Vue International Bidco plc

Registered number: 08514872

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2018

Vue International Bidco plc

CONTENTS

COMPANY INFORMATION

Directors	J. Timothy Richards Alan McNair Stephen Knibbs Mark Redman - Non Executive Peter Teti - Non Executive Simon Jones - Non Executive Jason Peters - Non Executive
Company Secretary	Euan Sutton
Registered number	08514872
Registered office	10 Chiswick Park 566 Chiswick High Road London W4 5XS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

The directors present their Strategic Report of Vue International Bidco plc ("the Company") and its subsidiaries (together "the Group") for the year ended 30 November 2018. The comparative period is for the year ended 30 November 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the development and operation of state-of-the-art multiplex cinemas. The principal activity of the Company is a financing holding company.

As at 30 November 2018, the Group operates 215 (2017: 212) cinema sites. 87 (2017: 86) of these sites are in the UK, 36 (2017: 36) in Italy, 32 (2017: 32) in Poland, 30 (2017: 30) in Germany, 21 (2017: 21) in the Netherlands, 3 (2017: 3) in Denmark, 3 (2017: 1) in Eire and 1 (2017: 1) in each of Latvia, Lithuania and Taiwan.

The Company has issued listed senior secured fixed and floating rate notes ("the Notes"). The Notes require quarterly reporting which includes a discussion of the performance of the Group on a proforma basis. Reports are available within the 'investor relations' section of the Group website (http://vue-international.com/index.php/investor-relations/reports-presentations) and contain unaudited and non-statutory information.

The Company is controlled by Vue International Holdco Limited, a company incorporated in Jersey, which is considered to be the ultimate controlling party. Vue International Holdco Limited is an investment vehicle for OMERS Administration Corporation ("OMERS") and certain clients of Alberta Investment Management Corporation ("AIMCo").

REVIEW OF THE BUSINESS

In this section and the accompanying Directors' Report, the Company presents further information on the principal activities of the business, including a description of the principal risks and uncertainties facing the Group and an analysis of the development and performance of the business during the year and position for the year then ended.

Further additional information is provided in accordance with "The Walker Guidelines for Disclosure and Transparency in Private Equity" which applies to portfolio companies owned by private equity investors.

The Strategic Report, and Directors' Report contain certain forward looking statements with respect to the financial condition, results, operations and business of the Group. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in forward looking statements and forecasts as they can be affected by a wide range of variables not wholly within the Group's control.

The forward looking statements reflect the knowledge and information available at the date of approval of the Strategic Report, Directors' Report and financial statements. Nothing in the Strategic Report, Directors' Report and financial statements should be construed as a profit forecast.

RESULTS FOR THE YEAR

Group operating profit for the year was £40.9m (2017: £50.2m).

The retained loss for the Group after taxation, finance costs and non-controlling interests amounted to £83.0m (2017: £100.9m). The loss is primarily driven by finance costs of £137.2m (2017: £143.1m). Consolidated EBITDA[(1)] of £119.7m (2017: £124.6m) is reported before depreciation and amortisation expense of £58.1m (2017: £58.0m) and separately reported items (as defined in note 3.21 and further details given in note 11) of £20.7m (2017: £16.5m).

The Group had total assets for the year of £1,429.6m (2017: £1,431.8m). Total liabilities for the Group were £1,900.0m (2017: £1,817.1m), resulting in a net liability position of £470.4m (2017: £385.3m).

Total net cash inflow for the year amounted to £0.4m (2017: inflow £9.9m) as set out below.

Net cash inflow from operating activities for the year was £88.4m (2017: £97.9m) driven by the trading performance of the Group. This includes a cash inflow of £3.9m (2017: inflow £1.0m) from working capital, driven by an increase in trade and other payables of £8.7m, partially offset by an increase in trade and other receivables of £4.6m.

Net cash outflow from investing activities was £32.2m (2017: £31.0m). Capital investment in cinemas and related assets, net of landlord contributions, was £26.3m (2017: £39.3m). Net cash paid for subsidiaries in the current period was £6.0m (2017: nil). Taxation of £9.1m (2017: £10.4m) was also paid.

Net cash outflow from financing activities was £55.8m (2017: outflow £57.0m). The outflow in the current period was driven by interest paid during the period of £49.4m (2017: £50.3m) and finance lease payments of £6.4m (2017: £6.7m).

Market Environment Trends and Factors Affecting Future and Current Performance

Admissions and Gross Box Office Revenues (GBOR)

The recent annual trend of market Admissions and GBOR for the five key territories within the Group are shown in the table below.

Market Admissions (m)	**2018**	2017	**2018 vs. 2017**
UK & Ireland	**194.1**	187.1	**+3.7%**
Germany	**97.9**	114.4	**-14.4%**
Italy	**85.4**	92.4	**-7.6%**
Poland	**59.8**	56.5	**+5.8%**
Netherlands	**33.1**	34.5	**-4.1%**

Market GBOR	**2018**	2017	**2018 vs. 2017**
UK & Ireland (£m)	**1,413.4**	1,371.8	**+3.0%**
Germany (€m)	**859.3**	994.2	**-13.6%**
Italy (€m)	**552.3**	579.2	**-4.6%**
Poland (PLNm)	**1,126.9**	1,071.6	**+5.2%**
Netherlands (€m)	**292.1**	291.7	**+0.1%**

Source: Market Admissions for UK, Italy and the Netherlands sourced from Cinema Advertising Association ("CAA"), Cinetel and Rentrak respectively. Germany and Poland sourced from Rentrak through www.IBOE.com and www.boxoffice.pl respectively. Market GBOR for UK & Ireland, Germany and the Netherlands sourced from Rentrak through www.IBOE.com, Poland from www.boxoffice.pl and Italy from Cinetel.

[(1)] ***Consolidated EBITDA is defined by management as Gross Profit less Administrative expenses***

Admissions and Gross Box Office Revenues (GBOR) ***(continued)***

2018 delivered another robust performance with more visitors to UK & Ireland cinemas than any other year of the modern era. The markets in Germany and Italy were, however, more challenging with year on year declines due to relatively weak local product, fewer strong family titles as well as a prolonged spell of extremely hot weather during the summer during which the FIFA World Cup also took place.

In terms of Hollywood content, the highlights included Marvel Studios' *Avengers: Infinity War, Black Panther* and *Ant-Man And The Wasp,* the eighth movie in the main *Star Wars* series *The Last Jedi, Mission Impossible: Fall-Out,* the Pixar animated sequel *Incredibles 2* and the extremely popular award-winning musical *The Greatest Showman*.

As usual, specific titles proved highly popular in certain markets and again demonstrated the benefit of a diversified portfolio of territories. The UK & Ireland market especially witnessed a very strong year in this respect, with titles including *Bohemian Rhapsody, Mamma Mia: Here We Go Again* and *Peter Rabbit* achieving top ten market positions. In Poland, *Kler*, released during the Autumn, became the highest grossing film of all time in that market. *Dieses Bescheuerte Herz* was the highest grossing local production in Germany during the year and, as usual in Italy, there were popular local comedies were released during the first quarter and in the Netherlands, *Bankier Van Het Verzet* proved the highest grossing Dutch movie of the year.

In terms of GBOR, all-time market records were set in Poland and the Netherlands as well as the UK & Ireland. The growth rate for GBOR in both the UK & Ireland and Poland was slightly behind the admissions growth, reflecting lower 3D mix year on year and various initiatives across the market.

BUSINESS MODEL

The Group generates its revenue mainly through the sale of tickets for audiences to view screenings of films within its cinemas, the sale of food and beverages to the audiences and through advertising.

The main costs for the Group relate to film rental payments to distributors for the right to screen films within its cinemas, purchasing of concessions goods for resale, rental expense for its cinemas as well as utilities and maintenance to operate the sites and the cost of employing staff working at its cinemas.

Other revenues

Concessions revenue remains a significant source of income for the Group. Traditionally, products such as popcorn, hot dogs, nachos and soft drinks have been popular food and beverage choices for audiences, however, there is an increasing demand for a more diverse offering both in terms of range of products as well as premium offerings.

Other revenues *(continued)*

During the year, new products offered to audiences included flavoured popcorn and a wider range of alcohol, snacks and confectionery. In the UK, our new 'Avalanche' Ice Cream offering has proved highly popular. Product range enhancements, along with operational excellence, improved merchandising and investment in retail areas at specific sites, helped to drive Retail Spend Per Person to record levels for the Group.

Screen advertising continues to provide a consistent source of additional revenue and the Group has also continued to develop further revenue sources. This includes the hire of auditoria for corporate and private events and digital off-screen advertising.

STRATEGY

The Group continues to actively seek new opportunities for value enhancing development and appraises all relevant opportunities as and when they arise, either for organic development or potential acquisition.

New business acquisitions

The Group announced three acquisitions during the year, two of which are pending regulatory clearance before completion in 2019.

In Ireland, the Showtime circuit, comprising two sites (13 screens) was acquired. The transaction completed on 2 July 2018 and the cinemas were fully integrated into the Vue UK & Ireland circuit.

In Poland, the Group successfully negotiated the acquisition of 14 cinemas (55 screens) currently trading as Cinema 3D. The acquisition is presently subject to regulatory clearance and we expect this process to be finalised during the first quarter of 2019, with the cinemas being consolidated into our existing Multikino operations in Poland shortly thereafter.

In Germany, the Group has agreed to purchase the entire CineStar circuit of 57 cinemas (427 screens), which would position the Group as clear market leaders in the German cinema market. Again, this acquisition is presently subject to regulatory clearance and we expect this process to be finalised during the summer of 2019, with the cinemas being integrated with our existing CinemaxX operations in Germany shortly thereafter.

These transactions demonstrate the Group's commitment to developing its brands and operations both within markets where it currently operates, as well as exploring opportunities for entry into new markets.

New sites development

In addition to the acquisition of two sites in Ireland, the Group opened new multiplexes in Bromley, UK and Pruszkow, Poland.

The nine screen, 654 fully recliner seat multiplex in Bromley, South London opened on 28 November 2018, forming part of the new St Marks Square development. The development includes a cinema and numerous restaurant offers, a 130-bed Premier Inn hotel, 200 private and affordable apartments and a new 400 space secure underground car park.

The seven screen, 810 seat multiplex cinema in Pruszkow opened on 10 November 2018, forming part of the new Nowa Stacja shopping mall, in the city centre. The development includes a cinema, leisure, retail and restaurant offers with basement car parking. The cinema has been built to Vue's latest specifications including stadium seating, Barco digital projection, Dolby surround sound, enhanced VIP seating and luxury recliners in every screen.

Development of existing sites

The Group has continued to invest in the improvement of existing sites to enhance the experience of our customers.

Significant investments during the year have included the major refurbishments of five sites situated at Purmerend, Doetinchem, Den Bosch, Amersfoort and Hoogezand in the Netherlands. These sites now comprise a total of 33 screens including five which have been added through the conversion of existing large screens allowing greater scheduling flexibility. The refurbishments also included redesigned foyers, new concessions areas, luxury seating, improved external facades and energy-saving LED lighting. In Den Bosch and Amersfoort, all seats were replaced by fully reclining seating as standard and a Dolby Atmos immersive sound system was installed at Amersfoort.

Two major refurbishments were also completed during the year at Łódź and Poznań in Poland which included additional premium seating options as well as redesigned foyers, retail stands and energy-saving LED lighting.

The roll out of fully reclining luxury seats also continued in the UK with the Basingstoke cinema being equipped with recliner seats as standard. This takes the total number of sites across the Group offering recliner seating to 24, of which 11 offer the recliner option as part of the standard offer.

The Group will continue to assess opportunities within the circuits for developing existing sites.

Technology

This year has seen the completion of the territory wide website rollout programme culminating with the conversion of the German website to a common Sitecore platform. All major territories can now share developments across this common platform for timely delivery of new offers to customers.

In Italy, VISTA, the cinema operating system was implemented across the Space Cinema circuit which will deliver a number of operation efficiencies.

In the UK, the existing IMAX screen in Printworks was upgraded to dual Laser version in time for the Christmas season.

Pricing

The Group continues its efforts to optimise pricing in all of its markets.

The Group has also continued to work with third parties to develop bulk-ticket or other promotional offers for customers. During the year, a campaign with Sky Italia was very successful and various sponsored campaigns and promotions were on offer within our Polish cinemas.

We continue to operate a very popular, and developing, subscription scheme in Vue Netherlands, ‘MoviePass’. This offer, originally launched during late 2015, continues to see growth in the subscription base.

Operational efficiency

The Group remains focussed on ensuring continuous improvement in site operations to achieve relevant efficiencies.

Enhancing energy efficiency remains of core importance to the Group, from an environmental perspective as well as from the associated cost savings. Consumption savings continue to be delivered through operational and behavioural measures such as switching off equipment and lighting when not in use.

The Group also continues to proactively review and manage lease contracts to ensure rent, length of lease and space rented are all optimally configured. During the year, several leases were re-geared to deliver additional value for the Group.

The Group has also continued to leverage its scale in negotiating and securing enhanced supply contracts. During 2018, deals for the provision of packaging, popcorn, cleaning consumables and kids’ drinks were all agreed with our suppliers, all on attractive terms which have helped to improve our margins whilst ensuring the provision of high quality products and services for our customers.

During the year, the Group also successfully trialled the use of automated labour scheduling software within the UK, delivering faster response to customer demands and improving engagement and service. A full circuit-wide roll out is now underway, with options being explored, to expand to other Territories.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group’s strategy are subject to a number of risks. The Group’s approach to risk management is to manage risks rather than attempt to eliminate risks in the pursuit of its business objectives.

Management considers risks within day-to-day activities ensuring that initiatives and appropriate processes are implemented to monitor and mitigate them. The Group has a formal risk management framework and continues to develop a Group wide internal audit capability to strengthen corporate governance across the Group.

The key business risks affecting the Group are set out below:

Film production and quality risk

The quality of the films released in any reporting period is the main determinant of the Group's admissions which in turn drive revenue and profitability. There is an inherent reliance on major US studios and local film industries to continue to develop successful films and franchises that ensure a reliable and recurring stream of revenue.

The Group maintains close relationships with studios and local distributors to understand, as early as possible, likely film performance. The Group has also significantly increased exposure to local, non Hollywood film demand through increasing its presence in European markets. This helps to provide a robust hedging mechanism during phases where Hollywood content may not be as appealing to cinema audiences.

Competition risk

The Group operates in a competitive market place. Other operators have sites within the catchment areas of many of the Group’s cinemas.

To mitigate this risk the local operations teams monitor the services provided to customers with a focus on continual improvement. Additionally, the Group invests significant amounts in maintaining and improving its cinema estate resulting in a high proportion of state-of-the-art, stadium seated, high quality multiplexes within its portfolio. The Group is undertaking a company-wide initiative to improve its customer facing digital platforms. Together these enhance the customer experience from awareness, choice and booking through to ticket collection and the screening experience itself.

Brexit Risk

The head office of the Vue Group is located in the UK and the Group has cinema operations in the UK, Europe and Taiwan. Consequently we will naturally be impacted by Brexit in whatever form it takes. However the cross border activity between the UK business and the European Union is minimal with key suppliers of Vue's UK operations also having taken risk management steps to stockpile key goods. We are monitoring the number of UK and EU nationals who work across our business and do not currently anticipate a staff shortage looking forward 12-18 months. The main impacts are expected to be in regulatory and tax frameworks and currency fluctuations. The impact of regulatory and tax framework changes will only become clearer when the path to exit is known. The impact of currency fluctuations on the Group are discussed within the Strategic report Foreign exchange risk section (page 11).

Supplier risk

The Group's main suppliers are the distributors of the films that drive admissions and the suppliers of branded food, drink and confectionery offered at cinemas.

The relative importance of each distributor varies over time, in line with the relative success of the individual films that they release each year and this relationship is managed through the Group's film buying teams.

The Group has continued to develop its procurement capability for non film purchasing activity. New international arrangements have benefited the Group as a whole by leveraging its increasing scale.

Health and safety risk

The Group's cinemas attract over a million visitors every week. The Group places paramount importance on ensuring its cinemas are physically safe environments and that its food and beverage products are maintained and served in accordance with food safety regulations. The Group employs ongoing compliance monitoring methods within its cinemas and conducts frequent and unannounced operational audits as part of its monitoring programme.

Information security and data protection risk

In 2018, the business undertook a cyber security review with external consultants and is now in the process of implementing recommendations for action.

A Vue International GDPR Steering Committee was established in 2018 in order to ensure the structured and timely implementation of the Group's ongoing GDPR compliance programme across all of the Group's Territories. The programme was established following the completion of a GDPR "Readiness Assessment" and production of "Compliance Roadmap" for each of the Territories by specialist external GDPR Consultants. The Steering Committee holds meetings on a regular basis at which, in accordance with its terms of reference, the GDPR Project Manager presents progress updates from the Territory GDPR Working Groups and reports on associated risks, issues, assumptions and dependencies arising in connection with the programme.

Continuity risk

A major incident or catastrophic event could affect the Group's ability to trade. This could lead to financial loss, customer loss, or full or partial business closure.

The Group has standard operating procedures designed to protect cinemas, staff, visitors and customers in the event of fire or similar major incident. Group management review these procedures at least periodically. In the event of any unplanned or unforeseen events, senior management is convened to manage the response and any associated risk to the business.

People risk

The business has been growing significantly and management recognises the reliance that may be placed on key personnel at all levels. The Group's HR function establishes methods for succession planning, effective recruitment and talent management.

During the year the Group has continued to roll out and refine policies that define the Group's behavioural standards and expectations. These include code of conduct and anti-fraud policies.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include liquidity, interest rate and foreign exchange risks. The Group has mechanisms in place that seek to limit the impact of adverse effects of these risks on the financial performance of the Group.

Liquidity risk

The Group actively manages its finances to ensure that it has sufficient funds available for its operations. Methods include weekly cash flow forecasts across all territories, efficient management of revolving credit facilities and regular forecasting of capital expenditure requirements.

Interest rate cash flow risk

Interest rate swaps have been entered into in the past to help mitigate interest rate risk. Although no swaps have been entered into in the current year the directors continue to monitor interest rate exposure on an ongoing basis and may put new interest rate swaps in place in the future.

Foreign exchange risk

The Group has foreign currency assets and liabilities. The Group does not currently use financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied. Due to the Group having assets and liabilities in multiple currencies, a natural hedge is inbuilt into the Group operations. The directors keep the exposure to currency fluctuations under constant review, particularly in light of recent volatility due to Brexit.

Group internal audit

The Group Head of Internal Audit oversees Group-wide auditing capability across the territories covering corporate, operational, financial, and strategic risk areas. The Group Head of Internal Audit reports to the Chief Financial Officer but has an independent reporting line to the Chair of the Audit Committee. Internal Audit provides the Audit Committee and management with independent and objective assurance on the effectiveness of governance, risk management, and internal controls.

The scope of Internal Audit work is considered for each operating company and Group function. This takes account of risk assessments, input from senior management and the Audit Committee, and previous audit findings. Internal Audit reports provide ongoing visibility of the internal control environment to management and the Audit Committee. These reports are graded to reflect an overall assessment of the control environment under review, the significance of any control weaknesses identified, and any remedial actions required.

Financial key performance indicators

The board monitors Admissions, Group Turnover, Box Office Revenue and Consolidated EBITDA on a monthly basis. All figures stated below reflect the results of the Group:

	Year ended 30 November 2018	Year ended 30 November 2017
Admissions	**85.7m**	80.5m
Group Turnover	**£799.9m**	£790.2m
Box Office Revenue	**£502.7m**	£516.3m
Consolidated EBITDA	**£119.7m**	£124.6m

Consolidated EBITDA of £119.7m (2017: £124.6m) is reported before depreciation and amortisation expense of £58.1m (2017: £58.0m) and separately reported items (note 11) of £20.7m (2017: £16.5m).

Future outlook

The film slate for 2019 and beyond remains extremely exciting with a range of titles scheduled for release from proven franchises as well as appealing local and original content. The year has already seen the release of highly attended movies including *Mary Poppins Returns, Bumblebee, Ralph Breaks The Internet, Aquaman, and The Favourite.*

Key film releases across the remainder of the year include three further Marvel cinematic universe releases including *Captain Marvel, Spiderman: Far From Home* and the much anticipated final episode in *The Avengers* series. There are also a range of live-action remakes of classic Disney movies including *The Lion King, Aladdin* and *Dumbo*. During the summer, the latest Quentin Tarantino film *Once Upon A Time In Hollywood* is expected to prove highly popular.

Moving into the first quarter of 2020, the final title in the *Star Wars* movie series will be released shortly before Christmas 2019 and a new *James Bond* movie is to be released around Valentine's Day 2020.

Future outlook *(continued)*

This year, the film slate is anticipated to be particularly well complemented by local product. In Italy, the latest film featuring Checco Zalone is expected to be released during November 2019. The previous Zalone movie broke all box office records in that market. Local content is also expected to be stronger this year in Germany, with *Der Junge Muss An Die Frische Luft* performing very well since its release. There are also a range of very strong local titles in Poland and the Netherlands.

The Group will continue to invest in its existing cinemas and infrastructure and explore new opportunities through site development, procurement, pricing optimisation, customer value management, corporate partnerships, operating efficiencies and technology.

Stephen Knibbs
Director

The directors present their report and the audited consolidated financial statements for the year ended 30 November 2018.

RESULTS AND DIVIDENDS

The loss for the financial year after tax amounted to £83.0m (2017: £100.9m). Further discussion of the results and performance of the Group is provided in the Strategic Report on pages 3 to 13.

The directors do not recommend that a dividend be paid (2017: £nil).

FUTURE DEVELOPMENTS

A discussion of future developments of the Group and Company has been included in the Strategic Report.

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In particular the working capital requirements of the Group are met by the Group's available cash balance and a revolving credit facility provided under agreement with the Company. The revolving credit facility runs to January 2020 and whilst there is an expectation this will be extended or refinanced the Group is not reliant upon this facility to fund working capital as evidenced by significant positive cash balances and a nil draw at the end of the financial year.

The Group's net liability position of £470.4m is primarily driven by shareholder loan notes £813.4m (see note 24) and property provisions £95.8m (see note 26). Interest on shareholder loan notes is capitalised and neither the capital balance nor the accrued interest can be paid until the senior secured debt is fully repaid. The property provisions primarily relate to a straight line provision for operating lease rentals created when the Group adopted International Financial Reporting Standards and are non-cash. Adjusting for these liabilities the Group will be in a net asset position of £438.8m which supports the directors' view on the going concern of the business. In addition the Group also generated positive cash flows of £6.4m (before payments to acquire subsidiaries) during the year.

The longer-term finance of the Group is provided by senior secured floating and fixed Euro and Sterling denominated notes plus shareholder loans and a senior secured term loan (see note 24). As a result the directors believe that the Group will, for the foreseeable future, be able to continue trading and meet all liabilities as and when they fall due, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group has one test that determines how much of the revolving credit facility can be drawn. At 30 November 2018, the Group had considerable headroom on the test which ensured the full facility was available to draw if required.

PRIVATE EQUITY OWNERSHIP

The Company is controlled by Vue International Holdco Limited a company incorporated in Jersey. Vue International Holdco Limited is an investment vehicle for OMERS Administration Corporation ("OMERS") and certain clients of Alberta Investment Management Corporation ("AIMCo").

AIMCo is one of Canada's largest and most diversified institutional investment managers with more than CAD$103 billion of assets under management as at 31 December 2017. AIMCo was established on January 1, 2008 with a mandate to provide superior long-term investment results for its clients. AIMCo operates at arms-length from the Government of Alberta and invests globally on behalf of 32 pension, endowment and government funds in the Province of Alberta. For more information on AIMCo please visit www.aimco.alberta.ca.

Founded in 1962, OMERS is one of Canada's largest defined benefit pension plans, with more than CAD$95 billion in net assets as at 31 December, 2017. It invests and administers pensions for 482,000 members from municipalities, school boards, emergency services and local agencies across Ontario. OMERS has employees in Toronto and other major cities across North America, the UK, Europe, Asia and Australia - originating and managing a diversified portfolio of investments in public markets, private equity, infrastructure and real estate. With over 50 investment professionals, the Private Equity group is headquartered in Toronto with offices in New York, London and Singapore. For more information, please visit www.omersprivateequity.com.

Ownership structure

The ownership structure in Vue International Holdco Limited, the ultimate controlling party, including the shares allocated through the executive incentive scheme is as follows:

OMERS	37.1%
AIMCo	37.1%
Management	25.8%

DIRECTORS

The directors who held office during the period and up to the date of signing these financial statements were as follows:

J. Timothy Richards
Alan McNair
Stephen Knibbs
Mark Redman – Non-Executive
Peter Teti – Non-Executive
Simon Jones – Non-Executive
Jason Peters – Non-Executive

DIRECTORS *(continued)*

J. Timothy Richards - Founder and Chief Executive Officer

In 1998, Tim left Warner Bros. Studio in L.A. and founded a start-up cinema exhibition company then named SBC International Cinemas. Today Vue International is one of the largest cinema exhibition companies in the world and boasts 215 state-of-the-art multiplexes in the UK, Ireland, Germany, Denmark, Poland, Latvia, Lithuania, Italy, the Netherlands and Taiwan.

Before entering the entertainment industry, Tim was a Wall Street lawyer engaged in international finance and cross-border mergers and acquisitions while based in London and New York. Tim is Governor of the board for the British Film Institute (BFI), Executive Director of the Cinema Exhibitor Association (CEA) and Board Member of the Union Internationale de Cinemas (UNIC).

Alan McNair - Deputy Chief Executive Officer

Alan has over 35 years in the entertainment and leisure business. He has extensive senior management experience in a wide number of international markets, starting in film distribution in 1979, followed by video distribution and since 1987, in international cinema exhibition. Prior to joining Tim in 1999, Alan held the position of Executive Vice President and CFO of United Cinemas International (UCI) worldwide. Alan was named the International Exhibitor of the Year by CineEurope in 2014.

Stephen Knibbs – Chief Operating Officer

Steve joined Vue in 2003 as Chief Operating Officer and is a key member of the senior executive team which has grown the business to its current scale. Prior to joining Vue, Steve was Managing Director of UCI Cinemas (UK) and then Senior Vice President for UCI in North Europe, overseeing the operations in the UK, Ireland, Germany and Poland. Most recently, Steve was awarded The Exhibition Achievement Award 2017, sponsored by the UK cinema association.

Jason Peters – Non Executive

Jason is Director, Private Equity at AIMCo, having joined in January 2011 after serving 10 years as an investment banker. Previously he has held various investment banking positions including Vice President with Bank of America Merrill Lynch and JPMorgan in New York. Jason holds a Bachelor of Commerce degree with a major in Corporate Finance from the University of Alberta.

Mark Redman - Non Executive

Mark is Global Head of Private Equity for OMERS, having been appointed to the role in 2015. Mark founded OMERS private equity operations in Europe out of London in 2009. Transactions completed during his time as Head of Europe included HayFin, V.Group, Lifeways, Civica, Vue and ERM. Prior to OMERS, Mark worked at Grant Thornton from 1989 to 1996, when he joined 3i. During his time at 3i, he helped open and develop 3i's Amsterdam office and also developed its market entry strategy for Turkey. Mark has a Master's Degree in Modern History from Oxford University and is a Chartered Accountant.

DIRECTORS *(continued)*

Peter Teti - Non Executive

Peter is Senior Vice President, Private Equity and Relationship Investments at AIMCo, having joined in September 2012. Previously, Peter was a Managing Director of Rothschild (Canada) Inc. and has worked in investment banking for 16 years in Toronto and London. He has a Bachelor of Commerce (Honors) from Queen's University and is a Chartered Accountant.

Simon Jones – Non Executive

Simon is a Director at OMERS Private Equity Europe. Since joining in February 2010 he has been responsible for the successful realisation of Private Equity's investment in HayFin as well as transacting and managing the investment in Vue. Prior to joining OMERS, Simon worked within PricewaterhouseCoopers' Corporate Finance advisory practice in London from 2004 to 2010. He has a Bachelor of Science degree in International Business and French from the University of Warwick.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the period to 30 November 2018 and to the date of approval of the financial statements, the Company and Group maintained liability insurance for its directors and officers.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political contributions (2017: £nil) or charitable contributions (2017: £nil) were made in the financial year.

SOCIAL AND COMMUNITY ISSUES

As a cinema operator, responsibility to the community is very important to the Group. A variety of special screenings are run to facilitate accessibility to the diverse communities within which we operate include Autism friendly, subtitled, audio description and family friendly morning screenings. Vue UK is part of the national CEA card scheme which provides free tickets to carers of disabled cinema guests and is also a proud supporter of Medicinema a charity that provides relief to hospital patients through the power of film.

It is important to the Group to represent the diverse nature of the communities in which we operate and we work hard to attract people to fill vacancies from those communities.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group continues to invest in the design, maintenance and operation of its sites in order to ensure customers are provided with the ultimate guest experience every time they visit one of the Group's cinemas.

Areas of development include food and beverage products, ensuring a state-of-the-art audio and visual experience through the latest technologies, investing to remain at the cutting edge of our digital offering and software solutions, such as automated scheduling and cinema operating systems, as well as continued improvement in guest comfort from providing enhanced premium seating offers.

ENVIRONMENTAL MATTERS

The Group Territories continue to measure energy consumption and through operational excellence deliver reductions in usage and seeks to minimise adverse impacts on the environment from its activities. Similarly, through working with suppliers and customers, the Group Territories continue to increase the percentage of waste that is diverted from landfill to be recycled, whilst continuing to address health, safety and economic issues through various initiatives.

An increase in the number of digital screens and improved facilities for paperless ticketing promote a reduction in the use of paper resources.

POST BALANCE SHEET EVENTS

On 4 February 2019, the Group agreed an extension to its existing £60m Revolving Credit Facility (RCF). This agreement has extended the RCF availability period from August 2019 to January 2020. There have been no other significant events after the end of the reporting period that would require disclosure or adjustment to the financial statements.

FINANCIAL RISK MANAGEMENT

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. Full details of the Group principal risks and uncertainties are set out in the Strategic Report.

EMPLOYEE INVOLVEMENT

Our people

People are at the core of delivering the best cinema experience across all territories in which we operate. Therefore, creating and retaining high performing teams and individuals is a key focus.

Aligned organisational structures

In order to maximise international synergies and local opportunities in each of our markets, we develop global strategies which we tailor and roll out to each of our operating businesses such that we capitalise quickly on local prospects. To deliver this strategy and to ensure that organisational structures continue to meet business requirements, our structures are reviewed on an ongoing basis and continuously evolve within each territory.

Developing and retaining talented employees is a fundamental part of the Group strategy. With similar organisational structures in place across all territories, we can improve the way we offer employee career paths across the Group and also maximise commercial opportunities by identifying, sharing and implementing best practice.

Aligned employees

The Group's reward and recognition strategy is designed to ensure that employees are aligned to the Group's goals and are rewarded for the contribution that they make to the Group's success. Performance is driven by ensuring that incentive and recognition plans align all employees to the delivery of key business priorities and targets. Pay and benefit structures are competitive and are regularly benchmarked against relevant external data.

The incentive plans that are in place include both a company and personal element. Employees are rewarded on the basis of both overall company performance and individual business contribution. Where teams have direct responsibility for specific revenue lines and profitability, bonuses have been designed to share with the team a percentage of the incremental revenue and profit that they generate.

Within our territories, there are local recognition schemes that reward great customer service within our busiest periods and we continue building on this.

Finding and developing our top talent

The Group is committed to finding and appointing top talent as well as providing training and on-going development aligned to business and employee needs.

Designing effective recruitment tools and clearly defining role accountabilities, skills and capabilities are a prime focus across all territories.

As part of our standardised cinema operational excellence model, we are committed to continue building on what currently exists across the Group. This includes the modular training frameworks that help create clear career paths, ensuring that teams fulfil their potential and continue to develop their skills and ability within their current position but also for potential future opportunities. As the organisation continues to change, develop and grow, focused internal training and development programmes are delivered in order to support employees with the acquisition of business skills and capabilities. There are also bespoke and targeted development programmes for employees in the internal talent pools that support cinema management succession plans. Examples of these development programmes include Leadership, Personal Impact and Commercial Acumen. The talent pipelines ensure that critical vacancies are filled quickly and cost effectively.

Employee involvement and implementation of best practice

The Group seeks to engage all employees in both its short and long-term goals. This is achieved through a number of two-way communication methods including senior management briefings, employee forums and work councils.

Best practice is proactively identified and implemented across the Group using various methods such as setting up regular workshops that bring together key specialist managers from each territory in areas such as, but not limited to, Retail, Pricing, Marketing, Screen Content and Finance.

Equality of opportunity and human rights

The Group is committed to its obligations under the Equality Act 2010 and the Modern Slavery Act 2015 and has policies in place to ensure an ethical and legal framework is provided to employees.

The Group is committed to making full use of the talents within the business and therefore provides equal opportunities for all. Employment decisions which include recruitment, promotion, compensation, benefits, performance management and training are based on an individual's skills, performance and behaviour and how these relate to the requirements of the business. The Group seeks to treat all its employees with dignity and respect.

The procurement teams manage many suppliers across food and beverage and take responsibility to manage the supply base and source ethically.

The Group procurement policy provides guidance that, any potential supplier must provide confirmation that no instance of modern slavery or human trafficking has occurred (or is occurring) within their business and they must also demonstrate that they have in place suitable procedures and safeguards to prevent such issues occurring.

The Groups whistle-blowing policy details how any member of staff with concerns about a potential issue (including potential occurrences of modern slavery or human trafficking) should bring the matter to the attention of senior management. This includes an option to raise the matter through a confidential whistle-blowing hotline and email contact address.

Further details around the Groups commitments to human rights can be found on the Vue company website.

Gender breakdown

The average monthly gender diversity within the Group during the year ended 30 November 2018 was:

Level	Definition	Male	Male %	Female	Female %	Total
Board directors	Statutory Board Members	7	100%	-	0%	**7**
Senior Managers	Group Executive Directors, Territory Managing Directors ("MDs") and Directors reporting to the above	27	80%	7	20%	**34**
Employees	All employees excluding those mentioned above	4,949	49%	5,067	51%	**10,016**
Total		**4,983**	**50%**	**5,074**	**50%**	**10,057**

DISABLED EMPLOYEES

It is the policy of the Group that disabled people, whether registered or not, should receive full and fair consideration when applying for job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Group is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

STATEMENT OF DISCLOSURE TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' Report is approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed in accordance with section 489(4) of the Companies Act 2006.

This report was approved by the board on 8 February 2019 and signed on its behalf by

Stephen Knibbs
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 NOVEMBER 2018

Directors' confirmations

Each of the directors, whose names and functions are listed in Annual Report and the financial statements confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the board of directors on 8 February 2019 and is signed on its behalf by

Stephen Knibbs
Director

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Vue International Bidco plc's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 30 November 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 30 November 2018; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the consolidated financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall group materiality: £2,991,000 (2017: £3,150,000), based on 2.5% of earnings before interest, taxation, depreciation, amortisation and separately reported items ('Consolidated EBITDA').

- We performed audit procedures in each of the Group's key operating divisions which are located in the UK & Ireland, Germany & Denmark, Poland & The Baltics, Italy and the Netherlands.
- Full scope audits were performed over the financial information of CinemaxX (Germany & Denmark) and Vue Nederland (Netherlands) as well as full scope entity audits over four legal entities in Vue UK & I (UK & Ireland), one entity in Multikino (Poland & the Baltics) and seven entities in The Space Cinema (Italy). We have determined that Vue Entertainment Limited (legal entity within the UK & Ireland) and CinemaxX (Group results of Germany & Denmark) are significant components.
- Additional audit procedures were performed at the Head Office level, including work over impairment reviews, onerous leases, separately reported items and tax.
- Our scoping has provided 93% coverage of Consolidated EBITDA.

- Carrying value of goodwill, intangible assets and property, plant & equipment.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of goodwill, intangible assets, and property, plant & equipment At 30 November 2018, the Group has goodwill of £866.0m (2017: £862.7m), other intangibles of £12.7m (2017:£14.6m) and property, plant & equipment of £308.2m (2017: £335.4m). See Notes 16 and 17. The Group is required to assess annually the carrying value of goodwill by performing a value in use calculation based on the future trading projections of the relevant cash generating unit (CGU). Additionally, the Group performs impairment assessments of property, plant and equipment and other intangibles. We focused on this area because the value in use calculation includes key assumptions and judgements in the calculations of the recoverable amount, namely forecast trading performance, growth rates and discount rate assumptions. As a result of performing value in use calculations, no goodwill impairment charges have been recorded by the Group for the year ended 30 November 2018 (2017: £nil). The Group's site level assessment has resulted in property, plant & equipment impairments of £1.2m being recognised in the year in relation to underperforming sites (2017: £2.2m). Impairment charges were recognised in relation to other intangibles of £146k (2017: £18k).	For all CGUs we obtained the discounted cash flow forecasts prepared by management. Details of the key assumptions included in the cash flow forecasts prepared by the Group are included in Notes 16 and 17 of these financial statements. We evaluated the appropriateness of management's model used for the impairment assessment and considered the reasonableness of the future cash flow forecasts in the model by reconciling them with the Long Range Plans in use by Vue's Board and comparing prior year forecasts to actual outturn. We challenged management on: • Forecast growth rates for the CGUs over the period of the forecasts; • The key assumptions for long term growth rates in the forecasts by comparing them with historical results and economic and industry forecasts; and • The discount rate used. Specifically, we involved an auditors' expert to recalculate the Group's weighted average cost of capital and territory appropriate discount rates using market comparable information and compared these rates to those used by management. We also performed sensitivity analysis on the discounted cash flow forecasts and on the ability of the Group to generate the forecast cash flows. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill, other intangibles and/or tangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising. Having performed our procedures, we concluded that the property, plant & equipment and other intangible asset impairment charges recognised are appropriate and that the quantum of these impairments were within a reasonable range of outcomes. For all CGUs with goodwill, we were satisfied that the carrying value of goodwill was supported by the value in use calculations and that there are no reasonably possible changes in any of the assumptions included in the models that could cause the carrying amount of any CGU to exceed its recoverable amount.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

Our audit procedures account for 93% of the Group's Consolidated EBITDA.

The Group consists of a centralised Head Office within the UK and operates six trading divisions: Vue UK&I (UK & Ireland); CinemaxX (Germany & Denmark); The Space Cinema (Italy); Multikino (Poland & the Baltics); Vue Nederland (Netherlands); and SBC (Taiwan). Each of these trading divisions contain a number of legal entities.

Individual components or reporting units for the purpose of Group scoping are considered to be either an entire trading division or an individual legal entity. This distinction has been made based upon how either the territory or the legal entity are consolidated into the Group's financial statements.

In our view, due to their significance and/or risk characteristics, we have determined that there are fourteen financially material reporting units. Full scope audits have been performed over the financial information of CinemaxX and Vue Nederland as well as full scope entity audits of four legal entities in Vue UK&I, one entity in Multikino and seven entities in The Space Cinema. From these reporting units, we have determined that Vue Entertainment Limited (legal entity within the UK & Ireland) and CinemaxX (Group results of Germany & Denmark) are significant components.

The Group's accounting process is structured around a local finance function for each division who maintain their own accounting records and controls and report to the centralised head office finance function in the UK through submission of monthly reporting packs. The head office finance function consolidates the results of all of the divisions.

The Group consolidation, financial statement disclosures and a number of complex items were audited at the Group's head office. These included goodwill, property, plant and equipment and intangible assets impairment assessments, onerous lease provisions, separately reported items and tax.

The audit of UK & Ireland and the Head Office entities was performed by the Group engagement team. Where the work was performed by a component audit team, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As a result, the Group engagement team visited all in-scope overseas territories and for each of these, attended clearance meetings, either in person or via teleconference. Furthermore, regular communication was maintained between the Group engagement team and all component audit teams throughout the audit process. The Group engagement team performed a review of the audit working papers of the significant overseas component CinemaxX.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£2,991,000 (2017: £3,150,000).
How we determined it	2.5% of earnings before interest, taxation, depreciation, amortisation and separately reported items ('Consolidated EBITDA').
Rationale for benchmark applied	Consolidated EBITDA is considered to be the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £258,000 and £2,370,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £149,000 (2017: £165,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on the 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

Reporting on other information

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

Reporting on other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

OTHER MATTER

We have reported separately on the Company financial statements of Vue International Bidco plc for the year ended 30 November 2018.

JS Jenkins

Julian Jenkins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

8 February 2019

Vue International Bidco plc

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	**Year ended 30 November 2018 £000**	Year ended 30 November 2017 £000
Revenue	**5, 6**	**799,882**	790,164
Cost of sales		**(295,627)**	(297,224)
Gross profit		**504,255**	492,940
Total operating expenses		**(463,352)**	(442,769)
Analysed between:			
Administrative expenses		**(384,604)**	(368,293)
Depreciation & amortisation	**8**	**(58,092)**	(58,018)
Separately reported items	**11**	**(20,656)**	(16,458)
Operating profit	**8**	**40,903**	50,171
Finance income	**10**	**264**	149
Finance expenses	**10**	**(137,162)**	(143,079)
Net finance costs		**(136,898)**	(142,930)
Share of jointly controlled entities using equity accounting method		**(264)**	-
Loss before tax		**(96,259)**	(92,759)
Taxation	**15**	**13,276**	(8,154)
Loss for the year		**(82,983)**	(100,913)
Attributable to:			
- Owners of the parent		**(83,110)**	(101,036)
- Non-controlling interests		**127**	123
		(82,983)	(100,913)

The notes on pages 36 to 81 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Loss for the year	**(82,983)**	(100,913)
Items that will not subsequently be reclassified to profit or loss		
Net remeasurement loss on retirement benefit obligations	**118**	(317)
Items that may subsequently be reclassified to profit or loss		
Translation (losses) / gains on net investments	**(3,468)**	20,498
Other comprehensive (loss) / income for the year, net of income tax	**(3,350)**	20,181
Total comprehensive loss for the year	**(86,333)**	(80,732)
Attributable to:		
- Owners of the parent	**(86,460)**	(80,855)
- Non-controlling interests	**127**	123

The notes on pages 36 to 81 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 30 NOVEMBER 2018

	Notes	As at 30 November 2018 £000	As at 30 November 2017 £000
Non-current assets			
Property, plant and equipment	16	308,202	335,438
Goodwill and intangible assets	17	878,707	877,293
Investments	18	166	430
Deferred tax asset	19	33,594	32,076
Trade and other receivables	21	2,911	3,011
Total non-current assets		1,223,580	1,248,248
Current assets			
Inventories	20	5,423	5,199
Trade and other receivables	21	84,434	61,105
Corporate tax receivable		-	1,093
Cash and cash equivalents	22	116,140	116,135
Total current assets		205,997	183,532
Total assets		1,429,577	1,431,780
Current liabilities			
Trade and other payables	23	187,587	176,338
Corporate tax payable		1,708	-
Interest-bearing loans and other liabilities	24	6,125	6,825
Provisions	26	1,619	1,742
Total current liabilities		197,039	184,905
Non-current liabilities			
Trade and other payables	23	52,232	53,032
Interest-bearing loans and other liabilities	24	1,549,471	1,470,086
Provisions	26	97,871	104,822
Deferred tax liability	19	3,335	4,269
Total non-current liabilities		1,702,909	1,632,209
Total liabilities		1,899,948	1,817,114
Net liabilities		(470,371)	(385,334)
Equity			
Share capital	28	4,718	4,718
Foreign currency translation reserve		26,199	29,667
Share based payment reserve		10,274	8,853
Retained losses		(511,711)	(428,719)
Equity attributable to owners of the parent		(470,520)	(385,481)
Non-controlling interests		149	147
Total equity		(470,371)	(385,334)

The notes on pages 36 to 81 are an integral part of these consolidated financial statements. The financial statements were authorised for issue by the board of directors on 8 February 2019 and are signed on its behalf by

Stephen Knibbs
Director

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	**Year ended 30 November 2018 £000**	Year ended 30 November 2017 £000
Net cash inflow from operating activities	**31**	**88,382**	97,947
Net cash inflow from operating activities		**88,382**	97,947
Cash flows from investing activities			
Interest received		**264**	149
Acquisition of property plant and equipment and Intangibles		**(26,322)**	(39,260)
Disposal of property plant and equipment		**-**	331
Site acquisition incentive payment		**-**	8,215
Payment for acquisition of subsidiary net of cash	**17**	**(5,986)**	-
Investment in joint venture		**-**	(289)
Dividends received from associates and joint ventures		**-**	10
Dividends paid to non-controlling interest		**(125)**	(126)
Net cash outflow from investing activities		**(32,169)**	(30,970)
Cash flow from financing activities			
Interest paid		**(49,392)**	(50,349)
Proceeds from issuance of loans		**-**	34
Payment of finance lease liabilities		**(6,410)**	(6,718)
Net cash outflow from financing activities		**(55,802)**	(57,033)
Net increase in cash and cash equivalents		**411**	9,944
Cash and cash equivalents at the beginning of the period		**116,135**	102,946
Exchange (loss) / gains on cash and cash equivalents		**(406)**	3,245
Cash and cash equivalents at the end of the year	**22**	**116,140**	116,135

The notes on pages 36 to 81 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	Share capital	Share based payments Reserve	Retained losses	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
		£000	£000	£000	£000	£000	£000	£000
Balance at 1 December 2016		4,718	6,798	(329,011)	10,814	(306,681)	150	(306,531)
(Loss) /profit for the year		-	-	(101,036)	-	(101,036)	123	(100,913)
Other comprehensive income for the year		-	-	(317)	20,498	20,181	-	20,181
Total comprehensive income for the year		-	-	(101,353)	20,498	(80,855)	123	(80,732)
Distributions to Non-controlling interests		-	-	-	-	-	(126)	(126)
Credit to equity for equity settled share based payments	**25**	-	2,055	-	-	2,055	-	2,055
Reclassification		-	-	1,645	(1,645)	-	-	-
Balance at 30 November 2017	**28**	4,718	8,853	(428,719)	29,667	(385,481)	147	(385,334)
Balance at 1 December 2017		**4,718**	**8,853**	**(428,719)**	**29,667**	**(385,481)**	**147**	**(385,334)**
(Loss)/ profit for the year		**-**	**-**	**(83,110)**	**-**	**(83,110)**	**127**	**(82,983)**
Other comprehensive income/(loss) for the year		**-**	**-**	**118**	**(3,468)**	**(3,350)**	**-**	**(3,350)**
Total comprehensive income for the year		**-**	**-**	**(82,992)**	**(3,468)**	**(86,460)**	**127**	**(86,333)**
Distributions to Non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(125)**	**(125)**
Credit to equity for equity settled share based payments	**25**	**-**	**1,421**	**-**	**-**	**1,421**	**-**	**1,421**
Balance at 30 November 2018	**28**	**4,718**	**10,274**	**(511,711)**	**26,199**	**(470,520)**	**149**	**(470,371)**

The notes on pages 36 to 81 are an integral part of these consolidated financial statements.

1. General information

Vue International Bidco plc ("the Company") is a Public limited Company domiciled and incorporated in England under the Companies Act 2006. The address of the Company's registered office is 10 Chiswick Park, 566 Chiswick High Road, London, W4 5XS.

The Company and its subsidiaries develop and operate state-of-the-art multiplex cinemas. Further information on the principal activities of the Group and its operations are set out in the Strategic Report.

The consolidated and company financial statements and the related notes are presented in Pounds Sterling as it is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.9.

2. New accounting standards, amendments and interpretations

2.1 New standards and interpretations applied

The following new standards, amendments and interpretations have been adopted in the current financial year:

IAS 7 (Amendments)	Cash flow statement disclosure initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets and Unrealised Losses
IFRS 12	Annual improvements 2014-2016 cycle
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of these new standards, amendments and interpretations has not led to any changes in the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

2.2 New standards and interpretations not applied

At the date of authorisation of these financial statements the following new standards, amendments and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 9	Financial Instruments
IFRS 2 (Amendments)	Classification and Measurement of Share Based Payment Transactions
IAS 28 (Amendments)	Investments in Associates and Joint Ventures
IFRIC 23	Uncertainty over Income Tax Treatments

The directors do not expect that the adoption of the standards listed above will have an impact on the financial statements of the Group in future periods, except as noted overleaf:

2.2 New standards and interpretations not applied *(continued)*

- **IFRS 16**
  The adoption of IFRS 16 is expected to have a material impact on the Group's financial statements. The standard will be effective in the Group financial statements ending 30 November 2020. This standard provides a comprehensive model for lease accounting that supersedes the current lease guidance IAS 17 Leases and the related interpretations when it becomes effective. The work performed to date includes assessing the impact of the three accounting options i) Fully Retrospective, ii) Modified Retrospective and iii) Modified and the Company is in the process of concluding which option will be selected. Further work completed to date includes identifying leases and contracts which may contain a lease, commencing data abstraction and short-listing possible software solutions for system implementation.

  As at 30 November 2018, the Group has disclosed operating lease commitments of £1.3 billion. IFRS 16 is expected to result in a reduction to operating expenses in the income statement and the Group's finance costs and depreciation will significantly increase. For all leases that fall within the scope of IFRS 16 a right of use asset and a related lease liability will be recognised in the Group's balance sheet resulting in a significant change to the assets and liabilities. Therefore it is expected that the implementation of IFRS 16 will have a significant impact on the reported assets and liabilities and will also impact the income statement and classification of cash flows of the Group.

  The Group is currently assessing the impact of this standard and amendments on its results and financial position and therefore, it is not practical to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed.

- **IFRS 9**
  IFRS 9 is not expected have a material impact on the Group, other than changes to disclosure requirements. The primary financial assets held to maturity by the Group are trade and other receivables. We have considered the impact of moving to the expected credit loss model and do not expect this to have a material impact. A simplified provision matrix was used to calculate the expected credit losses on trade and other receivables. This matrix is based on historical default rates over the expected life of the receivable and adjusted for forward looking estimates.

- **IFRS 15**
  IFRS 15 is not expected to have a material impact on the Group. A review has been undertaken of the key revenue streams within the Group having considered the 5 step model, the results of which are as follows;

  The primary source of the Groups revenues are derived from ticket sales. Box office revenues are recognised on showing of the relevant film or performance and any income received in advance of the performance is booked to deferred income until the screening. Concession revenue is recognised at point of sale and revenue from advertising contracts represents less than 15% of total revenue for the Group. A review of the most significant contracts in each territory concluded they were currently recognised in line with IFRS 15.

  Based on this assessment the Group has concluded there will be no material changes to how revenues are currently being recognised.

3. Significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for where required, certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in these financial statements.

3. Significant accounting policies (continued)

3.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as listed in note 29. Consolidation of a subsidiary occurs when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary. Control exists where the Group has the right to variable returns arising from power over the entity which is derived from the ability to direct the relevant activities.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. They are entitled to a proportionate share of net assets upon liquidation which may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The results, assets and liabilities of joint ventures are accounted for using the equity method of accounting.

Investments in associates

Associates are entities where the Group has significant influence but not control, accompanying a shareholding of between 20% - 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting from the date on which the investee becomes an associate. The investment is initially recognised at cost and then increased or decreased in relation to the Group's share of post-acquisition profits or losses and reduced by any dividends received.

3. Significant accounting policies (continued)

3.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The directors have considered the principal risks and uncertainties set out in the strategic report alongside the balance sheet, cash flows, borrowing capacity and liquidity position. The working capital requirements of the Group are met by the Group's available cash balance and a revolving credit facility provided under agreement with the Company. The revolving credit facility was recently extended to January 2020 and whilst there is an expectation this will be refinanced before this date the Group is not reliant upon this facility to fund working capital as evidenced by significant positive cash balances and a nil draw at the end of the financial year.

The Group's net liability position of £470.4m is primarily driven by shareholder loan notes £813.4m (see note 24) and property provisions £95.8m (see note 26). Interest on shareholder loan notes is capitalised and neither the capital balance nor the accrued interest can be paid until the senior secured debt is fully repaid. The property provisions primarily relate to a straight line provision for operating lease rentals created when the Group adopted International Financial Reporting Standards and are non-cash. Adjusting for these liabilities the Group will be in a net asset position of £438.8m which supports the directors' view on the going concern of the business. In addition the Group also generated positive cash flows of £6.4m (before payments to acquire subsidiaries) during the year.

The longer-term finance of the Group is provided by senior secured floating and fixed Euro and Sterling denominated notes plus shareholder loans and a senior secured term loan (see note 24). As a result the directors believe that the Group will, for the foreseeable future, be able to continue trading and meet all liabilities as and when they fall due, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group has one test that determines how much of the revolving credit facility can be drawn. At 30 November 2018, the Group had considerable headroom on the test which ensured the full facility was available to draw if required.

3.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services sold in the normal course of business, net of discounts and Value Added Tax. Revenue includes ticket sales, concession sales and screen advertising income which is recognised as follows:

- Box office revenue recognised in the period in which the film is shown;
- Concessions revenue recognised at the point of sale;
- Screen advertising revenue recognised in the period to which it relates; and
- Other revenue recognised in the period to which it relates.

3. Significant accounting policies (continued)

3.5 Barter transactions

The Group engages in certain non-monetary barter transactions where cinema on-screen advertising space is exchanged for external advertising on other third party mediums.

In accounting for barter transactions, the associated sales and cost of sales are valued at the weighted average sales price achieved for equivalent cash sales of the Group's own on-screen advertising space.

3.6 Net financing costs

Net financing costs comprise interest payable, amortisation of financing costs, unwind of discount on property provisions, finance lease interest, interest receivable on funds invested and net foreign exchange gains or losses on financing activities.

3.7 Retirement benefit costs

The Group operates a number of defined contribution schemes for its employees. The assets of the plans are held separately from those of the Group in independently administered funds. The Group retains no obligations in respect of these independent funds. Contributions to these funds are made by employees and are supplemented by contributions from the Group which are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group also participates in mandatory government schemes in applicable territories. In such cases an obligation is retained by the Group until retirement of the employees and any resulting liability is held as a provision calculated on an actuarial basis.

3.8 Leases

Operating leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals payable under operating leases together with leasehold incentives including cash contributions from landlords for the purchase of assets and rent free periods are charged to the income statement on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant accounting policies (continued)

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets obtained under hire purchase contracts and finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant period of charge on the remaining net obligation liability balance. Finance expenses are recognised immediately in the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Onerous leases

The judgements around recognising onerous leases are discussed in note 4 and the policy of recognising the provision for onerous leases is discussed in note 3.16.

3.9 Foreign currencies

For each Group company the presentation currency used in the individual financial statements is the same as the Company's functional currency. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company.

In preparing the financial statements of the individual companies and the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date and income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income.

3. Significant accounting policies *(continued)*

3.10 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Significant accounting policies (continued)

3.10 Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The cost of acquisition is measured as the fair value of assets transferred, the liabilities incurred or assumed at the date of exchange of control and equity instruments issued by the Group in exchange for control of the acquiree. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities. Costs directly attributable to business combinations are recognised as an expense in the income statement as incurred.

The acquired identifiable assets and liabilities are measured at their fair value at the date of acquisition except those where specific guidance is provided by IFRSs as outlined below:

- Non-current assets and directly attributable liabilities that are classified as held for sale in accordance with IFRS 5, are recognised and measured at fair value less costs to sell;
- Deferred tax assets and liabilities are recognised and measured in accordance with IAS 12;
- Liabilities and assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19; and
- Share-based payments reserves are measured in accordance with IFRS 2.

Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts where appropriate. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

3. Significant accounting policies *(continued)*

3.11 Business combinations *(continued)*

Goodwill on acquisition is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in income statement as a bargain purchase gain.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units acquired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement and is not subsequently reversed. When there is a disposal of a cash-generating unit, goodwill relating to the operation disposed of is taken into account in determining the gain or loss on disposal of that operation. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained.

3.12 Goodwill

Goodwill is initially recognised and measured as set out in the business combinations note (note 3.11).

The Group considers each cinema site to be a cash-generating unit ("CGU") however, for the purposes of goodwill, the Group considers each territory grouping of individual sites to be a CGU as permitted by IAS 36. Goodwill is allocated to each CGU and is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

The need for an impairment provision is assessed by a comparison of the carrying value of a CGU or group of CGUs with its recoverable amount being the future value in use to the business. The value in use is assessed with reference to the future business forecasts of the Group making certain adjustments as required by the accounting standard.

The discount rate used in assessing the value in use is the estimated weighted average cost of capital employed by the Group, adjusted as necessary for any particular risks of the CGU being reviewed. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Significant accounting policies *(continued)*

3.13 Intangible assets

The Group holds the following intangible assets: customer relationships and software. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recorded at their fair value at the acquisition date. Following initial recognition, these assets are carried at cost less any accumulated amortisation or impairment losses, on the same basis as intangible assets that are acquired separately. The useful economic lives of acquired intangible assets are estimated based on discounted future cash flows of the acquired business.

Computer software is initially recorded at cost. Where these assets have been acquired through a business combination, this will be the fair value allocated in the acquisition accounting. Where these have been acquired other than through a business combination, the initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Customer relationships	6 years
Computer software	3 - 7 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are recognised in the income statement when the asset is derecognised.

Intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are measured on a similar basis to property, plant and equipment and recognised in the income statement. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income statement in the period in which they are incurred.

3. Significant accounting policies *(continued)*

3.15 Inventories

Inventories are valued on a first-in, first-out (FIFO) basis and are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving inventory. Inventory cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

3.16 Provisions

Provisions for property, restructuring or other legal costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material), discounted back using a pre-tax discount rate reflecting the risk of those cash flows.

Provision is made for onerous leases, where it is considered that the unavoidable costs of the lease obligations are in excess of the economic benefits expected to be received from operating the leased cinema.

When calculating the provision for onerous leases the Group is required to make certain assumptions about the future cash flows to be generated from that cinema site. It is also required to discount these cash flows using an appropriate discount rate. The resulting provision is therefore sensitive to these assumptions in respect of future cash flows.

However, the directors consider that the assumptions made represent their best estimate of the future cash flows generated by onerous cinema sites, and of the discount rate used to calculate the present value of those cash flows.

3.17 Share-based payments

The Group operates one equity-settled share-based payment scheme, the executive incentive scheme under which the Group receives services from executive employees as consideration for equity shares in the Group.

The fair value of the employee services received in exchange for shares granted is recognised as an expense with a corresponding increase in the share based payment reserve. Upon the share awards vesting the share based payment reserve is transferred to share capital and share premium.

3. Significant accounting policies *(continued)*

3.17 Share-based payments *(continued)*

The total amount of the expense is determined with reference to the fair value of the shares upon grant date with the expense spread evenly over the vesting period. The executive incentive scheme is an equity settled scheme and hence the fair value of the total award at the grant date of the scheme is not remeasured. At the end of each reporting period the Group revises its estimates of the amount of shares that will vest based on an annual reassessment of the likely outcome associated with the service conditions.

3.18 Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments, and are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through income statement) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through income statement are recognised immediately in the income statement.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, credit and debit card debtors, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Trade and other receivables

Trade receivables are measured at amortised cost using the effective interest method, less any impairment. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the income statement. For trade receivables, the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the income statement.

3. Significant accounting policies *(continued)*

Impairment of financial assets

Financial assets, other than those at Fair Value through Profit or Loss (FVTPL), are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely affected.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade and other payables are initially measured at fair value. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables where the recognition of interest would be immaterial. Trade and other payables principally comprise of amounts owed to suppliers, accrued expenses and social security and other taxes.

Interest-bearing loans

Interest-bearing loans are initially measured at fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loan capital and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

3.19 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss, with the exception of freehold land which is not depreciated. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

3. Significant accounting policies *(continued)*

3.19 Property, plant and equipment *(continued)*

Depreciation is charged to the income statement to write assets down to their residual values on a straight line basis over the estimated useful lives on the following basis:

Freehold Buildings	10 - 40 years
Long-term Leasehold Land and Buildings	15 - 40 years
Short-term Leasehold Land and Buildings	Over the life of the lease capped at 25 years
Furniture, Fittings and Equipment	3 -15 years
Freehold land	Not depreciated

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets under construction are not depreciated until projects are completed and brought into use.

Property, plant and equipment are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss which is recognised in the income statement.

3.20 Pre-opening and initial site development expenses

Start up, pre-opening and pre-operating costs are written off in the period in which they are incurred.

Expenditure of capital nature, as set out in IAS 16, is not incurred until the board approves the development of the cinema site. Once approved the expenditure is capitalised.

3.21 Separately reported items

Separately reported items are items of expenditure or income which are of a significant and/or non-recurring nature or which are not related to the underlying operations of the business which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, onerous leases and associated property exit costs, impairment charges and share based payments. These items warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group and accordingly they are added back in the calculation of Consolidated EBITDA.

3. Significant accounting policies *(continued)*

3.22 Landlord Contributions

Landlord contributions associated with the agreement of a new or renewed operating lease are recorded in line with SIC-15 and straight lined over the lease term as a reduction to rental expense in the income statement.

In the statement of cash flows, landlord contributions are reported within acquisition of property, plant and equipment and intangibles as they relate to capital expenditure as set out in the lease agreements.

4. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions including 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 factors that are considered to be relevant. Actual results may differ from these estimates.

The 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.

The following are the critical estimates and judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Separately reported items (judgement)

Management is required to exercise judgement in identifying items of expenditure or income which are significant and non-recurring in nature which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, onerous leases and associated property exit costs, impairment charges and share based payments. These items warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group and accordingly they are added back in the calculation of Consolidated EBITDA.

Onerous leases (judgement and estimate)

The Group is required to make certain assumptions about the future cash flows to be generated from each cinema site. Key assumptions include market size, competitor behaviour, initiatives related to pricing, and cost efficiencies. The Group is also required to discount these cash flows using an appropriate risk free discount rate. The resulting provision is therefore sensitive to these assumptions in respect of future cash flows. However, the directors consider that the assumptions made represent their best estimate of the future cash flows generated by onerous cinema sites, and of the discount rate used to calculate the present value of those cash flows.

4. Critical accounting estimates and judgements *(continued)*

Intangible assets (estimate)

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If such an asset is identified, it is valued using an appropriate valuation methodology which involves estimation techniques. Where there is uncertainty over the amount of economic benefits and the useful life, this is factored into the calculation. Details of intangible assets are given in note 17.

Impairment of goodwill (estimate)

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date and details of any impairment are set out in note 17. Management has applied sensitivity analysis to the estimates, see note 17.

Impairment of property, plant and equipment (estimate and judgement)

When indicators of impairment exist the Group determines whether the property, plant and equipment are impaired. The impairment is determined by estimating the value in use of the cash-generating units to which the fixed assets are allocated, which involves making an estimate of the expected future cash flows from the cash-generating units that hold the fixed assets at a determined discount rate to calculate the present value of those future cash flows. The Group is required to make certain assumptions about the future cash flows to be generated from the individual cinema sites; it is also required to discount these cash flows using an appropriate discount rate. The resulting calculation is sensitive to these assumptions. The directors consider the assumptions to represent the best estimate of the future cash flows generated by the cinema sites and that the discount rate used is appropriate given the risks. Management has applied sensitivity analysis to the estimates, see note 16.

5. Revenue

Revenue is derived from external customers in the territories in which the Group operates. The following are considered to be the main classifications of revenue.

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Box office	**502,724**	516,289
Concessions	**204,218**	185,856
Screen advertising and other income	**92,940**	88,019
Total revenue	**799,882**	790,164

6. Segment information

Segment information is presented in accordance with IFRS 8, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reported to the Group's Chief Operating Decision Maker in order to allocate resources to the segments and assess their performance.

The Group considers the board to be the Chief Operating Decision Maker. The Group's operating segments comprise geographical territories in the UK and Continental Europe. In accordance with IFRS 8, the Group believes that it has two reportable segments: UK and Continental Europe.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Inter-segment sales are not material and have not been disclosed.

The following tables present the results and certain asset and liability information regarding the Group's reportable segments and central cost centres for the year ended 30 November 2018 and the comparative period.

	Year ended 30 November 2018	Year ended 30 November 2017
Revenue	**£000**	£000
United Kingdom	**360,434**	330,470
Continental Europe	**431,795**	450,519
Other	**7,653**	9,175
Total	**799,882**	790,164

	Year ended 30 November 2018	Year ended 30 November 2017
Consolidated EBITDA[(1)]	**£000**	£000
United Kingdom	**55,119**	44,752
Continental Europe	**64,172**	78,667
Other	**359**	1,228
Consolidated EBITDA[(1)]	**119,650**	124,647
Less reconciling items:		
Separately reported items (note 11)	**20,656**	16,458
Depreciation and amortisation (notes 16 & 17)	**58,092**	58,018
Net finance costs (note 10)	**136,898**	142,930
Share of jointly controlled entities using equity accounting method	**264**	-
Total loss before tax	**(96,260)**	(92,759)

(1) As defined on page 4

	Year ended 30 November 2018	Year ended 30 November 2017
(Net liabilities) / net assets	**£000**	£000
United Kingdom	**(714,741)**	(584,542)
Continental Europe	**241,879**	196,801
Other	**2,491**	2,407
Total	**(470,371)**	(385,334)

7. Barter Transactions

The value recognised in revenue during the year was £1.6m (2017: £2.0m) in relation to barter transactions. This was as a result of 1,176 (2017: 1,713) individual transactions.

8. Operating Profit

Operating profit for the year has been arrived at after charging:

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Realised foreign exchange losses	**141**	134
Depreciation of property, plant and equipment	**54,062**	55,000
Impairment of property, plant and equipment	**1,182**	2,232
Impairment of Intangible assets	**146**	18
Loss on disposal of property, plant and equipment	**269**	2,320
Amortisation of intangibles assets	**4,030**	3,018
Operating lease rentals		
- Land and buildings	**132,164**	138,100
- Plant and machinery	**4,946**	4,650

9. Auditors' remuneration

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	**187**	201
Fees payable to the Company's auditors and its associates in respect of:		
- Audit of the financial statements of the subsidiaries	**678**	595
- Tax compliance services	**87**	41
- Tax advisory services not included above	**181**	83
- Corporate finance services	**1,781**	1,028
- Other non-audit services	**181**	17
Total audit and non-audit fees	**3,095**	1,965

During the year, PwC performed advisory and support services in relation to mergers and acquisitions projects in particular the acquisition of Cinestar in Germany.

10. Finance income and expenses

Finance income	**Year ended 30 November 2018 £000**	Year ended 30 November 2017 £000
Interest income	**264**	149
Total finance income	**264**	149

Finance expenses	**Year ended 30 November 2018 £000**	Year ended 30 November 2017 £000
Interest on bank loans and senior secured notes	**47,575**	47,097
Amortisation of capitalised finance costs	**3,831**	5,512
Shareholder loan interest	**80,463**	72,158
Interest on obligations under finance leases	**2,884**	3,420
Unwinding of discount factor on provisions	**1,540**	2,059
Unrealised foreign exchange losses	**869**	12,833
Total finance expenses	**137,162**	143,079

Unrealised foreign exchange gains and losses arising on the translation of the Euro denominated senior secured notes and term loan are classified as a financing item.

11. Separately reported items

An analysis of the amount presented as separately reported items within operating profit is given below:

Separately reported items	**Year ended 30 November 2018 £000**	Year ended 30 November 2017 £000
Corporate and organisational restructuring costs	**2,824**	2,832
Acquisition and transaction related costs / (income)	**13,173**	(1,250)
Property costs	**4**	10,571
Share based payments	**1,421**	2,055
Impairment of property plant and equipment and intangibles	**1,328**	2,250
Other	**1,906**	-
Total	**20,656**	16,458

Corporate and organisational restructuring costs

During 2018, the Group incurred £2.8m (2017: £2.8m) in respect of certain structural organisational changes which includes costs incurred in relation to the Group's restructuring activity in Italy. The restructuring activity in Italy was also the main driver of the corporate and organisational restructuring costs incurred in 2017.

11. Separately reported items *(continued)*

Acquisition and transaction related costs

The Group incurs transactional support costs with various external advisers and such costs are recorded in the income statement in accordance with IFRS. During 2018, the main costs were in relation to the Groups refinancing process, pending acquisitions of Cinestar in Germany, Cinema 3D in Poland and the completed acquisition of Showtime Cinemas in Ireland.

Property costs

These costs relate mainly to onerous lease provisions created or released in the year and other property exit costs. In 2018, the £1.4m credit represents the net of additions and releases to onerous lease provisions in the year and £1.4m of costs incurred in relation to other property and closure costs. In 2017 £6.8m was provided in relation to onerous leases.

Share based payments

Share based payments relate to the cost of providing certain shares to employees. These amounts are significant and are non-cash in nature. Refer to note 25 for further details.

Impairment of assets

From time to time impairments are recorded against the value of assets recorded on the Group's balance sheet arising from management's impairment assessment. In the current year management has recorded £1.3m of impairments against the carrying value of property, plant and equipment and intangible assets (2017: £2.3m).

Other

In 2018, the Group incurred £1.4m of costs in relation to a litigation matter. In addition there was £0.5m of costs incurred in the implementation of the General Data Protection Regulation (GDPR).

12. Employees

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Wages and salaries	**108,720**	107,934
Social security costs	**14,652**	12,487
Other pension costs	**2,154**	1,835
Total	**125,526**	122,256

The average monthly number of employees, including Executive Directors and part-time employees, during the year was as follows:

	Year ended 30 November 2018 No.	Year ended 30 November 2017 No.
Cinema	**9,524**	9,196
Administration	**529**	518
Total	**10,053**	9,714

13. Directors' remuneration

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Aggregate remuneration	**2,905**	2,648
Company pension contributions to defined contribution pension schemes	**5**	5
Total	**2,910**	2,653

The highest paid director received remuneration of £1.2m (2017: £1.1m) including pension payments of £5k (2017: £5k).

The directors of the Company are remunerated in respect of their executive management services to both the Company and Group as a whole. Their remuneration is borne by the Company and a portion is recharged to some of the Group undertakings as part of a management service fee. Non executive directors are not remunerated for their services to the Company and Group.

14. Pension commitments

The Group operates a number of defined contribution schemes for its employees. The assets of the plans are held separately from those of the Group in independently administered funds. The Group retains no obligations in respect of these independent funds. Contributions to these funds are made by employees and are matched by equal contributions from the Group. The amount charged to the income statement in respect of these Group funds for the year ended 30 November 2018 amounted to £1.2m (2017: £0.9m).

The Group participates in a mandatory government scheme in Italy where obligations are retained to the date that employees leave the Group. The amount charged to the income statement for the year ended 30 November 2018 amounted to £1.0m (2017: £0.9m).

15. Taxation

	Year ended 30 November 2018	Year ended 30 November 2017
Corporation tax:	**£000**	£000
Current year	**667**	(274)
Group relief receipts	**(10,186)**	(346)
(Over) / Under provision for prior years	**(9,066)**	1,249
Overseas tax suffered	**8,000**	6,528
Total current tax (credit) / charge	**(10,585)**	7,157
Deferred tax (see note 19)		
Timing differences, origination and reversal	**(556)**	(198)
Adjustment attributable to changes in tax rates and laws	**(320)**	201
(Over) / Under provision for prior years	**(1,815)**	994
Total deferred tax	**(2,691)**	997
Total tax (credited) / charged on profit on ordinary activities	**(13,276)**	8,154

15. Taxation *(continued)*

UK Corporation tax is calculated at 19% (2017: 19.33%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled as follows:

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Loss on ordinary activities before tax	**(96,259)**	(92,759)
Tax at the UK corporation tax rate of 19% (2017: 19.33%)	**(18,289)**	(17,930)
Expenses not deductible for tax	**19,831**	20,557
Non-taxable income	**(4,846)**	(2,743)
Effect of different tax rates of foreign subsidiaries and branch	**1,293**	1,634
Adjustment attributable to changes in tax rates and laws	**(320)**	201
Tax (overprovided) / underprovided in prior periods	**(10,881)**	2,243
Tax losses (utilised) / carried forward	**(64)**	4,192
Tax (credit) / expense for the year	**(13,276)**	8,154

During the year the Group reviewed its UK tax position and changed the allocation of non-tax deductible interest expenses relating to its UK operations. In the current period the disallowance for non-tax deductible interest expenses is taken in an indirect UK parent undertaking of the Company, whereas in previous periods the interest disallowance was taken in an indirect subsidiary of the Company. The change in approach resulted in a change to the presentation of the tax expense disclosure for current period due to the prior year adjustments arising and the tax expense related to the non-tax deductible interest being incurred outside of the Group.

The standard rate of corporation tax in the UK changed from 20.0% to 19.0% with effect from 1 April 2017. Accordingly, the Company profits for this accounting period are taxed at an effective rate of 19%. A further reduction to 17.0% (effective 1 April 2020) was enacted by Parliament that received Royal Assent on 15 September 2016.

16. Property, plant and equipment

	Freehold Land and Buildings	Long Leasehold Land and Buildings	Short Leasehold Land and Buildings	Furniture, Fixtures and Equipment	Assets under Construction	Total
Cost	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 December 2016	6,789	99,397	303,325	144,756	6,492	560,759
Additions	-	217	16,096	18,215	10,466	44,994
Disposals	-	-	(2,502)	(5,149)	(118)	(7,769)
Transfers (note 17)	-	260	4,435	6,191	(11,725)	(839)
Foreign exchange movement	193	3,999	3,922	5,184	137	13,435
As at 30 November 2017	6,982	103,873	325,276	169,197	5,252	610,580
Accumulated depreciation and impairment						
At 1 December 2016	2,147	69,039	96,072	49,712	-	216,970
Charge for the period	299	3,792	26,292	24,617	-	55,000
Impairment	-	-	662	1,570	-	2,232
Disposals	-	-	(727)	(4,388)	-	(5,115)
Fair value adjustments	-	-	-	127	-	127
Foreign exchange movement	33	2,410	1,259	2,226	-	5,928
As at 30 November 2017	2,479	75,241	123,558	73,864	-	275,142
Cost						
At 1 December 2017	**6,982**	**103,873**	**325,276**	**169,197**	**5,252**	**610,580**
Additions	**-**	**275**	**14,131**	**13,681**	**1,446**	**29,533**
Disposals	**-**	**-**	**(352)**	**(4,375)**	**(37)**	**(4,764)**
Transfers (note 17)	**9**	**138**	**1,177**	**3,465**	**(5,039)**	**(250)**
Foreign exchange movement	**(11)**	**(247)**	**(610)**	**(494)**	**(123)**	**(1,485)**
As at 30 November 2018	**6,980**	**104,039**	**339,622**	**181,474**	**1,499**	**633,614**
Accumulated depreciation and impairment						
At 1 December 2017	**2,479**	**75,241**	**123,558**	**73,864**	**-**	**275,142**
Charge for the year	**255**	**3,741**	**26,315**	**23,751**	**-**	**54,062**
Impairment	**-**	**-**	**202**	**980**	**-**	**1,182**
Disposals	**-**	**-**	**(279)**	**(4,267)**	**-**	**(4,546)**
Fair value adjustments	**-**	**-**	**-**	**7**	**-**	**7**
Foreign exchange movement	**-**	**(10)**	**(187)**	**(238)**	**-**	**(435)**
As at 30 November 2018	**2,734**	**78,972**	**149,609**	**94,097**	**-**	**325,412**
Net Book Value						
At 30 November 2018	**4,246**	**25,067**	**190,013**	**87,377**	**1,499**	**308,202**
At 30 November 2017	4,503	28,632	201,718	95,333	5,252	335,438
At 30 November 2016	4,642	30,358	207,253	95,044	6,492	343,789

16. Property, plant and equipment *(continued)*

The net book value of assets held under finance leases, capitalised and included in short-term and long-term leasehold properties amounted to £13.8m (2017: £17.5m). The depreciation charge on the assets held under finance leases was £5.6m (2017: £6.0m).

Assets under construction mainly relates to assets placed into new cinema sites that had yet to commence trading at the date of these financial statements.

In the year net transfers of £0.3m have been reclassified as intangible assets (2017: £0.8m). Refer to note 17 for further details.

The directors do not consider that there is a material difference between the fair value and cost less depreciation and any impairment of freehold land and buildings.

Impairment

Management approved three year plans are driven by a combination of local management assumptions and Group led strategic initiatives. Key assumptions include market size, competitor behaviour, initiatives related to pricing, and cost efficiencies.

The Group considers each cinema site to be a cash-generating unit ("CGU") and each CGU is reviewed annually for indicators of impairment. The Group estimates value in use using a discounted cash flow model, applying a post-tax discount rate of 8.1% (2017: 7.7%). The future cash flows are based on management approved three year plans. In Years 1 and 2 expected future cash flows are forecast using film scheduling data from distributors. This determines the admissions market size and the film type and mix determine applicable pricing. Years 3 admissions are forecast using historical trend analysis for mature markets or more recent market data for developing markets. Where generic growth rates have been applied these have been based on the most recent IMF forecast in years 1 to 3. A 2.0% growth rate (2017: 2.0%) is applied to estimate the cash flows beyond the three year period up to the end of the life of the lease and all future cash flows are then discounted to their present value.

As a result of the Group impairment test, £1.2m (2017: £2.2m) was recognised as an impairment charge against tangible fixed assets as the carrying value of certain CGUs were deemed to have exceeded their recoverable amounts.

16. Property, plant and equipment *(continued)*

Sensitivity to changes in assumptions

Impairment reviews are sensitive to changes in key assumptions. Sensitivity analysis has been performed on the CGU's calculated recoverable amounts giving consideration to incremental changes in the key assumptions of EBITDA and discount rates.

Discount rate calculations are derived from market data, in part and as a result the models are sensitive to changes. Increases by a factor of 1% and 2% have been applied in the sensitised scenarios on the basis they reflect the range of likely to maximum variances in the rates applied.

The growth rates for EBITDA have been reduced to 1% and nil. EBITDA sensitivities reflect reductions in growth which would largely be driven by changes in admissions and ticket prices. Given admissions trends and ticket price inflation, sensitivities applied are believed to reflect a potential downside scenario.

The impact on the total impairment charge after applying different assumptions to growth rates and discount rates would be as follows:

	Additional impairment £000
EBITDA growth rate in future periods reduced to 1%	**(38)**
No growth in EBITDA in future periods	**(75)**
Discount rate increased by 1 percentage point	**(80)**
Discount rate increased by 2 percentage points	**(162)**

17. Goodwill and intangible assets

	Goodwill	Customer Relationships	Computer software & other development costs	Total
Cost	**£000**	**£000**	**£000**	**£000**
At 1 December 2016	849,572	4,564	21,825	875,961
Additions	-	-	1,932	1,932
Transfers (note 16)	-	747	92	839
Foreign exchange movement	13,134	151	527	13,812
As at 30 November 2017	862,706	5,462	24,376	892,544
Accumulated amortisation				
At 1 December 2016	-	1,660	10,164	11,824
Charge for the period	-	840	2,178	3,018
Impairment	-	-	18	18
Foreign exchange movement	-	41	350	391
As at 30 November 2017	-	2,541	12,710	15,251
Cost				
At 1 December 2017	**862,706**	**5,462**	**24,376**	**892,544**
Additions	**5,553**	**-**	**2,044**	**7,597**
Transfers (note 16)	**-**	**-**	**250**	**250**
Foreign exchange movement	**(2,267)**	**3**	**14**	**(2,250)**
As at 30 November 2018	**865,992**	**5,465**	**26,684**	**898,141**
Accumulated amortisation				
At 1 December 2017	**-**	**2,541**	**12,710**	**15,251**
Charge for the year	**-**	**786**	**3,244**	**4,030**
Impairment	**-**	**-**	**146**	**146**
Foreign exchange movement	**-**	**1**	**6**	**7**
As at 30 November 2018	**-**	**3,328**	**16,106**	**19,434**
Net Book Value				
At 30 November 2018	**865,992**	**2,137**	**10,578**	**878,707**
At 30 November 2017	862,706	2,921	11,666	877,293
At 30 November 2016	849,572	2,904	11,661	864,137

17. Goodwill and intangible assets *(continued)*

Additions to goodwill

On 2 of July 2018 the Company acquired 100% of the share capital of Showtime Cinemas (Ashborne) Limited and Showtime Cinemas (Limerick) Limited, together known as the Showtime group ("Showtime"). Showtime comprised of two sites and 13 screens. The Group has applied acquisition accounting to record the value of the assets and liabilities at either their fair value or book value at the date of acquisition. Additions to goodwill arising upon acquisitions are provisional in the first full financial year following each individual acquisition.

	Fair value to the Group
	£000
Tangible fixed assets	**855**
Cash	**55**
Stock	**28**
Debtors	**163**
Creditors	**(127)**
Finance leases	**(363)**
Deferred tax liabilities	**(121)**
Net assets acquired	**490**
Consideration satisfied by:	
Cash consideration	**6,043**
Additions to goodwill	**5,553**

Impairment testing of goodwill and intangible assets

The Group allocates goodwill to territories which are considered to be groups of cash-generating units ("CGUs") for the purposes of goodwill impairment testing. The carrying amount of each CGU is then compared to the recoverable amount. The recoverable amount is deemed to be the higher of the CGU's value in use or fair value less costs to sell.

The Group considers each cinema site to be a cash generating unit ("CGU") and each CGU is reviewed annually for indicators of impairment. The Group estimates value in use using a discounted cash flow model, applying a post-tax discount rate of 8.1% (2017: 7.7%). The future cash flows are based on management approved three year plans.

In Years 1 and 2 expected future cash flows are forecast using film scheduling data from distributors. This determines the admissions market size and the film type and mix determine applicable pricing. Years 3 admissions are forecast using historical trend analysis for mature markets or more recent market data for developing markets.

A 2.0% growth rate (2017: 2.0%) is applied to estimate the cash flows beyond the three year period up to the end of the life of the lease and all future cash flows are then discounted to their present value.

No impairment was booked to goodwill (2017: £nil) following the Group impairment test.

17. Goodwill and intangible assets *(continued)*

Impairment testing of goodwill and intangible assets *(continued)*

Management has conducted sensitivity analysis of the key assumptions in the impairment test of each CGU and the Group of units carrying value. Management believe that any reasonably possible change in the growth or discount rate on which recoverable amounts are based would not cause the carrying value to exceed its recoverable amount for any of the CGU's assessed.

As a result of the Group impairment test, £146k (2017: £18k) was booked as an impairment charge against intangible assets as the carrying value of certain CGUs were deemed to have exceeded their recoverable amounts.

18. Investments

The investments in which the Company has an interest are listed in note 29. An analysis of the Group's investments is as follows:

	Investments in associates £000	Investments in joint ventures £000	Total £000
At 1 December 2017	**77**	**353**	**430**
Additions	**-**	**-**	**-**
Share of (loss)	**-**	**(264)**	**(264)**
Foreign exchange movement	**-**	**-**	**-**
30 November 2018	**77**	**89**	**166**
Net book value			
As at 30 November 2018	**77**	**89**	**166**
As at 30 November 2017	77	353	430

19. Deferred tax

	30 November 2018 £000	30 November 2017 £000
Deferred tax assets	**33,594**	32,076
Deferred tax liabilities	**(3,335)**	(4,269)
Net deferred tax assets	**30,259**	27,807
Analysis of movement of type		
Depreciation in excess of capital allowances	**9,723**	11,948
Tax losses carried forward	**11,492**	10,893
Other timing differences	**9,044**	4,966
Provision for deferred tax	**30,259**	27,807
Analysis of movement in provision		
Provision at start of period	**27,807**	27,959
Credited / (charged) to profit and loss account	**2,691**	(997)
Transfers to / from translation reserve - foreign exchange movements	**(239)**	845
Provision at end of year	**30,259**	27,807

20. Inventories

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Inventories	**5,423**	5,199
Total	**5,423**	5,199

During the year ended 30 November 2018 £0.7m (2017: £0.4m) was charged to the Consolidated Income Statement for slow moving and obsolete inventories.

The cost of inventories recognised as an expense amounted to £38.9m (2017: £34.8m).

21. Trade and other receivables

	30 November 2018 £000	30 November 2017 £000
Non-current	**2,911**	3,011
Current	**84,434**	61,105
Total	**87,345**	64,116

	30 November 2018 £000	30 November 2017 £000
Trade receivables	**39,190**	26,892
Allowance for doubtful debts	**(4,365)**	(4,042)
Amounts receivable from parent undertakings	**19,261**	-
Other receivables	**12,471**	17,973
Prepayments	**20,788**	23,293
Total	**87,345**	64,116

Trade receivables are non-interest bearing. Credit terms offered to customers vary based on the territory of operation. The activity primarily includes screen advertising revenue, business to business (B2B) and corporate partnerships. As at 30 November 2018 trade receivables of £4.4m (2017: £4.0m) were provided for. Amounts past due but not impaired are £4.3m (2017: £3.5m).

Other receivables include unbilled debtors and rental deposits.

Amounts receivable from parent undertakings are trading balances which are unsecured and non-interest bearing.

The ageing of trade receivables is as follows:

	30 November 2018 £000	30 November 2017 £000
0-30 days	**30,558**	19,342
31-60 days	**2,168**	906
60+ days	**6,464**	6,644
Total	**39,190**	26,892

21. Trade and other receivables *(continued)*

Movements on the Group provision for impairment of trade receivables are as follows:

	30 November 2018 £000	30 November 2017 £000
Opening balance	**4,042**	4,357
Provision for impairment	**718**	246
Receivables written off during the year as uncollectable	**(321)**	(563)
Unused amounts reversed	**(66)**	(137)
Foreign exchange movements	**(8)**	139
Closing balance	**4,365**	4,042

22. Cash and cash equivalents

	30 November 2018 £000	30 November 2017 £000
Cash at bank	**116,140**	116,135
Total	**116,140**	116,135

The cash held in bank deposits includes £5.3m (2017: £4.2m) relating mainly to restricted cash for bank guarantees in Germany and the Netherlands.

23. Trade and other payables

	30 November 2018 £000	30 November 2017 £000
Non-current	**52,232**	53,032
Current	**187,587**	176,338
Total	**239,819**	229,370

	30 November 2018 £000	30 November 2017 £000
Trade payables	**49,722**	48,429
Accrued expenses	**85,206**	79,712
Other payables	**11,761**	7,255
Amounts payable to group undertakings	**-**	275
Other taxation and social security	**1,844**	2,061
Deferred income	**91,286**	91,638
Total	**239,819**	229,370

Trade payables and amounts payable to group undertakings are non-interest bearing. Normal settlement terms vary based on the territory of operation.

Deferred income includes landlord contributions of £50.1m (2017: £50.9m). Landlord contributions are capitalised when received and amortised over the term of the lease. Other payables include wages payable, payroll deductions, pension payables and deferred consideration.

24. Interest-bearing loans and other financial liabilities

The contractual terms of the Group's interest-bearing loans and other financial liabilities together with details of the Group's exposure to credit, liquidity, interest rate and foreign currency risk are as follows:

	30 November 2018 £000	30 November 2017 £000
Non-current		
Interest-bearing loans and bank borrowings	**1,528,501**	1,443,513
Finance lease liabilities	**20,970**	26,573
Total	**1,549,471**	1,470,086
Current		
Finance lease liabilities	**6,125**	6,825
Total	**6,125**	6,825
Total-Interest bearing loan and other financial liabilities	**1,555,596**	1,476,911

The terms and conditions of outstanding loans were as follows:

	Current		**Non-Current**		**Total**	
	30 November 2018 £000	30 November 2017 £000	**30 November 2018 £000**	30 November 2017 £000	**30 November 2018 £000**	30 November 2017 £000
Senior secured note - £300m	**-**	-	**297,648**	296,211	**297,648**	296,211
Senior secured note - €360m	**-**	-	**312,974**	310,611	**312,974**	310,611
Senior secured loan - €120m	**-**	-	**104,085**	103,636	**104,085**	103,636
External loans	**-**	-	**601**	603	**601**	603
Shareholder loan notes	**-**	-	**813,398**	732,933	**813,398**	732,933
Total	**-**	-	**1,528,706**	1,443,994	**1,528,706**	1,443,994
Less:						
Revolving credit facility capitalised fees	**-**	-	**(205)**	(481)	**(205)**	(481)
Total interest-bearing loans and borrowings	**-**	-	**1,528,501**	1,443,513	**1,528,501**	1,443,513
Finance lease liabilities	**6,125**	6,825	**20,970**	26,573	**27,095**	33,398
Total interest-bearing loans and borrowings	**6,125**	6,825	**1,549,471**	1,470,086	**1,555,596**	1,476,911

24. Interest-bearing loans and other financial liabilities *(continued)*

Revolving credit facility

The Group is able to draw on a £60m multicurrency revolving credit and overdraft facility with Lloyds Bank plc. This facility is partially utilised to provide landlord guarantees for our Italian business. At 30 November 2018 there were no working capital drawings on the facility (2017: nil). The facility is available until 8 January 2020 following its recent extension (see note 33). The facility bears interest at LIBOR, EURIBOR, CIBOR (Denmark) or WIBOR (Poland) depending on the currency drawn down plus a margin of 3.50%.

Costs incurred in obtaining the revolving credit facility are capitalised and are allocated to the Consolidated Income Statement over the life of the related debt facility. At 30 November 2018 the unamortised issue costs were £0.2m (2017: £0.5m).

Senior secured notes

Senior secured floating rate Euro denominated notes of €290m were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps. Interest is payable on a quarterly basis. An Original Issue Discount fee (OID) of €1.6m (£1.3m) was paid on the date of issue of the notes.

A further €70m issue of the senior secured floating rate Euro denominated notes occurred on 11 November 2014 with the same terms as the previous notes. The termination date is 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps and is payable on a quarterly basis. An Original Issue Discount fee (OID) of €1.9m (£1.4m) was paid on the date of issue of the notes. Senior secured fixed rate Sterling denominated notes of £300m were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is fixed at 7.875% and payable on a semi-annual basis.

A senior secured floating rate Euro denominated term loan of €120m was issued on 29 July 2016. Interest is floating at three month EURIBOR plus a margin of 550 bps. Interest is payable on a quarterly basis. An Original Issue Discount Fee (OID) of €0.6m (£0.5m) was paid on the date of issue of the loan. This loan is repayable on 29 July 2023.

Shareholder loan notes

Shareholder loans bear interest of 11.0% and have a termination date of 9 August 2033. Early repayment cannot be requested by the shareholders before the termination of the senior secured notes. Interest roll up and capital is repayable on the termination date.

Security

The senior secured notes and revolving credit facility are secured by cross guarantees and charges over certain of the Group's shares and assets.

Senior debt capitalised issue costs

Costs incurred in issuing the senior debt are capitalised and are allocated to the Consolidated Income Statement over the life of the related debt facility. At 30 November 2018 borrowings are stated net of unamortised issue costs of £7.3m (2017: £11.1m).

24. Interest-bearing loans and other financial liabilities *(continued)*

External loans

External loans relate to loans from the German Federal Film Fund (FFA). These loans have a variety of maturity dates with the last due to be repaid in 2022.

Finance lease liabilities

The maturity of obligations under finance leases is as follows:

Minimum amounts payable under finance leases:	**30 November 2018 £000**	30 November 2017 £000
- within one year	**8,428**	9,215
- in two to five years	**20,467**	26,431
- over 5 years	**6,163**	8,554
Total	**35,058**	44,200
Less finance charges on finance lease liabilities	**(7,963)**	(10,802)
Present value of lease obligations	**27,095**	33,398

25. Share-based payments

Vue International Holdco Limited, the ultimate parent undertaking, operates one senior executive share-based payment scheme. The plan was established on 8 August 2013 at which date 1,000,000 ordinary “D” shares were authorised for issue to the scheme.

As at the balance sheet date, 1,000,000 (2017: 1,000,000) D shares had been issued to members of the scheme or to an Employee Benefit Trust. Of this number, 700,000 shares were allotted in 2013 and are subject to put options. Two classes of put options were issued, both of which are (subject to various conditions) exercisable in two tranches. For the first class of option (issued to certain senior executives), the first tranche becomes exercisable after 5 years (or on a change of the ultimate controlling parties of Vue International Holdco Limited, if this occurs earlier) whilst the second tranche becomes exercisable on completion of the exercise of the first tranche. For the second class of option, the first tranche becomes exercisable after 66 months (or on a change of the ultimate controlling parties of Vue International Holdco Limited, if this occurs earlier) whilst the second tranche becomes exercisable on the first anniversary of completion of the exercise of the first tranche.

The remaining 300,000 D shares in issue comprise those which were allotted to members of the scheme in 2015 (which are not subject to put options, but vest over a period of 3 years from the date of the commencement of employment of the relevant individuals) and those held by the Employee Benefit Trust (which are not currently subject to put options or to any vesting schedule).

The scheme is accounted for in accordance with IFRS 2 ‘Share-based Payment’ as an equity settled share-based payment scheme. The fair value of this benefit as at the 8 August 2013 grant date is being expensed evenly to the income statement over the vesting period with a corresponding increase in equity.

The charge booked to the income statement was £1.4m (2017: £2.1m). The charge has been fully passed down from Vue International Holdco Limited to the Group as the employment services provided by the beneficiaries of the share-based payment scheme are for the benefit of the Group.

26. Provisions

Analysis of total provisions:	**30 November 2018 £000**	30 November 2017 £000
Current	**1,619**	1,742
Non-Current	**97,871**	104,822
Total	**99,490**	106,564

	Property provisions £000	**Other provisions £000**	**Total £000**
At 1 December 2017	102,555	1,742	**104,297**
Additions during year	9,525	777	**10,302**
Utilised during the year	(7,529)	(863)	**(8,392)**
Released during the year	(10,270)	-	**(10,270)**
Discount factor unwind	1,540	-	**1,540**
Foreign exchange movement	(11)	(37)	**(48)**
At 30 November 2018	**95,810**	**1,619**	**97,429**

Property provisions

Property provisions relate to onerous leases, dilapidations and other property liabilities including the straight lining provision for rent created on conversion to IFRS from UK GAAP. The remaining provision will be utilised over the period to the next rent review date or the remaining lease life depending on the terms of the lease. The discount rate range used in the period was 0.8% - 3.0% (2017: 7.7%).

Other provisions

Other provisions relate to claims currently going through legal process. Further contingent liabilities in relation to one of these claims are disclosed in note 32.

	Jubilee retirement £000
At 1 December 2017	**2,267**
Contribution during year	**(59)**
Remeasurement	**(149)**
Foreign exchange movement	**2**
At 30 November 2018	**2,061**

Jubilee retirement provision

This provision is for one-off payments to Italian employees upon retirement as required by Italian law. The provision is calculated by local Italian actuaries annually with reference to assumptions on final salary, employee movements and inflation rates. Actuarial gains and losses are recorded in other comprehensive income with the provision being discounted at the Italian actuarial rate.

27. Financial instruments

(a) Fair value of financial instruments

Fair value hierarchy

Financial instruments are held at amortised costs. The carrying values of each class of financial assets and liabilities are considered to be the fair value amounts at the balance sheet date, with the exception of borrowings and finance leases. The classifications of the Group's financial assets and liabilities at the balance sheet date are shown in the table below:

	30 November 2018	
Financial Assets per the balance sheet		
	Assets at amortised costs	**Fair value of assets at amortised costs**
Group	**£000**	**£000**
Trade and other receivables excluding prepayments	**66,557**	**66,557**
Cash and cash equivalents	**116,140**	**116,140**
Total	**182,697**	**182,697**

Financial Liabilities per the balance sheet	**Liabilities at amortised cost**	**Fair value of liabilities at amortised costs**
Group	**£000**	**£000**
Borrowings (excluding finance lease liabilities)	**1,528,501**	**631,630**
Finance lease liabilities	**27,095**	**18,527**
Trade and other payables excluding non-financial liabilities	**146,689**	**146,689**
Total	**1,702,285**	**796,846**

	Carrying amount	Contractual cash flows	0-1 Year	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000
Secured notes	**714,707**	**(723,094)**	**-**	**(723,094)**	**-**
Shareholder loan notes	**813,398**	**(813,398)**	**-**	**-**	**(813,398)**
Leases	**27,095**	**(35,058)**	**(8,428)**	**(20,467)**	**(6,163)**
Trade and other payables excluding non-financial liabilities	**146,689**	**(146,689)**	**(146,689)**	**-**	**-**
Other	**396**	**(603)**	**-**	**(603)**	**-**
Total	**1,702,285**	**(1,718,842)**	**(155,117)**	**(744,164)**	**(819,561)**

27. Financial instruments *(continued)*

(a) Fair value of financial instruments *(continued)*

Fair value hierarchy *(continued)*

	30 November 2017	
Assets per the balance sheet	Assets at amortised costs	Fair value of assets at amortised costs
Group	£000	£000
Trade and other receivables excluding prepayments	40,823	40,823
Cash and cash equivalents	116,135	116,135
Total	156,958	156,958

Liabilities per the balance sheet

Group	Liabilities at amortised cost £000	Fair value of liabilities at amortised costs £000
Borrowings (excluding finance lease liabilities)	1,443,513	590,046
Finance lease liabilities	33,398	20,975
Trade and other payables excluding non-financial liabilities	135,671	135,671
Total	1,612,582	746,692

	Carrying amount £'000	Contractual cash flows £'000	0-1 Year £'000	2-5 years £'000	More than 5 years £'000
Secured notes	710,458	(722,758)	-	(722,758)	-
Shareholder loan notes	732,933	(732,933)	-	-	(732,933)
Leases	33,398	(44,200)	(9,215)	(26,431)	(8,554)
Trade and other payables excluding non-financial liabilities	135,671	(135,670)	(135,670)	-	-
Other	122	(603)	-	(603)	-
Total	1,612,582	(1,636,164)	(144,885)	(749,792)	(741,487)

Trade and other receivables

Trade and other receivables are carried at recoverable amount, less provisions for any amount where recovery is doubtful. All trade and other receivables are expected to be short-term and therefore no discounting of future cash flow is required.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount.

27. Financial instruments *(continued)*

Interest-bearing borrowings and finance lease liabilities

Fair value, which, after initial recognition is determined for disclosure purposes only, is calculated based on the expected future cash outflows.

Trade and other payables

Trade and other payables are carried at the face value of the payable. All trade and other payables are expected to be short-term and therefore no discounting of future cash flow is required. The fair value of trade and other payables approximate the carrying value.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and from the Group's receivables from customers.

The Group seeks to ensure that the banks used for the financing of the loan facilities have an acceptable credit rating by independent credit rating agencies.

The Group's operations are principally retail and so the exposure to credit risk is minimal. The Group periodically reviews its receivables and makes appropriate allowances where recovery is deemed to be doubtful.

(c) Liquidity risk

Liquidity risk is risk that the Group will not be able to meet its financial obligations as they fall due.

The directors believe that the Group will be able to continue to meet its need for liquidity from the Group's existing cash balances and facilities. The Group monitors its headroom monthly, forecasts its cash flow on a quarterly basis for approximately a year ahead, and monitors its financing agreements on a monthly basis to ensure that there are no unforeseen liquidity issues.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk – foreign currency risk

The Group has operations in Ireland, Continental Europe and Taiwan where businesses buy and sell goods and services in their local currencies rather than Pounds Sterling. As a result, the value of the Group's non-sterling revenues, purchases, financial assets and liabilities, and cash flows can be affected by movements in exchange rates. The majority of foreign operations income and expenditure are within the functional currency of the foreign operator providing natural hedging in these currencies. The board does not consider there to be any significant unmitigated foreign currency risk in relation to the Group's pre-tax result.

27. Financial instruments *(continued)*

Sensitivity analysis

In managing currency risks, the Group aims to reduce the impact of short-term fluctuations on the Company and foreign Group's earnings. Over the longer term, however, permanent changes in foreign exchange rates would have an impact on consolidated earnings. This impact would be mitigated by many factors both internal and external, making it impossible to estimate the size of that impact. A change of 1 Euro cents in foreign exchange rates applied to the Group's borrowings as at the balance sheet date would increase or decrease profit or loss for a full year by £3.8m and £3.7m respectively. Due to the natural hedge inbuilt in the Group operations any movements in Euro denominated borrowings are offset by movements in the Euro denominated earnings.

Market risk – interest rate risk

At the balance sheet date the interest rates for the Group's interest-bearing financial instruments are as described in note 24.

The directors continue to monitor the exposure on an ongoing basis and may put interest rate swaps in place in the future.

Sensitivity analysis

A change of 10 basis points in interest rates applied to the Group's borrowings as at the balance sheet date would increase or decrease profit or loss for a full year by £0.5m.

(e) Capital management

The Group's objective when managing capital is to enable the ongoing trade and expansion of its operations and to safeguard its ability to continue as a going concern in order to provide returns for shareholders, provide benefits for the other stakeholders, and to maintain an optimal capital structure.

The directors look to optimise the debt and equity balance and to maintain adequate liquidity. There were no changes in the Group's approach to capital management during the year. The funding requirements of the Group are met by cash generated from operations and access to external borrowings.

28. Share capital

	30 November 2018	30 November 2017
Allotted, issued and fully paid	**£000**	£000
4,718,100 (2017: 4,718,000) Ordinary shares of £1 each (2017: £1 each)	**4,718**	4,718
Total	**4,718**	4,718

The Company has one class of ordinary shares which carry no right to fixed income.

29. Subsidiaries, joint ventures and associates

The Group, headed by Vue International Bidco plc, is incorporated in the UK and holds a number of subsidiaries and associates directly and indirectly which operate and are incorporated around the world.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in subsidiary undertakings do not differ from the voting rights held. This note lists all related undertakings of the Group. Information about the composition of the Group at the end of the reporting period is as follows:

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Direct subsidiary undertakings			
Vue Entertainment International Limited	Jersey	100%	44 Esplanade, St Helier, Jersey, JE4 9WG
Indirect subsidiary undertakings			
Vue Holdings (Jersey) Limited	Jersey	100%	44 Esplanade, St Helier, Jersey, JE4 9WG
Vue Holdings (UK) Limited	UK	100%	10 Chiswick Park 566 Chiswick High Road London, W4 5XS
Vue Entertainment Investment Limited	UK	100%	
Vue Booking Services Limited	UK	100%	
Vue Entertainment Holdings Limited	UK	100%	
Vue Entertainment Holdings (UK) Limited	UK	100%	
A3 Cinema Limited	UK	100%	
Aurora Holdings Limited	UK	100%	
Aurora Cinema Limited	UK	100%	
Ster Century (UK) Limited	UK	100%	
SBC Portugal Limited	UK	100%	
Vue Theatres (UK) Limited	UK	100%	
Vue Cinemas Limited	UK	100%	
Vue Cinemas (UK) Limited	UK	100%	
Apollo Cinemas Limited	UK	100%	
Vue Services Limited	UK	100%	
Shake UK Newco Limited	UK	100%	
Treganna Bidco Limited	UK	100%	
Vue Properties Limited	UK	100%	
Tulip UK Newco Limited	UK	100%	
Vue Entertainment Limited	UK	100%	
Winslow sp. z.o.o (In liquidation)	Poland	100%	ul. Nowogrodzka 50 00-695 Warsaw Poland

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
SBC Italia S.r.l (In liquidation)	Italy	100%	Via Cristoforo Colombo, 80 00147 - Roma
Spean Bridge Luxembourg S.a.r.l	Luxembourg	100%	49 boulevard du Prince Henri Luxembourg
Spean Bridge Luxembourg Investments S.a.r.l	Luxembourg	100%	
Spean Bridge Taiwan S.a.r.l	Luxembourg	100%	
CinemaxX Danmark A/S	Denmark	95%	Kalvebod Brygge 57 1560 Copenhagen V. Denmark
CinemaxX Entertainment GmbH & Co. KG	Germany	100%	Valentinskamp 18-20 20354 Hamburg Germany
CinemaxX MaxXtainment GmbH	Germany	75%	
CinemaxX Movietainment GmbH	Germany	100%	
CinemaxX Cinema GmbH & Co. KG	Germany	100%	
Verwaltung CinemaxX Cinema GmbH	Germany	100%	
CinemaxX Cinetainment GmbH	Germany	100%	
CinemaxX Holdings GmbH	Germany	100%	
CinemaxX Entertainment Verwaltungsgesellschaft GmbH	Germany	100%	
Vue Beteiligungs GmbH	Germany	100%	
Multikino Media Sp. z o.o.	Poland	100%	2 ul. Przesko Warsaw 00-032 Poland
Multikino S.A.	Poland	100%	
Vue Movie Distribution Sp.z o.o	Poland	100%	
SBC Taiwan Limited	Taiwan	100%	4F, 5F, 6F and 7F. No.501, Sec. 2 Zhongyuan Rd. Zhongli Dist. Taoyuan City 320 Taiwan
SIA Multikino Latvia	Latvia	100%	Mūkusalas iela 71, Rīga, LV-1004 Latvia

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
The Space Cinema 1 SpA	Italy	100%	Piazza Augusto Imperatore 3 - 00186 - Roma
The Space Cinema 2 SpA	Italy	100%	
The Space Cinema 4 S.r.l	Italy	100%	
The Space Cinema 3 S.r.l	Italy	100%	Via Breda 11 - 35010 - Limena (PD)
The Space Cinema 5 S.r.l	Italy	100%	
The Space Cinema 6 S.r.l	Italy	100%	
The Space Cinema 7 S.r.l	Italy	100%	
The Space Entertainment SpA	Italy	100%	Via Pietro Mascagni 14 - 20122 – Milano
Capitolosette S.r.l	Italy	100%	
UAB Multikino Lietuva	Lithuania	100%	J.Jasinskio str. 16B Vilnius Lithuania
Vue Italy SpA	Italy	100%	Via Monte Rosa 91 - 20149 - Milano
Vue Nederland B.V.	Netherlands	100%	Danzigerkade 2D 1013 AP Amsterdam The Netherlands
Vue Cinemas B.V.	Netherlands	100%	
Vue Kerkrade B.V.	Netherlands	100%	
Vue Deventer B.V.	Netherlands	100%	
Vue Steenwijk B.V.	Netherlands	100%	
Vue Meppel B.V.	Netherlands	100%	
Vue Hoogeven B.V.	Netherlands	100%	
Aurora Cinema (Ireland) Limited	Ireland	100%	70 Sir John Rogerson's Quay Dublin 2, Ireland
Vue Entertainment Holdings (Ireland) Limited	Ireland	100%	6th Floor, South Bank House, Barrow St, Dublin 4
Showtime Cinemas (Ashbourne) Limited	Ireland	100%	6th Floor, South Bank House, Barrow St, Dublin 4
Showtime Cinemas (Limerick) Limited	Ireland	100%	6th Floor, South Bank House, Barrow St, Dublin 4
Joint ventures and associates			
Joint Ventures			
Red Carpet Cinema Communication Verwaltungs GmbH	Germany	50%	Valentinskamp 18-20 20354 Hamburg Deutschland Germany
Red Carpet Cinema Communication GmbH & Co. KG	Germany	50%	
Digital Cinema Advertising – DCA S.r.l	Italy	50%	Piazza Duse Eleonora 2 20122 Milan Italy

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Associates			
Kino.dk A/S	Denmark	26%	Kalvebod Brygge 57, 1560 Copenhagen V., Denmark
Cineplex GmbH Mannheim & Co. KG	Germany	10%	P4, 6; 68161 Mannheim; Germany
Multiplex-Kino GmbH & Co. Objekt Veitschochheimer Staße KG	Germany	5.5%	Nonnenstraße 44; 04229 Leipzig; Germany
DeinKinoticket GmbH	Germany	19%	Schlosserstr. 4; 80336 München; Germany
UFA Theater GmbH	Germany	10%	c/o P + P Pöllath + Partner, Zeil 127 60313 Frankfurt am Main

Non-controlling interests of £149k (2017: £147k) relates to a 5% holding in CinemaxX Danmark A/S. The movement from 2018 reflects the profit for the year attributable to the non-controlling interest set off against the dividend paid.

30. Commitments

(a) Capital commitments

At 30 November 2018 the Group had capital commitments as follows:

	30 November 2018 £000	30 November 2017 £000
Contracted for but not provided for in these financial statements	**8,072**	8,217
Total	**8,072**	8,217

(b) Operating lease commitments

The Group's future minimum lease payments under non-cancellable operating leases are as follows:

	30 November 2018 £000	30 November 2017 £000
No later than 1 year	**143,068**	145,099
Later than 1 year and no later than 5 years	**522,974**	535,962
Later than 5 years	**665,293**	781,125
Total	**1,331,335**	1,462,186

31. Operating cash flow

	Year ended 30 November 2018	Year ended 30 November 2017
	£000	£000
Operating profit before tax	**40,902**	50,171
Adjustment for:		
Depreciation	**54,062**	55,000
Amortisation	**4,030**	3,018
Impairment charge	**1,328**	2,250
Decrease in provisions	**(8,883)**	(2,396)
Increase in inventories	**(211)**	(513)
(Increase) / Decrease in trade and other receivables	**(4,631)**	1,697
Increase/(decrease) in trade and other payables	**8,709**	(160)
Shared based payment (non cash)	**1,421**	2,055
Gain on bargain purchase	**-**	(4,770)
Loss on disposals	**269**	2,320
Other non cash	**444**	(374)
Cash generated from operations	**97,440**	**108,298**
Income taxes paid	**(9,058)**	(10,351)
Net cash inflow from operating activities	**88,382**	97,947

Net debt reconciliation

	Cash and Bank £'000	**Senior Secured notes and loan £'000**	**Share-holder loans £'000**	**External Loans £'000**	**Capitalised fees £'000**	**Finance leases £'000**	**Other interest payments £'000**	**Total £'000**
Net debt as at 01 December 2016	102,946	(693,175)	(660,302)	(552)	759	(38,859)	-	(1,289,183)
Cash flows	9,944	44,849	-	(34)	-	10,115	2,103	66,977
Foreign exchange adjustments	3,245	(13,689)	-	(17)	-	(1,256)	-	(11,717)
Other charges	-	(48,443)	(72,631)	-	(278)	(3,398)	(2,103)	(126,853)
Capitalised fees								-
Net debt as at 30 November 2017	**116,135**	**(710,458)**	**(732,933)**	**(603)**	**481**	**(33,398)**	**-**	**(1,360,776)**
Cash flows	411	45,131	-	2	-	9,213	1,456	56,213
Foreign exchange adjustments	(406)	(321)	-	-	-	(32)	-	(759)
Other charges	-	(49,059)	(80,465)	-	(276)	(2,878)	(1,456)	(134,134)
Capitalised fees								
Net debt as at 30 November 2018	**116,140**	**(714,707)**	**(813,398)**	**(601)**	**205**	**(27,095)**	**-**	**(1,439,456)**

Other charges include non cash movements and interest charges.

32. Contingent liabilities

A Contingent liability exists in relation to the other provisions as disclosed in note 26. The identifiable amount as at 30 November 2018 is £2.3m (2017: £nil).

33. Post balance sheet events

On 4 February 2019, the Group agreed an extension to its existing Revolving Credit Facility (RCF) of £60m. This agreement has extended the RCF availability period from August 2019 to 8 January 2020. There have been no other significant events after the end of the reporting period that would require disclosure or adjustment to the financial statements.

34. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its other related parties are disclosed below.

Management fee services

The Company is party to a management services agreement with OMERS Private Equity Inc., PE12GV (Artist) Ltd. and PE12PX (Artist-Management) Ltd, as service providers. Each service provider provides corporate finance, strategic corporate planning and other services. The charge for the year ended 30 November 2018 was £0.4m (2017: £0.4m) which was still outstanding at the end of the year. Payments made in the year £0.4m (2017: £0.4m) related to the prior year's charge.

Key management remuneration

The remuneration of key management personnel of the Group is set out below. Refer to note 13 for Directors' remuneration.

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Remuneration	**4,620**	4,497
Contributions to defined contribution pension schemes	**70**	193
Total	**4,690**	4,690

Key management personnel comprise the Managing Directors of each major market and the Group senior team who are not statutory directors.

Other Related Party Transactions

Ron Sterk, CEO of Vue Netherlands, is a member of the board of NVBF (the Dutch exhibitors association), Scenecs Film Festival and Cinema Digitaal BV. Remon Guitjens, CFO of Vue Netherlands, is a director of Stichting Nationale Bioscoopbon. Alison Cornwell, CFO of the Group, is a member of the board of CMI (Centre for the Moving Image which operates the Edinburgh International Film Festival) and was a member of the board of the BFI (British Film Institute) until May 2018. Timothy Richards, CEO of the Group, is a member of the board of the BFI. During the year the Group had the following transactions take place and amounts outstanding at balance date with these related parties.

34. Related party transactions *(continued)*

	Year ended 30 November 2018		Year ended 30 November 2017	
	Income / (Expense)	**Receivable / (Payable)**	Income / (Expense)	Receivable / (Payable)
	£000	**£000**	£000	£000
NVBF	**(305)**	**(33)**	(278)	(34)
ATF	**-**	**-**	-	-
Scenecs Film Festival	**(6)**	**-**	(4)	-
Cinemas Digitaal BV	**(87)**	**(3)**	(117)	2
Stichting Nationale Bioscoopbon	**1,800**	**-**	1,696	(1)
BFI	**122**	**122**	86	85
Total	**1,524**	**86**	1,383	52

Other Group Entity Related Party Transactions

During the year the Group incurred interest charges of £80.5m (2017: £72.2m) by companies under the ownership of Vue International Holdco Limited Group which are not eliminated on consolidation. As at 30 November 2018 £813.4m (2017: £732.9m) are owed in respect of shareholder loans.

35. Ultimate parent company and controlling party

At 30 November 2018, the immediate parent undertaking of the Company is Vue International Midco Limited.

This set of financial statements, with the Company as parent undertaking, is the smallest group of undertakings for which consolidated Group financial statements are drawn up and publicly available.

At 30 November 2018, Vue International Holdco Limited, a company incorporated in Jersey, is the parent undertaking of the largest Group in which the results of the Company are consolidated. The consolidated financial statements of Vue International Holdco Limited are publicly available and may be obtained from Vue International Holdco Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG.

At 30 November 2018, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC AS AT 30 NOVEMBER 2018

REPORT ON THE AUDIT OF THE COMPANY FINANCIAL STATEMENTS

Opinion

In our opinion, Vue International Bidco plc's Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 November 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Company balance sheet as at 30 November 2018; the Company statement of changes in equity for the year then ended; and the notes to the consolidated financial statements, which include a description of the significant accounting policies.

Basis for opinion

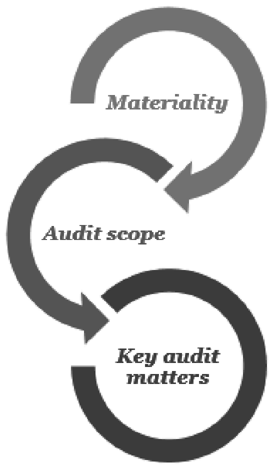
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £15,600,000 (2017: £14,600,000), based on 1% of total assets.

- We tailored our scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as whole.

- Valuation of investments and recoverability of intercompany receivables.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investments and recoverability of intercompany receivables At the balance sheet date, the Company has investments in the Group of £205.0m and intercompany receivables of £1,312.8m. Refer to notes 5 and 6 for further details of these balances. The carrying amounts of the Company's investments in subsidiaries and intercompany receivables represent 97% of the Company's total assets. We do not consider the valuation of these investments and recovery of intercompany receivables to be at a high risk of significant misstatement or to be subject to a significant level of judgement. However, due to their materiality in the context of the Group financial statements as a whole these are considered to be the areas on which the most audit effort is spent.	We assessed the investment carrying values and intercompany receivables in the Company balance sheet against the net asset position of the relevant subsidiary to identify whether the carrying values are supportable. Where the carrying amount exceeded the net asset value of the subsidiary, our procedures were focused on management's value in use calculations, including the evaluation of key assumptions used, and the mathematical accuracy of the calculations. The work we performed did not highlight any issues regarding the recoverability of the carrying value of investments or intercompany receivables at the balance sheet date.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£15,600,000 (2017: £14,600,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

Materiality (continued)

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £780,000 (2017: £730,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on the 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors’ Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors’ Report for the year ended 30 November 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors’ Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC AS AT 30 NOVEMBER 2018

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

OTHER MATTER

We have reported separately on the Group financial statements of Vue International Bidco plc for the year ended 30 November 2018.

JS Jenkins

Julian Jenkins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 February 2019

Vue International Bidco plc

COMPANY BALANCE SHEET
AS AT 30 NOVEMBER 2018

	Note	As at 30 November 2018	As at 30 November 2017
Non-current assets		**£000**	£000
Property, plant and equipment		**281**	267
Intangible assets		**705**	943
Deferred tax asset		**63**	84
Investments	5	**204,976**	204,976
Total non-current assets		**206,025**	206,270
Current assets			
Trade and other receivables	6	**1,346,128**	1,242,662
Cash and cash equivalents		**11,499**	15,208
Total current assets		**1,357,627**	1,257,870
Total assets		**1,563,652**	1,464,140
Current liabilities			
Trade and other payables	7	**211,364**	163,229
Corporate tax payable		**3,591**	3,591
Total current liabilities		**214,955**	166,820
Non-current liabilities			
Interest-bearing loans and borrowings	8	**1,527,899**	1,442,910
Trade and other payables		**102**	37
Total non-current liabilities		**1,528,001**	1,442,947
Total liabilities		**1,742,956**	1,609,767
Net liabilities		**(179,304)**	(145,627)
Equity			
Share capital	9	**4,718**	4,718
Share-based payment reserve		**10,274**	8,853
Retained losses		**(194,296)**	(159,198)
Total equity		**(179,304)**	(145,627)

The financial statements were authorised for issue by the board of directors on 8 February 2019 and are signed on its behalf by

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent company income statement. The loss of the Company for the year was £35.1m (2017: £44.1m).

Stephen Knibbs
Director

Vue International Bidco plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	Share capital £000	Share-based payments reserve £000	Retained losses £000	Total equity £000
Balance at 1 December 2016		4,718	6,798	(115,140)	(103,624)
Loss for the year		-	-	(44,058)	(44,058)
Total comprehensive income for the year		-	-	(44,058)	(44,058)
Credit to equity for equity settled share-based payments		-	2,055	-	2,055
Balance at 30 November 2017	8	4,718	8,853	(159,198)	(145,627)
Balance at 1 December 2017		**4,718**	**8,853**	**(159,198)**	**(145,627)**
Loss for the year		**-**	**-**	**(35,098)**	**(35,098)**
Total comprehensive income for the year		**-**	**-**	**(35,098)**	**(35,098)**
Credit to equity for equity settled share-based payments		**-**	**1,421**	**-**	**1,421**
Balance at 30 November 2018	**8**	**4,718**	**10,274**	**(194,296)**	**(179,304)**

1. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by accordance with the Companies Act 2006, as applicable using FRS 101.

The following exemptions from the requirements of IFRS have been applied in these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13,'Fair value measurement' (disclosure of valuation techniques and inputs used for the fair value measurement of assets and liabilities)
- Paragraphs 38 of IAS 1, ' Presentation of financial statements' comparative information requirements in respect of:
  - Paragraph 79 (a)(iv) of IAS 1
  - Paragraph 73(e) of IAS Property, plant and equipment; paragraph 118(e) of IAS 30 Intangible assets (reconciliations between carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, ' Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 10(f), (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements,
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement of minimum two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statements of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to the year end 30 November 2017. No individual profit or loss account is presented for the Company as permitted by section 408 of the Companies Act 2006.

1. Accounting policies *(continued)*

Going concern

The directors have adopted the going concern basis of preparation in preparing these financial statements. The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. See going concern paragraph on page 40 relating to the Group which are also applicable to the Company.

Investment in subsidiary undertakings

Investments in subsidiaries are held at cost, less any provision for impairment.

Interest-bearing loans, capital and borrowings

Interest-bearing loans, capital and borrowings are initially measured at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loan capital and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to income statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

Current tax including UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Critical accounting estimate and judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions including 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 factors that are considered to be relevant. Actual results may differ from these estimates.

2. Critical accounting estimate and judgements *(continued)*

The 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.

The following are the critical estimates and judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Carry value of investments and Intercompany receivables (estimates)

The Company is required to make certain assumptions about the carrying value of investments and Intercompany receivables. In doing so the Company has made certain assumptions about future cash flows to be generated from each subsidiary. The resulting conclusion is therefore sensitive to these assumptions in respect of future cash flows. However, the directors consider that the assumptions made represent their best estimate of the future cash flows generated by each subsidiary, and of the discount rate used to calculate the present value of those cash flows.

3. Auditors' remuneration

The audit fee for the Company of £5k (2017: £5k) was paid by the Group. Refer to note 9 in the consolidated financial statements for full detail.

4. Operating loss

The Company made an after tax loss of £35.1m during the year (2017: £44.1m).

5. Investments

The investment balances held by the Company during the year are as follows:

	30 November 2018 £000	30 November 2017 £000
Cost and carrying value	**204,976**	204,976

Refer to note 29 in the consolidated financial statements for a list of subsidiaries.

6. Trade and other receivables

	30 November 2018 £000	30 November 2017 £000
Amounts receivable from group undertakings	**1,312,800**	1,213,821
Prepayments	**49**	675
Other debtors	**33,279**	28,166
Total	**1,346,128**	1,242,662

Amounts receivable from group undertakings are loan balances which are unsecured and primarily repayable on demand. The interest rates on these receivable vary from 5% to 9%.

7. Trade and other payables

	30 November 2018 £000	30 November 2017 £000
Amounts payable to group undertakings	**189,907**	148,121
Accrued expenses	**21,457**	15,108
Total	**211,364**	163,229

Amounts payable to group undertakings are trading balances which are unsecured, repayable on demand and non-interest bearing.

8. Loans and borrowings

	30 November 2018 £000	30 November 2017 £000
Senior secured notes - £300m	**297,648**	296,211
Senior secured notes - €360m	**312,974**	310,611
Senior secured term loan - €120m	**104,085**	103,636
Shareholder loan notes	**813,397**	732,933
Total	**1,528,104**	1,443,391
Less:		
Revolving credit facility capitalised fees	**(205)**	(481)
Total	**1,527,899**	1,442,910

9. Share capital

	30 November 2018	30 November 2017
Allotted, issued and fully paid	**£000**	£000
4,718,100 Ordinary shares of £1 each (2017: £1 each)	**4,718**	4,718
Total	**4,718**	4,718

10. Related parties

The Company has taken advantage of the exemption under IAS 24 available to parent companies not to disclose transactions with its wholly owned subsidiaries within its financial statements.

Other Group Entity Related Party Transactions

During the year the Company incurred interest charges of £80.5m (2017: £72.2m) by companies under the ownership of Vue International Holdco Limited. J. Timothy Richards, Alan McNair, Stephen Knibbs, Mark Redman, Peter Teti, Simon Jones, and Jason Peters are directors of both companies. As at 30 November 2018 £813.4m (2017: £732.9m) are owed in respect of shareholder loans.

11. Ultimate parent company and controlling party

At 30 November 2018, the immediate parent undertaking of the Company is Vue International Midco Limited.

At 30 November 2018, Vue International Holdco Limited, a company incorporated in Jersey, is the ultimate parent undertaking. The consolidated financial statements of Vue International Holdco Limited are publicly available and may be obtained from Vue International Holdco Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG.

At 30 November 2018, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

12. Directors' remuneration

The highest paid director received remuneration of £1.2m (2017: £1.1m) including pension contributions of £5k (2017: £5k).

	Year ended 30 November 2018 £000	Year ended 30 November 2017 £000
Aggregate remuneration	**2,905**	2,648
Company pension contributions to defined contribution pension schemes	**5**	5
Total	**2,910**	2,653

The directors of the Company are remunerated in respect of their executive management services to both the Company and Group as a whole. Their remuneration is borne by the Company and a portion is recharged to some of the Group undertakings as part of a management service fee. Non executive directors are not remunerated for their services to the Company and Group.

13. Post Balance Sheet Event

On 4 February 2019, the Company agreed an extension to its existing Revolving Credit Facility (RCF) of £60m. This agreement has extended the RCF availability period from August 2019 to 8 January 2020. There have been no other significant events after the end of the reporting period that would require disclosure or adjustment to the financial statements.