Vue International Bidco plc

Registered number: 08514872

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2020

Vue International Bidco plc

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COMPANY INFORMATION

Directors	J. Timothy Richards Stephen Knibbs Alison Cornwell Peter Teti – Non-Executive Jason Peters – Non-Executive Philip Mauchel – Non-Executive Matthew Baird – 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

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020

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 2020. The comparative period is for the year ended 30 November 2019.

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 2020, the Group operates 225 (2019: 228) cinema sites. 87 (2019: 88) of these sites are in the UK, 36 (2019: 36) in Italy, 44 (2019: 44) in Poland, 31 (2019: 31) in Germany, 19 (2019: 21) in the Netherlands, 3 (2019: 3) in Denmark, 3 (2019: 3) in Eire and 1 (2019: 1) in each of Lithuania and Taiwan.

The Company has secured floating rate debt consisting of two Senior Secured Term Loans and 2nd Lien PIK Notes, which have maturity dates of 3 November 2024, 3 July 2026 and 3 July 2027 respectively. In addition the Company has a £65m Revolving Credit Facility which matures on 3 July 2025. The debt requires quarterly reporting which includes a discussion of the performance of the Group on a pro forma basis.

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

The Group recognised an operating loss of £158.9m (restated 2019: £63.3m profit, see note 3.22) driven primarily by the impact of COVID-19.

The loss for the Group after taxation, finance costs and non-controlling interests amounted to £364.1m (restated 2019: £64.2m). The loss is primarily driven by finance costs of £254.5m (2019: £116.5m). Consolidated EBITDA[1] of £43.5m (2019: £138.6m) is reported before depreciation and amortisation expense of £143.3m (2019: £57.9m), remeasurement gains on right-of-use assets of £4.4m (2019: nil) and separately reported items (as defined in note 3.20 and further details given in note 11) of £63.5m (restated 2019: £17.3m). The increase in separately reported items is driven by impairment of £41.2m (2019: £3.0m) and COVID-19 related costs of £7.6m (2019: nil).

The Group had total assets for the year of £2,159.5m (restated 2019: £1,433.9m). Total liabilities for the Group were £3,054.0m (restated 2019: £1,989.7m), resulting in a net liability position of £894.5m (restated 2019: £555.8m). The transition to IFRS 16 in 2020 had a considerable impact on the Group balance sheet with additional assets of £800.8m and liabilities of £800.8m being at the start of the financial year recognised.

Total net cash inflow for the year amounted to £46.0m (2019: £17.4m) as set out below.

Net cash inflow from operating activities for the year was £46.2m (2019: £111.5m) driven in part by all lease payments being classified as financing outflows under IFRS 16 offset by the impact of COVID-19.

Net cash outflow from investing activities was £25.5m (2019: £26.8m). Capital investment in cinemas and related assets, net of landlord contributions, was £20.0m (2019: £16.1m). Net cash paid for subsidiaries in the current period was £5.7m (2019: £11.3m).

Net cash inflow from financing activities was £25.4m (2019: outflow £67.2m). The inflow in the current period was driven by new financing of £180.0m (2019: £2.0m net of repayment of loans), offset by interest paid during the period of £31.3m (2019: £47.4m) and lease liability payments of £94.0m (2019: £7.3m).

*[1] **Consolidated EBITDA is an alternative performance measure used by management and defined as Group earnings before interest, tax, depreciation, amortisation, and separately reported items.***

Market Environment Trends and Factors Affecting Future and Current Performance

Admissions and Gross Box Office Revenues (GBOR)

In the first quarter of the year, before the COVID-19 pandemic resulted in wide-scale site closures, the Vue Group delivered record admissions figures of 29.3m against 25.5m in the same quarter in 2019 representing a 14.9% increase.

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

The recent trends of market Admissions and GBOR for the five key territories within the Group are shown in the tables below.

Quarter 1 FY20 **Market Admissions (m)**	**2020**	2019	**2020 vs.** **2019**
UK & Ireland	**46.7**	42.1	**10.9%**
Germany	**32.2**	29.6	**8.8%**
Italy	**35.5**	31.0	**14.5%**
Poland	**19.8**	19.6	**1.0%**
Netherlands	**11.0**	10.2	**7.8%**

Quarter 1 FY20 **Market GBOR**	**2020**	2019	**2020 vs.** **2019**
UK & Ireland (£m)	**355.9**	295.3	**20.5%**
Germany (€m)	**287.3**	255.3	**12.5%**
Italy (€m)	**233.6**	204.2	**14.4%**
Poland (PLNm)	**365.1**	365.7	**(0.2)%**
Netherlands (€m)	102.4	332.6	**(69.2)%**

Full year FY20 **Market Admissions (m)**	**2020**	2019	**2020 vs.** **2019**
UK & Ireland	**67.5**	187.6	**(64.0)%**
Germany	**48.1**	110.2	**(56.4)%**
Italy	**41.1**	95.8	**(57.1)%**
Poland	**26.9**	60.6	**(55.6)%**
Netherlands	**18.9**	36.3	**(47.9)%**

Full year FY20 **Market GBOR**	**2020**	2019	**2020 vs.** **2019**
UK & Ireland (£m)	**483.0**	1,330.3	**(63.7)%**
Germany (€m)	**414.1**	955.9	**(56.7)%**
Italy (€m)	**269.1**	624.4	**(56.9)%**
Poland (PLNm)	**492.2**	1,135.2	**(56.6)%**
Netherlands (€m)	**173.9**	334.1	**(47.9)%**

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.

The 2020 financial year began incredibly strongly for the Group with the majority of key metrics in the first quarter delivering positive increases against the same quarter in the prior year despite the closure of 17 sites in northern Italy from 23rd February as a result of the COVID-19 pandemic. By the 17th March all cinemas in the Group were closed with the exception of Taiwan.

Prior to the COVID-19 pandemic Vue had been delivering significant growth from a strong film slate and underlying strategic initiatives. The start of the year saw big Hollywood releases such as Star Wars: The Rise of Skywalker, 1917 and Jumanji and Frozen II perform exceedingly well alongside strong performances from local film releases in Denmark, Poland, Italy and the Netherlands. Local content in Italy represented a significant proportion of the film slate with the Top 3 Local titles in the quarter surpassing GBOR of the Hollywood films.

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

The UK market had seen the two best admissions years since the early 1970s, in 2018 (177m) and 2019 (176.1m) – there were 176m admissions in 1971. In 2019 both the German and Italian markets had recovered strongly after a disappointing film mix in 2018. Poland and the Netherlands were also strong and buoyant markets, both showing continued long term growth in 2019.

During the first lockdown in March 2020 the business focus turned to maintaining and preserving liquidity while developing restart plans including new operating protocols to facilitate customer and staff safety, and comply with social distancing and deliver robust digital marketing to support and drive admissions in the re-opening phase.

The German market was the first to commence re-opening with 3 sites on 21 May. On 29 May Vue's 3 Danish sites opened and on 1 June all 20 sites opened in the Netherlands. Italy began to open with 4 sites on 29 June and the UK and Ireland re-opened on a phased basis through August in time for Christopher Nolan's *TENET,* which was released at the end of August and which has grossed over $360m worldwide box office to date, with European markets and China performing very well. The USA market was largely closed with no cinemas open in key markets including California, New York, Florida and Illinois and as a result only grossed $57.6m, or 16% of the worldwide total. Considering the difficulties that *TENET* faced, the total worldwide gross compares well to Christopher Nolan's Interstellar which grossed $696m worldwide in 2014.

Major USA film content remained in short supply through the first re-opening phase with TENET the only International film of note in the period to November. The major studios moved most of their film opening dates to 2021/22 with the vast majority retaining a theatrical release date. Local content continued to represent an important part of the film slate adding diversification and filling the gap left by Hollywood movies. Both Denmark and the Netherlands delivered impressive results from local content despite operating under new protocols and restrictions, demonstrating that demand is high and people will attend the cinema to enjoy good quality films.

The rapid recovery of cinema in China over the course of 2020 and its record breaking start to the Chinese New Year in February 2021 demonstrates that the willingness and desire to go to the cinema is undiminished.

All Territories delivered a robust market performance when allowed to open and adapted quickly to new operating protocols and government restrictions.

The rollout of vaccines, the evidence of strong cinema attendance seen in the period before the second lockdown, and the strong and rapid recovery of the Chinese market provides confidence that the business will soon return to pre pandemic performance levels in all territories.

BUSINESS MODEL

The Group generates its revenue mainly through the sale of tickets for audiences to view film screenings within its cinemas, in addition to the sale of food and beverages, and also revenues from screen advertising.

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

BUSINESS MODEL *(continued)*

Traditional products such as popcorn, hot dogs, nachos, pick and mix and soft drinks continue to be popular food and beverage choices for audiences. Investment in product range, execution, self-service, foyer and retail layout refurbishments, and the introduction of bar seating areas have increased demand.

On screen advertising continues to provide a consistent source of additional revenue per visitor. In addition the Group has continued to develop other revenue streams including business to business revenue from the hire of auditoria for corporate and private events, and off-screen advertising.

STRATEGY

The Group has identified multiple levers for margin improvement and EBITDA growth through proven initiatives to drive market development and market share growth. Operational levers include automated content scheduling, digital products and marketing, price optimisation and rollout of site best practices across the Territories. Further EBITDA growth will be delivered through investments in technology, new sites and site refurbishments. Whilst the COVID-19 pandemic has re-focused efforts on liquidity and opening protocols, many of the above initiatives have continued to progress.

Content Scheduling

Introduction of automated scheduling software has been proven to drive admissions market share growth in the UK. The software creates algorithm-driven automated film schedules to show the right films at the right time to drive admissions and maximise operating profits. Purchase of software license rights were agreed in 2019, and although rollout across the Group has been delayed by COVID-19, extension of this software to other territories is planned.

Digital Products & Marketing

Vue's online ticket sales have increased significantly in the last 4 years thanks to targeted investments in technology and digital marketing capability. The proportion of tickets sold online was significantly higher in H2 2020 as cinemas reopened after the first lockdown, and Vue is well placed to capitalise on the acceleration of ecommerce that has been observed since the pandemic. Vue will be able to leverage:

- A culture of continuous improvement that enables sustained growth in traffic (visits) and conversation rate (ticket sales) via user experience, search engine optimisation, email, pay per click advertising and social media
- Technologies including Point of Sale Systems, Content Management System, Website Analytics and Email Service Provider that enables customer personalisation, micro targeting and performance optimisation
- Digital marketing partnerships with major studios

Price Optimisation

Pricing is a dynamic initiative enabled by in-house expertise, systems and processes. Price optimisation has long been a core competence for Vue and enables the Group to offer agile pricing strategies to customers that optimise admissions and profit as the industry recovers from the disruption caused by the pandemic.

Operational Best Practice

The Group remains focussed on ensuring continuous improvement in operational costs to achieve efficiencies.

This year the operational teams were focused on the development of new operating protocols to ensure cinemas could operate in a COVID safe manner through social distancing measures and scheduling alterations to ensure staff and customer safety.

A reorganisation of the Group team has enabled the business to centrally leverage its scale across Property, Operations, Purchasing and Commercial functions such as Content Booking, Digital Marketing and PR.

The introduction of Auto Staff Rostering (ASR) software to optimise staff schedules based on daily admissions forecast has driven a better balanced use of cinema operational service hours in the UK. Rollout across the Group will commence in 2021.

In addition the Group introduced a standard Core Operating Model across all Territories driving staff cost efficiencies to hedge against legislative staff cost inflation.

The Group has also continued to leverage its scale in negotiating and securing enhanced supply contracts. During 2020, deals for the provision of confectionery, alcohol, and snacks 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.

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 securing Landlord funding to support major site refurbishments, including the introduction of Full Recliner seating.

Technology

At the start of the year, 6 pilot sites were selected in the UK to install and test I Touchscreen Self Service kiosk technology. It is anticipated this new concept will lead to changes to the operating model which will further reduce operating costs whilst improving the customer experience. Prior to and during, lockdowns the trial Touchscreen Kiosks have performed well, requiring little or no user training and resulting in very positive increases in concession sales. In addition to the cost savings and the user experience enhancements, these units have been well received by customers in the post Covid recovery period as they reduce human interaction at Point of Sale (POS). Work has continued to enhance the technology further ahead of more trials in the UK and future planned trials in other Territories later in 2021 and 2022.

Since the first lockdown in March 2020, 90% of active staff have been working from home in all territories. Despite this change to operating procedures all IT systems have remained accessible throughout the period. The remote access infrastructure has proven to be up to the task of coping with this new model and is itself remotely maintained and managed by the existing IT teams.

The technical infrastructure supporting sites (projectors, servers and ancillary systems) was shut down and started up successfully on more than one occasion. Despite lengthy periods of non-usage, the digital projection and sound equipment has proved extremely robust.

Technology *(continued)*

Despite the lockdown severely restricting travel, it has been possible to complete the rollout of the Vista operating system in Poland to all sites in the C3D circuit acquisition. This means the removal of a superfluous local operating system and the adoption of the Vista corporate standard. This task was achieved with mostly remote activities and minimal local resources visiting each site. The territory is now well positioned to complete the Vista rollout to all other Multikino sites later in 2021.

Alternative uses have been sought for screens use during downtime and solutions successfully delivered. In Italy, a number of sites are being utilised by Universities to provide socially distanced learning spaces, and in the UK a site is being prepared to support Jury activities remotely in Scotland. Premiership football matches have also been selectively shown where there has been local demand.

Wherever possible the technical infrastructure has been scaled down to reduce cost. Whilst all costs cannot be eliminated, flexible cloud based solutions for Vue’s digital platform have been minimised whilst booking transactions remain very low. Despite this, agile solutions have been delivered where needed e.g. cross territory solution for track & trace to support government regulations, and socially distanced online seating plans. This infrastructure can be scaled up quickly as and when demand returns to the circuits.

Vue has been well supported by its long term technology suppliers to reduce costs wherever possible, but maintain required service levels. This collaborative approach to surviving the pandemic together positions Vue well to restart the business quickly and effectively as soon as that is possible.

Site Refurbishments

The Group continues to offer and operate a high quality multiplex estate and customer experience with a number of cinema refurbishments successfully completed in the year, which includes installation of full recliner leather seating and upgrading the foyer retail and bar offering, auditoria screens, sound and projector technology. 9 cinemas were refurbished during 2020 taking the total recliner sites across the group to 29 with 274 screens, 15% of the total portfolio. Currently a further 17 sites with 187 screens have deals agreed for lease re-gears and Recliner seat refurbishments with others to be added in the coming months.

Acquisitions and Integration

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 Sites

As a result of the pandemic capital expenditure was limited to essential activity which resulted in delays to the opening of new sites however site development continued where possible and two sites (Nijmegen, Netherlands and at the St. Enoch Centre, Glasgow UK) have been completed ready to open when lockdown restrictions are lifted.

Section 172(1) statement

The Directors of the Vue International Group continue to work to promote the success of the Company for the benefit of the members as a whole having regard to the interests of stakeholders including customers, employees, suppliers, and the wider community in which it operates.

Read more about:

(a) the likely consequences of any decision in the long term, on pages 7 and 10 to 14;

(b) the interests of the group's employees, on pages 32 to 36;

(c) the need to foster the group's business relationships with suppliers, customers and others, on pages 7 to 9;

(d) the impact of the group's operations on the community and the environment on page 9 and 30;

(e) the desirability of the group maintaining a reputation for high standards of business conduct, on page 15; and

(f) the need to act fairly as between members of the group on page 15.

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:

Impact of COVID-19

The Vue International Major Incident Team (VIMIT) was established in February 2020 to address the risks to the business from the impact of COVID-19. Key actions were communicated to Group and Territories for immediate implementation including the cancellation of all non-essential operating and capital expenditure, hiring and travel. Implementation of Group wide communications and video conferencing tools to promote remote working were rolled out as a priority to ensure business critical activity continued whilst respecting government restrictions.

In addition a Liquidity Taskforce was established to manage short and medium term liquidity and to improve the longer term position which involved discussions and negotiations with employees, suppliers, government and debt providers.

In preparation for re-opening research was undertaken in all markets to implement new operating protocols and understand consumer behaviours and needs from the cinema experience in the post-lockdown period. Building confidence over a period of time through attention to excellent operating protocols was a key point and guided us as we re-opened.

Impact of COVID-19 *(continued)*

The safety of our staff and customers is our top priority. We adapted the movie-going experience in line with government regulations and we have innovated quickly to make the experience even safer. Between reopening in the summer and the latest lockdowns we welcomed back over 6 million customers and their feedback has been overwhelmingly positive, reporting an experience feels as safe as it is enjoyable. There were no reported infection issues at any Vue cinemas in the first re-opening phase underlining our commitment to customer and employee safety

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.

As a result of COVID-19 a significant number of Hollywood theatrical releases were re-scheduled due to the enforced closure of cinemas in all territories. This provided alternative and local content opportunity to showcase to wider audiences during cinema opening. Whilst a few theatrical titles were forced to distribute via streaming platforms through FY20 to mitigate potential recoupment losses for Studios caused by enforced cinema closure the majority of theatrical titles have shifted release dates to the latter part of 2021 evidencing the importance of the GBOR revenue stream to the overall profitability of the Hollywood films.

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 and improved customer facing digital platforms. Together these enhance the customer experience from awareness, choice and booking through to ticket collection and the screening experience itself.

The impact of COVID-19 on the entire cinema industry has been borne by all operators with similar response patterns prioritising liquidity. The Vue International Group assessed re-opening plans in detail on a site by site level basis to maximise the opportunity to open doors and showcase content where available during times best suited to customer demands whilst ensuring executed plans delivered positive liquidity.

Out-of-home entertainment continues to play an important part in people’s lives. Independent research during the first COVID-19 lockdown showed that cinema was the third most ‘missed’ activity, behind only seeing friends and family and restaurants.

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. 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. Due to specific requirements in the EU–UK Trade and Cooperation Agreement regarding the export of food, Vue International is seeking to change the delivery of concession items to its operations in Ireland.

As a result of the United Kingdom withdrawing from the European Union and the transition period ending on the 31st December 2020, Vue International will be subject to higher withholding taxes on interest and dividend payments by its EU subsidiaries. Vue International will seek to claim double tax relief in the United Kingdom for the withholding taxes. Vue International will continue to review the impact of the United Kingdom withdrawing from the EU and on taxation and restrictions in respect of importation and exportation of goods.

We are monitoring the number of UK and EU nationals who work across our business and do not currently anticipate a staff shortage.

The impact of currency fluctuations on the Group are discussed within the Strategic report Foreign exchange risk section.

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 Screen Content teams. The Territory teams report into the Group Director for Screen Content which ensures a consistent approach to strategy and delivery.

The Group has continued to develop its procurement capability for non-film purchasing activity.

As a result of the COVID-19 pandemic and in order to maintain liquidity through a period of cinema closure and release date delays for films the Vue Group have worked closely with all suppliers to successfully negotiate discounts and defer payments evidencing the close relationship and co-dependency of the companies in the cinema ecosystem. Close dialogue, strong communications and prioritisation of supplier relationships has been key in securing new deals to see the company through the pandemic.

Health and safety risk

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.

Health and safety risk *(continued)*

In preparation for re-opening cinemas once COVID-19 Government restrictions were lifted new operating protocols were put in place which ensured social distancing as required in each Territory, PPE for all employees, hand sanitiser units installed in all sites, signage and clear messaging to enable customers to move around the building and feel safe whilst doing so. The pre-booking process was revised to ensure customers only sat with their party and had empty seats to either side. We also extended the gap between our shows to allow more cleaning time and for ease of exit after each show for customers lessening the opportunity to cross over with customers arriving in the foyer for the next shows.

Information security and data protection risk

Vue International continues to run a Group-wide GDPR project with the goal of becoming GDPR compliant in all territories. Individual territories continue to implement their territory specific plans to take into account local requirements. Cyber security risks are being assessed and evaluated on an ongoing basis so that the company can react accordingly. Specific investments in cyber security tools are being assessed on their merits.

Continuity risk

A major incident, catastrophic event or material litigation 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 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.

The biggest impact to business continuity this year related to cinema closure as a result of the COVID-19 pandemic. The ability for the company to continue all critical activity and respond to the crisis was hugely successful with the mobilisation of task forces and implementation of technology tools to maintain continuity as detailed on pages 8 to 9.

People risk

During the pandemic year the focus for the Group has been on protecting as many jobs as possible by accessing government support schemes, and implementing new communication tools to keep all employees connected.

The business continues to review and improve organisational structures for the ongoing needs of the business and expect these to continue once normal trading resumes.

The Group’s HR function establishes methods for succession planning, effective recruitment and talent management.

The Group is an equal opportunity employer and in employment-related decisions, the business complies with all relevant legislation, including that which is specifically targeted at preventing discrimination, and such principles are embedded through the business.

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 and monthly cash flow forecasts across all territories, efficient management of revolving credit facilities and regular forecasting of capital expenditure projects. See Going Concern note 3.3 for further detail.

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 reports to the Audit Risk and Governance Committee and to the Group Chief Financial Officer functionally and administratively (i.e. day-to-day operations). The Group Head of Internal Audit oversees Group-wide auditing capability across the territories covering corporate, operational, financial, and strategic risk areas.

Group Internal Audit provides the Audit Risk and Governance Committee and management with independent and objective assurance on the adequacy and effectiveness of governance, risk management, and internal controls through delivery of risk-based internal audit reviews and a cinema compliance audit programme. This includes assessing the design and effectiveness of financial and operational controls, standards and procedures, and compliance with laws, regulations and associated Group policies such as Anti-Bribery and Corruption, Health and Safety, and Whistle-Blowing.

In response to the Covid-19 pandemic, and following management implementation of Group-wide Covid-19 processes and controls, Group Internal Audit designed and implemented a Covid-19 cinema compliance programme to assess ongoing Group-wide compliance with Covid-19 regulations.

Group Internal Audit reports the results of Internal Audit activities, together with key themes and trends, to the Audit Risk and Governance Committee and management.

Group internal audit *(continued)*

The scope of Internal Audit includes, but is not limited assessing and reporting (to the Audit Committee and to management as appropriate) on:

- the adequacy and effectiveness of financial and operational controls;
- compliance with laws, regulations, and contracts;
- opportunities for improving efficiency and reducing costs;
- Group wide policies, standards and procedures including their use and appropriateness;
- the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation;
- the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss;
- designated advisory projects for management, if they do not threaten the actual or perceived independence of IA from management; and
- cases of suspected financial crime, employee fraud, and malpractice.

Stakeholder engagement

The directors value contact with the Company's shareholders and loan investors. The Board is kept up to date at its regular meetings and receives reports on the operational performance of the Group.

In addition presentations are given to loan investors and ratings agencies following each quarter close and separate announcements of all material events are made as necessary ensuring that regular contact is maintained.

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 2020	Year ended 30 November 2019
Admissions	**38.6m**	95.1m
Group Turnover	**£352.9m**	£847.6m
Box Office Revenue	**£201.6m**	£511.7m
Consolidated EBITDA	**£43.5m**	£138.6m

Consolidated EBITDA of £43.5m (2019: £138.6m) is defined as Group operating profit before depreciation and amortisation expense of £143.3m (2019: £57.9m) and separately reported items (note 11) of £63.5m (restated 2019: £17.3m). Due to the adoption of IFRS 16, lease payments are no longer included within Consolidated EBITDA. As a result consolidated EBITDA is not comparable between 2019 and 2020.

Future outlook

The COVID-19 vaccine rollout is a cause for near term optimism for the increasingly important out-of-home entertainment experience.

Global lockdowns have prompted the major studios to delay releases to later in 2021, creating an unprecedented line up of blockbusters to satisfy pent up consumer demand.

Despite some films during the lockdown period being diverted to in-home streaming services the major studios have all moved the dates of their major films to 2021 and 2022 to ensure they receive the theatrical release they need to grow the film's profile and deliver the appropriate return on their multimillion $ investments. With this in mind the film slate for the mid to latter part of 2021, and beyond, remains extremely strong. Key titles scheduled for release in 2021 include the new Bond movie *'No Time to Die'*, Marvel releases *'Black Widow', Shang Chi and the Legend of the Ten Rings and The Eternals; Fast and Furious 9, Peter Rabbit 2, Top Gun: Maverick, Cruella, Space Jam 2, A Quiet Place II, The Suicide Squad, The Kings Man* and *Mission Impossible 7.*

Vue's exposure to European markets means re-opening will also benefit from an outstanding line-up of local titles in all Vue territories where a backlog of completed films since early 2020 have been held waiting for the post lockdown launches into their markets.

Alison Cornwell
Director

24 March 2021

Introduction

In July 2018, the Financial Reporting Council published its new UK Corporate Governance Code (the 'Code'). The governance of the Group operates in accordance with the governance structures established by the Group's ultimate parent company, Vue International Holdco Limited, and it is this overall governance structure which is described in this report. The Board is committed to maintaining business integrity, high ethical values, its corporate responsibility and professionalism. This section of the report outlines the approach adopted having consideration of and applying the principals in the Code to the extent considered appropriate by the directors given the context of being a private company.

Board Leadership and Group Purpose

The Role of the Board

The Board is responsible to the Group's shareholders and loan investors for the direction, performance and oversight of the Group to ensure its continued long-term success, and for contributing to the wider community in which it operates. The role and responsibilities of the Board are clearly defined, and an executive management team responsible for day-to-day business conduct. As well as the main Group Board, there are Territory Boards that also meet at least quarterly and consist of Group Executives and the local Executive teams.

Other core Board activities include, but are not limited to the following:

- setting the levels of delegated authority, whilst retaining overall responsibility for the governance of the Group; and
- obtaining assurance that material risks to the Group are identified, defining the Group's appetite for risk and ensuring that appropriate systems of risk management and internal control exist.

Purpose, Values and Strategy

The Group's vision is simple – to be the best in big screen entertainment. An integral part of successfully delivering the Group's vision and core strategic objectives is ensuring that effective governance underpins the corporate culture.

To ensure that that the Group's purpose, values and strategy continue to align with our corporate culture, Group HR has commenced a formal review of the Group's corporate culture to identify opportunities for further development and alignment.

Resources, Controls and Risk Management

The Board, supported by the Audit Committee and senior management, has overall responsibility for establishing, monitoring and maintaining effective risk management and internal control. During the year, the Board has directly, and through delegated authority to senior management and the Audit Committee, overseen and reviewed the performance and evolution of the approach to risk management and internal control.

Resources, Controls and Risk Management (continued)

The Group has implemented a Group Risk Management Policy to manage the challenges that present threats or opportunities to the business and, as part of good business practice, how risks are identified, assessed, and managed across the Group (see Audit, Risk and Internal Control on page 21).

In addition, Group Internal Audit (pages 14 to 15) is an independent review function set up as a service to all levels of management and the Board that assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and enhancing the effectiveness of the Group's governance, risk management, and internal control.

The Board confirms that, the Group's risk management and internal control processes have been in place for the year under review, and are regularly reviewed by senior management and the Board (see Principal Risks and Uncertainties on pages 10 to 13). In addition, the Group Head of Internal Audit presents Group Territory risks, controls and mitigation plans to the Audit Committee at least annually (see Audit Risk and Internal Control page 21).

Stakeholder Engagement

The Board meets regularly and receives reports on the operational performance of the Group. The Board and Executive Directors are committed to maintaining an effective engagement with shareholders, loan investors, and wider stakeholders to ensure a mutual understanding of objectives and to deal with issues as they arise. Executive Directors present to loan investors and ratings agencies following each quarter close and make separate announcements of all material events as required.

As detailed in the Section 172(1) statement on page 10, the Group continues to work to promote the success of the Group for the benefit of the members as a whole having regard to the interests of stakeholders including customers, employees, suppliers, and the wider community in which it operates.

As per the Strategic Report (pages 3 to 16) the Board also continues to enhance its digital and technology offerings, optimise pricing, and offer high quality through the Group's state-of-the-art multiplex estate and customer experience with a number of cinema refurbishments successfully completed in the year. Customer engagement shows continued support of refurbishments that deliver full recliner leather seating and upgrading the foyer retail and bar offering, auditoria screens, and sound and projector technology.

Workforce Policies and Practices

The Group has workforce policies and practices in place that are consistent with the Group's values and support its long-term sustainable success. Key Group policies and practices include and are available to employees as follows:

- All new employees receive a copy of the Group's Code of Conduct that describes the framework and guidance for employees, and therefore the Group, to conducts its business in accordance with the expected ethical and moral standards. To ensure that the Group's Code of Conduct remains up to date with latest best practice and legislation, Group HR, will complete a formal review and update of the policy.
- In accordance with the Group's disclosure obligations under the Modern Slavery Act 2015, the Group has published its Slavery and Human Trafficking Statement on the Vue International website.
- The Group has an Anti-Bribery and Corruption Policy in place designed to ensure compliance with the UK Bribery Act 2010, and other international regulations and best practice relating to the prevention of corruption.
- The Group is committed to conducting its business with honesty and integrity and expects all employees to maintain its high standards. The Group encourages the raising of any genuine and justified concerns personnel have about suspected wrongdoing or inappropriate action by fellow employees without fear of reprisal in accordance with its Whistle-blowing Policy. The General Counsel and Group Head of Internal Audit routinely review the whistle-blowing telephone line and email inbox, available to all employees, and escalate any reports arising to the Audit Committee and Board as applicable to ensure independent investigation of such matters, supported by follow-up action as required.
- An Employee Assistance Programme is available to all employees designed to help employees deal with personal and professional problems that could be affecting their home or work life, health and general wellbeing. Services available include formal counselling, in the form of either face-to-face or telephone sessions, and a health and wellbeing portal.
- The Group is an equal opportunity employer and seeks to recruit, retain and promote staff based on their qualifications, skills, aptitude and attitude. Wide ranges of applicants are encouraged to apply for all roles. In employment-related decisions, the business complies with all relevant legislation, including that which is specifically targeted at preventing discrimination, and such principles are embedded through the business by requisite policies.
- The Group promotes a philosophy of access for all by offering accessible cinemas for disabled employees and customers that show a wide range of films. Many of our cinemas offer audio-descriptive and subtitled performances, and the Group ensures customers with disabilities to be accompanied by a carer, free of charge.

Division of responsibilities

The Role of Chair

The Chair was not previously Chief Executive of the Group. The Chair leads the Board and is responsible for its overall effectiveness in directing the Group. In addition, the Chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information as set out below.

Board Balance and Division of Responsibilities

Information about the Board members is on pages 27 to 30 and is available on the Vue International website. At the date of this report, the Board comprises the Chair, and four other experienced non-executive directors, the Group CEO, Group COO, Group CFO and the Group Company Secretary. The Board have extensive knowledge and expertise of and within the industry and the Group and update their skills as required in continuing to fulfil their role on the Board.

The Role of the Non-Executive Directors

Non-executive directors have sufficient time to meet their Board responsibilities. They provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Policies, Processes, Information, Time and Resources

The Chair, working with the Group Company Secretary, and in consultation with the Group CEO and other board members sets the agenda for Board meetings and encourages an open and constructive debate, ensuring that members have the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

The standing agenda items considered at every meeting include:

- reports from senior management on strategic and business developments, together with relevant operational updates, and the key actions taken since the previous Board meeting;
- reports from the Group CFO which include all aspects of liquidity management, commentary and highlights from the latest available management accounts, budgets and forecasts; and
- Board papers prepared for capital investment projects requiring Board approval.

Composition, Succession and Evaluation

Board Appointments, Succession Planning and Diversity

A shareholder agreement governs the Group and states those matters that require Board approval, including Board appointments. All senior nominations are discussed and agreed by members of the Remuneration Committee.

The Board, supported by Group HR, are developing succession plans based on objective criteria and, within this context, will aim to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths in accordance with the Code.

Board Skills, Experience, Knowledge and Tenure

These financial statements detail who serves on the Board together with details of member skills, expertise, and experience. The Board considers that the skills and experience of its individual members, particularly in the areas of entertainment, hospitality, film, corporate finance, governance, and risk management, have provided both support and challenge to the Chair, and the Executive Management team during the year. This is in terms of the Group strategy as well as significant commercial projects and contracts.

Board Evaluation

The Board considers its overall size and composition to be appropriate, having regard to the experience and skills that individual Board members bring to their duties. The chair will consider a formal evaluation of the Board at least every 3 years.

Audit, Risk and Internal Control

The Group's internal control environment is designed to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Group's assets. The Board delegates responsibility for reviewing and monitoring the Group's internal control environment to the Audit Committee. All members have relevant financial experience, and as a whole, have competence relevant to the sector in which the Group operates.

The key features of the Group's internal control systems are set out in the Audit Committee Terms of Reference. The main roles and responsibilities of the Audit Committee are:

- to assess the integrity of the financial statements of the Group, and any formal announcements and practices relating to the Group's financial performance;
- to review and monitor the effectiveness of the Group's internal financial controls and to review the Group's internal control and risk management systems;
- to assess the effectiveness of the Internal Audit function;
- to assess the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- to make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor; and
- to report to the Board on how it has discharged its responsibilities.

Internal and External Auditor Independence and the Integrity of Financial Statements

The Audit Committee met on three occasions during FY20. The members of the committee are Robert Barr, Jason Peters, Simon Jones (until 5th March 2021) and Matthew Baird (from 5th March 2021). The Chair of the Audit Committee was previously Simon Jones, now replaced by Matthew Baird (effective 5th March 2021).

Internal and External Auditor Independence and the Integrity of Financial Statements (continued)

The Audit Committee monitors the integrity of the financial statements of the Group, reviewing and reporting to the Board significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the external auditor. In particular, during the period, the Audit Committee reviewed and challenged where necessary:

- the consistency of, and any changes to, significant accounting policies;
- significant issues and how these were addressed;
- significant estimates and judgements;
- the clarity and completeness of disclosure in the Group's annual report and the context in which the statements are made;
- the assumptions or qualifications in support of the going concern statement; and
- material information presented in the annual report and corporate governance statements relating to audit and risk management.

The key areas of significant accounting judgement and issues that the Audit Committee considered relating to financial reporting are as set out in the Basis of Preparation note on pages 57 to 58, the Critical Accounting Estimates and Judgements on pages 74 to 76 and the Independent Auditors' Report on page 39 of these financial statements.

Through the attendance of Group Internal Audit, Group Financial Control and other key functional Directors as required, and review of risk and control information presented, the Audit Committee also review and monitor the adequacy and effectiveness of the internal financial controls and internal control and risk management systems of the Group.

The Audit Committee monitor, review, and approve the remit of the Group Internal Audit function and ensure it has the necessary resources and access to information to enable it to fulfil its mandate. During the year, the Audit Committee approved the annual Group Internal Audit plan and received reports at each meeting on the results of the work of Group Internal Audit.

The Audit Committee continue to assess the relationship with the external auditor and determine and agree their terms of engagement and their remuneration (including fees for audit and non-audit services), so as to ensure that the level of fees is appropriate to enable an effective and high quality audit to be undertaken. In addition, the Audit Committee review the results of the audit with the external auditor including the management letter and management's response to the external auditor's findings and recommendations, and review any representation letters requested by the external auditor before they are signed by management.

Principal Risks, Risk Management, Internal Control

Risk management is a continuous process involving risk identification, risk assessment, identifying actions to manage risk, and consideration of residual risks after implementation of controls. The management of the business and the execution of the Group strategy are subject to a number of risks. Understanding the risks that the Group faces and managing them appropriately enhance the Board's ability to make better decisions, deliver objectives, manage performance, and meet business obligations.

The Group policy towards managing risk is as follows:

- the management of risk is integrated into the day-to-day management of the business;
- all colleagues actively engage in risk management in their own areas of responsibility;
- risk is primarily assessed and managed by the Territory/ function conducting the business which gives rise to the risk;
- the escalation of risk information is timely, accurate and gives full visibility of the key risks, to support management decision making at all levels;
- an appropriate risk management framework and risk assessment process is in place that is aligned to the business strategy. This is supported by an appropriate organisational structure; and
- an assessment on an ongoing basis of the effectiveness of the risk management framework is integral to the continuous improvement of our risk management capabilities.

Management considers risks within day-to-day activities ensuring that initiatives and appropriate processes are in place to monitor and mitigate them. A number of guiding principles that determine how the Group put risk management into practice at all levels underpins the policy. These principles are as follows:

- based on the principle of delegated authority for managing and taking risk at all levels, the Board will be responsible for decisions where risks are seen to present a potentially significant impact to the Group as a whole;
- business as usual (i.e. core operations) related risks are primarily managed and monitored at a Territory and functional level;
- management need to have confidence in the effectiveness of the framework at all levels of the business to ensure that the Group meets corporate governance best practices;
- management support, involvement, and enforcement is fundamental to the success of the framework;
- key risks are continuously monitored by management through risk maps and registers (where appropriate) and are mitigated to an acceptable level; and
- the risk management processes are dynamic rather than static, to accommodate a constantly changing business environment.

Principal Risks, Risk Management, Internal Control (continued)

The purpose of the risk management structure is to ensure that risk is considered from both a 'top-down' and 'bottom-up' perspective. In addition to the Principal Risks and Uncertainties (pages 10 to 13), the Group maintains Territory level risk maps and registers, and operational risk registers for key support functions, cinema operations and specific projects as required. At the Territory risk level, the risk assessment process is based on key steps including the following:

- risk identification, assessment of inherent risk impact and likelihood;
- identification of existing controls and assessment of effectiveness;
- assessment of residual risk impact and likelihood; and
- development and implementation of actions to reduce or mitigate risk exposure.

The Audit Committee have oversight of the internal and external assurance activities to allow for its ongoing review of the effectiveness of internal control. Details of the responsibilities and activities of the Audit Committee during 2020 are set out above on page 21. The delivery of this activity is undertaken by the Group Internal Audit team, which is supported by specialist advisers as required, and the external auditors. During the year, and in consideration of the principals of the Code, the Audit Committee identified that additional risk reporting is required to the Board to ensure alignment of existing Territory risk management and reporting with the Board's review of Principal Risks and Uncertainties (pages 10 to 13). To enhance existing risk process and controls, the Audit Committee initiated a Group Internal Audit review during the period to assess best practices regarding Board risk reporting, reporting any next steps identified.

The Group Internal Audit plan is a combination of Group-wide risk-based reviews (providing assurance over the key controls relied upon for the principal risks), financial and information technology controls testing and additional specific reviews requested by Management (see pages 14 to 15, Group Internal Audit).

Remuneration and Nomination

Policies and Practices

Group remuneration policies and practices are designed to support strategy and promote long-term sustainable success. The Remuneration Committee consists of three non-executive directors and the Group CEO. Their responsibilities include the following:

- all aspects concerning the terms of employment of any senior employee (including the terms of their bonus or other remuneration, termination or dismissal);
- any other arrangement between a Group Company and a senior employee or persons connected with a senior employee; and
- review and assessment of all senior nominations.

The Remuneration Committee met on several occasions during the financial year.

The directors present their report and the audited financial statements of Vue International Bidco plc ("the Company") and its subsidiaries (together "the Group") for the year ended 30 November 2020. The comparative period is for the year ended 30 November 2019.

RESULTS AND DIVIDENDS

The consolidated loss for the financial year after tax amounted to £364.1m (restated 2019: £64.2m). Further discussion of the results and performance of the Group is provided in the Strategic Report on pages 3 to 16.

The directors do not recommend that a dividend be paid (2019: £nil).

FUTURE DEVELOPMENTS

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

EMPLOYEE AND STAKEHOLDER ENGAGEMENT

The directors have always recognised the importance of engagement with suppliers, customers and employees. The impact of Covid-19 has resulted in even greater levels of enhanced communications with all stakeholders in steering through the pandemic towards a common goal. Actions taken in pursuit of this are cross referenced in the strategic report page 10 under the Section 172 (1) statement.

GOING CONCERN

As at 30 November 2020 the Group had significant liquidity of £196.3m comprising unrestricted cash of £176.3m and an undrawn overdraft facility of £20.0m. The overdraft facility forms part of the Group's £65m revolving credit facility ("RCF") which also includes a £30m revolver and £15m which is ring-fenced in support of landlord guarantees. The RCF is available through the going concern period and expires in July 2025.

The Group has two financial covenants; a minimum liquidity covenant of £35m which is tested at the end of each month and a springing covenant test which is measured only if drawings under the RCF exceed £22.75m on the testing date at the end of each financial quarter. During 2020 a unanimous covenant waiver was agreed with the RCF providers for the 4 quarters up to and including 31 August 2021. The Group's financing arrangements also contain a covenant that there are no proceedings pending or threatened, which would reasonably be expected to have a Material Adverse Effect.

At the end of the financial year all sites had closed due to the pandemic with the exception of Denmark, the Netherlands and Taiwan. However the Danish and Dutch circuits closed during December 2020 and as of today's date the Group's cinemas remain closed in all territories except Taiwan.

GOING CONCERN *(continued)*

In considering the going concern position of the Group the Company has developed an 18 month liquidity model which has been used to generate base case and severe but plausible downside scenarios. The key assumptions underpinning these scenarios are set out in note 3.3.

Under the Base Case scenario the Group has sufficient liquidity and no covenant breaches. However the downside case, which includes a delay in the reopening of the Group's continental European territories to mid July 2021, and a full lockdown for a 3 month period from 1 December 2021 to 28 February 2022, reflects a potential breach of the minimum liquidity covenant of £35m in December 2021 and a requirement for additional liquidity in January 2022. In the event of such a scenario the Group would approach its lenders to discuss possible remediation options including covenant waivers and/or the raising of incremental debt financing. Furthermore, if litigation arose or was threatened in relation to the CineStar transaction (see Post Balance Sheet Events, page 31) this could result in a breach of the Group's "no proceedings pending or threatened" covenant, if that litigation was reasonably expected to meet the definition of a Material Adverse Effect under the Group's financing arrangements. In this scenario the Group would be required to notify its lenders and would seek a covenant waiver, standstill or other contractual arrangement(s) with respect to that litigation or threat.

The Directors expect that the Group's lenders will continue to support the business in such an event given recent experience. Firstly the Group successfully obtained a covenant waiver for its RCF in summer 2020 and renegotiated the underlying covenant requirement with the unanimous consent of the relevant lenders. Furthermore, the Group demonstrated its ability to raise incremental debt financing in November 2020 despite the impact of COVID-19 and, to this end, additional capacity to raise incremental financing is currently retained under the Group's debt documentation.

Taking the above into consideration, the Directors are satisfied that the Company and Group have adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Company and Group continue to adopt the going concern basis in preparing these financial statements. Nevertheless, in the event of further lockdown measures being introduced that impact the Group's operations which are not sufficiently mitigated by government support, or litigation arose that met the definition of a Material Adverse Event, the possibility of a covenant breach or liquidity issue cannot be discounted and the Group would be dependent on obtaining further covenant waivers or additional financing. As such, this represents a material uncertainty that may cast significant doubt on the Company's or the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company or Group were unable to continue as a going concern.

The Group's net liability position of £894.5m is primarily driven by shareholder loan notes £1,001.9m (see note 24). 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. Adjusting for this liability the Group will be in a net asset position of £107.4m which further supports the directors' view on the going concern of the business.

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$118 billion of assets under management as at 31 December 2019. AIMCo was established on 1 January 2008 with a mandate to provide superior long-term investment results for its clients. AIMCo operates at arm's-length from the Government of Alberta and invests globally on behalf of pension, endowment and government funds in the Province of Alberta. For more information on AIMCo please visit www.aimco.ca.

Founded in 1962, OMERS is one of Canada's largest defined benefit pension plans, with C$109 billion in net assets as at 31 December 2019. OMERS invests and administers pensions for more than half a million members through originating and managing a diversified portfolio of investments in public markets, private equity, infrastructure and real estate. OMERS had private equity net investment asset exposure of C$15.7 billion as at 31 December 2019. OMERS Private Equity, the private equity investment arm of OMERS with a team of investment professionals in London, New York, Singapore and Toronto, seeks to use its significant and differentiated capital base to partner with management teams of industry leading businesses. 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 and other	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
Stephen Knibbs
Alison Cornwell
Mark Redman – Non-Executive (Resigned 31 March 2020)
Peter Teti – Non-Executive
Simon Jones – Non-Executive (Resigned 5 March 2021)
Jason Peters – Non-Executive
Philip Mauchel – Non-Executive (Appointed 1 April 2020)
Matthew Baird – Non-Executive (Appointed 5 March 2021)

DIRECTORS *(continued)*

J. Timothy "Tim" Richards - Founder and Chief Executive Officer

Prior to entering the entertainment industry Tim was a Wall Street lawyer engaged in international finance and cross-border mergers and acquisitions. In 1999, Tim left Warner Bros. Studio in Los Angeles and founded the start-up cinema exhibition company now known as Vue International.

Over the course of the past 30 years Tim has developed extensive international experience in all major markets. In December 2020, Variety Magazine named Tim as one of the 500 most influential business leaders shaping the global $2 trillion entertainment industry. The Hollywood Reporter named Tim as one of the top five entertainment innovators of the Year and The Independent newspaper named Tim as one of the "20 Most Influential People in Film". In February 2021, the UK Government appointed Tim as Chair of the British Film Institute (BFI).

Tim and his wife Sylvie have supported a number of charities through their family charitable foundation. In 2015, Tim was awarded the Variety International Children's Fund Humanitarian Award for his charitable work.

Stephen "Steve" 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 across Europe.

Prior to joining Vue, Steve worked at United Cinemas International (UCI) owned by Paramount and Universal Studios. Having started at the beginning of the Multiplex Cinema building boom in the late 1980's at The Point, Milton Keynes, Steve was a key part of the senior Management team at UCI from 1987 to 2003 that opened and operated highly successful Multiplexes in many European countries, including UK, Ireland, Germany, Austria, Spain and Italy. He was involved in establishing the first Multiplex in Ireland at Tallaght, Dublin in 1990 and the first Multiplex to open in Poland in 1998 with UCI's Joint venture partner ITI Media.

Steve was Senior Vice President for UCI in Europe, overseeing Operations in the UK, Ireland, Germany, Austria and Poland and reporting to the main JV Board. Prior to this Steve was Managing Director of the UCI UK and Ireland business.

Steve served on the UK Cinema Exhibitors Association Board for many years and was the first cinema exhibitor to be invited to sit on the UK Film Council (UKFC) Board and served two terms from 2003 to 2011. He was awarded the UKCA Exhibition Achievement Award in 2017.

Prior to moving into the cinema industry Steve worked in the hospitality sector for Cavalier Restaurants, part of the Joshua Tetley & Sons brewery business based in Yorkshire. He worked with the management team that opened one of the UK's first American themed Diner Restaurants, the 'Boston Diner' in Headingly, Leeds in 1982 and then was responsible for leading the team that developed and opened a ground breaking all-day deli restaurant 'The Park Restaurant' in Coppergate, York in 1985.

DIRECTORS ***(continued)***

Alison Cornwell – Chief Financial Officer

Alison joined Vue as Chief Financial Officer in 2014.

She is a Chartered Accountant and spent 5 years in corporate finance before joining The Walt Disney Company where she was Senior Vice President and CFO for Disney's TV distribution, Disney Channel and TV equity portfolio driving its expansion in all markets outside the USA.

Subsequently Alison became CFO of a private equity backed international broadcasting business which was transformed and sold to NBC Universal in 2007. Following this she was appointed CFO of another private equity backed business operating in the international film distribution and film financing sectors with notable titles including The Woman in Black starring Daniel Radcliffe. She led the successful sale of the business to a listed trade player in 2013.

Alison is a former Governor of the British Film Institute and is currently a non-executive director of a Scottish charity which runs the Edinburgh International Film Festival. She is also a member of the Governing Council of the Institute of Chartered Accountants of Scotland and chairs its Oversight Board.

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.

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.

Philip Mauchel – Non-Executive

Philip is presently a consultant for OMERS Private Equity. He transitioned to this role following a successful, thirteen year career at OMERS, as a Managing Director in the private equity business. He has over 30 years of experience in the private capital markets as a private equity investor, mezzanine/subordinated debt lender, provider of senior bank financing and agent and manager of institutional debt private placements. Philip has been an active member of the board of directors of a wide range of businesses, representing minority and majority shareholder interests, for over twenty years. He has Bachelor of Commerce degree from Carleton University and a Master of Business Administration from the University of Toronto.

DIRECTORS *(continued)*

Matthew Baird – Non-Executive

Matt is Managing Director, Operations & Strategy for OMERS Private Equity in Europe. He works with the management teams leading OMERS portfolio companies to help them generate maximum value through the lifetime of the investment. Matt has over 20 years' experience working with and supporting senior executives in PE-backed businesses to deliver results. Prior to joining OMERS in 2017, he was a Managing Director in Alvarez & Marsal's Private Equity Performance Improvement practice, where his work included serving in interim CFO/COO roles in client businesses as well as advising management teams. Prior to this, he was a consultant with McKinsey & Company and he started his career with Arthur Andersen. He holds a Masters in Engineering, Economics & Management from Oxford University and is a Chartered Accountant.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the period to 30 November 2020 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 (2019: £nil) or charitable contributions (2019: £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

While the risks associated with climate change are not expected to directly impact the future of the business, the Group does consider the consequences of its operations on the environment. The Group territories continue to measure energy consumption (see Energy and Carbon Report on page 37) and through operational excellence deliver reductions in usage and seek 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 21 October 2018 Vue Nederland B.V and Vue International Bidco plc (collectively, "Vue") entered into a share sale and purchase agreement (the "SPA") with Greater Union International B.V. and Event Hospitality & Entertainment Limited (collectively, "Event") to buy the "CineStar" exhibition business in Germany. Because the relevant turnover thresholds were met the proposed acquisition required the consent of the German Federal Competition Office (FCO) before it could proceed. Vue and Event filed the required competition clearance application with the FCO in early 2019 and the clearance process concluded on 28 February 2020 when the FCO approved the acquisition by Vue of the CineStar business subject to the condition precedent that 6 named sites from the would-be combined circuit - Vue already owned an exhibition business in Germany (trading under the "CinemaxX" brand) - were first divested by the parties. Well before the FCO issued its conditional clearance decision Vue, with the support of Event, had begun a sale process with respect to the expected divestment sites – a process which then continued after competition clearance was received. Under the terms of the FCO conditional clearance decision the deadline for Vue and Event to satisfy the divestment condition precedent was initially midnight on Friday 28 August 2020 however this was subsequently extended until midnight on Friday 13 November 2020 and then again, to midnight on Monday 14 December 2020. That final deadline passed without the divestments having been made i.e. without the condition precedent having been satisfied and as a result the acquisition by Vue of the CineStar business is now deemed prohibited by the FCO and will therefore not take place.

Immediately following the expiry of the FCO deadline, Event Hospitality & Entertainment Limited issued an announcement to the Australian Securities Exchange in which it stated that it considered "Vue's actions in not completing the divestment process to be a clear, deliberate and fundamental breach of the SPA". Event stated that it was "considering all of its legal options in relation to Vue's breach of the SPA", adding that "the SPA had no material adverse event clause or finance condition, and any concepts of force majeure or frustration were excluded under German law". Subsequently, in its FY 2021 H1 Results Report issued on 18 February 2021, Event reiterated its position that the transaction had not proceeded due to "Vue's failure to satisfy the FCO's condition for the transaction" and that Event was "considering all of its legal options in relation to Vue's breach of the sale and purchase agreement". Notwithstanding these public statements by Event, in the period between 14 December 2020 (the date on which the proposed acquisition was effectively prohibited) and the date of signing of the Vue International Bidco plc financial statements Vue has not received direct communication from Event or its advisers in connection with the divestments, the FCO process or the failure of the transaction to complete.

FINANCIAL RISK MANAGEMENT

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

CORPORATE GOVERNANCE

The Group's corporate governance framework, and how it is applied, is set out on pages 17 to 24.

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.

The COVID-19 pandemic has had a very significant impact on society, business and personal lives.

During the year to 30th November 2020 and beyond the Vue International Group worked hard to protect people's jobs while cinemas and head offices were closed. Difficult decisions were made to furlough the majority of its staff at cinemas and head office. In the UK, the Company provided a top up beyond the Government cap where applicable. Company-wide pay cuts were also instituted from Executive level and throughout the organisation. These were a necessary step in order to maintain liquidity through the period of closure, protect jobs and to be able to emerge from this crisis in a robust position and ready to welcome customers on re-opening.

We have endeavoured to maintain contact with all of our employees throughout 2020, of which the majority have been placed on furlough as a result of Covid-19. We have set up an instant text messaging service that allows us to communicate to all employees in real time to keep them informed of our business decisions before they are made public. The messaging service allows us to see how many employees have been reached and review response rates.

Senior Directors/leadership have delivered regular zoom briefings to our head office functions, these messages are then cascaded to our Cinema teams.

All employees receive an electronic version of 'MyVue' – an internal company newsletter – to keep them informed of what's going on, promote employee benefits and wellbeing support. We also launched 'Vue Heroes' during the pandemic to recognise and acknowledge employees who were going above and beyond at home or in their local communities.

To ensure the safety of our employees and customers, a comprehensive training and reorientation plan has been implemented to ensure furloughed staff return to work.

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. To maximise synergies and create global teams working seamlessly together, as opposed to silos, we re-designed our Commercial and Property areas of the business, which means these teams work closely together and meet regularly to discuss strategy, priorities and share best practice. Similar organisational structures in place across all territories will start to create new opportunities for people to move around into other areas of the business to further develop their career and experiences.

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.

Employee recognition and reward

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.

Annual awards ceremony are held where we bring together senior managers from each country and recognise high performance in all areas of the business (e.g. retail, people development, rising star etc). Where a week delivers high volume admissions and performance, we pay for "pizza parties", where cinema and head office employees informally get together over a pizza to celebrate the week's success.

Communication and engagement

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 although the pandemic has meant not all usual activities were able to take place in person during FY20.

Communication and engagement *(continued)*

Weekly cascade forums take place that enable the Group Executive leadership team to communicate with each of the country General Managers and they cascade relevant information within their businesses.

Town halls are set up every quarter where a wide range of employees attend (virtually and physically when it has been appropriate to do so) to discuss key business priorities and projects.

Senior management liaise regularly with employee forums and work councils on new initiatives and business updates.

Cinema Management teams come together annually to hear key messages for Senior Leadership, discuss priorities for the year and network with colleagues

Film Days are held each year to enable Cinema operators to meet with representatives from the film studios and experience previews of future films to be released in the year ahead.

Nearly a third of our UK employees meet each year for an annual sporting event

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 Group's 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 Group's 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 2020 was:

Level	**Definition**	**Male No.**	**Male %**	**Female No.**	**Female %**	**Total No.**
Board directors	Statutory Board Members	6	86%	1	14%	**7**
Senior Managers	Group Executive Directors, Territory Managing Directors ("MDs") and Directors reporting to the above	41	76%	13	24%	**54**
Employees	All employees excluding those mentioned above	4,775	50%	4,795	50%	**9,570**
Total		**4,822**	**50%**	**4,809**	**50%**	**9,631**

Gender breakdown *(continued)*

The average monthly gender diversity within the Group during the year ended 30 November 2019 was:

Level	Definition	Male No.	Male %	Female No.	Female %	Total No.
Board directors	Statutory Board Members	6	86%	1	14%	7
Senior Managers	Group Executive Directors, Territory Managing Directors ("MDs") and Directors reporting to the above	33	75%	11	25%	44
Employees	All employees excluding those mentioned above	5,072	49%	5,225	51%	10,297
Total		5,111	49%	5,237	51%	10,348

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 or she has taken all the steps that he or she 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 24 March 2021 and signed on its behalf by

Alison Cornwell

Alison Cornwell
Director

ENERGY AND CARBON REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. Businesses in scope need to comply for financial years starting on or after 1 April 2019 and therefore the SECR requirements are relevant to The Group for the first time in the Annual Report for the year ending 30 November 2020. The Group's SECR disclosures for the current financial year are shown below. Only businesses registered in the UK are considered within scope, please refer to note 30 of the financial statements for details. Comparative information is not required in the first year of reporting.

Energy consumption used to calculate emissions: *Transport combustion of fuel has been estimated from business mileage claims, and cannot be reliably converted to kWh.	Gas Electricity Transport fuels	34,594,191 28,377,766 225,098.73	kWh kWh miles*
Emissions from combustion of gas tCO2e		5,217.82	t CO2e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel		61.88	t CO2e
Emissions from purchased electricity (location based) t CO2e		8,065.29	t CO2e
Total gross tCO2e based on the above		13,344.99	t CO2e
Intensity ratio: tCO2e per box office admission		0.0008	t CO2e per admit

Methodology

The group uses an energy management company who specialises in reducing carbon and energy consumption. This company has provided the gas and electric consumption for all sites under their management. A small number of cinema sites have their energy managed by landlords, in this case we have estimated consumption based on other similar sized sites.

Mileage has been collected from business mileage claims.

We have used the UK Government GHG Conversion Factors for Company Reporting (2020 edition) for emissions factors used for calculations. Emissions factors for natural gas have used a gross CV basis.

Energy efficiency action

Our energy management company continues to monitor our consumption to identify opportunities for reducing our carbon impact. This includes purchasing cleaner energy where possible and offsetting the carbon impact where not possible.

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 accounting standards in conformity with the requirements of the Companies Act 2006 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, 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 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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's 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.

This responsibility statement was approved by the board of directors on 24 March 2021 and is signed on its behalf by

Alison Cornwell

Alison Cornwell
Director

Report on the audit of the financial statements

Opinion

In our opinion:

- Vue International Bidco plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 November 2020 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements 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
- the financial statements 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 and Company balance sheets as at 30 November 2020; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern – Group and Company

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 3.3 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group's forecasts and projections assume that cinema sites in the UK will reopen in mid-May 2021, with cinema sites in Continental Europe reopening by mid-June 2021, and a steady return of customers over the remainder of 2021 in line with the anticipated film slate. In the event of the downside scenario modelled by management, which includes delays in the reopening of cinema's across Europe, a further 3 month lockdown in the winter of 2021/2, and the raising of finance through mortgaging certain Polish properties not being obtained, amongst other downside sensitivities, the Group's minimum liquidity covenant would be breached in December 2021 unless waivers are secured, and there would be a liquidity shortfall in January 2022 unless further financing is obtained. In addition, in the event that litigation arose or was threatened in relation to the CineStar transaction described in the Post Balance Sheet Events note on page 108, this could result in a breach of the Group's "no proceedings pending or threatened" covenant, if that litigation met the definition of a Material Adverse Effect under the Group's financing arrangements. In this scenario the Group would be required to notify its lenders and would seek a covenant waiver, standstill or other contractual arrangement(s) with respect to that litigation or threat.

These conditions, along with the other matters explained in note Note 3.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Audit procedures performed

In concluding that there is a material uncertainty, our audit procedures evaluated the Directors' assessment of the planned reopening of sites, including considering the latest information available with regard to the territory specific government restrictions and latest expectations for the easing of restrictions, the anticipated film slate and the Group's experience of re-opening sites in FY20 following lockdown, and the ability of the Group to manage its cost base, in particular through lease renegotiations with landlords. We also considered the forecast compliance with covenants under each facility agreement (including if a Material Adverse Event were to arise through future litigation) and liquidity headroom.

We performed the following procedures over the Directors' assessment that the Group and Company can continue as a going concern:

- Agreed the underlying cash flow projections in the base case to the latest management approved forecasts, assessing how these forecasts are prepared and comparing them to external data sources (such as industry forecasts or industry news articles) and historical data (including admissions and margins);

- Considered the sensitivities applied to the base case model to develop a severe but plausible downside case that properly reflects the uncertainties within the base case;

- Challenged management over their inclusion of certain cash inflows or reduced cash outflows within their model, where the associated actions driving these are not yet committed;

- Evaluated the impact of mitigating factors within management's control in respect of the ability to restrict capital expenditure and other discretionary costs, for example, marketing expenditure;

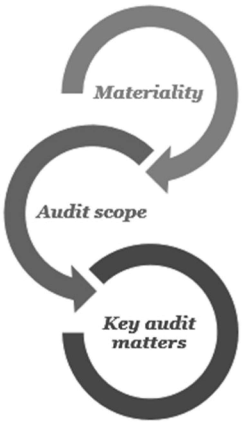
- Read the facilities agreements to confirm covenant terms and calculations are appropriately considered in line with the agreements;

- Checked the mathematical accuracy of the spreadsheet model used to support management's base case and severe but plausible downside; and

- Reviewed the disclosures presented in Note 3.3 to determine whether these accurately reflect the process performed by the Directors and adequately capture the matters giving rise to the material uncertainty identified.

Our audit approach

Overview



- Overall Group materiality: £6.3 million (2019: £3.3 million), based on 1% of revenue (using a three-year average).
- Overall Company materiality: £17.9 million (2019: £16.4 million), based on 1% of total assets.

- We performed audit procedures in five of the Group's key trading divisions which are located in the UK & Ireland, Germany, Poland, Italy and the Netherlands.
- Full scope audits were performed over the financial information of the trading divisions of CinemaxX (Germany) 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) and one entity in The Space Cinema (Italy). We have determined Vue Entertainment Limited (a legal entity within the UK & Ireland), CinemaxX (Germany) and The Space Cinema (Italy) to be financially significant components, with Vue Nederland, Multikino and three other UK & I entities included to increase overall coverage.
- Our scoping has provided 94% coverage of consolidated revenue.

- Material uncertainty related to going concern (Group and Company)
- Carrying value of goodwill, intangible assets, right of use assets and property, plant & equipment (Group)
- Accounting for the impact of lease modifications (Group)
- Impact of Covid-19 (Group and Company)
- Carrying value of investments in subsidiaries and recoverability of intercompany receivables (Company)

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. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. 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, right of use assets and property, plant & equipment (Group) At 30 November 2020, the Group has goodwill of £880.3m (2019: £859.4m), other intangibles of	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 Note 16 and 17 of these financial statements.

£9.3m (2019: £10.9m), right of use assets of £677.2m (2019: £nil) and property, plant & equipment of £264.6m (2019: £312.6m). See Note 16, 17 and 25. The Group performs a site level impairment assessment of right of use assets, property, plant and equipment and other intangibles, recognising each cinema site as a cash generating unit (CGU) and performing a discounted cashflow calculation based on the future trading projections over the remaining lease term. The Group is also required to annually assess the carrying value of goodwill at the level goodwill is monitored by the business. The groups of CGUs for goodwill impairment testing purposes are the individual territories. Management's impairment assessment for goodwill is performed by aggregating the individual site level cashflows across the territory CGU. We focused on this area because the value in use calculation includes key assumptions and judgements in the calculations of the recoverable amount, in particular the recovery of the business and anticipated customer demand in the short term once sites are able to reopen as government Covid-19 restrictions are lifted, the growth rates assumed in the Board-approved Long Range Plan, longer term growth rates and discount rate assumptions. Each of these assumptions has a significant impact on the discounted cash flow forecast. The Group's site level assessment has resulted in an impairment charge of £41.2m being recognised against the carrying value of property, plant and equipment, right of use assets and other intangible assets (2019: £3.0m).	We evaluated the appropriateness of the model used by management for the impairment assessment and considered the reasonableness of the future cash flow forecasts in the model by reconciling them with the latest business plan (for FY21 forecast) and Long Range Plans approved by the Board (for FY22 – FY24 forecast), and considering the Group's historical forecasting accuracy (excluding FY20 given the impacts of the pandemic). We specifically challenged management on: - Forecast revenue growth rates for the CGUs over the period of the forecasts, including considering the impact of a slower recovery than currently forecast; - Long term growth rates in the forecasts by comparing them with economic and industry forecasts; and - The discount rate used. Specifically, we recalculated 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, considering both the quantum of any potential sensitivity, but also the likelihood. Having performed our procedures, we concluded that the impairment charges recognised against the carrying value of property, plant and equipment, right of use assets and other intangible assets are appropriate and that the quantum of these impairments were materially within a reasonable range of outcomes and we also consider the disclosures provided to be reasonable. 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.
Accounting for the impact of lease modifications (Group) On 1 December 2019 the Group adopted IFRS 16 'Leases' and recognised a right of use ("ROU") asset and a lease liability of £840.9m and £1,004.1m respectively (including reclassification of previously recognised finance leases). See Note 25. The Group's operations have been heavily impacted by the Covid-19 pandemic which has resulted in the modification of a substantial number of lease agreements, for example, renegotiated rents and/or lease terms. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. The Group decided not to apply the IASB Covid-19 practical expedient in relation to rent concessions related to Covid-19 lease modifications. Therefore, for all leases modified during FY20, the lease liability has been reassessed based upon the revised contractual terms and revised Incremental Borrowing rate (IBR) at the time of the lease	The audit procedures in respect of the impact of lease modification have been performed by the Group engagement team and included: - Testing the accuracy of the underlying lease data input within management's lease system back to the modified lease agreements; - Recalculating the lease liability and ROU asset resulting from modifications for a sample of leases; and - Using our internal experts, we assessed the appropriateness of the discount rates applied in determining the lease liabilities by analysing the credit rating used, country in which the lease is held and also the length of the lease period. Based on the procedures performed, we consider managements' judgements to be reasonable and did not identify any material misstatements.

modification, with the lease liability being reassessed and adjusted against the ROU. We focused on this area because material lease modifications across the financial year require significant judgement to interpret in accordance with IFRS 16. Additionally, IBR assumptions have a significant impact on the present value of future lease payments on modification. The modification of leases resulted in a reduction of the ROU asset of £76.2m and a reduction of the lease liability of £82.6m.	We have also assessed management's disclosure of the impact of modifications in accordance with IFRS 16 requirements.
Impact of Covid-19 (Group and Company) The Covid-19 pandemic has had a significant impact on the trading performance of the Group due to the forced closure of sites for the majority of the year. The extent of the negative impact of the pandemic on future trading performance and measurement of the impacts as they relate to the financial statements creates a significant degree of estimation uncertainty. Management has considered the impact of Covid-19 on the Group and Company financial statements. Primarily these considerations related to the risk of impairment of goodwill, intangible assets, right-of-use assets and property, plant and equipment (as detailed in the key audit matter above), the recognition of income from furlough and other government support schemes and reliefs, the classification of certain costs as Separately Reported Items ('SRIs'), and the Directors' assessment of the Group and Company's ability to continue as a going concern. As a result of this, there is a risk that the financial impact arising from Covid-19 recorded by management is inappropriate or that we may not be able to obtain sufficient audit evidence in order to support our conclusions in respect of these assessments. Our audit focussed on those areas where management identified potential financial impacts arising as a result of the pandemic as well as considering other areas (such as the risk of onerous site-level contracts), which based on our independent risk assessment, could give rise to a risk of material misstatement. Refer to Notes 4, 11, 16, 17 and 25 as well as the Directors' and Strategic Reports for management's disclosures of the relevant judgements, estimates and impacts of these items.	Throughout the course of the audit we assessed the risks arising from the Covid-19 pandemic. We focussed on the areas where significant additional audit effort may have been required as well as those areas which might be susceptible to a material financial impact on the performance and position of the Group and Company for the year ended 30 November 2020. We noted the following key material impacts on the financial statements arising from Covid-19: • Impairments of intangible and tangible assets - detailed in the key audit matter presented above. • Recognition of income from furlough and other government support schemes: for a sample of amounts recognised in the year, we verified their existence through inspection of bank statements, we also verified the amounts to claims submitted to the relevant authorities as well as confirming Vue's eligibility to participate in such schemes. Given the different schemes in operation across the Group components, our local component teams also considered whether there were any unfulfilled conditions or judgements relevant for consideration in the timing of recognition. • Presentation of Covid-19 related costs as SRIs: we obtained an understanding of all items disclosed as SRIs and performed testing over a sample of items to supporting documentation to verify their accuracy and existence. We challenged management to demonstrate that these costs arose as a result of Covid-19 and were incremental and not considered to be normal costs of the underlying operations of the business. • Going concern: detailed in the 'Material uncertainty in relation to going concern' section of our report. • Onerous site-contracts: given the majority of sites have been closed for a significant proportion of the year, we considered whether there was any risk of site level contracts becoming onerous as a result of lower trading expectations for FY21. Following

	adoption of IFRS 16 Leases, the most significant site costs (rent) are now considered as part of the risk of impairment of ROU assets. We have considered management's judgements in this area and did not identify any material misstatements. ● Despite undertaking all of our audit work remotely through virtual interaction, we did not encounter any significant difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions. We also considered whether changes to working practices brought about by Covid-19 had an adverse impact on the effectiveness of the Group's business processes and IT controls. We did not identify any significant deterioration in the control environment as a result of remote working.
Carrying value of investments in subsidiaries and recoverability of intercompany receivables (Company) At the balance sheet date, the Company has investments in subsidiary companies of £205.0m (2019: £205.0m) and intercompany receivables of £1,549.2m (2019: £1,421.4m). Refer to notes 6 and 7 (in the Company financial statements) for further details of these balances. We have focused our efforts on these balances given the significant balances they represent. The carrying amount of the Company's investments in subsidiaries and intercompany receivables represents 98% of the Company's total assets (2019: 99%). 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 Company financial statements as a whole, they are considered to be the areas on which the most audit effort is spent.	We assessed the investment values and intercompany receivables against the net assets of the investments to identify whether the carrying values are supportable by the asset position of the subsidiary. Where the carrying amount exceeded the net asset value of the subsidiary, our procedures were focused on management's value in use calculations including evaluation of key assumptions used, and the mathematical accuracy of the calculations. Procedures performed included: - Confirming the mathematical integrity of the impairment models; - Evaluating the appropriateness of key assumptions by benchmarking them against industry trends and forecasts; and - Assessing the Expected Credit Loss (ECL) model used by management to calculate the impairment risk of intercompany receivables in line with IFRS 9 Financial Instruments principles. The work we performed did not identify any material misstatements 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 Group and the Company, the accounting processes and controls, and the industry in which they operate.

We performed audit procedures in the Group's key operating divisions which are located in the UK & Ireland, Germany, Poland, Italy and the Netherlands.

The Group consists of a centralised Head Office function based in 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 (The 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 reporting are considered to be either an entire trading division, or an individual legal entity. The distinction has been made based upon how the results 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 eight reporting units that required a full scope audit. As such full scope audits were performed over the financial information of CinemaxX and Vue Nederland as well as full scope entity audits over four legal entities in Vue UK & I, one entity in Multikino and one entity in The Space Cinema. We have determined that Vue Entertainment Limited (a legal entity within the UK & Ireland), CinemaxX and The Space Cinema are financially significant components, with the other components being included to increase overall coverage.

Our scoping has provided 94% coverage of consolidated revenue.

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 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 statements and a number of complex areas were audited by the Group team as part of the overall Group audit - these areas include asset impairment assessments, IFRS 16, separately reported items, tax and going concern.

The audit of the UK & Ireland components was performed by the Group engagement team. Where the work was performed by a component 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 consolidated financial statements as a whole. As a result, instructions were issued by the Group audit team to the component teams, and discussions were held between Group and component teams throughout the audit process. The Group audit team used virtual technology to attend interim and final clearance meetings for all territories, and virtually reviewed the workpapers for the financially significant components. Formal reporting was received from all full scope components.

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:

	Group financial statements	*Company financial statements*
Overall materiality	£6.3 million (2019: £3.3 million).	£17.9 million (2019: £16.4 million).
How we determined it	1% of revenue (three-year average).	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is one of the primary measures used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. We have applied a three-year average to smooth the short-term impact of Covid-19 on the Group's performance. In the prior year, adjusted EBITDA was used as a benchmark, however we consider revenue to be a more appropriate measure of the Group's performance given it is less judgemental, more comparable year on year and is used as a key metric by the Group for measuring performance of the business.	Given the Company is a holding entity, we consider total assets to be the primary measure of performance of the entity, and is a generally accepted auditing benchmark. Certain account balances were included in scope for the audit of the consolidated financial statements and were therefore audited to a materiality level set below overall materiality established for the Group audit. However, we determined that the Company did not require a full scope audit of its complete financial information for the purposes of the audit of the consolidated financial statements

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 £1.0m and £2.1m. 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 £315,000 (Group audit) (2019: £165,000) and £900,000 (Company audit) (2019: £820,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 2020 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 Company and their 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 in Respect of the Financial Statements, 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 and 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 Group or 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.

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 Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 March 2021

Vue International Bidco plc

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note(s)	Year ended 30 November 2020 £000	(1) Restated Year ended 30 November 2019 £000
Revenue	**5, 6**	**352,882**	847,553
Cost of sales		**(123,659)**	(310,775)
Gross profit		**229,223**	536,778
Administrative expenses		**(388,099)**	(473,441)
Operating (loss) / profit	**8**	**(158,876)**	63,337
Reconciliation from operating (loss) / profit to Consolidated EBITDA (2)			
Operating (loss) / profit adjusted for:			
Depreciation & amortisation	**8**	**(143,310)**	(57,931)
Remeasurement gains on right-of-use assets	**8**	**4,427**	-
Corporate and organisational restructuring costs	**11**	**(1,174)**	(8,619)
Acquisition and transaction related costs	**11**	**(9,773)**	(6,857)
Property (costs) / income	**11**	**(688)**	2,982
Impairment of property plant and equipment and intangible assets	**11**	**(41,196)**	(2,963)
Covid-19 related costs	**11**	**(7,572)**	-
Other seperately reported items	**11**	**(3,135)**	(1,843)
Consolidated EBITDA (2)	**6**	**43,545**	138,568
Finance income	**10**	**334**	292
Finance expenses	**10**	**(254,456)**	(116,457)
Net finance costs		**(254,122)**	(116,165)
Share of jointly controlled entities using equity accounting method		**(401)**	(40)
Loss before tax		**(413,399)**	(52,868)
Taxation	**15**	**49,328**	(11,303)
Loss for the year		**(364,071)**	(64,171)
Attributable to:			
- Owners of the parent		**(364,071)**	(64,319)
- Non-controlling interests		**-**	148
		(364,071)	(64,171)

(1) Refer to note 3.22

(2) As defined on page 4

The notes on pages 54 to 110 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Year ended 30 November 2020 £000	(1) Restated Year ended 30 November 2019 £000
Loss for the year	**(364,071)**	(64,171)
Items that will not subsequently be reclassified to profit or loss		
Net remeasurement loss on retirement benefit obligations	**(157)**	(205)
Items that may subsequently be reclassified to profit or loss		
Translation gain/(loss) on net investments	**25,695**	(20,989)
Other comprehensive gain/(loss) for the year, net of tax	**25,538**	(21,194)
Total comprehensive loss for the year	**(338,533)**	(85,365)
Attributable to:		
- Owners of the parent	**(338,533)**	(85,513)
- Non-controlling interests	-	148

(1) Refer to note 3.22

The notes on pages 54 to 110 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED BALANCE SHEET
AS AT 30 NOVEMBER 2020

	Note	As at 30 November 2020 £000	(1) Restated As at 30 November 2019 £000
Non-current assets			
Property, plant and equipment	16	264,630	312,625
Right-of-use assets	25	677,199	-
Goodwill and intangible assets	17	889,642	870,383
Investments	18	122	283
Deferred tax asset	19	76,076	28,557
Trade and other receivables	21	22,837	2,772
Total non-current assets		1,930,506	1,214,620
Current assets			
Inventories	20	3,049	5,814
Trade and other receivables	21	43,448	82,286
Corporate tax receivable		1,375	-
Cash and cash equivalents	22	181,170	131,156
Total current assets		229,042	219,256
Total assets		2,159,548	1,433,876
Current liabilities			
Trade and other payables	23	207,033	198,575
Corporate tax payable		-	1,121
Interest-bearing loans and other liabilities	24	30,000	-
Lease liabilities	25	95,811	5,177
Provisions	27	892	4,730
Total current liabilities		333,736	209,603
Non-current liabilities			
Trade and other payables	23	9,465	69,403
Interest-bearing loans and other liabilities	24	1,863,783	1,588,941
Lease liabilities	25	838,252	29,758
Provisions	27	3,308	87,450
Deferred tax liability	19	5,488	4,560
Total non-current liabilities		2,720,296	1,780,112
Total liabilities		3,054,032	1,989,715
Net liabilities		(894,484)	(555,839)
Equity			
Share capital	29	4,718	4,718
Foreign currency translation reserve		30,905	5,210
Share-based payment reserve	26	10,274	10,274
Accumulated losses		(940,463)	(576,235)
Equity attributable to owners of the parent		(894,566)	(556,033)
Non-controlling interests		82	194
Total equity		(894,484)	(555,839)

(1) Refer to note 3.22

CONSOLIDATED BALANCE SHEET *(continued)*
AS AT 30 NOVEMBER 2020

The notes on pages 54 to 110 are an integral part of these consolidated financial statements. The financial statements were authorised for issue by the board of directors on 24 March 2021 and are signed on its behalf by

Alison Cornwell
Director

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Net cash inflow from operating activities	32	**46,161**	111,459
Net cash inflow from operating activities		**46,161**	111,459
Cash flows from investing activities			
Interest received		**334**	292
Acquisition of property plant and equipment and intangibles		**(20,048)**	(16,125)
Disposal of property plant and equipment		**-**	382
Payment for acquisition of subsidiary net of cash		**(5,672)**	(11,261)
Dividends paid to non-controlling interest		**(112)**	(103)
Net cash outflow from investing activities		**(25,498)**	(26,815)
Cash flow from financing activities			
Interest paid		**(31,263)**	(47,355)
Repayment of borrowings		**-**	(726,931)
Proceeds from borrowings		**180,000**	728,905
Fees paid on issuance of borrowings		**(29,323)**	(14,558)
Payment of lease liabilities		**(94,038)**	(7,262)
Net cash inflow (outflow) from financing activities		**25,376**	(67,201)
Net increase in cash and cash equivalents		**46,039**	17,443
Cash and cash equivalents at the beginning of the period		**131,156**	116,140
Exchange gain / (loss) on cash and cash equivalents		**3,975**	(2,427)
Cash and cash equivalents at the end of the year	22	**181,170**	131,156

The notes on pages 54 to 110 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 2020

	Note	Share capital	Share-based payments Reserve	Accumulated losses	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
		£000	£000	£000	£000	£000	£000	£000
Balance at 1 December 2018		4,718	10,274	(511,711)	26,199	(470,520)	149	(470,371)
Original stated loss for the year		-	-	(65,320)	-	(65,320)	148	(65,172)
Restatement of 2019 balance	**3.22**	-	-	1,001	-	1,001	-	1,001
Restated loss for the year		-	-	(64,319)	-	(64,319)	148	(64,171)
Other comprehensive loss for the year		-	-	(205)	(20,989)	(21,194)	-	(21,194)
Total comprehensive income for the year		-	-	(64,524)	(20,989)	(85,513)	148	(85,365)
Distributions to non-controlling interests		-	-	-	-	-	(103)	(103)
Balance at 30 November 2019	**29**	4,718	10,274	(576,235)	5,210	(556,033)	194	(555,839)
Balance at 1 December 2019		**4,718**	**10,274**	**(576,235)**	**5,210**	**(556,033)**	**194**	**(555,839)**
Loss for the year		**-**	**-**	**(364,071)**	**-**	**(364,071)**	**-**	**(364,071)**
Other comprehensive (loss)/income for the year		**-**	**-**	**(157)**	**25,695**	**25,538**	**-**	**25,538**
Total comprehensive income for the year		**-**	**-**	**(364,228)**	**25,695**	**(338,533)**	**-**	**(338,533)**
Distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(112)**	**(112)**
Balance at 30 November 2020	**29**	**4,718**	**10,274**	**(940,463)**	**30,905**	**(894,566)**	**82**	**(894,484)**

The notes on pages 54 to 110 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 the United Kingdom 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 accounting policies adopted are consistent with those of the previous year except as detailed below. The following standards, amendments and interpretations were adopted for the year ended 30 November 2020 and had a material impact on the consolidated financial statements of the group.

IFRS 16 Leases

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's Financial Statements. Refer to Note 3.8 for disclosures on the new accounting policies that have been applied from 1 December 2019. The Group has adopted "IFRS 16", applying the modified retrospective approach, and has not restated comparatives for 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Consolidated Balance Sheet on 1 December 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16 "Leases", the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's asset specific incremental borrowing rate as of 1 December 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

2. New accounting standards, amendments and interpretations

2.1 New standards and interpretations applied *(continued)*

	£000
Operating lease commitment disclosed on 30 November 2019	1,411,362
Effect of discounting[(1)]	(430,849)
Short term & low value exemptions	(1,062)
Adjustments for termination and break clauses[(2)]	(20,134)
Other leases	9,823
Lease liability from previously held operating leases	**969,140**
Previously held finance leases	34,935
Lease liability recognised on 1 December 2019	**1,004,075**

(1) The FY19 disclosed operating lease commitments were undiscounted, whilst the IFRS16 lease liabilities are required to be discounted using incremental borrowing rates.

(2) As required under IFRS 16 the Group's policy is to only include periods covered by options to extend or terminate the lease where the Group is reasonably certain that such options will be exercised.

The associated right-of-use assets for property leases were measured as:

- equal to lease liabilities, discounted by the incremental borrowing rate applied to property leases as at 1 December 2019; and
- previous onerous lease contracts have been offset on a lease by lease basis, for certain leases, against the right-of-use assets at the date of initial application.

The associated right-of-use assets for vehicle leases were measured as an amount equal to the lease liability.

The asset and liability are sensitive to the discount rate applied on adoption. The incremental borrowing rates applied to leases ranged between 4.8% and 13.7%. The weighted average incremental borrowing rate applied to leases was 5.9%. The asset specific incremental borrowing rate applied to each lease was determined by taking into account the risk-free rate, adjusted for factors such as the credit rating linked to the life of the underlying lease agreement. These rates are intended to be long term in nature and calculated on inception of each lease.

During the year, a significant number of leases were modified as a result of COVID-19. The incremental borrowing rates applied to these leases ranged between 11.7% and 15.2%.

The recognised right-of-use assets relate to property and other asset classes.

	As at 30 November 2020 £000	As at 1 December 2019 £000
Properties	**674,794**	836,501
Other	**2,405**	4,369
Total right-of-use assets	**677,199**	840,870

2. New accounting standards, amendments and interpretations

2.1 New standards and interpretations applied *(continued)*

The adoption of the new standard affected the following items in the Consolidated Balance Sheet on 1 December 2019:

- Property, plant and equipment – decrease by £27.2m
- Right-of-use assets – increase by £840.9m
- Prepayments – decrease by £12.9m
- Deferred income – decrease by £84.5m
- Lease liabilities – increase by £969.1m
- Provisions – decrease by £83.8m

The impact on total assets was £800.8m and total liabilities £800.8m. There was no impact on accumulated losses on 1 December 2019.

The adoption of IFRS 16 for the year ended 30 November 2020 resulted in an increase in depreciation of £87.5m and finance costs of £66.8m.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous, on a lease by lease basis;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 December 2019 as short-term leases. The Group has also applied the recognition exemption for short-term leases;
- the accounting for operating leases with a value of $5,000 of less when new as low value leases;
- on a lease by lease basis for certain leases adjust the right-of-use asset on transition by the amount of any previously recognised onerous lease provision, as an alternative to performing an impairment review; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease”.

2. New accounting standards, amendments and interpretations

2.1 New standards and interpretations applied *(continued)*

Other new standards, amendments and interpretations

IAS 28 (Amendments)	Investments in Associates and Joint Ventures
IFRIC 23	Uncertainty over Income Tax Treatments

The impact of these standards on the consolidated financial statements is not material.

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:

IFRS 16 (Amendments)	Leases
IFRS 17	Insurance contracts
IFRS 7 (Amendments)	Financial instruments
IAS 1 (Amendments)	Presentation of financial statements
IFRS 3 (Amendments)	Business combinations
IAS 16 (Amendments)	Property, plant and equipment
IAS 37 (Amendments)	Provisions, contingent liabilities and contingent assets

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.

3. Significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

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.

3. Significant accounting policies *(continued)*

3.1 Basis of preparation *(continued)*

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.

3.2 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 30. 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.

3. Significant accounting policies *(continued)*

3.2 Basis of consolidation *(continued)*

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.

3.3 Going concern

In assessing the going concern position of the Company and the Group for the year ended 30 November 2020, the Directors have considered the Group's cash flow, liquidity and business activities, as well as the uncertainty caused by the COVID-19 pandemic outbreak. The majority of the Group's cinemas were closed for periods during the year as a result of the introduction of various governmental measures across the different territories in which the Group operates to manage the COVID-19 pandemic. At the end of the financial year, all sites were closed with the exception of Denmark, the Netherlands and Taiwan. However the Danish and Dutch circuits closed during December 2020 and, as of today's date, the Group's cinemas remain closed in all territories except Taiwan.

At 30 November 2020 the Group had liquidity available to it of £196.3m comprising unrestricted cash of £176.3m and an undrawn overdraft facility of £20.0m. The overdraft facility forms part of the Group's £65m revolving credit facility ("RCF") of which £30m is drawn-down and £15m is ring-fenced for landlord guarantees. The RCF is available through the going concern period and expires in July 2025.

3. Significant accounting policies *(continued)*

3.3 Going concern *(continued)*

The Group has two financial covenants; a minimum liquidity covenant of £35m which is tested at the end of each month and a springing covenant test which is measured only if drawings under the RCF exceed £22.75m on the testing date at the end of each financial quarter. During 2020 a unanimous covenant waiver was agreed with the RCF providers for the four quarters up to and including 31 August 2021. The Group's financing arrangements also contain a covenant that there are no proceedings pending or threatened, which would reasonably be expected to have a Material Adverse Effect.

In considering the going concern position of the Company and the Group, the Company has developed an 18-month Base Case liquidity model which assumes cinema re-openings in mid May 2021 in the UK and in mid June in the rest of Europe. Admissions and trading levels have been forecast based on the current view of the performance of the upcoming film slate, adjusted downwards to reflect social distancing measures, consumer confidence and with an allowance for some potential future localised lockdowns. The projections also reflect receipts from various Government support schemes, the most notable being subsidies in Germany of cEUR29m relating to November and December 2020 in respect of which the Group has made a formal application and awaits expected approval. In addition, the projections reflect ongoing actions to reduce non-essential operating costs and restrict expenditure on capital projects in 2021 to essential maintenance and a limited number of landlord-funded, value accretive recliner seat conversions. It is also assumed that mortgage finance of £20m is obtained in respect of the Group's four Polish freehold sites, although it is too early in the process to have certainty over the final quantum. The projections do not assume any impact from any potential litigation. Under this Base Case scenario, the Company and the Group have sufficient liquidity and no covenant breaches are forecast.

Given the uncertainty caused by the pandemic and the resulting forecasting challenges, including future permitted reopening dates, potential operating restrictions and film release dates, the Company has developed a 'Severe but Plausible' Downside Case to stress test the Group's financial projections. These projections reflect:

- a delay in the reopening of cinemas in continental Europe from mid June to mid July 2021;
- a reduction in admissions of a further 18.5% across all territories on a blended basis compared to the Base Case to reflect potential delays to the film release slate, lower consumer confidence and an extended period of social distancing measures through to 30 November 2021;
- a full lockdown for 3 months from 1 December 2021 to 28 February 2022, partly offset by anticipated Government support schemes that we expect would be available for payroll and fixed costs similar to those currently in place;
- a 5% reduction in SPP (Sale Per Person) throughout the forecast period (although no such reduction was evident when the business was open in summer/autumn 2020);
- further cost mitigation in all areas and reduced capital expenditure in 2022; and
- the Polish mortgage financing is assumed not to be completed

3. Significant accounting policies *(continued)*

3.3 Going concern *(continued)*

In this Severe but Plausible Downside case the Group's minimum liquidity covenant of £35m would be breached in December 2021 and there would be a liquidity shortfall in January 2022. In this scenario the Group would approach its lenders to discuss possible remediation options including an extension of the existing covenant waiver to enable full use of the RCF, a renegotiation of the minimum liquidity covenant requirements linked to the Revolving Credit Facility and the Senior Secured Term Loan and/or the raising of incremental debt financing. Furthermore, if litigation arose or was threatened in relation to the CineStar transaction (see Post Balance Sheet Events, note 34) this could result in a breach of the Group's "no proceedings pending or threatened" covenant, if that litigation was reasonably expected to meet the definition of a Material Adverse Effect under the Group's financing arrangements. In this scenario the Group would be required to notify its lenders and would seek a covenant waiver, standstill or other contractual arrangement(s) with respect to that litigation or threat.

The Directors expect that the Group's lenders will continue to support the business in such an event given recent experience. Firstly the Group successfully obtained a covenant waiver for its RCF in summer 2020 and renegotiated the underlying covenant requirement with the unanimous consent of the relevant lenders. Furthermore, the Group demonstrated its ability to raise incremental debt financing in November 2020 despite the impact of COVID-19 and, to this end, additional capacity to raise incremental financing is currently retained under the Group's debt documentation.

Taking the above into consideration, the Directors are satisfied that the Company and Group have adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Company and Group continue to adopt the going concern basis in preparing these financial statements. Nevertheless, in the event of further lockdown measures being introduced that impact the Group's operations which are not sufficiently mitigated by government support, or litigation arose that met the definition of a Material Adverse Event, the possibility of a covenant breach or liquidity issue cannot be discounted and the Group would be dependent on obtaining further covenant waivers or additional financing. As such, this represents a material uncertainty that may cast significant doubt on the Company's or the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company or Group were unable to continue as a going concern.

3. Significant accounting policies *(continued)*

3.4 Revenue recognition

Revenue represents the total amount receivable for goods sold and services provided, excluding sales related taxes and intra-group transactions. The entire Group's revenue is received from the sale of goods and services. The recognition of revenue under each of the Groups material revenue streams is as follows:

- Box office revenue is recognised on the date of showing the film which reflects the satisfaction of the company's performance obligation

- Concessions revenue is recognised at the point of sale at which time the company's performance obligation to the customer has been satisfied

- Screen advertising revenue is recognised in the period that the advertisement is shown in the cinema reflecting the satisfaction of the company's performance obligations as the advertisement is displayed

- Corporate partnership revenues are recognised in the period the event takes place given the company's performance obligation has been met on completion of the event

- The Group records proceeds from the sale of gift cards and other advanced bulk tickets in deferred income and recognises admissions or revenue when redeemed. Additionally, the Group recognises unredeemed gift cards and bulk tickets as other revenues based on a proportion of redemptions, which is estimated primarily based on the Groups historical experience

- Other revenue is recognised in the period to which it relates provided the associated performance obligation has been met

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. Significant accounting policies *(continued)*

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

From 1 December 2019, the Group applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

The Group's lease portfolio relates, predominantly, to property leases for each cinema site, however also includes other assets such as motor vehicles.

In the comparative year ended 30 November 2019 leases were classified as either finance or operating leases. Payments made under operating leases were charged to the Consolidated Income Statement on a straight-line basis over the period of the lease.

Under IFRS 16, at inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date the identified asset is available to the Group a right-of-use asset and a lease liability is recognised.

The Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Groups incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, less any lease incentives receivable; and
- Variable lease payments that depend on an index or a rate.

Future increases in variable lease payments based on an index or rate, are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

3. Significant accounting policies *(continued)*

3.8 Leases *(continued)*

The incremental borrowing rate is defined as the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.
Movement in the lease liability results from:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Re-measuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is re-measured when there are changes to lease payments or lease length and the corresponding adjustment is made to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement thought the Consolidated Income Statement.

The cost of the right-of-use asset is calculated as:

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before the date of initial application; and
- Any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated over the lease term on a straight-line basis and reported through the Consolidated Income Statement within Administrative expenses.

Right-of-use assets 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.

Interest on the lease liability in each period during the lease term is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Both principal and interest are recognised within financing cash flows in the Consolidated Statement of Cash Flows.

Low value and short term exempt leases

Payments associated with short-term leases and leases of low-value assets are exempt from IFRS16 and as such continue to be recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which has a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office and cinema equipment.

3. Significant accounting policies *(continued)*

3.8 Leases *(continued)*

Lease incentives

Lease incentives predominantly relate to rent free periods or cash contributions from landlords for agreed investment in property, plant or equipment.

Where the Group receives contributions and incentives from landlords at the start of the lease, these are recorded against the right-of-use asset. Where conditions are met after the start of the lease, these are reflected in the future lease payments resulting in a re-measurement of lease liability and adjustment to right-of-use asset.

Lease incentives are only recognised once all conditions of the incentive are met.

Prior to the adoption of IFRS 16 on 1 December 2019 the Group recorded contributions and incentives received from landlords as liabilities and amortised the balance against the rent expense recorded in the Consolidated Income statement over the initial term of the lease.

Variable lease payments

Some property leases contain variable payment terms that are linked to performance measures generated from a particular cinema site. Variable payment terms are common in the cinema and retail industries in the countries where the Group operates. Variable lease payments are recognised in administrative expenses within the Consolidated Income Statement in the period in which the condition that triggers those payments occurs.

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.

3. Significant accounting policies *(continued)*

3.9 Foreign currencies *(continued)*

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.

3.10 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.

3. Significant accounting policies *(continued)*

3.10 Taxation *(continued)*

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.

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.

3. Significant accounting policies *(continued)*

3.11 Business combinations *(continued)*

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.

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. Significant accounting policies *(continued)*

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.

3.13 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

3. Significant accounting policies *(continued)*

3.13 Intangible assets *(continued)*

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.

3.15 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 using an appropriate discount rate to reflect the risks of those cash flows.

3. Significant accounting policies *(continued)*

3.17 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 Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on aging. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the year end. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the income statement. Intercompany receivables balances with the Group are assessed for impairment under IFRS 9.

Impairment of financial assets

Loss allowances will be measured on either of the following bases: i.12-month expected credit losses ('ECLs') are the ECLs that result from possible default events within 12 months after the reporting date; and ii. Life time ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments. The Company measures expected credit losses using a lifetime expected loss allowance for all intercompany receivables. The expected loss rates are based on historical loss rates which reflect current and forward looking information on macroeconomic factors.

3. Significant accounting policies *(continued)*

3.17 Financial instruments *(continued)*

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.

3.18 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.

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

3. Significant accounting policies *(continued)*

3.18 Property, plant and equipment *(continued)*

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.

Landlord contributions are recognised in investing activities within the cash flow statement.

3.19 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.

3.20 Separately reported items

Separately reported items are items of expenditure or income which are significant and/or non-recurring in nature which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, incremental costs associated with COVID-19, property exit costs and impairment charges. 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. See note 11 for detail.

3.21 Government assistance

Government assistance is recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where government assistance has been received in relation to specific costs the expenses are recognised net of the government assistance. All other government assistance is recognised as other income.

3. Significant accounting policies *(continued)*

3.22 Prior year adjustments

The accounts have been restated to reflect the impact of two prior year adjustments:

Consolidated Income Statement	Adjustment 1 £000	Adjustment 2 £000
Decrease in administrative expenses / separately reported items (property costs / income)	1,386	-
Increase in taxation	(385)	-
Total	**1,001**	**-**

Consolidated Balance Sheet	£000	£000
Increase in property, plant and equipment additions	16,280	-
Increase in property, plant and equipment cost of disposals	(14,132)	(287,564)
Increase in property, plant and equipment depreciation on disposals	12,574	287,564
Increase in non-current lease liabilities	(13,336)	-
Increase in deferred tax liability	(385)	-
Total	**1,001**	**-**

Adjustment 1 relates to a 2019 lease modification which was omitted. The change has resulted in the loss after tax at 30 November 2019 decreasing by £1.0m.

Adjustment 2 relates to an incorrect allocation between cost and accumulated depreciation in 2019. The change has resulted in no impact on the net book value, income statement or balance sheet.

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.

Apart from the judgement on going concern discussed in note 3.3, 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.

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

Separately reported items (judgement)

Management is required to exercise judgement in identifying items of expenditure or income which are significant and/or non-recurring in nature which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, incremental costs associated with COVID-19, property exit costs and impairment charges. 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. See note 11 for detail.

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 right-of-use assets property, plant and equipment (estimate and judgement)

When indicators of impairment exist the Group determines whether the right-of-use asset or property, plant and equipment are impaired. The impairment is determined by estimating the value in use of the cash-generating units to which the 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.

Valuation of right-of-use assets and lease liabilities (estimate and judgement)

The application of IFRS 16 requires the Group to make estimates and judgements that affect the measurement of right-of-use assets and lease liabilities. In determining the lease term the Group must consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). This includes the length of time remaining before the option is exercisable; current and future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Estimates are required to determine the appropriate incremental borrowing rate used to recognise lease liabilities at fair value. Management has applied sensitivity analysis to the estimates, see note 25.

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

Valuation of right-of-use assets and lease liabilities (estimate and judgement) *(continued)*

Under IFRS 16 the cost of a right-of-use asset includes the costs of dismantling and removing the item and restoring the site on which it is located i.e. dilapidations. Judgement is required in determining if a contact includes an obligation to cover these costs and that future outflow of resources is probable in order to settle the obligation. Estimates are required in determining the amount where these conditions exist.

5. Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the follow territories:

	Year ended 30 November 2020	Year ended 30 November 2019
	£000	£000
Revenue by geographical market		
United Kingdom	**133,410**	366,531
Germany	**65,325**	144,451
Poland	**38,257**	86,903
Netherlands	**30,395**	59,917
Italy	**62,107**	140,375
Ireland	**3,812**	12,179
Denmark	**13,420**	24,257
Latvia	**747**	2,779
Lithuania	**1,442**	2,722
Taiwan	**3,967**	7,439
Total revenue	**352,882**	847,553

5. Revenue *(continued)*

Revenue per operating segment can be broken down by product and services provided as follows:

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
United Kingdom		
Revenue by product and service provided		
Box office	**76,770**	217,378
Concessions	**37,621**	107,135
Screen advertising and other income	**19,019**	42,018
Total revenue	**133,410**	366,531
Continental Europe		
Revenue by product and service provided		
Box office	**121,771**	288,327
Concessions	**53,729**	123,710
Screen advertising and other income	**40,005**	61,546
Total revenue	**215,505**	473,583
Rest of world		
Revenue by product and service provided		
Box office	**3,032**	5,958
Concessions	**792**	1,379
Screen advertising and other income	**143**	102
Total revenue	**3,967**	7,439

Timing of revenue recognition is split as follows:

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Timing of revenue recognition is split as follows		
At a point in time	**306,608**	774,701
Over time	**46,274**	72,852
Total revenue	**352,882**	847,553

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.

6. Segment information *(continued)*

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 2020 and the comparative period.

Revenue	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
United Kingdom	**133,410**	366,531
Continental Europe	**215,505**	473,583
Other	**3,967**	7,439
Total	**352,882**	847,553

Consolidated EBITDA[(2)]	**Year ended 30 November 2020 £000**	[(1)] Restated Year ended 30 November 2019 £000
United Kingdom	**7,793**	53,939
Continental Europe	**35,477**	84,299
Other	**275**	330
Consolidated EBITDA[(2)]	**43,545**	138,568
Less reconciling items:		
Separately reported items (note 11)	**63,538**	17,300
Depreciation and amortisation (notes 16, 17 & 25)	**143,310**	57,931
Remeasurement gains on right-of-use assets	**(4,427)**	-
Net finance costs (note 10)	**254,122**	116,165
Share of jointly controlled entities using equity accounting method	**401**	40
Total loss before tax	**(413,399)**	(52,868)

(1) Refer to note 3.22

(2) As defined on page 4

(Net liabilities) / net assets	**Year ended 30 November 2020 £000**	[(1)] Restated Year ended 30 November 2019 £000
United Kingdom	**(1,228,291)**	(954,498)
Continental Europe	**332,148**	396,136
Other	**1,659**	2,523
Total	**(894,484)**	(555,839)

(1) Refer to note 3.22

7. Barter Transactions

The value recognised in revenue during the year was £0.4m (2019: £1.3m) in relation to barter transactions. This was as a result of 140 (2019: 1,194) individual transactions.

8. Operating profit

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Government assistance received	**(34,797)**	-
Realised foreign exchange losses	**54**	96
Depreciation of property, plant and equipment	**48,624**	53,765
Depreciation of right-of-use assets	**90,187**	-
Remeasurement gains on right-of-use assets	**(4,427)**	-
Impairment of property, plant and equipment	**10,170**	2,958
Impairment of right-of-use assets	**30,931**	-
Impairment of intangible assets	**95**	5
Loss / (profit) on disposal of property, plant and equipment	**267**	(48)
Amortisation of intangibles assets	**4,499**	4,166
Operating lease rentals		
- Land and buildings	**-**	131,668
- Plant and machinery	**-**	3,720

Government assistance received relates to the various government schemes put in place in response to the COVID-19 pandemic. See note 3.21 for further details on the group's recognition policy. £32.3m of government assistance received related to staff costs, see note 12 for further details.

The Group adopted IFRS16 in 2020, as a result operating lease payments are no longer recognised in the operating profit. In addition depreciation and impairment is not recognised in relation to the new right-of-use assets.

The increase in impairment is driven by the increase in asset base due to IFRS16 along with the impacts of COVID-19 on future cash flows and the rates at which these are discounted.

£185.6m of Administrative expenses not described above relate to £84.8m of staff costs (note 12), £69.1m of property related charges and the remaining £31.7m to other operating expenses such as IT and professional fees.

9. Auditors' remuneration

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	**320**	308
Fees payable to the Company's auditors and its associates in respect of:		
- Audit of the financial statements of the subsidiaries	**776**	785
- Tax compliance services	**-**	68
- Tax advisory services not included above	**-**	322
- Corporate finance services	**293**	1,920
- Other non-audit services	**24**	45
Total audit and non-audit fees	**1,413**	3,448

10. Finance income and expenses

Finance income	Year ended 30 November 2020	Year ended 30 November 2019
	£000	£000
Interest income	334	292
Total finance income	334	292

Finance expenses	Year ended 30 November 2020	Year ended 30 November 2019
	£000	£000
Interest on bank loans and amortisation of capitalised finance costs	51,769	49,776
Shareholder loan interest	105,020	83,509
Unwinding of discount factor on provisions	-	286
Unrealised foreign exchange losses / (gain) on senior secured debt	28,305	(19,472)
Right-of-use liability lease interest	69,362	2,358
Total finance expenses	254,456	116,457

Unrealised foreign exchange gains and losses arise on the translation of the Euro denominated senior term loan 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 2020 £000	(1) Restated Year ended 30 November 2019 £000
Corporate and organisational restructuring costs	1,174	8,619
Acquisition and transaction related costs	9,773	6,857
Property costs / (income)	688	(2,982)
Impairment of right-of-use assets, property plant and equipment and intangibles	41,196	2,963
Covid-19 related costs	7,572	-
Other	3,135	1,843
Total	63,538	17,300

(1) Refer to note 3.22

Corporate and organisational restructuring costs

During 2020, the Group incurred £1.2m in respect of certain structural organisational changes, including employee restructuring costs of £1.0m (2019: £0.9m).

11. Separately reported items *(continued)*

Acquisition and transaction related costs

Costs in recognition of work undertaken in the evaluation of the Group's strategic options as well as certain costs incurred in relation to the proposed acquisition of CineStar. See note 34 for further detail.

In addition to these, £1.5m relates to the acquisition of Cinema 3D which was completed on 23 May 2019. The consideration consisted of three elements, the initial consideration, deferred consideration and contingent consideration. The Contingent consideration was based on the performance of unopened sites post completion and opening. The contingent consideration had been provisionally estimated at £2.9m in 2019 based on expected performance and market size. Final calculation based on actual trading resulted in additional consideration of £1.5m.

Property costs

These costs relate to onerous contract provisions created or released in the year £1.0m (2019: £2.0m) and other property exit costs including the release of remaining future lease commitments of £0.3m (2019: £1.0m).

Impairment of assets

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 recorded £10.2m (2019: £3.0m) of impairment against property, plant and equipment and £31.0m (£2019: nil) against right-of-use assets. See notes 16 and 25 for further detail.

The increase in impairment is driven by the increase in the asset base due to IFRS16 along with the impacts of COVID-19 on future cash flows and the rates at which these are discounted.

COVID-19 related costs

During 2020, the Group incurred £7.6m in additional one off costs that related to the ongoing COVID-19 pandemic. This includes £3.3m of protective equipment items which were all of a one off nature and arose as result of the pandemic; £2.5m of professional fees in relation to health and safety displays and other such COVID-19 marketing; and £1.7m of stock wastage due to government mandated site closures.

Where the group believes that COVID-19 costs have become a normal cost of operation, these are not classified as separately reported items.

Other

In the prior year accounts for the year ended 30th November 2019 the Group disclosed a contingent liability of £2.3m. £2.2m of this contingent liability related to a dispute with one of the authors' rights management associations in Poland over the percentage royalty fee payable from 2010 to 2017. A lower percentage fee was accrued in the financial statements within cost of sales in the relevant period.

The Group has agreed the terms of a settlement with the association and recognised this within separately reported items.

12. Employees

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Wages and salaries	**71,824**	116,590
Social security costs	**10,567**	15,182
Other pension costs	**2,419**	2,462
Total	**84,810**	134,234

During the year the group received government assistance for staff costs due to COVID-19. The above figures are shown net of the government assistance received.

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

	Year ended 30 November 2020 No.	Year ended 30 November 2019 No.
Cinema	**9,129**	9,839
Administration	**502**	509
Total	**9,631**	10,348

13. Directors' remuneration

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Wages and salaries	**7,337**	3,029
Social security costs	**695**	474
Other pension costs	**5**	5
Total	**8,037**	3,508

The highest paid director received remuneration of £3.7m (2019: £1.0m) excluding company paid social security of £335k (2019: £140k) and pension payments of £5k (2019: £5k).

The increase in remuneration is due to one off bonus awards made early in 2020 in recognition of exceptional performance over the preceding three years.

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 2020 amounted to £1.3m (2019: £1.4m).

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 2020 amounted to £1.0m (2019: £1.1m).

15. Taxation

	Year ended 30 November 2020	(1) Restated Year ended 30 November 2019
Corporation tax:	**£000**	£000
Current year	**3**	2,198
Over provision for prior years	**(3,476)**	(3,949)
Overseas tax suffered	**(332)**	9,207
Total current tax (credit) / charge	**(3,805)**	7,456
Deferred tax (see note 19)		
Timing differences, origination and reversal	**(38,418)**	6,387
Adjustment attributable to changes in tax rates and laws	**-**	(204)
Over provision for prior years	**(7,105)**	(2,336)
Total deferred tax	**(45,523)**	3,847
Total tax (credited) / charged on loss on ordinary activities	**(49,328)**	11,303

(1) Refer to note 3.22

UK Corporation tax is calculated at 19.00% (2019: 19.00%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

15. Taxation *(continued)*

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

	Year ended 30 November 2020 £000	(1) Restated Year ended 30 November 2019 £000
Loss on ordinary activities before tax	**(413,399)**	(52,868)
Tax at the UK corporation tax rate of 19% (2019: 19%)	**(78,546)**	(10,045)
Expenses not deductible for tax	**19,069**	10,795
Non-taxable income	**(2,098)**	(985)
Effect of different tax rates of foreign subsidiaries and branch	**(8,558)**	3,669
Adjustment attributable to changes in tax rates and laws	**-**	(204)
Tax over provided in prior periods	**(10,581)**	(6,286)
Derecognition of deferred tax	**1,181**	385
Tax losses carried forward / (utilised)	**12,001**	(2,202)
Group Relief	**18,204**	16,176
Tax (credit) / expense for the year	**(49,328)**	11,303

The prior year adjustment amounts include the recognition of deferred tax assets regarding deferred income which were subsequently derecognised on transition to IFRS 16 in FY20 and the carry back of current year losses.

Group relief amounts are surrendered to Vue group entities situated above Vue International Bidco within the Vue International consolidated group.

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 2018	6,980	104,039	339,622	181,474	1,499	633,614
Additions as reported	-	275	21,413	20,945	8,354	50,987
Disposals as reported	(7)	-	193,797	85,323	(1)	279,112
(1) Restatement to additions	-	-	16,280	-	-	16,280
(1) Restatement to disposals	-	-	(14,132)	-	-	(14,132)
(2) Restatement to disposals	-	-	(196,171)	(91,393)	-	(287,564)
Transfers (note 17)	(47)	33	2,165	4,289	(6,422)	18
Foreign exchange movement	(166)	(3,467)	(2,805)	(4,279)	(486)	(11,203)
Restated as at 30 November 2019	6,760	100,880	360,169	196,359	2,944	667,112
Accumulated depreciation and impairment						
At 1 December 2018	2,734	78,972	149,609	94,097	-	325,412
Charge for the year	248	3,679	28,214	21,624	-	53,765
Impairment	-	-	-	2,958	-	2,958
Disposals as reported	(5)	-	193,830	85,525	-	279,350
(1) Restatement to disposals	-	-	(12,574)	-	-	(12,574)
(2) Restatement to disposals	-	-	(196,171)	(91,393)	-	(287,564)
Fair value adjustments	-	-	-	7	-	7
Transfers	825	-	(825)		-	-
Foreign exchange movement	(58)	(2,717)	(1,163)	(2,929)	-	(6,867)
Restated as at 30 November 2019	3,744	79,934	160,920	109,889	-	354,487
Cost						
At 1 December 2019	**6,760**	**100,880**	**360,169**	**196,359**	**2,944**	**667,112**
Adjustment for change in accounting policy (note 25)	**-**	**-**	**(72,679)**	**(6,259)**	**-**	**(78,938)**
Additions	**-**	**18,157**	**5,739**	**15,200**	**7,266**	**46,362**
Disposals	**(698)**	**(30,401)**	**(7,745)**	**(22,866)**	**(72)**	**(61,782)**
Transfers (note 17)	**67**	**18**	**541**	**2,362**	**(2,964)**	**24**
Foreign exchange movement	**227**	**4,686**	**1,541**	**6,046**	**95**	**12,595**
As at 30 November 2020	**6,356**	**93,340**	**287,566**	**190,842**	**7,269**	**585,373**
Accumulated depreciation and impairment						
At 1 December 2019	**3,744**	**79,934**	**160,920**	**109,889**	**-**	**354,487**
Adjustment for change in accounting policy (note 25)	**-**	**-**	**(48,983)**	**(2,760)**	**-**	**(51,743)**
Charge for the year	**264**	**2,155**	**23,864**	**22,341**	**-**	**48,624**
Impairment	**-**	**-**	**1,789**	**8,381**	**-**	**10,170**
Disposals	**(698)**	**(26,889)**	**(271)**	**(22,460)**	**-**	**(50,318)**
Foreign exchange movement	**93**	**4,067**	**1,444**	**3,919**	**-**	**9,523**
As at 30 November 2020	**3,403**	**59,267**	**138,763**	**119,310**	**-**	**320,743**
Net Book Value						
At 30 November 2020	**2,953**	**34,073**	**148,803**	**71,532**	**7,269**	**264,630**
Restated as at 30 November 2019	3,016	20,946	199,249	86,470	2,944	312,625
At 30 November 2018	4,246	25,067	190,013	87,377	1,499	308,202

(1)(2) Refer to note 3.22

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

Assets previously held under finance leases with a net book value of £27.2m at 30 November 2019 have been reclassified as right-of-use assets on adoption of IFRS 16. Refer to Note 2.1 for details about the changes in accounting policy.

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 no items have been reclassified as intangible assets (2019: £nil). 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 pre-tax discount rate of:

	Year ended 30 November 2020	Year ended 30 November 2019
	%	%
Germany and Denmark	**14.1**	10.9
Italy	**13.9**	10.3
Netherlands	**12.4**	9.9
Poland and Baltics	**13.0**	9.2
United Kingdom and Ireland	**12.7**	9.2

After transition to IFRS16 the cost of leases forms a key assumption in determining an appropriate discount rate. The increase in discount rates is primarily driven by the impact COVID-19 has had on various market based assumptions.

The future cash flows are based on management approved forecasts.

Year 1 expected future cash flows are primarily based on available distributor film slate data along with estimates for the impact of social distancing, capacity constraints and other mitigating factors related to both revenue and costs. Future cash flows from year 2 onwards are deemed to be generated in a normal (normalised market) trading environment therefore do not include adjustments for social distancing or other mitigating factors. Where generic growth rates have been applied these have been based on the most recent IMF forecasts.

A 2.0% growth rate (2019: 2.0%) is applied to estimate the cash flows beyond the four year period up to the end of the life of the lease and all future cash flows are then discounted to their present value.

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

As a result of the Group impairment test, £10.2m (2019: £3.0m) 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. The increase in impairment is primarily driven by the impact of COVID-19 on future cash flows and the rates at which these are discounted.

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.

Restrictions on trading due to government COVID-19 lockdown policies formed one of the key assumptions within our forecasts. We have extended group-wide site closures until July to reflect a potential downside scenario. In this scenario we would expect trading losses to be offset by the shift in movie slate and associated revenues along with additional government assistance schemes.

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

	Additional impairment £000
EBITDA growth rate in future periods reduced to 1%	**4,167**
No growth in EBITDA for future periods	**9,841**
Discount rate increased by 1 percentage point	**7,619**
Discount rate increased by 2 percentage points	**19,167**
Extended closure of Cinemas until July 2021	**15,903**

17. Goodwill and intangible assets

	Goodwill	Customer Relationships	Computer software & other development costs	Total
Cost	**£000**	**£000**	**£000**	**£000**
At 1 December 2018	865,992	5,465	26,684	898,141
Additions	9,201	-	2,671	11,872
Transfers (note 16)	-	-	(18)	(18)
Foreign exchange movement	(15,751)	(154)	(671)	(16,576)
As at 30 November 2019	859,442	5,311	28,666	893,419
Accumulated amortisation				
At 1 December 2018	-	3,328	16,106	19,434
Charge for the year	-	769	3,397	4,166
Impairment	-	-	5	5
Foreign exchange movement	-	(93)	(476)	(569)
As at 30 November 2019	-	4,004	19,032	23,036
Cost				
At 1 December 2019	**859,442**	**5,311**	**28,666**	**893,419**
Additions	**-**	**-**	**2,627**	**2,627**
Transfers (note 16)	**-**	**-**	**(24)**	**(24)**
Foreign exchange movement	**20,901**	**238**	**1,021**	**22,160**
As at 30 November 2020	**880,343**	**5,549**	**32,290**	**918,182**
Accumulated amortisation				
At 1 December 2019	**-**	**4,004**	**19,032**	**23,036**
Charge for the year	**-**	**800**	**3,699**	**4,499**
Impairment	**-**	**-**	**95**	**95**
Foreign exchange movement	**-**	**170**	**740**	**910**
As at 30 November 2020	**-**	**4,974**	**23,566**	**28,540**
Net Book Value				
At 30 November 2020	**880,343**	**575**	**8,724**	**889,642**
At 30 November 2019	859,442	1,307	9,634	870,383
At 30 November 2018	865,992	2,137	10,578	878,707

17. Goodwill and intangible assets *(continued)*

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. Value in use for each GCU is determined by aggregating the value in use calculations from right-of-use asset, property, plant and equipment impairment testing.

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 pre-tax discount rate of:

	Year ended 30 November 2020	Year ended 30 November 2019
	%	%
Germany and Denmark	**14.1**	10.9
Italy	**13.9**	10.3
Netherlands	**12.4**	9.9
Poland and Baltics	**13.0**	9.2
United Kingdom and Ireland	**12.7**	9.2

After transition to IFRS16 the cost of leases forms a key assumption in determining an appropriate discount rate. The increase in discount rates is primarily driven by the impact COVID-19 has had on various market based assumptions.

The future cash flows are based on management approved forecasts.

Year 1 expected future cash flows are primarily based on available distributor film slate data along with estimates for the impact of social distancing, capacity constraints and other mitigating factors related to both revenue and costs. Future cash flows from year 2 onwards are deemed to be generated in a normal (normalised market) trading environment therefore do not include adjustments for social distancing or other mitigating factors. Where generic growth rates have been applied these have been based on the most recent IMF forecasts.

A 2.0% growth rate (2019: 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 (2019: £nil) following the Group impairment test.

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, £95k (2019: £5k) 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 30. An analysis of the Group's investments is as follows:

	Investments in associates £000	Investments in joint ventures £000	Total £000
At 1 December 2019	**74**	**209**	**283**
Additions	**-**	**168**	**168**
Share of (loss)	**-**	**(353)**	**(353)**
Foreign exchange movement	**5**	**19**	**24**
At 30 November 2020	**79**	**43**	**122**
Net book value			
As at 30 November 2020	**79**	**43**	**122**
As at 30 November 2019	74	209	283

19. Deferred tax

	Asset		Liabilities		Net	
				(1) Restated		(1) Restated
	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Fixed assets	**10,707**	10,445	**(1,153)**	(1,476)	**9,554**	8,969
Provisions	**4,117**	3,185	**-**	-	**4,117**	3,185
Tax losses	**35,708**	9,257	**(88)**	(94)	**35,620**	9,163
Intangibles including goodwill	**180**	266	**(2,154)**	(2,192)	**(1,974)**	(1,926)
Lease accounting differences	**21,387**	2,861	**(480)**	(747)	**20,907**	2,114
Other temporary differences	**3,977**	2,543	**(1,613)**	(51)	**2,364**	2,492
Tax assets/(liabilities)	**76,076**	28,557	**(5,488)**	(4,560)	**70,588**	23,997

(1) Refer to note 3.22

	As at 1 December 2019 £000	Recognised in income 2020 £000	Recognised in equity 2020 £000	Foreign exchange 2020 £000	**As at 30 November 2020 £000**
Fixed assets	**8,969**	(28)	616	(3)	**9,554**
Provisions	**3,185**	328	446	158	**4,117**
Tax losses	**9,163**	26,846	(549)	160	**35,620**
Intangibles including goodwill	**(1,926)**	309	196	(553)	**(1,974)**
Lease accounting differences	**2,114**	19,980	(1,697)	510	**20,907**
Other temporary differences	**2,492**	(446)	(40)	358	**2,364**
Tax assets/(liabilities)	**23,997**	46,989	(1,028)	630	**70,588**

19. Deferred tax *(continued)*

The Group reviews the carrying amount of deferred tax assets the end of each reporting period and reduces them to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. The Group recognises deferred tax assets for any unused tax losses carried forward on the basis of the Group's forecasted future profits and it is considered probable that there will be sufficient future taxable profit against which the recognised carried forward losses can be utilised.

20. Inventories

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Inventories	**3,049**	5,814
Total	**3,049**	5,814

During the year ended 30 November 2020 £2.4m (2019: £0.6m) was charged to the Consolidated Income Statement for slow moving and obsolete inventories. This includes £1.7m of stock wastage as a result of the Covid-19 pandemic, see note 11.

The cost of inventories recognised as an expense amounted to £17.9m (2019: £43.3m).

21. Trade and other receivables

	30 November 2020 £000	30 November 2019 £000
Non-current	**22,837**	2,772
Current	**43,448**	82,286
Total	**66,285**	85,058

	30 November 2020 £000	30 November 2019 £000
Trade receivables	**13,040**	29,162
Allowance for doubtful debts	**(4,903)**	(4,490)
Amounts receivable from parent undertakings	**19,259**	19,259
Other receivables	**29,236**	20,290
Prepayments	**9,653**	20,837
Total	**66,285**	85,058

Trade receivables are non-interest bearing. Credit terms offered to customers vary based on the territory of operation. As at 30 November 2020 trade receivables of £4.9m (2019: £4.5m) were provided for.

Other receivables include unbilled debtors, government assistance receivable and rental deposits. As at 30 November the Group had £6.8m (2019: nil) of government assistance receivable. The movement from 2019 is as a result of normal trading business and is not as a result of any material acquisitions or disposals.

21. Trade and other receivables *(continued)*

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

Receivables are classified as non-current when, at the balance sheet date, there is no expectation to settle the receivables in the next 12 months.

The ageing of trade receivables is as follows:

	30 November 2020 £000	30 November 2019 £000
0-30 days	**6,294**	20,041
31-60 days	**46**	2,288
60+ days	**6,700**	6,833
Total	**13,040**	29,162

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

	30 November 2020 £000	30 November 2019 £000
Opening balance	**4,490**	4,365
Provision for impairment	**428**	642
Receivables written off during the year as uncollectable	**(231)**	(316)
Unused amounts reversed	**-**	(57)
Foreign exchange movements	**216**	(144)
Closing balance	**4,903**	4,490

22. Cash and cash equivalents

	30 November 2020 £000	30 November 2019 £000
Cash at bank	**181,170**	131,156
Total	**181,170**	131,156

The cash held in bank deposits includes £4.9m (2019: £5.2m) relating mainly to restricted cash for bank guarantees in Germany and the Netherlands.

23. Trade and other payables

	30 November 2020 £000	30 November 2019 £000
Non-current	**9,465**	69,403
Current	**207,033**	198,575
Total	**216,498**	267,978

	30 November 2020 £000	30 November 2019 £000
Trade payables	**58,565**	51,706
Accrued expenses	**106,504**	87,257
Other payables	**13,114**	12,651
Other taxation and social security	**3,986**	1,791
Deferred income	**34,329**	114,573
Total	**216,498**	267,978

Trade payables are non-interest bearing. Normal settlement terms vary based on the territory of operation.

Deferred income includes gift vouchers of £22.8m (2019: £24.1m) and lease incentives of £1.3m (2019: £80.6m). The movement from 2019 is as a result of normal trading business and is not as a result of any material acquisitions or disposals; materially all the prior year deferred income relating to gift cards has been recognised as revenue within the year.

Other payables include wages payable, payroll deductions, pension payables and deferred consideration.

24. Interest-bearing loans and other 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 2020 £000	30 November 2019 £000
Non-current	**1,863,783**	1,588,941
Current	**30,000**	-
Total	**1,893,783**	1,588,941

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

The terms and conditions of outstanding loans were as follows:

	Current		**Non-Current**		**Total**	
	30 November 2020 £000	30 November 2019 £000	**30 November 2020 £000**	30 November 2019 £000	**30 November 2020 £000**	30 November 2019 £000
1st Lien - Senior Term Loan (€634m)	**-**	-	**568,712**	540,541	**568,712**	540,541
2nd Lien - PIK notes (£165m)	**-**	-	**183,968**	165,000	**183,968**	165,000
(SSTL) -Senior Secured Term Loan (£150m)	**-**	-	**150,000**	-	**150,000**	-
RCF (£65m)	**30,000**	-	**-**	-	**30,000**	-
External loans	**-**	-	**740**	800	**740**	800
Shareholder loan notes	**-**	-	**1,001,851**	896,830	**1,001,851**	896,830
Total	**30,000**	-	**1,905,271**	1,603,171	**1,935,271**	1,603,171
Less:						
Revolving credit facility capitalised fees	**-**	-	**(746)**	(908)	**(746)**	(908)
1st Lien capitalised fees	**-**	-	**(9,139)**	(10,033)	**(9,139)**	(10,033)
2nd Lien capitalised fees	**-**	-	**(3,380)**	(3,289)	**(3,380)**	(3,289)
SSTL capitalised fees	**-**	-	**(28,223)**	-	**(28,223)**	-
Total interest-bearing loans and borrowings	**30,000**	-	**1,863,783**	1,588,941	**1,893,783**	1,588,941

Revolving credit facility

The Group is able to draw on a £65m multicurrency revolving credit and overdraft facility with Lloyds Bank plc (£35m), Morgan Stanley (£15m), and J.P. Morgan (£15m). The facility matures 3 July 2025. At 30 November 2020 there was a £30m capital drawing on the facility (2019: nil). The facility bears interest at LIBOR, EURIBOR, CIBOR (Denmark) or WIBOR (Poland) depending on the currency drawn down plus a margin of 3.75% (subject to ratchet).

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 2020 the unamortised issue costs were £0.7m (2019: £0.9m).

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

Senior Term Loans & PIK notes

On 3 July 2019, the Group issued the following debt:

- €634m EUR Senior Secured Term Loan B, maturing in 2026, with a variable margin of EURIBOR + 475 bps. A zero percent floor applies to EURIBOR.
- £165m 2nd Lien PIK Notes provided by OMERS, maturing in 2027, with a variable margin of LIBOR + 1,000 bps. A one percent floor applies to LIBOR.

On 3 November 2020, the Group issued the following debt:

- £150m Senior Secured Term Loan B (SSTL), maturing in 2024, with a variable margin of LIBOR + 900 bps. A quarter of a percent floor applies to LIBOR.

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 Term Loan and 2nd Lien PIK Notes. Interest roll up and capital is repayable on the termination date.

Security

The Senior debt 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 and the credit facility are capitalised and are allocated to the Consolidated Income Statement over the life of the related debt facility. At 30 November 2020 borrowings are stated net of unamortised issue costs of £41.5m (2019: £13.3m).

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.

25. Leases

	Land and Buildings	Other	Total
Right-of-use assets	**£000**	**£000**	**£000**
At 1 December 2019	-	-	-
Reclassification of previously held finance leases	**23,691**	**3,504**	**27,195**
Adjustment due to adoption of IFRS 16	**812,810**	**865**	**813,675**
Additions	**9,025**	**-**	**9,025**
Lease modifications	**(76,163)**	**-**	**(76,163)**
Disposals	**-**	**(1,295)**	**(1,295)**
Foreign exchange movement	**25,849**	**31**	**25,880**
Impairment	**(30,931)**	**-**	**(30,931)**
Depreciation	**(89,487)**	**(700)**	**(90,187)**
As at 30 November 2020	**674,794**	**2,405**	**677,199**
Lease liabilities			
At 1 December 2019	**32,833**	**2,102**	**34,935**
Adjustment due to adoption of IFRS 16	**968,290**	**850**	**969,140**
Additions	**10,439**	**-**	**10,439**
Interest expense related to lease liabilities	**69,250**	**112**	**69,362**
Lease modifications	**(82,614)**	**-**	**(82,614)**
Disposals	**184**	**-**	**184**
Foreign exchange movement	**26,612**	**43**	**26,655**
Repayment of lease liabilities	**(92,810)**	**(1,228)**	**(94,038)**
As at 30 November 2020	**932,184**	**1,879**	**934,063**
Lease liabilities			
Current	**94,827**	**984**	**95,811**
Non-current	**837,357**	**895**	**838,252**
Total	**932,184**	**1,879**	**934,063**

For adjustments recognised on adoption of IFRS 16 on 1 December 2019, refer to Note 2.1.

Impairment

The Group recognised impairment of £30.9m against right-of-use assets, note 16 summarises the assumptions and sensitivities applied. The impairment charge is primarily driven by the impact of COVID-19 on future cash flows and the rates at which these are discounted.

25. Leases *(continued)*

The Consolidated Income Statement shows the following amounts relating to leases:

	30 November 2020 £000
Depreciation charge of right-of-use assets	**90,187**
Remeasurement gain on right-of-use assets	**(4,427)**
Impairment of right-of-use assets	**30,931**
Expenses relating to short-term leases	**235**
Expenses relating to low-value leases	**173**
Expenses relating to variable lease payments	**1,326**
Charge to operating profit	**118,425**
Interest expense	**69,362**
Charge to profit before taxation	**187,787**

The total cash outflow for leases was £94.0m.

Commitments for short-term leases at 30 November 2020 was £0.1m.

26. Share-based payments

Vue International Holdco Limited, the ultimate parent undertaking, operates one senior executive share-based payment scheme.

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 was expensed evenly to the income statement over the vesting period with a corresponding increase in the share-based payment reserve in equity. The fair value of the benefit has been fully expensed over the vesting period of the agreement. The charge booked to the income statement was £nil (2019: £nil).

27. Provisions

Analysis of total provisions:	30 November 2020 £000	30 November 2019 £000
Current	892	4,730
Non-Current	3,308	87,450
Total	**4,200**	92,180

	Property provisions £000	Jubilee retirement £000	Other provisions £000	Total £000
At 1 December 2019	85,356	2,094	4,730	**92,180**
Additions during year	-		1,740	**1,740**
Utilised during the year / released during the year	(1,007)	(41)	(5,660)	**(6,708)**
Impact of change in accounting policy (note 2.1)	(83,829)		-	**(83,829)**
Remeasurement	-		-	**-**
Discount factor unwind	-	87	-	**87**
Foreign exchange movement	542	106	82	**730**
At 30 November 2020	**1,062**	**2,246**	**892**	**4,200**

Property provisions

Property provisions relating to onerous leases and the straight lining of rent formed part of right-of-use asset transition balances under IFRS 16. The remaining provision relates to an onerous property contract.

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.

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 33.

28. 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 2020	
Financial Assets per the balance sheet		
Group	**Assets at amortised cost £000**	**Fair value of assets at amortised cost £000**
Trade and other receivables excluding prepayments	56,632	56,632
Cash and cash equivalents	181,170	181,170
Total	237,802	237,802

Financial Liabilities per the balance sheet		
Group	**Liabilities at amortised cost £000**	**Fair value of liabilities at amortised cost £000**
Borrowings	1,893,783	903,122
Lease liabilities	934,063	934,063
Trade and other payables excluding non-financial liabilities	178,183	178,183
Total	3,006,029	2,015,369

	Carrying amount	Contractual cash flows	0-1 Year	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000
1st Lien and 2nd Lien	740,161	(752,680)	-	-	(752,680)
SSTL	121,777	(150,000)	-	(150,000)	-
RCF	29,254	(30,000)	(30,000)	-	-
Shareholder loan notes	1,001,851	(1,001,851)	-	-	(1,001,851)
Leases	934,063	(1,686,398)	(140,789)	(536,476)	(1,009,133)
Trade payables	178,183	(178,183)	(178,183)	-	-
External Loans	740	(740)	-	(740)	-
Total	3,006,029	(3,799,852)	(348,972)	(687,216)	(2,763,664)

28. Financial instruments *(continued)*

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

Fair value hierarchy *(continued)*

	30 November 2019	
Assets per the balance sheet	Assets at amortised cost	Fair value of assets at amortised cost
Group	£000	£000
Trade and other receivables excluding prepayments	64,221	64,221
Cash and cash equivalents	131,156	131,156
Total	195,377	195,377

Liabilities per the balance sheet

Group	Liabilities at amortised cost £000	Fair value of liabilities at amortised cost £000
Borrowings	1,588,941	666,148
Lease liabilities	34,935	24,124
Trade and other payables excluding non-financial liabilities	151,614	151,614
Total	1,775,490	841,886

	Carrying amount £'000	Contractual cash flows £'000	0-1 Year £'000	2-5 years £'000	More than 5 years £'000
1st Lien and 2nd Lien	692,218	(705,541)	-	-	(705,541)
Shareholder loan notes	896,830	(896,830)	-	-	(896,830)
Leases	34,935	40,505	12,248	22,912	5,345
Trade payables	151,615	(151,615)	(151,615)	-	-
External Loans	(108)	(800)	-	(800)	-
Total	1,775,490	(1,714,281)	(139,367)	22,112	(1,597,026)

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.

Interest-bearing borrowings and finance lease liabilities

Fair value, which, after initial recognition is determined for disclosure purposes only, is calculated discounting the current value at prevailing interest rates.

28. Financial instruments *(continued)*

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. See Going Concern note 3.3 for further detail.

(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.

28. 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 €0.01 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 £5.1m. 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 £0.8m.

(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.

29. Share capital

	30 November 2020	30 November 2019
Allotted, issued and fully paid	**£000**	£000
4,718,100 Ordinary shares of £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.

30. 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%	

30. Subsidiaries, joint ventures and associates *(continued)*

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
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%	
CinemaxX Multiplex Mülheim GmbH	Germany	100%	
Multikino Media Sp. z o.o.	Poland	100%	2 ul. Przesko Warsaw 00-032 Poland
Multikino S.A.	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
UAB Multikino Lietuva	Lithuania	100%	J.Jasinskio str. 16B Vilnius Lithuania
Vue Italy SpA	Italy	100%	Via Monte Rosa 91 - 20149 - Milano
The Space Cinema 1 SpA	Italy	100%	Piazza Augusto Imperatore 3 - 00186 - Roma

30. Subsidiaries, joint ventures and associates *(continued)*

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
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%	
Vue Deutschland 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			
Red Carpet Cinema Communication Verwaltungs GmbH (in liquidation)	Germany	50%	Valentinskamp 18-20 20354 Hamburg Deutschland Germany
Red Carpet Cinema Communication GmbH & Co. KG (in liquidation)	Germany	50%	
Digital Cinema Advertising – DCA S.r.l	Italy	50%	Piazza Duse Eleonora 2 20122 Milan Italy
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 (Disposed 31/12/2020)	Germany	19%	Schlosserstr. 4; 80336 München; Germany
UFA Theater GmbH (In liquidation)	Germany	10%	c/o P + P Pöllath + Partner, Zeil 127 60313 Frankfurt am Main

30. Subsidiaries, joint ventures and associates *(continued)*

Non-controlling interests of £82k (2019: £194k) relates to a 5% holding in CinemaxX Danmark A/S. The movement for 2020 reflects the profit for the year attributable to the non-controlling interest set off against the dividend paid.

31. Commitments

(a) Capital commitments

The Group had capital commitments as follows:

	30 November 2020 £000	30 November 2019 £000
Contracted for but not provided for in these financial statements	**2,921**	6,106
Total	**2,921**	6,106

(b) Operating lease commitments

From 1 December 2019, following adoption of IFRS 16 the Group has recognised right-of-use assets for these leases, except for short-term leases. Refer to note 2.1 for further details.

At 30 November 2019 the Group's future minimum lease payments under non-cancellable operating leases were as follows:

	30 November 2019 £000
No later than 1 year	137,870
Later than 1 year and no later than 5 years	499,141
Later than 5 years	774,351
Total	1,411,362

32. Operating cash flow

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Operating (loss) / profit before tax	**(158,876)**	61,951
Adjustment for:		
Depreciation	**138,811**	53,765
Amortisation	**4,499**	4,166
Remeasurements	**(4,427)**	-
Impairment charge	**41,196**	2,963
Increase / (decrease) in provisions	**989**	(7,273)
Decrease / (increase) in inventories	**2,638**	(370)
Decrease / (increase) in trade and other receivables	**33,421**	(778)
(Decrease) / increase in trade and other payables	**(11,757)**	5,159
Loss / (profit) on disposals	**267**	(48)
Other non cash	**(851)**	(668)
Cash generated from operations	**45,910**	118,867
Income taxes received / (paid)	**251**	(7,408)
Net cash inflow from operating activities	**46,161**	111,459

Net debt reconciliation

	Cash and Bank	Senior Secured notes and loan	1st Lien	2nd Lien	Senior Secured Term Loan	RCF	Share-holder loans	External Loans	Capital-ised fees	Lease liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net debt as at 1 December 2018	116,140	(714,707)	-	-	-	-	(813,398)	(601)	205	(27,095)	(1,439,456)
Cash flows	17,443	726,931	(563,905)	(165,000)	-	-	-	(199)	14,558	6,245	36,073
Foreign exchange adjustments	(2,427)	(3,798)	23,364	-	-	-	-	-	-	(749)	16,390
Non-cash movement	-	(8,426)	-	-	-	-	(83,432)	-	(533)	(13,604)	(105,996)
Net debt as at 30 November 2019	**131,156**	**-**	**(540,541)**	**(165,000)**	**-**	**-**	**(896,830)**	**(800)**	**14,230**	**(35,203)**	**(1,492,988)**
Cash flows	46,039	-	-	-	(150,000)	(30,000)	-	-	29,323	94,038	(10,600)
Foreign exchange adjustments	3,975	-	(28,171)	-	-	-	-	60	80	(26,653)	(50,709)
Non-cash movement	-	-	-	(18,968)	-	-	(105,021)	-	(2,146)	2,896	(123,239)
Change in accounting policy	-	-	-	-	-	-	-	-	-	(969,140)	(969,140)
Net debt as at 30 November 2020	**181,170**	**-**	**(568,712)**	**(183,968)**	**(150,000)**	**(30,000)**	**(1,001,851)**	**(740)**	**41,487**	**(934,063)**	**(2,646,676)**

Non-cash movements include interest charges.

33. Contingent liabilities

A contingent liability exists in relation to the other provisions as disclosed in note 27. The identifiable amount as at 30 November 2020 is £0.1m (2019: £2.3m).

34. Post balance sheet events

On 21 October 2018 Vue Nederland B.V and Vue International Bidco plc (collectively, “Vue”) entered into a share sale and purchase agreement (the “SPA”) with Greater Union International B.V. and Event Hospitality & Entertainment Limited (collectively, “Event”) to buy the “CineStar” exhibition business in Germany. Because the relevant turnover thresholds were met the proposed acquisition required the consent of the German Federal Competition Office (FCO) before it could proceed. Vue and Event filed the required competition clearance application with the FCO in early 2019 and the clearance process concluded on 28 February 2020 when the FCO approved the acquisition by Vue of the CineStar business subject to the condition precedent that 6 named sites from the would-be combined circuit - Vue already owned an exhibition business in Germany (trading under the “CinemaxX” brand) - were first divested by the parties. Well before the FCO issued its conditional clearance decision Vue, with the support of Event, had begun a sale process with respect to the expected divestment sites – a process which then continued after competition clearance was received. Under the terms of the FCO conditional clearance decision the deadline for Vue and Event to satisfy the divestment condition precedent was initially midnight on Friday 28 August 2020 however this was subsequently extended until midnight on Friday 13 November 2020 and then again, to midnight on Monday 14 December 2020. That final deadline passed without the divestments having been made i.e. without the condition precedent having been satisfied and as a result the acquisition by Vue of the CineStar business is now deemed prohibited by the FCO and will therefore not take place.

Immediately following the expiry of the FCO deadline, Event Hospitality & Entertainment Limited issued an announcement to the Australian Securities Exchange in which it stated that it considered “Vue’s actions in not completing the divestment process to be a clear, deliberate and fundamental breach of the SPA”. Event stated that it was “considering all of its legal options in relation to Vue’s breach of the SPA”, adding that “the SPA had no material adverse event clause or finance condition, and any concepts of force majeure or frustration were excluded under German law”. Subsequently, in its FY 2021 H1 Results Report issued on 18 February 2021, Event reiterated its position that the transaction had not proceeded due to “Vue’s failure to satisfy the FCO’s condition for the transaction” and that Event was “considering all of its legal options in relation to Vue’s breach of the sale and purchase agreement”. Notwithstanding these public statements by Event, in the period between 14 December 2020 (the date on which the proposed acquisition was effectively prohibited) and the date of signing of the Vue International Bidco plc financial statements Vue has not received direct communication from Event or its advisers in connection with the divestments, the FCO process or the failure of the transaction to complete.

35. 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 2020 was waived with no outstanding balances at the end of the year. Payments made in the year of £0.4m (2019: £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 2020 £000	Year ended 30 November 2019 £000
Remuneration	**19,733**	8,263
Contributions to defined contribution pension schemes	**180**	185
Total	**19,913**	8,448

Key management personnel comprise of 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), ATF (Stitching Abraham Tuschinski Fonds), and Stichting Bio Kinderrevalidatie. Ron is also a Director of Cinema Digitaal BV. Remon Guitjens, CFO of Vue Netherlands, is a director of Stichting Nationale Bioscoopbon. J. Timothy Richards, CEO of the Group, was a member of the board of the BFI (British Film Institute) in 2019. During 2021, Tim was appointed as Chair of the BFI for a period of up to 3 years. Alison Cornwell, CFO of the Group, is a non-executive director of Edinburgh International Film Festival Limited. Martin Kelleher, acting as non-executive director of Irish subsidiaries, is a senior partner of Mason Hayes & Curren LLP.

35. Related party transactions *(continued)*

During the year the Group had the following transactions take place and amounts outstanding at balance date with these related parties:

	Year ended 30 November 2020		Year ended 30 November 2019	
	Income / (Expense)	**Receivable / (Payable)**	Income / (Expense)	Receivable / (Payable)
	£000	**£000**	£000	£000
NVBF	**(261)**	**(49)**	(452)	(42)
Cinemas Digitaal BV	**-**	**-**	(45)	-
Stichting Nationale Bioscoopbon	**1,414**	**11**	1,782	(4)
Stichting Bio Kinderrevalidatie	**(22)**	**5**	(27)	-
BFI	**-**	**-**	214	-
Edinburgh International Film Festival Limited	**-**	**-**	25	-
Mason Hayes & Curran LLP	**(34)**	**(34)**	-	-
Total	**1,097**	**(67)**	1,497	(46)

Other Group Entity Related Party Transactions

During the year the Group incurred interest charges of £105.0m (2019: £83.4m) by companies under the ownership of Vue International Holdco Limited Group which are not eliminated on consolidation. As at 30 November 2020 £1,001.9m (2019: £896.8m) are owed in respect of shareholder loans.

36. Ultimate parent company and controlling party

At 30 November 2020, 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 2020, 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 2020, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

Vue International Bidco plc

COMPANY BALANCE SHEET
AS AT 30 NOVEMBER 2020

	Note	As at 30 November 2020 £000	As at 30 November 2019 £000
Non-current assets			
Property, plant and equipment		**52**	40
Right-of-use assets		**665**	-
Intangible assets		**873**	1,015
Deferred tax asset		**56**	10
Investments	**6**	**204,976**	204,976
Trade and other receivables	**7**	**1,528,978**	-
Total non-current assets		**1,735,600**	206,041
Current assets			
Trade and other receivables	**7**	**28,636**	1,428,840
Cash and cash equivalents		**29,657**	7,384
Total current assets		**58,293**	1,436,224
Total assets		**1,793,893**	1,642,265
Current liabilities			
Trade and other payables	**8**	**167,100**	252,041
Corporate tax payable		**-**	128
Interest-bearing loans and borrowings	**9**	**30,000**	-
Lease liabilities		**284**	-
Total current liabilities		**197,384**	252,169
Non-current liabilities			
Interest-bearing loans and borrowings	**9**	**1,863,043**	1,588,141
Lease liabilities		**369**	-
Trade and other payables		**-**	73
Deferred tax liability		**61**	61
Total non-current liabilities		**1,863,473**	1,588,275
Total liabilities		**2,060,857**	1,840,444
Net liabilities		**(266,964)**	(198,179)
Equity			
Share capital	**10**	**4,718**	4,718
Share-based payment reserve		**10,274**	10,274
Accumulated losses		**(281,956)**	(213,171)
Total equity		**(266,964)**	(198,179)

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 £68.8m (2019: £18.9m).

Vue International Bidco plc

COMPANY BALANCE SHEET
AS AT 30 NOVEMBER 2020

The financial statements on pages 111 to 119 were authorised for issue by the board of directors on 24 March 2021 and are signed on its behalf by

Alison Cornwell
Director

Vue International Bidco plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note	Share capital £000	Share-based payments reserve £000	Accumulated losses £000	Total equity £000
Balance at 1 December 2018		4,718	10,274	(194,296)	(179,304)
Loss for the year		-	-	(18,875)	(18,875)
Total comprehensive loss for the year		-	-	(18,875)	(18,875)
Balance at 30 November 2019	10	4,718	10,274	(213,171)	(198,179)
Balance at 1 December 2019		**4,718**	**10,274**	**(213,171)**	**(198,179)**
Loss for the year		**-**	**-**	**(68,785)**	**(68,785)**
Total comprehensive loss for the year		**-**	**-**	**(68,785)**	**(68,785)**
Balance at 30 November 2020	**10**	**4,718**	**10,274**	**(281,956)**	**(266,964)**

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 to companies using FRS 101. The accounting policies have been applied consistently.

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 2020. 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 note 3.3 in the Group financial statements which is 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.

There are currently no critical estimates and judgements that the directors have made in the process of applying the Company's accounting policies.

3. Auditors' remuneration

The audit fee for the Company of £5k (2019: £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 £68.8m during the year (2019: £18.9m).

5. Directors' remuneration

The highest paid director received remuneration of £3.7m (2019: £1.0m) excluding company paid social security of £335k (2019: £140k) and pension payments of £5k (2019: £5k).

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Wages and salaries	**7,337**	3,029
Social security costs	**695**	474
Other pension costs	**5**	5
Total	**8,037**	3,508

The increase in remuneration is due to one off bonus awards made early in 2020 in recognition of exceptional performance over the preceding three years.

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.

6. Investments

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

	30 November 2020 £000	30 November 2019 £000
Cost and carrying value	**204,976**	204,976

Refer to note 30 in the consolidated financial statements for a list of subsidiaries.

7. Trade and other receivables

	30 November 2020 £000	30 November 2019 £000
Non-current	**1,528,978**	-
Current	**28,636**	1,428,840
Total	**1,557,614**	1,428,840

	30 November 2020 £000	30 November 2019 £000
Amounts receivable from group undertakings	**1,549,232**	1,421,408
Prepayments	**32**	71
Other debtors	**8,350**	7,361
Total	**1,557,614**	1,428,840

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%.

Receivables are classified as non-current when, at the balance sheet date, there is no expectation to settle the receivables in the next 12 months

8. Trade and other payables

	30 November 2020 £000	30 November 2019 £000
Amounts payable to group undertakings	**144,231**	231,064
Accrued expenses	**22,869**	20,977
Total	**167,100**	252,041

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

9. Interest-bearing loans and borrowings

	Current		Non-Current		Total	
	30 November 2020 £000	30 November 2019 £000	**30 November 2020 £000**	30 November 2019 £000	**30 November 2020 £000**	30 November 2019 £000
1st Lien - Senior Term Loan (€634m)	**-**	-	**568,712**	540,541	**568,712**	540,541
2nd Lien - PIK notes (£165m)	**-**	-	**183,968**	165,000	**183,968**	165,000
(SSTL) -Senior Secured Term Loan (£150m)	**-**	-	**150,000**	-	**150,000**	-
RCF (£65m)	**30,000**	-	**-**	-	**30,000**	-
Shareholder loan notes	**-**	-	**1,001,851**	896,830	**1,001,851**	896,830
Total	**30,000**	-	**1,904,531**	1,602,371	**1,934,531**	1,602,371
Less:						
Revolving credit facility capitalised fees	**-**	-	**(746)**	(908)	**(746)**	(908)
1st Lien capitalised fees	**-**	-	**(9,139)**	(10,033)	**(9,139)**	(10,033)
2nd Lien capitalised fees	**-**	-	**(3,380)**	(3,289)	**(3,380)**	(3,289)
SSTL capitalised fees	**-**	-	**(28,223)**	-	**(28,223)**	-
Total interest-bearing loans and borrowings	**30,000**	-	**1,863,043**	1,588,141	**1,893,043**	1,588,141

10. Share capital

	30 November 2020	30 November 2019
Allotted, issued and fully paid	**£000**	£000
4,718,100 Ordinary shares of £1 each (2019: £1 each)	**4,718**	4,718
Total	**4,718**	4,718

11. 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 £105.0m (2019: £83.4m) by companies under the ownership of Vue International Holdco Limited. J. Timothy Richards, Stephen Knibbs, Alison Cornwell, Peter Teti, Jason Peters, Philip Mauchel and Matthew Baird are directors of both companies. As at 30 November 2020 £1,001.9m (2019: £896.8m) are owed in respect of shareholder loans.

12. Ultimate parent company and controlling party

At 30 November 2020, the immediate parent undertaking of the Company is Vue International Midco Limited.

At 30 November 2020, 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 2020, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

13. Post balance sheet events

On 21 October 2018 Vue Nederland B.V and Vue International Bidco plc (collectively, “Vue”) entered into a share sale and purchase agreement (the “SPA”) with Greater Union International B.V. and Event Hospitality & Entertainment Limited (collectively, “Event”) to buy the “CineStar” exhibition business in Germany. Because the relevant turnover thresholds were met the proposed acquisition required the consent of the German Federal Competition Office (FCO) before it could proceed. Vue and Event filed the required competition clearance application with the FCO in early 2019 and the clearance process concluded on 28 February 2020 when the FCO approved the acquisition by Vue of the CineStar business subject to the condition precedent that 6 named sites from the would-be combined circuit - Vue already owned an exhibition business in Germany (trading under the “CinemaxX” brand) - were first divested by the parties. Well before the FCO issued its conditional clearance decision Vue, with the support of Event, had begun a sale process with respect to the expected divestment sites – a process which then continued after competition clearance was received. Under the terms of the FCO conditional clearance decision the deadline for Vue and Event to satisfy the divestment condition precedent was initially midnight on Friday 28 August 2020 however this was subsequently extended until midnight on Friday 13 November 2020 and then again, to midnight on Monday 14 December 2020. That final deadline passed without the divestments having been made i.e. without the condition precedent having been satisfied and as a result the acquisition by Vue of the CineStar business is now deemed prohibited by the FCO and will therefore not take place.

Immediately following the expiry of the FCO deadline, Event Hospitality & Entertainment Limited issued an announcement to the Australian Securities Exchange in which it stated that it considered “Vue’s actions in not completing the divestment process to be a clear, deliberate and fundamental breach of the SPA”. Event stated that it was “considering all of its legal options in relation to Vue’s breach of the SPA”, adding that “the SPA had no material adverse event clause or finance condition, and any concepts of force majeure or frustration were excluded under German law”. Subsequently, in its FY 2021 H1 Results Report issued on 18 February 2021, Event reiterated its position that the transaction had not proceeded due to “Vue’s failure to satisfy the FCO’s condition for the transaction” and that Event was “considering all of its legal options in relation to Vue’s breach of the sale and purchase agreement”. Notwithstanding these public statements by Event, in the period between 14 December 2020 (the date on which the proposed acquisition was effectively prohibited) and the date of signing of the Vue International Bidco plc financial statements Vue has not received direct communication from Event or its advisers in connection with the divestments, the FCO process or the failure of the transaction to complete.