Everyman Media Group PLC
Registered number: 08684079

Annual report and financial statements
52 weeks ended
28 December 2017

Contents

Company information

Directors

Adam Kaye	Executive Director
Charles Dorfman	Non-Executive Director
Crispin Lilly	Chief Executive Officer
Jonathan Peters FCA	Finance Director
Michael Rosehill FCA	Non-Executive Director
Paul Wise	Executive Chairman
Philip Jacobson FCA	Independent Non-Executive Director

Company secretary
Jonathan Peters FCA

Registered office address of the Company
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2 Downshire Hill
London
NW3 1NR

Company registration number
08684079 (registered in England & Wales)

Nominated adviser and broker
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6-8 Tokenhouse Yard
London
EC2R 7AS

Auditor to the Company
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Solicitor to the Company
Howard Kennedy
No. 1 London Bridge
London
SE1 9BG

Registrar to the Company
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Chairman's statement

I am pleased to report on the Group's results for the 52 weeks ended 28 December 2017.

With 2 new openings in the year in Stratford-upon-Avon and Kings Cross, together with the completion of some significant refurbishments in Muswell Hill and Oxted, 2017 marked another year of strong growth. The business delivered in line with the Board's expectations across all key areas.

The Group now operates 22 venues, up from 20 at the beginning of 2017. This includes a 4 screen venue in York that opened immediately after the end of the year. The 3 screen Kings Cross venue that opened during the year added to the small, temporary, 1 screen venue that was already in place.

Review of the business

Everyman continues to evolve into a trusted and highly regarded brand within the cinema and leisure industry with 22 venues and 69 screens (as at 13 March 2018).

Our team of enthusiastic employees is growing significantly and they continue to be our greatest strength with their attention to hospitality and customer experience remaining our most important differentiator. This was reinforced during the year with the appointment of Gavin Hughes as operations director, an expanded regional management team and an increased focus on internal succession planning.

The Board's long held belief in this model as being the bedrock for significant growth within the UK has been further strengthened in the last 12 months and our ambitions continue to grow. The business currently has a further 13 committed venues and a pipeline that is still growing with an increasing geographic footprint across the UK.

Results

Revenue for the year was up 37.4% on last year to £40,620,000 (2016: £29,554,000).

The Group's adjusted operating profit before depreciation, amortisation, pre-opening expenses, acquisition costs and share-based payments was up 67.3% to £6,615,000 (2016: £3,954,000). This is an adjusted IFRS measure which has been further explained in note 2 and on the face of the statement of profit and loss and other comprehensive income. The Group generated a profit for the year of £1,268,000 (2016: £61,000).

The Directors believe that the Group's balance sheet is strong, with sufficient working capital to service all its day-to-day requirements. The Directors take a prudent approach to the Group's leverage ratio and regularly review its balance sheet with this in mind. The Board does not recommend the payment of a dividend at this stage of the Group's development (2016: £nil).

Openings

The Group opened new sites during the year in Stratford-upon-Avon (4 screens, June 2017) as well as our permanent venue in Kings Cross (3 screens, November 2017).

Muswell Hill saw the final phase of its refurbishment works completed in June 2017 with the addition of 2 further screens to bring it to 5 in total.

A full redevelopment of our Oxted venue took place during the year, creating a 3 screen cinema from 1 screen previously, together with a full food and beverage offer. The site was reopened in November 2017 by Dame Judy Dench.

The Group conditionally exchanged contracts on 8 further sites in Newcastle, Glasgow, Liverpool, Altrincham, Lincoln, Cirencester, London's Borough Market and Tunbridge Wells during the year.

Immediately after the year end, the Group opened a 4 screen venue in York, following its acquisition and subsequent refurbishment during 2017.

In January 2018, the Group exchanged on the purchase of the freehold of a site in Crystal Palace, London for £3.225m. It is expected that a 4 screen venue will open during 2018.

Cash flows

Net cash generated from operating activities was £13,739,000 (2016: £5,465,000). Net cash outflows for the year, before financing, were £3,538,000 (2016: £10,393,000). This is largely represented by capital expenditure on the expansion of the business through build costs and refurbishment of sites opened in the year.

Cash held at the end of the year was £18,366,000 (2016: £1,566,000). The cash held will be invested in the continuing development and expansion of the Group's business in 2018.

On 10 March 2017 the Group agreed a new loan facility of £20m with Barclays Bank PLC. This replaced the £8m loan facility signed in March 2016. At the year end the Group had drawn down £7,000,000 (2016: £3,000,000) of the available funds.

On 9 October 2017 the Group raised £17,176,000 from the issuance of new Ordinary shares.

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Chairman's statement *(continued)*

Pre-opening costs

Pre-opening costs, which have been expensed within administrative expenses, were £916,000 (2016: £659,000). These costs include expenses which are necessarily incurred in the period prior to a new venue being opened but which are specific to the opening of that venue.

Current trading

Since the year end trading has been in line with expectations and the film release schedule for 2018 looks both strong and diverse.

Marketing activity

We continue to believe in delivering events and experiences that surprise and exceed our customers' expectations, building loyalty and goodwill whilst fostering tremendous word of mouth, increasingly capitalising on social media. Our premiere opening night events (including both 'Fifty Shades Darker' and 'Murder on the Orient Express' in 2017) as well as other activities such as the 3rd Everyman Music and Film Festival are great examples of these.

Staff

Our team of employees, from 40 countries, averaged 677 in 2017 (2016: 523). Once again I would like to recognise them all, and thank them, for their continued efforts and support that are a major part of our business success.

Annual general meeting

The Directors look forward to welcoming shareholders to the annual general meeting of the Company which will be held at 10:30am on 3 May 2018 at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX. Formal notice of the meeting and an explanation of the resolutions to be proposed is set out at the end of this document.

Future of the Company

Whilst the pipeline for further new venues continues to develop well, the opportunities for growth organically from our existing estate are becoming increasingly important for the business. The Directors believe that developing like for like growth, alongside continued footprint growth, will stand us in good stead to deliver venues that are used and appreciated by communities around the country and to grow the business for our shareholders.

Paul Wise
Chairman
13 March 2018

Strategic report

The Directors present their strategic report for the Group for the 52 weeks ended 28 December 2017.

Principal activities and review of the business

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

Results

The Group made a profit after tax of £1,268,000 (2016: £61,000).

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

Development of the Group's business

The Everyman offering

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

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

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

Growth strategy

The Directors believe the opportunities for more Everyman venues within the UK continues to be significant and this is reflected in the strength and variety of venues in our pipeline. Key opportunities in more urban areas (e.g. Edinburgh and London's Borough Market) sit alongside smaller market town locations such as Wokingham and Altrıncham. Wherever Everyman opens however, we strive to be an integral part of the local community and be a part of a collective rejuvenation of the area.

The buildings that we develop can be part of a large traditional developer-led complex, the refurbishment of an old existing traditional cinema or building into small existing spaces in larger structures.

Continuing expansion will be financed from current resources including the bank facility, retained earnings and where appropriate, further financing.

The Group continues to invest in opportunities at existing venues to drive admissions and revenues as well as in new sites.

In May 2017 our venue at Muswell Hill was completed, with the final phase adding 2 additional screens, making a total of 5. In November 2017 we re-opened our Oxted venue following a complete redevelopment to our modern Everyman offer, including our sofa seating and an expanded bar area, together with an increase from 1 to 3 screens. In addition, a refurbishment of our Hampstead venue took place earlier in the year. A programmed plan of maintenance work across the growing estate is in place.

The Group is placing an increasing focus on the use of technology throughout the business both behind the scenes, digitally online and within venues, especially where this can ease and improve the customer journey. A new membership scheme was launched in September 2017 and it is a priority for the business to increase the number of members it has in order to improve customer relations and encourage increased frequency.

Our bars, and the food and drink products we sell, are an integral part of the Everyman experience that customers make time to enjoy as part of their visit and as such it is an area of constant review. We continue to deliver encouraging growth in this area both through appropriate development of our range and offer but also through improved operational delivery.

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Strategic report *(continued)*

Current estate

The Group currently has venues in the following locations:

Location	Number of Screens	Number of Seats
Birmingham	3	328
Bristol	3	438
Chelmsford	5	379
Esher	4	329
Gerrards Cross	2	215
Harrogate	5	410
Leeds	5	598
London, Baker Street	2	118
London, Barnet	5	429
London, Belsize Park	1	126
London, Canary Wharf	3	266
London, Hampstead	2	192
London, Islington	1	129
London, Kings Cross*	4	278
London, Maida Vale	2	150
London, Muswell Hill*	5	469
Oxted*	3	212
Reigate	2	170
Stratford-Upon-Avon*	4	384
Walton-On-Thames	2	158
Winchester	2	234
York*	4	255
	69	6,267

*****Venues added/significantly refurbished during/after the year.

Over the course of 2017 the Group conditionally exchanged contracts on a further 8 new venues in Newcastle (4 screens), Glasgow (3 screens), Liverpool (4 screens), Altrincham (4 screens), Lincoln (4 screens), Cirencester (4 screens), London's Borough Market (2 screens) and Tunbridge Wells (3 screens). In 2018 we expect to open 6 venues in total, including York, which opened immediately after the year end.

On 10 March 2017 the Group agreed a £20m facility from Barclays Bank PLC to help fund further expansion of our estate. This facility replaced an existing £8m facility that was signed in March 2016.

On 9 October 2017 the Group raised £17m through an equity raise. This raise together with the increased debt facility will help to fund the continued expansion of the estate.

UK cinema market

Market performance

Admissions in the UK increased slightly in 2017, ending the year up 2.3m at 170.6m (source: Cinema Advertising Association). Gross box office for the UK and Ireland increased 4.7% to £1.4bn (source: Comscore).

Our share of box office revenue in 2017, albeit fuelled by the continued expansion program, rose from 1.64% in 2016 to 2.11% (source: ComScore).

The volume of films and event cinema being released in cinemas theatrically in the UK continues to grow with nearly 900 titles in 2017. The breadth and quality of this content remains strong. With these factors as a backdrop, the Directors continue to believe that the cinema market is healthy and that the Group's continued focus on delivering great value in the overall experience puts us in a strong and robust position within that market.

Competition

The UK cinema market continues to be dominated by the three main multiplex players: Cineworld, Odeon and Vue. All of these chains expanded with new locations in the UK in 2017 and in addition, Cineworld announced its intention to purchase Regal Entertainment Group, the second largest exhibitor in the US.

Empire and The Light, both smaller multiplex operators, opened new sites in 2017 and National Amusements continued to refurbish existing multiplexes.

Curzon opened a new cinema in Oxford and saw continued growth from its Aldgate cinema that opened in late 2016. Picturehouse did not open any new cinemas in the year. Both have ambitions to open at least 1 new site in 2018.

Key performance indicators

The growth in revenue in the current year reflects the effect of an increase in the number of sites and admissions, an increase in box office pricing and an improved spend per head on food and beverages.

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

		Year ended 28 December 2017	Year ended 29 December 2016
Admissions	32% ↑	2,227,885	1,692,031
Box office average ticket price	3% ↑	£11.28	£10.94
Food and beverage spend per head	8% ↑	£5.97	£5.55

Both box office average ticket price and food and beverage spend per head have increased in line with expectations. The growth in average ticket price continued to be diluted by the disproportionate growth in admissions from our regional venues at a lower ticket price to our London venues.

In contrast, the food and beverage spend per head continues to develop both as a consequence of new venues opening (with uncompromised kitchens and full menus in comparison to some of our older venues) but also from underlying growth across the board as we continue to successfully focus on menu development and improved operational delivery.

Principal risks and uncertainties

Risks relating to the Group's business

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

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

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

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

4 Film piracy (aided by technological advances) continues to be a real threat to the cinema industry generally, although for Everyman specifically, as with the previous point, this is mitigated through our focus on the overall experience and higher levels of staffing.

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

6 The Group's business could suffer as a result of extreme or unseasonal weather conditions or other exceptional events, as well as the general economic outlook within the United Kingdom. Cinema admissions are affected by periods of abnormal, severe or unseasonal weather conditions, such as exceptionally hot weather or heavy snowfall. In addition, cinema admissions may occasionally be impacted by large sporting or other major events.

7 Retail sales of food and drink form an important part of the revenues of the Group. The Group's retail sales generally fluctuate in line with admissions. The cinemas also sell freshly prepared food and drink items where stringent operational procedures exist to ensure compliance with all necessary regulations.

8 The Group also earns revenue from advertising which may fluctuate due to broader macro-economic factors. Revenue earned from advertising is also influenced by the level of admissions and the size of the Group's portfolio of properties and as such, may decrease in line with any reduction of admissions.

Risks relating to the Group's business (continued)

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

10 Where the Group has an existing cinema it could be subject to competition from the introduction of new and/or upgraded cinemas operated by other chains.

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

12 The strong positive reputation of the Everyman brand is a key benefit, helping to ensure the successful future performance and growth which also serves to mitigate many of the risks identified above.

13 Whilst the full business implications of Brexit remain uncertain, and will do for some time, the Board believes the Group to be well positioned to react to the potential challenges and opportunities ahead. The Group has no exchange rate exposure, and is only indirectly impacted by the fall in sterling due to cost pressure on some food and beverage purchases. Such pressures are small and for the most part offset by increased buying power due to our rapid expansion. The cinema industry is historically resilient to recessionary pressures, however the Board is continuing to monitor the situation closely. The Group has secured financing to allow it to fully fund its next phase of expansion.

Financial risks

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

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

On behalf of the Board
C Lilly
CEO
13 March 2018

Directors' report

The Directors present their annual report and the audited financial statements for the Group for the 52 weeks ended 28 December 2017.

Results and dividends

The results of the Group are included in the strategic report. Further details are shown in the consolidated statement of profit and loss and other comprehensive income and the related notes to the financial statements. As mentioned in the Chairman's statement, the Directors do not recommend the payment of a dividend (2016: £nil).

Principal activities and review of the business

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

Financial risk management: objectives and policies

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

Capital structure

10,206,667 new shares were issued in 2017. The number of Ordinary shares in issue at 28 December 2017 was 70,027,103 (2016: 59,820,436).The Company has also issued options over the share capital of the Company to members of the Board and to certain employees and contractors which amounted to 5,861,152 Ordinary shares (2016: 5,248,329 Ordinary shares) which, if exercised, would comprise 8.7% (2016: 8.99%) of the current issued share capital of the Company (see also Directors' interests below and the related notes). Of these, 1,392,864 (2016: 1,392,864) are represented by 'A' Ordinary shares issued by Everyman Media Holdings Ltd which are convertible into Ordinary shares of the Company, subject to certain market conditions. The shares of the Company are quoted on the London AIM market.

Going concern

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

Substantial shareholdings

As at 28 December 2017 the Company was aware of the following interests in 3% or more of the Company's Ordinary share capital as set out below. No notifications relating to major shareholdings have been made to the Company under disclosure and transparency rule 5 (vote holder and issuer notification rules) since this date.

Shareholder	% of issued share capital 2017	% of issued share capital 2016
Blue Coast Private Equity LP	19.70%	19.12%
Schroders PLC	9.87%	12.39%
Canaccord Genuity Group Inc	9.23%	6.80%
Mr Adam Kaye*	8.12%	7.83%
Mr Charles Dorfman**	7.86%	8.10%
Mr Samuel Kaye	6.29%	5.57%
Walker Crips Group PLC	5.09%	1.93%
Killik & Co LLP	4.76%	3.73%
Mr Paul Wise***	4.09%	5.12%
BlackRock Inc	3.90%	3.85%
Mr Phillip Kaye	3.24%	3.79%
Mr Jonathan Kaye	3.12%	3.31%

* Mr Adam Kaye's dependent children aquired 441,177 Ordinary shares in the year.
**Of the 5,505,041 Ordinary shares Mr Charles Dorfman is interested in, 3,592,565 (2016: 3,213,876) Ordinary shares are held by the Lloyd Dorfman Children's Settlement. Mr Charles Dorfman is one of the potential beneficiaries of the settlement.
***Of the 2,863,840 Ordinary shares Mr Paul Wise is interested in, 2,812,374 (2016: nil) Ordinary shares are held by the Paul Wise Family Trust. Mr Paul Wise is one of the potential beneficiaries of the Trust.

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Directors' report *(continued)*

Directors

The Directors of the Company during the financial year were:

Name	Function
Adam Kaye	Executive Director
Charles Dorfman *1 *2	Non-Executive Director
Crispin Lilly	Chief Executive Officer
Jonathan Peters FCA	Finance Director
Michael Rosehill FCA	Non-Executive Director
Paul Wise *1 *2 *3	Executive Chairman
Philip Jacobson FCA *1 *2 *3	Independent Non-Executive Director

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

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

Directors' interests in the Company

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

Director	Number of Ordinary shares 2017	% of issued share capital 2017	Number of Ordinary shares 2016	% of issued share capital 2016
Mr Adam Kaye	**5,686,280**	**8.12%**	4,684,809	7.83%
Mr Charles Dorfman	**5,505,041**	**7.86%**	4,847,360	8.10%
Mr Paul Wise	**2,863,840**	**4.09%**	3,060,134	5.12%
Mr Michael Rosehill FCA*	**188,410**	**0.27%**	188,410	0.31%
Mr Philip Jacobson FCA	**73,776**	**0.11%**	36,000	0.06%

*Mr Michael Rosehill is a director of Blue Coast Private Equity LP and therefore has an interest in its shareholding as set out on the previous page.

As at the date of this document, the following options over Ordinary shares were held by the Directors:

Director	Grant date	Vesting conditions	Exercise price Pence	29 December 2016 Number	Issued in the year Number	Exercised in the year Number	28 December 2017 Number
Mr Crispin Lilly	1 Dec 14	5	83	287,356	-	-	287,356
	1 Dec 14	6	83	257,009	-	-	257,009
	29 Oct 15	9	85	352,942	-	-	352,942
	13 Mar 17	10	109.5	-	250,000	-	250,000
	23 Nov 17	11	10	-	52,746	-	52,746
Mr Jonathan Peters FCA	20 Apr 15	7	85	274,725	-	(100,000)	174,725
	20 Apr 15	8	85	233,349	-	-	233,349
	29 Oct 15	9	85	90,130	-	-	90,130
	23 Nov 17	11	10	-	35,659	-	35,659
Mr Paul Wise	29 Oct 15	9	85	499,977	-	-	499,977
	29 Oct 13	*4	83	696,432	-	-	696,432
Mr Adam Kaye	29 Oct 15	9	85	499,977	-	-	499,977
	29 Oct 13	*4	83	696,432	-	-	696,432
Mr Philip Jacobson FCA	29 Oct 13	2	83	100,000	-	-	100,000
Mr Charles Dorfman	29 Oct 13	2	83	50,000	-	-	50,000
Mr Michael Rosehill FCA	29 Oct 13	2	83	50,000	-	-	50,000

* The benefit of holding 'A' Ordinary shares in Everyman Media Holdings Limited is considered by the Board to be similar to the benefit of holding an EMI option.

Details of the option scheme vesting and performance conditions are set out at note 27 of the financial statements. 100,000 share options were exercised by Directors during the year, resulting in a gain of £102,000.

Directors' report *(continued)*

Directors' remuneration

For the year ended 28 December 2017

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

For the year ended 29 December 2016

Director	Salary £000	Fees £000	Pension contributions £000	Other benefits £000	Bonus £000	Share-based payments £000	Total £000
Mr Crispin Lilly	164	-	14	4	74	49	305
Mr Jonathan Peters FCA	93	-	4	1	42	40	180
Mr Paul Wise	50	50	-	2	-	31	133
Mr Adam Kaye	30	-	-	2	-	31	63
Mr Philip Jacobson FCA	23	8	-	-	-	9	40
Mr Charles Dorfman	-	-	-	-	-	4	4
Mr Michael Rosehill FCA	-	-	-	-	-	4	4
	360	58	18	9	116	168	729

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

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

Policy and practice on the payment of creditors

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

Employees

Employee involvement

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

Employment of disabled persons

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

Political and charitable donations

The Group made charitable donations of £12,000 in the year (2016: £28,000).

Post balance sheet events

On 19 January 2018, Everyman Media Ltd acquired 100 Ordinary shares of 1 pence each in ECPEE Ltd, a company which has exchanged contracts on the freehold for a site in Crystal Palace.

Directors' report *(continued)*

Disclosure of information to auditor

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

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

Auditor

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

Internal financial control

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

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

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

On behalf of the Board
C Lilly
CEO
13 March 2018
Everyman Media Group PLC
Studio 4, 2 Downshire Hill
London
NW3 1NR

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

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant, reliable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU.
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and a Directors' report that complies with that law and those regulations.

1 **Our opinion is unmodified**

We have audited the financial statements of Everyman Media Group PLC (the Company) for the 52 weeks (year) ended 28 December 2017 which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the Company balance sheet, the Company statement of changes in equity and the related notes, including the accounting policies in note 2.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 28 December 2017 and of the Group's profit for the year then ended.
- The Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU.
- The parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, including FRS101 Reduced Disclosure Framework.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

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

Recoverability of property, plant and equipment, goodwill and parent company investment in subsidiary (risk vs 2016: ◄►)

Group: £58.3m (2016: £43.9m), parent: £30.3m (2016: £30.3m) - refer to accounting policy note 2 and financial disclosures notes 13-15 in the notes to the financial statements.

The risk: forecast-based valuation

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

Our response: our procedures included:

Our sector experience

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

Historical comparisons

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

Benchmarking assumptions

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

Sensitivity analysis

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

Comparing valuations

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

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

Business combinations (risk vs 2016: ▲)

£1.3m (2016: £nil) - refer to accounting policy note 2 and financial disclosures note 30 in the notes to the financial statements.

The risk: accounting treatment

The Group continues to be acquisitive in line with their development and expansion strategy. On 1 September 2017, the Group acquired a former Reel cinema site in York for £1.3m which has been accounted for as a business combination. Judgment was involved in determining whether this acquisition should be accounted for as a business combination at fair value or an asset purchase at cost.

The risk: subjective valuation

The fair value of identifiable net liabilities acquired of £0.2m and the resultant goodwill of £1.5m represent a key audit matter due to the judgement involved in identifying and estimating the fair value of the separate assets and liabilities acquired.

Our response: our procedures included:

Accounting analysis

We examined the sale and purchase agreement and the Group's technical papers to assess whether it was appropriate to treat the acquisition as a business combination under the relevant accounting standard.

Assessing valuer's credentials

We assessed the professional competency, capability and objectivity of the valuation specialists engaged by the Group.

Our valuation expertise

We used our own valuation specialists to assist in evaluating whether all assets and liabilities had been identified, specifically considering whether any separate intangible assets should be recognised, and whether their fair values were appropriate. Our evaluation was based on standard industry practice and our own knowledge of the business.

Assessing transparency

We assessed the adequacy of the Group's disclosures regarding the acquisition and the underlying assumptions applied.

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

Materiality for the Group financial statements as a whole was set at £340,000 (2016: £267,000), determined with reference to a benchmark of Group revenue, of which it represents 0.9% (2016: 1.5%). We consider revenue to be an appropriate benchmark as the Group is in the early stages of its growth, and therefore is a more stable measure than profit or loss before tax.

Materiality for the parent Company financial statements as a whole was set at £323,000 (2016: £266,999), determined with reference to a benchmark of total assets and chosen to be lower than materiality for the Group financial statements as a whole.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £14,000 (2016: £11,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group audit team subjected all (2016: all) of the Group's three reporting components to full scope audits for Group purposes and performed the audit of the parent Company. The Group team approved the component materialities, which ranged from £323,000 to £340,000, having regard to the mix of size and risk profile of the Group across the components.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least 12 months from the date of approval of the financial statements. We have nothing to report in these respects.

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

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- We have not identified material misstatements in the strategic report and the Directors' report.
- In our opinion the information given in those reports for the financial year is consistent with the financial statements.
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in the statement of Directors' responsibilities in respect of the annual report and financial statements, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with International Standards on Auditing (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at: frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

K A Dunn

for and on behalf of KPMG LLP, Statutory Auditor
Kelly Dunn
Senior Statutory Auditor
13 March 2018
KPMG LLP
15 Canada Square
Canary Wharf
E14 5GL

Consolidated statement of profit and loss and other comprehensive income for the year ended 28 December 2017

	Note	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Revenue	5	40,620	29,554
Cost of sales		(15,937)	(11,830)
Gross profit		24,683	17,724
Other operating income		48	167
Administrative expenses		(23,107)	(17,324)
Operating profit		1,624	567
Financial income		4	11
Financial expenses		-	(38)
Net financing income/(expense)		4	(27)
Profit before taxation		1,628	540
Income tax expense	11	(360)	(479)
Profit for the year		1,268	61
Other comprehensive income for the year	24	851	-
Total comprehensive income for the year		2,119	61
Total comprehensive income attributable to equity holders of the Company		2,119	61
Basic earnings per share (pence)	12	2.04	0.10
Diluted earnings per share (pence)	12	1.97	0.10

All amounts relate to continuing activities.

Non-GAAP measure: adjusted profit from operations

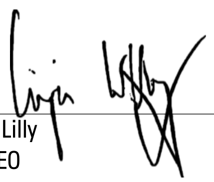
	Note	2017 £000	2016 £000
Adjusted profit from operations		6,615	3,954
Before:			
Depreciation and amortisation	13,14	(3,688)	(2,435)
Acquisition expenses	30	(86)	-
Pre-opening expenses		(916)	(659)
Share-based payment expense	27	(301)	(293)
Operating profit		1,624	567

Consolidated balance sheet at 28 December 2017

Registered in England & Wales
08684079

	Note	28 December 2017 £000	29 December 2016 £000
Assets			
Non-current assets			
Property, plant and equipment	13	48,239	35,603
Intangible assets	14	10,066	8,256
Trade and other receivables	18	173	199
		58,478	44,058
Current assets			
Inventories	16	308	245
Trade and other receivables	18	1,044	1,596
Cash and cash equivalents	17	18,366	1,566
		19,718	3,407
Total assets		78,196	47,465
Liabilities			
Current liabilities			
Other interest-bearing loans and borrowings	20	43	24
Trade and other payables	19	12,479	6,575
		12,522	6,599
Non-current liabilities			
Other interest-bearing loans and borrowings	20	7,000	3,000
Other payables	19	5,168	3,397
Provisions	23	1,883	1,430
Deferred tax liabilities	24	284	775
		14,335	8,602
Total liabilities		26,857	15,201
Net assets		51,339	32,264
Equity attributable to owners of the Company			
Share capital	25	7,003	5,982
Share premium	25	38,354	22,720
Merger reserve	25	11,152	11,152
Retained earnings		(5,170)	(7,590)
Total equity		51,339	32,264

These financial statements were approved by the Board of Directors on 13 March 2018 and signed on its behalf by:



C Lilly
CEO

EVERYMAN

Consolidated statement of changes in equity for the year ended 28 December 2017

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016		5,982	22,720	11,152	(7,944)	31,910
Profit for the year		-	-	-	61	61
Share-based payments	27	-	-	-	293	293
Balance at 29 December 2016		5,982	22,720	11,152	(7,590)	32,264
Balance at 30 December 2016		5,982	22,720	11,152	(7,590)	32,264
Profit for the year		-	-	-	1,268	1,268
Other comprehensive income	24	-	-	-	851	851
Total comprehensive income		-	-	-	2,119	2,119
Shares issued in the period	25	1,021	16,155	-	-	17,176
Share issue expenses	25	-	(521)	-	-	(521)
Share-based payment expense	27	-	-	-	301	301
Total transactions with owners of the parent		1,021	15,634	-	301	16,956
Balance at 28 December 2017		7,003	38,354	11,152	(5,170)	51,339

EVERYMAN

Consolidated cash flow statement for the year ended 28 December 2017

	Note	28 December 2017 £000	29 December 2016 £000
Cash flows from operating activities			
Profit for the year		1,268	61
Adjustments for:			
Financial income	10	(4)	(11)
Financial expenses	10	-	38
Income tax expense	11	360	479
Operating profit		1,624	567
Depreciation and amortisation	13,14	3,688	2,435
Loss on disposal of property, plant and equipment	13	13	16
Bad debts		(91)	-
Lease incentives		135	-
Market rent provisions	23	(76)	(71)
Equity-settled share-based payments	27	301	293
		5,594	3,240
Increase in inventories		(63)	(18)
Decrease in trade and other receivables		669	1,030
Increase in trade and other payables		7,539	1,198
Cash generated from operating activities		13,739	5,450
Corporation tax refunded		-	15
Net cash generated from operating activities		13,739	5,465
Cash flows from investing activities			
Acquisition as business combination	30	(1,302)	-
Acquisition of property, plant and equipment		(15,588)	(18,965)
Proceeds from sale of property, plant and equipment		-	3,324
Acquisition of intangible assets		(391)	(228)
Interest received	10	4	11
Net cash used in investing activities		(17,277)	(15,858)
Cash flows from financing activities			
Proceeds from the issuance of Ordinary shares		17,176	-
Share issue expenses	25	(521)	-
Proceeds from bank borrowings	20	4,000	3,000
Repayment of derivative financial instruments		-	(176)
Interest paid		(317)	(38)
Net cash generated from financing activities		20,338	2,786
Net increase/(decrease) in cash and cash equivalents		16,800	(7,607)
Cash and cash equivalents at the beginning of the period		1,566	9,173
Cash and cash equivalents at the end of the period		18,366	1,566

The Group had £13,000,000 of undrawn funds available (2016: £5,000,000) of the Barclays Bank PLC facility at the year end.

EVERYMAN

Company balance sheet as at 28 December 2017

		Registered in England & Wales	
			08684079
		28 December 2017	29 December 2016
	Note	£000	£000
Assets			
Non-current assets			
Property, plant and equipment	13	477	606
Investments	15	30,337	30,337
Intangible assets	14	584	619
		31,398	31,562
Current assets			
Trade and other receivables	18	43,231	28,890
Total assets		74,629	60,452
Liabilities			
Current liabilities			
Trade and other payables	19	-	6,604
Loans and borrowings	20	43	24
		43	6,628
Non-current liabilities			
Interest-bearing borrowings	20	7,000	3,000
Provisions for other liabilities	23	1,360	1,430
Deferred tax liabilities	24	43	110
		8,403	4,540
Total liabilities		8,446	11,168
Net assets		66,183	49,284
Equity			
Equity attributable to owners of the Company			
Ordinary shares	25	7,003	5,982
Share premium	25	38,354	22,719
Merger reserve	25	20,336	20,336
Retained earnings		490	247
Total equity		66,183	49,284

These financial statements were approved by the Board of Directors on 13 March 2018 and signed on its behalf by:

C Lilly
CEO

Company statement of changes in equity for the year ended 28 December 2017

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016		5,982	22,719	20,336	(1)	49,036
Loss for the year		-	-	-	(45)	(45)
Share-based payments	27	-	-	-	293	293
Balance at 29 December 2016		5,982	22,719	20,336	247	49,284
Balance at 30 December 2016		5,982	22,719	20,336	247	49,284
Loss for the year		-	-	-	(58)	(58)
Shares issued in the period		1,021	16,156	-	-	17,177
Share issue expenses	25	-	(521)	-	-	(521)
Share-based payment expense	27	-	-	-	301	301
Balance at 28 December 2017		7,003	38,354	20,336	490	66,183

1 General information

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

2 Basis of preparation and accounting policies

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

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale.

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

Company basis of preparation

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

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

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

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

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

Going concern

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

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

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

Notes to the financial statements *(continued)*

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

Use of non-GAAP profit and loss measures

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

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

Basis of consolidation

Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to have the ability to affect the amount of the investor returns and has exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The balance sheet at 28 December 2017 incorporates the results of all subsidiaries of the Group for all years and periods, as set out in the basis of preparation.

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

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

Merger reserve

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

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

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

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

Revenue recognition

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

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

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

All contractual-based revenue from memberships is initially classified as deferred revenue and released over the course of 12 months in accordance with seasonal admissions.

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

Goodwill

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

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

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

Business combinations

Acquisitions that are deemed to be the transfer of a 'business' per IFRS13 requirements, are valued at fair value through the use of an external valuation specialist. As such, any identifiable tangible and intangible assets and liabilities are valued prior to acquisition and any excess consideration is treated as goodwill and reviewed for impairment annually.

Intangible assets

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

Amortisation on assets under construction does not commence until they are complete and available for use.

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

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

Property, plant and equipment

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

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

Leasehold improvements	- straight line on cost over the remaining life of the lease
Plant and machinery	- 4 to 10 years
Fixtures and fittings	- 4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the financial statements *(continued)*

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

Impairment (excluding inventories)

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

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

Inventories

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

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

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

Trade and other receivables

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

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

Provisions

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

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Trade and other payables

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

Financial liabilities

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

Fair value hierarchy

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

Share capital

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

Leased assets

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

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

Taxation

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

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

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

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

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

Operating segments

The Board, the chief operating decision maker, considers that the Group's primary activity constitutes one reporting segment, as defined under IFRS8. Operationally, cinemas and restaurants are managed separately but these are reported together as one unit as they have similar characteristics that they can be expected to have essentially the same future prospects.

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

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

Pre-opening expenses

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

Notes to the financial statements *(continued)*

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

Employee benefits

Defined contribution plans

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

Share-based payments

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

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

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

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

3 Adoption of new and revised Standards

Amendments to IFRS that are mandatorily effective for the current year

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

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

New and revised IFRS in issue but not yet effective

The following adopted IFRS have been issued but have not yet been applied (by the Group) in these financial statements:
- IFRS9: Financial Instruments (effective date 1 January 2018)
- IFRS15: Revenue From Contracts With Customers (effective date 1 January 2018)
- IFRS16: Leases (effective date 1 January 2019)
- IFRS2 (amendments): Share-based Payments classification and measurement (effective date to be confirmed)
- IAS12 (amendments): Income Taxes recognition of deferred tax assets for unrealised losses (effective date to be confirmed).

IFRS15 is not expected to have any material impact since revenue derived from memberships is already being treated as contract-based revenue and as such, is released over the year on a seasonal basis in line with admissions. No other revenue streams are expected to be impacted.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS16 will impact both the measurement and disclosures. IFRS16 is expected to add £60m (using the current estate's net present obligations) to right-of-use assets before discounting, within non-current assets, with an equivalent current and non-current liability. Finance charges will be front-loaded such that the impact on the profit and loss account will be higher than under the current guidance on operating leases. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS16 and IFRS15 until a detailed review has been completed.

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Notes to the financial statements *(continued)*

4 Critical accounting estimates

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

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimate of the fair value of the cash-generating units less costs to sell. The determination of a fair value and of suitable selling costs require a level of estimation. In situations where this is lower than the book value of the net assets of the cash generating unit, a value-in-use calculation will need to be performed. The value-in-use calculation requires the entity 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. Details of the impairment accounting policies are set out in the above notes.

Impairment of tangible assets

Determining whether tangible assets are impaired requires an assessment at each reporting date to determine whether there is objective evidence that it is impaired. A tangible asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset which has a negative impact on the estimated future cash flows of that asset. In situations where there are impairment indicators, an impairment loss will be recognised as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The value-in-use calculation requires the entity 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.

5 Revenue

	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Film and entertainment	25,124	18,505
Food and beverages	13,306	9,384
Other income	2,190	1,665
	40,620	29,554

6 Profit before taxation

Profit before taxation is stated after charging:	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Depreciation of tangible assets	3,575	2,390
Amortisation of intangible assets	113	45
Loss on disposal of property, plant and equipment	13	16
Operating lease rentals	2,762	2,449
Share-based payments	301	293
Acquisition expenses	86	-

7 Average number of employees

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	28 December 2017 Number	29 December 2016 Number
Management	105	85
Operations	572	438
	677	523

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

8 Employee costs including Directors

	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Wages and salaries	9,138	7,071
Social security costs	668	463
Pension costs	71	46
Share-based payments	301	293
Other staff benefits	4	10
	10,182	7,883

9 Directors' remuneration

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

	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Salaries/fees	440	418
Bonuses	98	116
Other benefits	4	9
Pension contributions	25	18
	567	561
Share-based payments	180	168
	747	729
Information regarding the highest paid Director is as follows:		
Salaries/fees	168	164
Bonuses	59	74
Other benefits	-	4
Pension contributions	17	14
	244	256
Share-based payments	77	49
	321	305

Directors remuneration for each Director is disclosed in the Directors' report. The costs relating to the Directors remuneration are wholly incurred by Everyman Media Ltd for the wider Group. The amount attributable to services provided to the Company was £172,000 (2016: £184,000). A Director exercised options over shares in the Company during the year (2016: nil)

10 Auditor's remuneration

Fees payable to the Company's auditor for:	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Audit of the Company’s financial statements	12	8
Audit of the subsidiary undertakings of the Company	55	50
Taxation and compliance services to the Group	12	12
Other services	27	97
	106	167

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

11 Income tax

	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Current tax	-	-
Deferred tax expense (note 24)		
Origination and reversal of temporary differences	259	189
Adjustments in respect of prior years	101	290
Total tax charge	360	479

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

Reconciliation of effective tax rate	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Profit before taxation	1,628	540
Tax at the UK corporation tax rate of 19.25%/20.00%	313	108
Permanent differences (expenses not deductible for tax purposes)	13	45
Adjustments in respect of prior years	101	290
Other short term timing differences	(40)	50
Effect of change in expected future statutory rates on deferred tax	(27)	(14)
Total tax expense	360	479

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Accordingly, the Group's profits for this accounting period are subject to tax at a blended rate of 19.25% (2016: 20%). An additional reduction to 17% was substantively enacted on 6 October 2016.

12 Earnings per share

	Year ended 28 December 2017 £000	Year ended 29 December 2016 £000
Profit used in calculating basic and diluted earnings per share	1,268	61
Number of shares (000's)		
Weighted average number of shares for the purpose of basic earnings per share	62,099	59,820
Number of shares (000's)		
Weighted average number of shares for the purpose of diluted earnings per share	64,528	60,310
Basic earnings per share (pence)	2.04	0.10
Diluted earnings per share (pence)	1.97	0.10

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

The Company has 5,818,000 potentially issuable Ordinary shares (2016: 5,248,000) all of which relate to the potential dilution from both the Group's A Ordinary shares and share options issued to the Directors and certain employees and contractors, under the Group's incentive arrangements.

The Company made a loss for the year of £58,000 (2016: £45,000).

13 Property, plant and equipment (Group)

	Leasehold improvements £000	Plant & machinery £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost					
At 1 January 2016	17,387	4,056	4,794	1,477	27,714
Acquired in the year	15,217	1,982	1,708	58	18,965
Disposals	(3,308)	-	(189)	-	(3,497)
Transfer on completion	1,106	-	-	(1,106)	-
At 29 December 2016	30,402	6,038	6,313	429	43,182
Acquired in the year	12,259	1,895	1,101	669	15,924
Acquired in business combination	-	250	50	-	300
Disposals	-	-	(13)	-	(13)
Transfer on completion	301	-	-	(301)	-
At 28 December 2017	**42,962**	**8,183**	**7,451**	**797**	**59,393**
Depreciation					
At 1 January 2016	1,664	1,166	2,540	-	5,370
Charge for the year	1,263	764	363	-	2,390
On disposals	(8)	-	(173)	-	(181)
At 29 December 2016	2,919	1,930	2,730	-	7,579
Charge for the year	1,847	1,205	523	-	3,575
At 28 December 2017	**4,766**	**3,135**	**3,253**	**-**	**11,154**
Net book value					
At 28 December 2017	**38,196**	**5,048**	**4,198**	**797**	**48,239**
At 29 December 2016	27,483	4,108	3,583	429	35,603
At 31 December 2015	15,723	2,890	2,254	1,477	22,344

The Group held no assets under finance leases as at 28 December 2017 (29 December 2016: £nil). No costs relating to assets under construction were expensed in the year.

Property, plant and equipment (Company only)

	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost			
At 1 January 2016	485	255	740
Acquired in the year	-	-	-
At 29 December 2016	485	255	740
Acquired in the year	-	-	-
At 28 December 2017	**485**	**255**	**740**
Depreciation			
At 1 January 2016	4	2	6
Charge for the year	96	32	128
At 29 December 2016	100	34	134
Charge for the year	98	31	129
At 28 December 2017	**198**	**65**	**263**
Net book value			
At 28 December 2017	**287**	**190**	**477**
At 29 December 2016	385	221	606
At 31 December 2015	481	253	734

14 Intangible assets

(Group)

	Goodwill £000	Leasehold Interests £000	Software Assets £000	Total £000
Cost				
At 1 January 2016	7,419	674	-	8,093
Acquired in the year	-	-	228	228
At 29 December 2016	7,419	674	228	8,321
Acquired in the year	-	-	391	391
Acquired in business combination	1,532	-	-	1,532
At 28 December 2017	**8,951**	**674**	**619**	**10,244**
Amortisation and impairment				
At 1 January 2016	-	20	-	20
Charge for the year	-	35	10	45
At 29 December 2016	-	55	10	65
Charge for the year	-	35	78	113
At 28 December 2017	**-**	**90**	**88**	**178**
Net book value				
At 28 December 2017	**8,951**	**584**	**531**	**10,066**
At 29 December 2016	7,419	619	218	8,256
At 31 December 2015	7,419	654	-	8,073

Intangible assets

(Company only)

	Leasehold Interests £000	Total £000
Cost		
At 1 January 2016	674	674
Acquired in the year	-	-
At 29 December 2016	674	674
Acquired in the year	-	-
At 28 December 2017	**674**	**674**
Amortisation and impairment		
At 1 January 2016	20	20
Charge for the year	35	35
At 29 December 2016	55	55
Charge for the year	35	35
At 28 December 2017	**90**	**90**
Net book value		
At 28 December 2017	**584**	**584**
At 29 December 2016	619	619
At 31 December 2015	654	654

14 Intangible assets *(continued)*

Value-in-use calculations are performed annually and at each reporting date for each cash-generating unit (CGU) which represents each site acquired. Value-in-use was calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A pre-tax discount rate was applied to calculate the net present value of pre-tax cash flows.

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to CGUs or groups of CGUs as follows:

	28 December 2017 £000	29 December 2016 £000
Baker Street	103	103
Barnet	1,309	1,309
Belsize Park	67	67
Esher	2,804	2,804
Gerrards Cross	1,309	1,309
Islington	86	86
Muswell Hill	1,215	1,215
Oxted	102	102
Reigate	113	113
Walton-On-Thames	94	94
Winchester	217	217
York	1,532	-
	8,951	7,419

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

	28 December 2017	29 December 2016
Sales and cost growth (over a 5 year period)	0%	3%
Discount rate (the Group's adjusted weighted average cost of capital)	9.51%	9.50%
Terminal value	8 x EBITDA	8 x EBITDA
Number of years projected	5 years	5 years

There have been no impairments indicated in the year to 28 December 2017 (2016: £nil). The projected sales growth was based upon the Group's latest forecasts at the time of review and is in line with the average growth rate for the industry within the United Kingdom. The key assumptions in the cash flow pertain to revenue growth. Management have determined that growth based on industry average growth rates and actuals achieved historically are the best indication of growth going forward. There have been no significant changes made to the key assumptions used above for reviews conducted subsequently. The Group has increased the level of its weighted average cost of capital to 9.51% due to the increased ratio of capital to debt. The Directors are confident that the Group is largely immune from the effects of Brexit and the impact on the wider economic environment. Additionally, the Group believes that there has been no significant impact on the structure of the Company that should result in a changed weighted average cost of capital. Management has performed sensitivity testing on all inputs to the model and noted no highly sensitive variables.

15 Investments

(Company only)	Total £000
At 29 December 2016 and 28 December 2017	**30,337**

Investments are held at fair value through the profit and loss. The subsidiaries of the Company are as follows (all of which are included on consolidation):

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

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

All dormant companies listed above are exempt from an audit of their individual accounts due to the existence of a parental guarantee given by this parent undertaking which prepares consolidated accounts.

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

Everyman Media Ltd has 285,000 Ordinary shares of £1.00 each in issue, all of which are held by Everyman Media Holdings Ltd and therefore indirectly held by Everyman Media Group PLC. All other subsidiaries are also indirectly-held investments.

With respect to the class and proportion of shares held, the amounts remain the same for the year ended 28 December 2017 and the year ended 29 December 2016. Everyman Media Ltd acquired 100 Ordinary shares in ECPEE Ltd, a property management company, on 18 January 2018, representing 100% of the issued share capital of the company to become a wholly owned subsidiary after the balance sheet date.

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

Bloom Martin Ltd, Bloom Theatres Ltd, Mainline Pictures Ltd and CISAC Ltd are all dormant companies and exempt from the requirement for an audit for the year.

16 Inventories

	28 December 2017 £000	29 December 2016 £000
Food and beverages	**263**	205
Projection	**45**	40
	308	245

Included within inventories is £nil (2016: £nil) expected to be recovered in more than 12 months. Finished goods recognised as cost of sales in the year amounted to £3,337,000 (2016: £2,411,000). The write-down of inventories to net realisable value amounted to £nil (2016: £nil).

Notes to the financial statements *(continued)*

17 Cash and cash equivalents

	28 December 2017 £000	29 December 2016 £000
Per balance sheet	18,366	1,566
Per cash flow statement	18,366	1,566

18 Trade and other receivables
(Group)

	28 December 2017 £000	29 December 2016 £000
Included in current assets	1,044	1,596
Included in non-current assets	173	199
	1,217	1,795
Trade and other receivables	230	521
Other debtors	211	474
Prepayments and accrued income	776	800
	1,217	1,795

Trade and other receivables
(Company only)

	28 December 2017 £000	29 December 2016 £000
Included in current assets	43,231	28,890
Amounts due from company undertakings	43,231	28,890

There were no receivables that were considered to be impaired. There is no significant difference between the fair value of the receivables and the values stated above. Other debtors include deposits paid in respect of long term leases. All other amounts are due for payment within 1 year. Interest is only charged on inter-company loans to the extent that it is incurred as a result of agreements with third parties (see note 20). The loans are repayable on demand.

19 Trade and other payables
(Group)

	28 December 2017 £000	29 December 2016 £000
Included in current liabilities	12,479	6,575
Included in non-current liabilities	5,168	3,397
	17,647	9,972
Trade creditors	1,427	545
Social security and other taxation	1,115	615
Other creditors	27	34
Accrued expenses	7,808	3,858
Lease incentives	5,391	3,611
Deferred income	1,879	1,309
	17,647	9,972

Included within lease incentives is £5,168,000 (2016: £3,397,000) expected to be settled in more than 12 months.

Trade and other payables
(Company only)

	28 December 2017 £000	29 December 2016 £000
Amounts due to company undertakings	-	6,604

Interest is only charged on inter-company loans to the extent that it is incurred as a result of agreements with third parties (see note 20). The loans are repayable on demand.

20 Other interest-bearing loans and borrowings

(Group and Company)

	28 December 2017 £000	29 December 2016 £000
Bank borrowings		
Current	43	24
Non-current	7,000	3,000
	7,043	3,024

The Company agreed a loan facility with Barclays Bank PLC for the sum of £8m on 29 March 2016. Interest is charged at LIBOR on the drawn-down balance on a 365/ACT D-basis (the nominal interest rate ranging between 2.57% and 2.90% in 2017). On 10 March 2017 the Company replaced the loan facility with a £20m sum. The capital sum is repayable in full on or before 9 March 2021. Commitment fees are charged quarterly on any balances not drawn at a flat rate of 0.9%. The face value is deemed to be the carrying value. The Group had drawn down £7m of the £20m debt facility by the year to 28 December 2017 (2016: £3m).

21 Financial assets and financial liabilities

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

	Effective interest rate %	Maturing within 1 year £000	Maturing between 1 to 2 years £000	Maturing between 2 to 5 years £000
At 29 December 2016				
Bank borrowings	2.7%	(24)	-	(3,000)
Bank current and deposit balances	1.0%	1,566	-	-
At 28 December 2017				
Bank borrowings	2.7%	(43)	-	(7,000)
Bank current and deposit balances	1.0%	18,366	-	-

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

	Change in rate %	28 December 2017 £000	29 December 2016 £000
Bank borrowings		(7,043)	(3,024)
	-0.5%	35	15
	-1.0%	70	30
	0.5%	(35)	(15)
	1.0%	(70)	(30)
	1.5%	(106)	(45)
Bank current and deposit balances		18,366	1,566
	-0.5%	(92)	15
	-1.0%	(184)	30
	0.5%	92	(15)
	1.0%	184	(30)
	1.5%	275	(45)

22 Financial instruments

(Group and Company)

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

	28 December 2017 £000	29 December 2016 £000
Financial liabilities measured at amortised cost		
Bank borrowings	7,043	3,024

Financial instruments not measured at fair value

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

Non-derivative financial liabilities	28 December 2017 £000	29 December 2016 £000
Unsecured bank facility		
Carrying amount	7,043	3,024
Contractual cash flows:		
Less than one year	43	24
Between one and two years	-	-
Between three and five years	-	-
Over five years	7,000	3,000
	7,043	3,024

Risk management

(Group)

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

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

To the extent financial instruments are not carried at fair value in the consolidated Balance Sheet, net book value approximates to fair value at 28 December 2017 and 29 December 2016.

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

22 Financial instruments *(continued)*

Credit risk

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

At 28 December 2017 the Group has trade receivables of £230,000 (2016: £521,000). The Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms. At 28 December 2017 the Directors were aware of a few factors affecting the recoverability of outstanding balances and consequently have provided for £10,000 as doubtful debts (2016: £nil).

The Company is exposed to credit risk in respect of its receivables from its subsidiary companies. The recoverability of these balances is dependent upon the performance of these subsidiaries in future periods. The performance of the Company's subsidiaries is closely monitored by the Company's Board of Directors.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	28 December 2017 £000	29 December 2016 £000
Ageing of past-due but not impaired receivables		
31-60 days	25	144
61-120 days	9	289
>120 days	46	52
	80	485

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being diverse and unrelated.

There has not been any impairment in respect of trade receivables during the year (2016: £nil).

Liquidity risk

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

Interest rate risk

Interest rate risk arose from the Group's holding of interest-bearing loans linked to LIBOR. The Group is also exposed to interest rate risk in respect of its cash balances held pending investment in the growth of the Group's operations. The effect of interest rate changes in the Group's interest-bearing assets and liabilities are set out in note 21.

Capital management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £51,339,000 (29 December 2016: £32,264,000).

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

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

23 Provisions

(Group)	28 December 2017 £000	29 December 2016 £000
Market rent provisions		
Opening balance	1,430	1,501
Additional provisions arising on acquisition	529	-
Utilised against rent during the period	(76)	(71)
Closing balance	1,883	1,430

Provisions (Company only)	28 December 2017 £000	29 December 2016 £000
Market rent provisions		
Opening balance	1,430	1,501
Utilised against rent during the period	(70)	(71)
Closing balance	1,360	1,430

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

24 Deferred tax

(Group)	28 December 2017 £000	29 December 2016 £000
Included in non-current liabilities	284	775
Deferred tax gross movements		
Opening balance	775	296
Recognised in the profit and loss		
Arising on loss carried forward	603	(814)
Rollover gain released	(12)	(6)
Other provisions released	-	(10)
Net book value in excess of tax written down value	(164)	982
Movement on share option intrinsic value	(67)	66
Unrealisable balances on loss carried forward	-	240
On derecognition of financial swap instrument	-	28
Amortisation of acquisition-related deferred tax	-	(7)
Charge to profit and loss	360	479
Not recognised in the profit and loss		
Movement on share option intrinsic value	(851)	-
Closing balance	284	775
The deferred tax liability comprises:		
Temporary differences on property, plant and equipment	1,083	1,219
Temporary differences on leases acquired	111	111
Share-option scheme intrinsic value	(973)	(55)
Available losses	(158)	(1,001)
Other temporary and deductible differences	221	501
	284	775

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates that have been substantively enacted for future periods, being 19%. The deferred tax liability has arisen due to the timing difference on property, plant and equipment, the deferral of capital gains tax arising from the sale of a property and other temporary and deductible differences. The Group has unutilised tax allowances of £158,000 at expected tax rates in future periods.

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

Notes to the financial statements *(continued)*

24 Deferred tax *(continued)*

(Company only)	28 December 2017 £000	29 December 2016 £000
Included in non-current liabilities	43	110
Deferred tax gross movements		
Opening balance	110	117
Recognised in the profit and loss		
Net book value in excess of tax written down value	(46)	-
Movement in loss carried forward	(21)	-
Amortisation of acquisition-related deferred tax	-	(7)
Credit to profit and loss	(67)	(7)
Closing balance	43	110

	28 December 2017 £000	29 December 2016 £000
The deferred tax liability comprises:		
Temporary differences on property, plant and equipment	(47)	(29)
Temporary differences on leases acquired	111	111
Available losses	(21)	-
Other temporary and deductible differences	-	28
	43	110

The Company has a deferred tax liability due to the timing difference on property, plant and equipment. The Company has unutilised tax allowances of £21,000 at expected tax rates in future periods.

25 Share capital and reserves

(Group and Company)	Nominal value	28 December 2017 £000	29 December 2016 £000
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		5,982	5,982
Issued in the year		1,021	-
At the end of the year		7,003	5,982

Number of shares	Nominal value	28 December 2017 Number	29 December 2016 Number
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		59,820,436	59,820,436
Issued in the year		10,206,667	-
At the end of the year		70,027,103	59,820,436

The holders of Ordinary shares are entitled to one vote per share. On 9 October 2017 the Company issued 10,000,000 Ordinary shares at a price of £1.70 per share. Share issue costs of £521,000 were deducted from share premium.

Merger reserve

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

Share premium

Share premium is stated net of share issue costs.

Dividends

No dividends were declared or paid during the period (2016: £nil).

26 Obligations under operating leases

(Group)	28 December 2017 £000	29 December 2016 £000
Land and buildings		
Less than one year	3,051	2,563
Between one and two years	2,976	2,570
Between three and five years	8,874	7,811
Over five years	45,445	41,194
	60,346	54,138

The Group conditionally entered into new operating leases at Cirencester, Tunbridge Wells, Glasgow, Newcastle, Liverpool, London's Borough Market, Altrincham and Lincoln. The total commitment of these new leases in addition to those previously announced is £44,840,000. This is not included within operating lease obligations as they are conditional. Rentals will commence after the fit-outs have been completed.

Obligations under operating leases (Company only)	28 December 2017 £000	29 December 2016 £000
Land and buildings		
Less than one year	719	694
Between one and two years	719	694
Between three and five years	2,156	2,081
Over five years	9,931	10,971
	13,525	14,440

27 Share-based payment arrangements

(Group and Company)

Everyman Media Group PLC operates three equity-settled share based remuneration schemes for employees. The schemes combine a long term incentive scheme, an EMI scheme and an unapproved scheme for certain senior management and executive Directors. A subsidiary of the Company has also issued A Ordinary shares to certain Directors which contain terms equating to a share option over the Company, conditional upon future performance. In 2014 the Company acquired 535,718 A Ordinary shares in Everyman Media Holdings Ltd, a subsidiary of the Company, from A Myers following his resignation as a Director on 1 December 2014. There were no acquisitions in the year ended 28 December 2017.

The terms and conditions of the grants are as follows:

Persons entitled	Grant date	Method of settlement	Instruments outstanding 000's	Vesting conditions	Contractual life of options
Management employees, Directors and contractors	29.10.2013	Equity-settled	165	*1	10 years
			170	*2	10 years
			1,393	*4	10 years
			80	*3	10 years
Directors	04.11.2013	Equity-settled	50	*2	10 years
Management employees	11.11.2014	Equity-settled	-	*1	10 years
Directors	01.12.2014	Equity-settled	287	*5	10 years
			257	*6	10 years
Management employees	18.12.2014	Equity-settled	75	*1	10 years
Directors	20.04.2015	Equity-settled	175	*7	10 years
			233	*8	10 years
Management employees, Directors and contractors	29.10.2015	Equity-settled	1,733	*9	10 years
Management employees	15.12.2016	Equity-settled	285	*10	10 years
Management employees	10.01.2017	Equity-settled	110	*10	10 years
Directors	13.03.2017	Equity-settled	250	*10	10 years
Management employees	11.10.2017	Equity-settled	445	*10	10 years
Management employees	09.11.2017	Equity-settled	10	*10	10 years
Management employees, Directors and contractors	23.11.2017	Equity-settled	143	*11	10 years

27 Share-based payment arrangements *(continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

Option scheme conditions for options issued in the year:	28 December 2017 With performance criteria	28 December 2017 Without performance criteria	29 December 2016 Without performance criteria
Weighted average share price at grant date (pence)	190.42	145.38	93.50
Weighted average option exercise prices (pence)	0.10	145.38	93.50
Expected volatility	50.94%	43.64%	34.46%
Expected option life	5 years	5 years	5 years
Weighted average contractual life of outstanding share options	10 years	10 years	10 years
Risk-free interest rate	1.2%	1.26%	1.4%
Expected dividend yield	0.0%	0.0%	0.0%
Fair value of options granted in the year (pence)	250.87	58.57	30.42

27 Share-based payment arrangements *(continued)*

	Weighted average exercise price per share 2017 Pence	2016 Pence	28 December 2017 Number	29 December 2016 Number
Options at the beginning of the year	84.1	83.2	5,248,329	4,853,329
Options issued in the year	125.6	85.0	997,823	440,000
Options exercised in the year	85.3	-	(206,667)	-
Option forfeited in the year	92.9	83.2	(178,333)	(45,000)
Options at the end of the year	91.3	84.1	5,861,152	5,248,329

No options lapsed in the year (2016: nil).

Share-based payments charged to the profit and loss	28 December 2017 £000	29 December 2016 £000
Administrative costs	301	293

The charge for the Company was £nil (2016: £nil) after recharging subsidiary undertakings with a charge of £301,000 (2016: £293,000). The relevant charge is included within administrative costs.

There are 3,871,296 options exercisable at 28 December 2017 in respect of the current arrangements (29 December 2016: 385,000). 206,667 options were exercised in the year (2016: nil).

Volatility for options issued was determined by reference to movements in the share prices of comparable listed companies over five years prior to the grant date. The weighted average exercise price of the options and the option element inherent in the A shares, is £0.91. The market value conditions, where applicable, have been incorporated into the fair value calculation using an estimate of the potential achievement of the market values for the minimum periods and timescales required.

28 Commitments

There were capital commitments for tangible assets at 28 December 2017 of £417,000 (29 December 2016: £1,161,000).

29 Events after the balance sheet date

Everyman Media Ltd (a subsidiary of the Company) acquired 100 Ordinary shares of 1pence each in ECPEE Ltd, a property management company on 19 January 2018. The acquired company exchanged contracts on the freehold for a property in Crystal Palace. The Group will provide financial assistance to the newly acquired company in order to obtain the freehold interest for £3.225m.

30 Acquisition of cinema leases and related assets

Acquisitions in the year

On 1 September 2017 the Group acquired a cinema site in York from Reel Cinemas Ltd. The acquisition was accounted for as a business combination. The acquisition was part of the Group's expansion and development plans. Following a full refurbishment under the Everyman brand, the site successfully re-opened on 29 December 2017.

30 Acquisition of cinema leases and related assets *(continued)*

	28 December 2017 £000
Consideration	
Cash	1,302
Fair value of recognised amounts of identifiable assets acquired and liabilities assumed	
Plant and machinery	250
Fixtures and fittings	50
Provision in respect of unfavourable lease contracts	(530)
Total identifiable net liabilities	(230)
Goodwill	1,532
Cash consideration paid	1,302
Acquisition expenses recognised as an expense	86
Total cash outlay	1,388

It is the Company's policy to refurbish newly acquired sites to conform to the quality and branding expected from the Company's cinema chain. For this reason, the consideration paid for this venue exceeded the fair value of assets acquired given the location and potential uplift in trade following a rebranding befitting of the building.

31 Related party transactions

In the year to 28 December 2017 the Group engaged services from entities related to the Directors and key management personnel of £601,000 (2016: £362,000) comprising consultancy services of £50,000 (2016: £50,000), office rental of £66,000 (2016: £55,000) and venue rental for Bristol, Harrogate and Stratford-Upon-Avon of £485,000 (2016: £257,000). There were no other related party transactions. There are no key management personnel other than the Directors.

Everyman Media Group PLC, charged an amount of £301,000 (2016: £293,000) to Everyman Media Ltd in respect of share-based payments, £797,000 (2016: £766,000) in respect of the rental of four cinema sites acquired in 2016 and £336,000 (2016: £130,000) in respect of interest on bank loan funds provided by the Company.

Everyman Media Holdings Ltd, charged an amount of £421,000 (2016: £nil) to Everyman Media Ltd in respect of the rental of two cinema sites assigned to Everyman Media Holdings Ltd during the year.

The Company's commitment to new leases is set out in the above notes. Within the total of £60,346,000 is an amount of £75,000 relating to office rental, £3,583,000 relating to Stratford-Upon-Avon £2,626,000 relating to Bristol and £5,469,000 relating to Harrogate. The landlord of the site is an entity related to the Directors of the Company.

32 Ultimate controlling party

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

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Explanatory notes to the notice of annual general meeting

This year, 12 resolutions are to be proposed at the annual general meeting and the purpose of each of the resolutions is as follows:

Ordinary business

Resolution 1: the accounts and reports

The Directors will present their report and the audited financial statements for the 52 weeks ended 28 December 2017, together with the auditors' report thereon.

Resolutions 2-8: re-election of retiring Directors

The Articles of Association of the Company require that one third of the Directors retire at the annual general meeting. However, corporate governance best practice is for each of the Directors to retire and offer themselves for re-appointment. Accordingly, each of the Directors will be retiring and offering themselves for re-appointment at the annual general meeting. Biographical details relating to each of the Directors can be found on the Group's website: investors.everymancinema.com.

Resolution 9: appointment of auditors

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

Resolution 10: auditors' remuneration

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

Ordinary business

Resolution 11: Directors' power to allot securities

s549 of the Companies Act 2006 stipulates that Directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employee share scheme) unless they are authorised to do so by the shareholders in a general meeting. The Directors' general authority to allot shares was granted on 11 May 2017 and is due to expire at the conclusion of the 2018 annual general meeting. Resolution 11 seeks a new general authority from shareholders (to the exclusion of the previous general authority granted) for the Directors to allot Ordinary shares up to an aggregate nominal value of £2,334,236.77, representing one third of the nominal value of the issued ordinary share capital of the Company as at the date of this notice. The Directors consider it desirable that the specified amount of Ordinary shares be available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the annual general meeting of the Company to be held in 2019 or, if earlier, the date which is fifteen months after the passing of the resolution.

Resolution 12: disapplication of pre-emption rights

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

Resolution 12 therefore seeks approval to empower the Directors to allot shares for cash other than in accordance with the statutory pre-emption rights, in connection with a rights issue and other pre-emptive offers up to the level of authority granted pursuant to Resolution 11, and otherwise up to a maximum nominal amount of £700,271.03, representing approximately 10 per cent of the nominal value of the issued ordinary share capital of the Company. Unless renewed, revoked, varied or extended, this authority will expire on the earlier of fifteen months from the date of passing of the resolution or the conclusion of the annual general meeting of the Company to be held in 2019 or, if earlier, the date which is fifteen months after the passing of the resolution.

Recommendation

The Directors believe that the proposals in resolutions 1 to 12 are in the best interests of the Group and its shareholders as a whole. Accordingly, the Directors recommend that shareholders vote in favour of each resolution as they intend to do in respect of their own beneficial shareholdings.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of Everyman Media Group PLC will be held at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX on Thursday 3 May 2018 at 10:30am for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolution 12 will be proposed as a special resolution.

Ordinary business

Ordinary resolutions

1 To receive the accounts and the reports of the Directors and the auditors thereon for the 52 weeks ended 28 December 2017.
2 To re-elect Mr Paul Wise as a Director.
3 To re-elect Mr Crispin Lilly as a Director.
4 To re-elect Mr Adam Kaye as a Director.
5 To re-elect Mr Charles Dorfman as a Director.
6 To re-elect Mr Philip Jacobson as a Director.
7 To re-elect Mr Jonathan Peters as a Director.
8 To re-elect Mr Michael Rosehill as a Director.
9 To reappoint KPMG as auditors of the Company to hold office until the conclusion of the next annual general meeting.
10 To authorise the Directors to determine the auditors' remuneration.

Special business

To consider, and if thought fit, pass resolution 11 as an ordinary resolution and resolution 12 as a special resolution.

As an ordinary resolution

11 That the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with s551 of the Companies Act 2006, to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company (relevant securities of the Company as defined in s551 of the Companies Act 2006) up to an aggregate nominal amount of £2,334,236.77 (being a sum equal to one third of the issued share capital at the date of the notice of meeting) provided that, the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company or, if earlier, the date which is fifteen months after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

As a special resolution

12 That, subject to the passing of resolution 11, the Directors be authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority conferred by that resolution and/or to sell Ordinary shares held by the Company as treasury shares as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

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

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to clause (a) of this resolution) to any person up to an aggregate nominal amount of £700,271.03.

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

On behalf of the Board

Jonathan Peters FCA
Company Secretary
13 March 2018
Everyman Media Group PLC
Studio 4, 2 Downshire Hill
London
NW3 1NR

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Notes

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

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

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

4 As at 13 March 2018, which is the latest practicable date before publication of this notice, the Company's issued share capital was 70,027,103 Ordinary shares of 10 pence and the total voting rights were 70,027,103. For reporting purposes under the FCA's disclosure and transparency rules, the market should exclude any shares held in treasury and should use the figure of 70,027,103 when determining the total voting rights.

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

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

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

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

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

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

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

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