

Directors' Report (continued)

Environment

The Company continues to take steps to reduce its impact on the environment and remains committed to doing so. Continued efficiency savings have been made in gas and electricity consumption. Waste reduction is also a priority, in particular through the sourcing of more recyclable and environmentally-friendly products. The UK Group continues to hold the Carbon Trust Standard for reducing its carbon emissions with a benchmarked absolute reduction of 4.7% over last accreditation period through improved carbon management and accounting.

Streamlined Energy and Carbon Reporting

	2020
UK energy use (GWh) ¹	54,444
Associated Greenhouse gas emissions (tCO ₂ e) ²	12,804
Intensity ratio – Emissions per £million Revenue (tCO ₂ e/£millions)	194.3

¹ UK energy use includes gas, electric and transport usage across all activities of the Company. To calculate GWh we divide the total KWh by a million.

² Greenhouse gas emissions are calculated by converting the usage data for each activity into emissions figures using methodology approved by the Carbon Trust.

Financial Instrument Risk

The Company finances its activities through a combination of reinvestment of profits, bank facilities and credit provided by fellow group undertakings. Financial instruments such as cash, trade debtors and trade creditors arise directly from the Company's operating activities. Any risks associated with financial instruments are managed and reviewed at an UK Group level rather than at individual entity level.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities, in the normal course of business as heightened by the COVID-19 pandemic. The Company manages this risk via cash generation from its operations, reinvestment of profits and credit facilities made available by fellow group undertakings.

Credit Risk

Credit risk is the risk that counterparties to the Company will fail to honour their financial obligations. The nature of operations for the Company means that trade debtors are predominantly short-term with normal credit terms. The Company's exposure to credit risk is diluted across a large number of counterparties and customers, with no single significant debtor.

Competitive and market risk

The principal risk facing the business is a reduction in attendance levels. This is affected by factors including competition, film production and film release. The Company mitigates this risk through our strategies to create the best possible guest experience, drive attendance and loyalty, as well as strategically managing a direct relationship between attendance levels, film costs, and fixed costs.

Political Donations

No political donations were made in 2020 (2019: £nil)