balances held pending investment in the growth of the Group's operations. The effect of interest rate changes in the Group's interest-bearing assets and liabilities are set out in note 22.

Capital management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £54,437,000 (2017: £51,339,056).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All funding required to set-up new cinema sites and for working capital purposes are financed from existing cash resources where possible. Management will also consider future fundraising or bank finance where appropriate.

24 Provisions

(Group)	3 January 2019 £000	28 December 2017 £000
Market rent provisions		
Opening balance	1,883	1,430
Additional provisions arising on acquisition	-	529
Utilised against rent during the period	(89)	(76)
Closing balance	1,794	1,883

Provisions (Company only)	3 January 2019 £000	28 December 2017 £000
Market rent provisions		
Opening balance	1,360	1,430
Utilised against rent during the period	(70)	(70)
Closing balance	1,290	1,360

Market rent provisions relate to the fair value of liabilities on leases acquired in 2015 and 2017. The market rent provisions are being amortised over the term of the individual leases.

25 Deferred tax

(Group)	3 January 2019 £000	28 December 2017 £000
Included in non-current liabilities	1,210	284
Deferred tax gross movements		
Opening balance	284	775
Recognised in the profit and loss		
Arising on loss carried forward	(438)	603
Other provisions released	(7)	(12)
Net book value in excess of tax written down value	1,188	(164)
Movement on share option intrinsic value	(64)	(67)
Charge to profit and loss	679	360
Recognised in equity		
Movement on share option intrinsic value	247	(851)
Closing balance	1,210	284
The deferred tax liability comprises:		
Temporary differences on property, plant and equipment	2,270	1,083
Temporary differences on leases acquired	105	111
Share-option scheme intrinsic value	(790)	(973)
Available losses	(596)	(158)
Other temporary and deductible differences	221	221
	1,210	284

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates that have been substantively enacted for future periods, being 19%. The deferred tax liability has arisen due to the timing difference on property, plant and equipment, the deferral of capital gains tax arising from the sale of a property and other temporary and deductible differences. The Group has recognised unutilised tax allowances of £596,000 at expected tax rates in future periods.

In accordance with IAS12 Income taxes, the expense of £247,000 (2017: credit of £851,000) has been recognised outside of profit and loss to the extent that the deferred tax asset has arisen on expected allowable deductions for tax purposes at future tax rates in excess of the fair value of the share option charge that will be recognised in the profit and loss. In this instance, the expected gain on the exercise of share options is anticipated to exceed the full share option charge recognised in the profit and loss at initial fair value.

Notes to the financial statements *(continued)*

25 Deferred tax *(continued)*

(Company only)	3 January 2019 £000	28 December 2017 £000
Included in non-current liabilities	41	43
Deferred tax gross movements		
Opening balance	43	110
Recognised in the profit and loss		
Net book value in excess of tax written down value	-	(46)
Movement in loss carried forward	5	(21)
Amortisation of acquisition-related deferred tax	(7)	-
Credit to profit and loss	(2)	(67)
Closing balance	41	43

	3 January 2019 £000	28 December 2017 £000
The deferred tax liability comprises:		
Temporary differences on property, plant and equipment	(48)	(47)
Temporary differences on leases acquired	105	111
Available losses	(16)	(21)
	41	43

The Company has a deferred tax liability due to the timing difference on property, plant and equipment. The Company has recognised unutilised tax allowances of £16,000 at expected tax rates in future periods.

26 Share capital and reserves

(Group and Company)	Nominal value	3 January 2019 £000	28 December 2017 £000
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		7,003	5,982
Issued in the year		96	1,021
At the end of the year		7,099	7,003

Number of shares	Nominal value	3 January 2019 Number	28 December 2017 Number
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		70,027,103	59,820,436
Issued in the year		962,200	10,206,667
At the end of the year		70,989,303	70,027,103

The holders of Ordinary shares are entitled to one vote per share. During the year the Company issued 962,200 Ordinary shares at prices ranging from 83p to 87p from the exercise of share options.

Merger reserve

In accordance with s612 of the Companies Act, the premium on Ordinary shares issued in relation to acquisitions is recorded as a merger reserve.

Share premium

Share premium is stated net of share issue costs.

Dividends

No dividends were declared or paid during the period (2017: £nil).

Notes to the financial statements *(continued)*

27 Obligations under operating leases

(Group)	3 January 2019 £000	28 December 2017 £000
Land and buildings		
Less than one year	3,431	3,051
Between one and two years	3,475	2,976
Between three and five years	10,369	8,874
Over five years	53,884	45,445
	71,159	60,346

The Company has conditionally entered into operating leases at Horsham, Newcastle, Manchester, Cardiff, Clitheroe, Tunbridge Wells, Wokingham, Plymouth, Lincoln, Edinburgh, Northallerton, Durham, Broadgate London and Borough Market London. The total commitment of these leases is £52,688,000. This is not included within operating lease obligations since they are still conditional. Rentals will commence after the fit-outs have been completed.

Obligations under operating leases

(Company only)	3 January 2019 £000	28 December 2017 £000
Land and buildings		
Less than one year	684	719
Between one and two years	684	719
Between three and five years	2,052	2,156
Over five years	8,439	9,931
	11,859	13,525

28 Share-based payment arrangements

(Group and Company)

Everyman Media Group PLC operates three equity-settled share based remuneration schemes for employees. The schemes combine a long term incentive scheme, an EMI scheme and an unapproved scheme for certain senior management, executive Directors and certain contractors. A subsidiary of the Company has also issued A Ordinary shares to certain Directors which contain terms equating to a share option over the Company, conditional upon future performance.

The terms and conditions of the grants are as follows:

Persons entitled	Grant date	Method of settlement	Instruments outstanding 000's	Vesting conditions	Contractual life of options
Management employees, Directors and contractors	29.10.2013	Equity-settled	145	*1	10 years
			170	*2	10 years
			1,393	*4	10 years
			80	*3	10 years
Directors	04.11.2013	Equity-settled	50	*2	10 years
Directors	20.04.2015	Equity-settled	105	*7	10 years
			233	*8	10 years
Management employees, Directors and contractors	29.10.2015	Equity-settled	1,480	*9	10 years
Management employees	15.12.2016	Equity-settled	250	*10	10 years
Management employees	10.01.2017	Equity-settled	90	*10	10 years
Directors	13.03.2017	Equity-settled	250	*10	10 years
Management employees	11.10.2017	Equity-settled	445	*10	10 years
Management employees	09.11.2017	Equity-settled	10	*10	10 years
Management employees, Directors and contractors	23.11.2017	Equity-settled	143	*11	10 years
Management employees, Directors and contractors	23.04.2018	Equity-settled	152	*12	10 years
Management employees	02.10.2018	Equity-settled	503	*10	10 years
Management employees, Directors and contractors	03.10.2018	Equity-settled	73	*13	10 years
Management employees, Directors and contractors	05.11.2018	Equity-settled	3	*13	10 years

28 Share-based payment arrangements *(continued)*

*1 EMI options. These vest in equal tranches on the first, second and third anniversaries of the date of grant.

*2 Unapproved options. These vest in equal tranches on the first, second and third anniversaries of the date of grant.

*3 EMI options. These vest in equal tranches on the first, second and third anniversaries of the date of grant. Each tranche is exercisable if the Company's share price exceeds £1.20, £1.40 and £1.70 respectively for 15 consecutive trading days.

*4 Series 1, 2 and 3 A Ordinary shares in Everyman Media Holdings Ltd. Holders of these shares have a right to require Everyman Media Group PLC to purchase the shares at a price essentially equivalent to the market value of an Everyman Media Group PLC Ordinary share less 83p provided that the share price has been, for 15 consecutive trading days after 8 May 2014, £1.20 or more for Series 1 shares, £1.40 or more for Series 2 shares and £1.70 or more for Series 3 shares. The A Ordinary shares will convert into essentially worthless deferred shares to the extent that these targets are not met by 7 November 2023. As such, the Directors consider these shares to be largely equivalent to an EMI option. The rights described above were accounted for as share-based payments.

*5 EMI options. These vest in two tranches: 181,455 on the first anniversary of the date of grant and 105,901 on the second anniversary of the date of grant. The tranches may be exercised if the Company share price is above £1.20 and £1.40 respectively for 15 consecutive trading days.

*6 Unapproved options. These vest in two tranches: 75,554 on the second anniversary of the date of grant and 181,455 on the third anniversary of the date of grant. The tranches may be exercised if the Company share price is above £1.40 and £1.70 respectively for 15 consecutive trading days.

*7 EMI options. These vest in two tranches: 169,358 on the first anniversary of the date of grant and 105,367 on the second anniversary of the date of grant. The tranches may be exercised if the Company share price is above £1.20 and £1.40 respectively for 15 consecutive trading days.

*8 Unapproved options. These vest in two tranches: 63,991 on the second anniversary of the date of grant and 169,358 on the third anniversary of the date of grant. The tranches may be exercised if the Company share price is above £1.40 and £1.70 respectively for 15 consecutive trading days.

*9 Unapproved options. These vest in equal tranches on the first, second and third anniversaries of the date of grant. Each tranche is exercisable if the Company share price exceeds £1.30, £1.50 and £1.80 respectively for 15 consecutive trading days.

*10 Unapproved options. These vest on the third anniversary of the date of grant.

*11 Unapproved options as part of the long-term incentive plan. These vest on the fifth anniversary of the date of grant. Half of the options are exercisable if the share price exceeds £2.10 for 2 consecutive trading days within 60 days following the announcement of the preliminary results for 2017. The other half of the options are exercisable if the Adjusted Profit measure for 2017 exceeds £6.4m, £6.5m and £6.6m respectively.

*12 Unapproved options as part of the long-term incentive plan. These vest 4 years and 7 months from the date of grant. 45% of the options are exercisable if the share price exceeds £2.95 for 2 consecutive trading days within 60 days following the announcement of the preliminary results for 2018. The other 55% of the options are exercisable if the Adjusted Profit measure for 2018 exceeds £8.8m and incrementally to £9.5m.

*13 Unapproved options as part of the long-term incentive plan. These vest 4 years and 2 months from the date of grant. 45% of the options are exercisable if the share price exceeds £2.95 for 2 consecutive trading days within 60 days following the announcement of the preliminary results for 2018. The other 55% of the options are exercisable if the Adjusted Profit measure for 2018 exceeds £8.8m and incrementally to £9.5m.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group and Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The inputs into the Black-Scholes model for the share option plans for the share options issued in the year are as follows:

Option scheme conditions for options issued in the year:	3 January 2019 Performance criteria	3 January 2019 No performance criteria	28 December 2017 Performance criteria	28 December 2017 No performance criteria
Weighted average share price at grant date (pence)	**233.96**	**235.00**	190.42	145.38
Weighted average option exercise prices (pence)	**10.00**	**235.00**	10.00	145.38
Expected volatility	**56.49%**	**58.72%**	50.94%	43.64%
Expected option life	**4 years**	**5 years**	5 years	5 years
Weighted average contractual life of outstanding share options	**10 years**	**10 years**	10 years	10 years
Risk-free interest rate	**1.52%**	**1.54%**	1.2%	1.26%
Expected dividend yield	**0.0%**	**0.0%**	0.0%	0.0%
Fair value of options granted in the year (pence)	**281.98**	**43.07**	250.87	58.57

	Weighted average exercise price per share in the year ended			
	3 January 2019 Pence	28 December 2017 Pence	3 January 2019 Number	28 December 2017 Number
Options at the beginning of the year	**91.3**	84.1	**5,861,152**	5,248,329
Options issued in the year	**164.6**	125.6	**731,392**	997,823
Options exercised in the year	**83.9**	85.3	**(962,200)**	(206,667)
Option forfeited in the year	**95.5**	92.9	**(55,000)**	(178,333)
Options at the end of the year	**102.2**	91.3	**5,575,344**	5,861,152

28 Share-based payment arrangements *(continued)*

No options lapsed beyond their contractual life in the year (2017: nil).

Share-based payments charged to the profit and loss	3 January 2019 £000	28 December 2017 £000
Administrative costs	500	301

The charge for the Company was £nil (2017: £nil) after recharging subsidiary undertakings with a charge of £500,000 (2017: £301,000). The relevant charge is included within administrative costs.

There are 3,656,129 options exercisable at 3 January 2019 in respect of the current arrangements (2017: 3,871,296). 962,200 options were exercised in the year (2017: 206,667).

Volatility for options issued was determined by reference to movements in the share prices of comparable listed companies over five years prior to the grant date. The weighted average exercise price of the options and the option element inherent in the A shares, is £1.02. The market value conditions, where applicable, have been incorporated into the fair value calculation using an estimate of the potential achievement of the market values for the minimum periods and timescales required.

29 Commitments

There were capital commitments for tangible assets at 3 January 2019 of £5,988,000 (2017: £417,000).

30 Events after the balance sheet date

On 16 January 2019 the Group agreed a new loan facility of £30 million provided by Barclays Bank PLC and Santander UK PLC. This replaced the previous £20 million facility signed in March 2017 with Barclays Bank PLC. This new facility has a term of 5 years.

31 Related party transactions

In the year to 3 January 2019 the Group engaged services from entities related to the Directors and key management personnel of £628,000 (2017: £601,000) comprising consultancy services of £75,000 (2017: £50,000), office rental of £56,000 (2017: £66,000) and venue rental for Bristol, Harrogate and Stratford-Upon-Avon of £497,000 (2017: £485,000). There were no other related party transactions. There are no key management personnel other than the Directors.

The Company charged an amount of £500,000 (2017: £301,000) to Everyman Media Limited in respect of share-based payments, £823,000 (2017: £797,000) in respect of the rental of four cinema sites acquired in 2016 and £185,000 (2017: £336,000) in respect of interest on bank loan funds provided to the Company.

Everyman Media Holdings Limited, charged an amount of £419,000 (2017: £419,000) to Everyman Media Limited in respect of the rental of two cinema sites.

ECPee Limited charged an amount of £103,000 (2017: £nil) to Everyman Media Limited in respect of the rental of its cinema site during the year.

The Company's commitment to new leases is set out in the above notes. Within the total of £71,159,000 is an amount of £951,000 relating to office rental, £4,432,000 relating to Stratford-Upon-Avon, £2,512,000 relating to Bristol and £5,647,000 relating to Harrogate. The landlords of the sites are entities related to the Directors of the Company.

32 Ultimate controlling party

The Company has a diverse shareholding and is not under the control of any one person or entity.

Explanatory notes to the notice of annual general meeting

This year, 13 resolutions are to be proposed at the annual general meeting and the purpose of each of the resolutions is as follows:

Ordinary business

Resolution 1: the accounts and reports

The Directors will present their report and the audited financial statements for the 53 weeks ended 3 January 2019, together with the auditors' report thereon.

Resolutions 2-9: re-election of retiring Directors

The Articles of Association of the Company stipulate that any Director shall only hold office until the conclusion of the next annual general meeting following the date of their appointment. Furthermore, the Articles of Association of the Company require that one third of the Directors retire at the annual general meeting. However, corporate governance best practice is for each of the Directors to retire and offer themselves for re-appointment. Accordingly, each of the Directors will be retiring and offering themselves for re-appointment at the annual general meeting. Biographical details relating to each of the Directors can be found on the Group's website: investors.everymancinema.com.

Resolution 10: appointment of auditors

The Company is required to appoint auditors at each annual general meeting at which accounts are laid before shareholders, to hold office until the next such meeting. This resolution proposes KPMG be re-appointed as auditors for the current year.

Resolution 11: auditors' remuneration

This resolution authorises the Directors to fix the auditors' remuneration.

Special business

Resolution 12: Directors' power to allot securities

s549 of the Companies Act 2006 stipulates that Directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employee share scheme) unless they are authorised to do so by the shareholders in a general meeting. The Directors' general authority to allot shares was granted on 3 May 2018 and is due to expire at the conclusion of the 2019 annual general meeting. Resolution 12 seeks a new general authority from shareholders (to the exclusion of the previous general authority granted) for the Directors to allot Ordinary Shares up to an aggregate nominal value of £2,366,310.08, representing one third of the nominal value of the issued share capital of the Company as at the date of this notice. The Directors consider it desirable that the specified amount of Ordinary Shares be available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the annual general meeting of the Company to be held in 2020 or, if earlier, the date which is fifteen months after the passing of the resolution.

Resolution 13: disapplication of pre-emption rights

If the Directors wish to allot any shares for cash, the Companies Act 2006 requires that such shares must be offered first to shareholders in proportion to their existing holdings. These are the pre-emption rights of shareholders. In certain circumstances, it may be in the interests of the Company for the Directors to be able to allot shares for cash without having to offer them first to existing shareholders.

Resolution 13 therefore seeks approval to empower the Directors to allot shares for cash other than in accordance with the statutory pre-emption rights, in connection with a rights issue and other pre-emptive offers up to the level of authority granted pursuant to Resolution 12, and otherwise up to a maximum nominal amount of £709,893.03, representing approximately 10 per cent of the nominal value of the issued share capital of the Company. Unless renewed, revoked, varied or extended, this authority will expire on the earlier of 15 months from the date of passing of the resolution or the conclusion of the annual general meeting of the Company to be held in 2020.

Recommendation

The Directors believe that the proposals in resolutions 1 to 13 are in the best interests of the Group and its shareholders as a whole. Accordingly, the Directors recommend that shareholders vote in favour of each resolution as they intend to do in respect of their own beneficial shareholdings.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of Everyman Media Group PLC will be held at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX on Thursday, 9 May 2019 at 10:30am for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolution 13 will be proposed as a special resolution.

Ordinary business

Ordinary resolutions

1 To receive the accounts and the reports of the Directors and the auditors thereon for the 53 weeks ended 3 January 2019.
2 To re-elect Adam Kaye as a Director.
3 To re-elect Charles Dorfman as a Director.
4 To re-elect Crispin Lilly as a Director.
5 To re-elect Jonathan Peters as a Director.
6 To re-elect Michael Rosehill as a Director.
7 To re-elect Paul Wise as a Director.
8 To re-elect Philip Jacobson as a Director.
9 To re-elect Streisan Bevan as a Director.
10 To reappoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting.
11 To authorise the Directors to determine the auditors' remuneration.

Special business

To consider, and if thought fit, pass resolution 12 as an ordinary resolution and resolution 13 as a special resolution.

As an ordinary resolution

12 That the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with s551 of the Companies Act 2006, to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company (relevant securities of the Company as defined in s551 of the Companies Act 2006) up to an aggregate nominal amount of £2,366,310.08 (being a sum equal to one third of the issued share capital at the date of the notice of meeting) provided that, the authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company or, if earlier, the date which is 15 months after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

As a special resolution

13 That, subject to the passing of resolution 12, the Directors be authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority conferred by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities:
(i) to the holders of Ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,
but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to clause (a) of this resolution) to any person up to an aggregate nominal amount of £709,893.03.

The authority granted by this resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, at 5.00pm (London time) on the date which is fifteen months after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting), save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

On behalf of the Board
Jonathan Peters FCA
Company Secretary
Everyman Media Group PLC
Studio 4, 2 Downshire Hill
London
NW3 1NR
12 March 2019

Notes

1 A member entitled to attend, speak and vote may appoint a proxy or proxies to attend, speak and vote at the annual general meeting instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's registrars, Computershare Investor Service PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the meeting. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy you may photocopy the proxy form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members at 6.00pm on the day occurring two working days before the date of the meeting. If the Meeting is adjourned then, to be so entitled, members must be entered on the Company's register of members at 6:00pm on the day occurring two working days before the date of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice. Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members later than 6:00pm on the day occurring two working days before the date of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

3 Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarised certified copy of that power of attorney or authority, should be sent to the address noted on the form of proxy so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which they are a holder. As a member, you have the right to put questions at the meeting relating to the business being dealt with at the meeting.

4 As at 3 January 2019, which is the latest practicable date before publication of this notice, the Company's issued share capital was 70,989,303 Ordinary shares of 10 pence. There were no shares held in treasury and therefore the total voting rights were 70,989,303.

5 The vote 'withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution.

6 The completion and return of a proxy will not preclude a member from attending the meeting and voting in person.

7 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Computershare Investor Services PLC (whose CREST ID is 3RA50) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(A) of the Uncertificated Securities Regulations 2001.

8 In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the register of members in respect of the relevant joint holding.

9 Shareholders are advised that, unless otherwise stated, any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

10 Except as provided above, members who have general queries about the meeting should contact the Company's registrars Computershare by using the following means of communication: Tel: 0370 707 1577 (lines are open from 8:30 am to 5:30 pm Monday to Friday). Calls cost 10 pence per minute plus network charges, or visit their online Investor Centre at investorcentre.co.uk. For overseas shareholders please call: +44 (0)370 707 1577.

11 If you have disposed of your holding in the Company the report should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

12 A copy of the notice of meeting can also be found at: investors.everymancinema.com.