

# **Panavision Europe Limited**

**Annual Report and Consolidated Financial Statements**  
**for the year ended 31 December 2021**



**Officers and Professional advisers**

**DIRECTORS**

K A Snyder

J S Kalsey

M V Furssedonn

T A Bliss (Appointed 16<sup>th</sup> March 2021)

**AUDITOR**

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Beehive Ring Road

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Bank of America N.A

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## Strategic report for the year ended 31 December 2021

### INTRODUCTION

The Directors present their Strategic and Directors' report on the affairs of the group, together with the financial statements and Auditor's Report for the 12 months period ended 31 December 2021. This strategic report has been prepared to highlight matters which are significant to the group and to inform members of the group and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the group).

### BUSINESS REVIEW

#### Principal activities and review of the business

The group's principal activities during the year continued to be the manufacture of lighting correction filters, hire of camera, lighting and grip equipment, and services to the film, television, professional photographic and allied industries.

Revenue increased by £64.6m (2020: decreased by £46.4m). This increased activity in the year across all market segments including Feature Films, TV series and Commercials was partly as a result of most jobs being postponed for several months due to lockdown in 2020 and some jobs moving into 2021.

The group's key financial and other performance indicators during the year were as follow:

	2021 £000	2020 £000	Change %
Group Turnover	130,859	66,300	97%
Total operating profit/(loss)	19,541	(7,224)	371%
Earnings before interest, tax, depreciation, amortisation and unrealised foreign exchange gains/losses	28,883	(1,541)	1974%
Profit/(loss) after tax	16,239	(6,432)	352%
Shareholders' equity/(deficit)	11,140	(5,607)	299%
Current assets as % of current liabilities	90%	77%	18%
Average number of employees	674	718	-6%

The increase in revenue has resulted in an increase in total operating profit/(loss) of £26.8m (2020: decreased by £15.0m) and profit/(loss) after tax increase of £22.7m (2020 decreased by £11.1m).

The business has recovered well from the pandemic and the financials have returned to pre-Covid-19 levels in 2021, which has been encouraging for the business. Management's priority is the safety of its employees and customers. Management have implemented Covid-19 safe working environment and administrative staff have been working from home. The company has a robust risk management policy in place, which is reviewed on a regular basis.

The average number of employees has decreased by 6% as the Group has reviewed its staffing levels to support business activity.

As a group of companies, we encourage employees to identify and implement policies and practices which support the environment such as recycling.

**Strategic report for the year ended 31 December 2021 (continued)**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

- **US writer's strike action**

The Writers Guild of America (WGA) started strike action with the Alliance of Motion Picture and Television Producers (AMPTP), from 2<sup>nd</sup> May 2023, which will potentially impact the level of TV and film production in the US but may also impact some Panavision Europe Group customers.

In response to the uncertainty as to the impact of US Writers strike action, inflationary pressures and wider economic environment on the company, the directors of the Group and the directors of the ultimate parent, Panavision Inc. have performed a robust forecast with various analysis of future cash flows of the Group, Panavision Europe Limited and worldwide subsidiaries (the "Group"), using various possible future scenarios that may arise.

The downside models prepared show that the Company and the Group have sufficient working capital reserves to absorb the foreseeable impact of US writers' strike and remains able to meet its liabilities for a period of at least twelve months from sign off of these financial statements. Based on these assessments and resources available to the group, including a letter of support from ultimate parent company Panavision Inc., the Directors have concluded that there is no material uncertainty, and they can continue to adopt the going concern basis in preparing the annual report and accounts.

Other than the US Writers strike action, the principal risks and uncertainties facing the group are broadly grouped as competitive, legislative, Brexit and economic risk.

- **Competitive Risk**

The group operates in a competitive environment with a range of local and global competitors. The group competes through balancing price against the quality and breadth of service offered to our customers.

- **Legislative Risk**

Film production is a global market with countries implementing tax incentive schemes for the production of films. There is a risk that new tax incentives will be implemented by countries in which our presence is not as strong as our competitors and films will move to those territories.

- **Brexit Risk**

The UK and EU have now negotiated their future relationship, and the impact of this exit is not considered to be significant or with major uncertainties facing the company. The company however continues to discuss contingency strategies with the wider group. The UK company has strong UK domestic trade, and the Board are continuing to monitor the situation to ensure the business remains resilient to the effects of the changes the new trade arrangement will bring to currency or tax treatment.

- **Economic Risk**

In addition, inflationary pressures impacting on consumer demand and supply chain constraints potentially increased by the conflict in Ukraine are being closely monitored. The risk is mitigated to some extent by the company's control of its supply chain and regular pricing reviews.

**Financial Instruments**

The group's principal financial instruments comprise Finance Lease's and Cash. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial instruments such as Trade Debtors, Trade Creditors and inter-company balances, which arise directly from its operation.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

- **Interest Rate Risk**

The group's exposure to market risk for changes in interest rates relates primarily to the group's overdraft facility which is floating. The long-term Commercial Bill Debt obligations are at a fixed rate until maturity of the facility. There are intercompany interest-bearing loans which are repayable on demand.

**Strategic report for the year ended 31 December 2021 (continued)****PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

- **Foreign Currency Risk**

The group has transactional currency exposures, arising from sales or purchases of goods and the hiring of rental equipment with overseas entities in currencies other than the entity's functional currency. Over 90% of the group's royalty's payable is denominated in currencies other than the reporting currency, whilst over 60% of sales and purchases are denominated in the unit's reporting currency. The ongoing Brexit situation could impact the exchange rate going forward for the entity's reporting currency.

- **Credit Risk**

The group trades only with recognised, credit worthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, with the result that the group's exposure to bad debts is not significant.

- **Liquidity Risk**

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, operating leases and interest-bearing loans. Currently the group is reliant on its parent, Panavision Inc. for support.

**RECRUITMENT AND EMPLOYEE RELATIONS**

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good relations are maintained with employees by regular meetings within their operational teams compatible with the team's particular circumstances. Senior management are kept informed through regular monthly meetings or more frequent meetings as required.

**SECTION 172(1) STATEMENT**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the group for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors, which we consider relevant to the decision being made. Those factors for example include the interests and views of our suppliers, customers and our relationship with non-government organisations. We acknowledge that every decision we make will not necessarily result in a positive outcome for all our stakeholders. By considering the group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

Directors' roles are defined and clear, and the authority delegated to management are periodically reviewed.

**Strategic report for the year ended 31 December 2021 (continued)****RECRUITMENT AND EMPLOYEE RELATIONS (CONTINUED)****SECTION 172(1) STATEMENT (CONTINUED)**

The group's key stakeholders are its shareholders, employees, customers and suppliers. The views of and the impact of the group's activities on those stakeholders are an important consideration for the directors when making relevant decisions.

Regular board meetings ensure that any business decisions are given the appropriate time to be considered and a conclusion reached as to whether such actions are in the best interests of the group in the long term, as well as for its shareholders and other stakeholders.

The group's Directors work closely with HR to provide regular updates to ensure that the group's employees' voices are heard and represented on all people-related matters.

The Directors are keen to ensure that the group's business is conducted in a morally appropriate and ethical manner. To this end, the group's code of conduct is regularly reviewed to refresh and reinforce the importance of compliance with group policy and applicable laws.

The group holds regular reviews with its supplier's account or operational, finance and sales teams which allows both the supplier and the group to feedback on performances and to address any issues.

The Directors made the following key decisions during the year:

- utilisation of the government furlough scheme during the Covid-19 pandemic; and
- management maintained flexible working for staff where applicable.

**FUTURE DEVELOPMENTS**

The directors anticipate continued demand for their services based on the British film industry, film TV and production annual report. The directors will continue to examine any opportunities for expansion to further strengthen the group's position including new acquisitions.

On behalf of the board:



**J S Kalsey**

Director

**Directors' report for the year ended 31 December 2021**

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2021.

**Dividends**

The directors do not recommend the payment of a dividend (2020: £Nil).

**Directors**

The directors who held office during the year were as follows:

K A Snyder  
T A Bliss (appointed 16<sup>th</sup> March 2021)  
J S Kalsey  
M V Fursessedonn

**Future developments**

The directors anticipate continued demand for their services based on the British film industry, film TV and production annual report. The directors will continue to examine any opportunities for expansion to further strengthen the group's position including new acquisitions.

**Directors' qualifying third party indemnity provisions**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

**Research and development**

The company is continuing to develop its unique inventory tracking system and innovative lighting solutions which include the Panalux Sonara product family and Allegra product family which both produce an extremely broad, even spectrum of variable white light formulated specifically for film and TV applications. The group is also developing a range of portable power solutions which reduce the reliance on fossil fuel generators and the consequential environmental impact.

**Employees**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

During the year, the policy of providing employees with information about the group has been continued and employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

**Branches**

At the year end, the company operated branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK in the Czech Republic and the Republic of Ireland.

**Subsidiaries**

At the end of the year the company operated subsidiaries outside the UK in France, Poland, South Africa, Namibia and Australia.



Directors' report for the year ended 31 December 2021 *(continued)***Political contributions**

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

**Streamline Energy and Carbon Reporting**

As a large unquoted company under the Streamline Energy and Carbon Reporting (SECR) regulations the Company from 2020 is required to report on greenhouse gas emissions from Scope 1, 2; and 3 (Electricity, Gas and Transport).

The carbon figures have been calculated using the Department for Business Energy and Industrial Strategy 2020 carbon conversion factors for all fuels.

Table 1: Total energy consumption and associated greenhouse gas emissions from Scope 1, 2 and Scope 3 for SECR for periods 2021 and 2020.

		SECR Reporting							
		Period 2021				Period 2020			
Energy Type:		Energy Use (kWh)	% Split (kWh)	Emissions (tCO <sub>2</sub> e/yr.)	% Split (tCO <sub>2</sub> e)	Energy Use (kWh)	% Split (kWh)	Emissions (tCO <sub>2</sub> e/yr.)	% Split (tCO <sub>2</sub> e)
Combustion of Gas	(Scope 1)	3,930,590	32.07%	723	4.28%	2,998,933	38.48%	551	6.17%
Electricity	(Scope 2)	2,496,550	20.37%	582	3.44%	1,821,033	23.36%	425	4.76%
Transport	(Scope 3)	5,829,216	47.56%	15,601	92.28%	2,973,898	38.16%	7,949	89.07%
<b>Total</b>	<b>(Scope 1, 2 and 3)</b>	<b>12,256,356</b>	<b>100.00%</b>	<b>16,906</b>	<b>100.00%</b>	<b>7,793,864</b>	<b>100.00%</b>	<b>8,925</b>	<b>100.00%</b>

*Intensity ratio*

Intensity ratios compare emissions data with an appropriate financial indicator. This allows a comparison of energy efficiency performance over time and with other organisations in industry. The Company has chosen to compare overall energy consumption and associated emissions against annual turnover.

Reporting Year	Total Energy Consumption (kWh)	Total GHG emissions (tCO <sub>2</sub> e)	Annual turnover £	Intensity Ratio (kWh / £100,000 turnover)	Intensity Ratio (tCO <sub>2</sub> e / £100,000 turnover)
SECR 2021	12,256,356	16,906	88,602,226	13,833	19.081
SECR 2020	7,793,864	8,924	37,899,000	20,565	23.548

Energy intensity ratios are calculated and presented as advised by the Department of Business Energy and Industry Strategy (BEIS) recommendations.

*Energy Efficiency Actions*

The company energy efficiency actions have been focused on the investments in IT infrastructure, utilising cloud-based software such as Microsoft Teams, which reduced need to travel to face to face meetings.

A further benefit of the investment in IT infrastructure is the shift to more paperless environment. Paperwork and emails related to revenue are now saved electronically.

Company has made move to renewable energy electricity supplier – Drax. This move should decrease companies impact on emissions in 2021.

Company has made investments into hybrid generators used by various production companies.

Company has undertaken installation of LED lighting in all premises.

The above listing is not exhaustive and further energy saving actions will be taken as required.

Directors' report for the year ended 31 December 2021 (*continued*)**Going Concern**

In preparing the financial statements the directors are required to assess the Group and Company's ability to continue to trade as a going concern for the foreseeable future.

The consolidated income statement is set out on page 15 and shows a profit for the year £16,239k (2020 – loss £ (6,432k)). The consolidated balance sheet is set out on page 17 and shows net assets £11,140k (2020: £ (5,607k)).

The Writers Guild of America (WGA) started strike action with the Alliance of Motion Picture and Television Producers (AMPTP), from 2<sup>nd</sup> May 2023, which will potentially impact the level of TV and film production in the US but may also impact some Panavision Europe Group customers.

In response to the uncertainty as to the impact of US Writers strike action, inflationary pressures and wider economic environment on the company, the directors of the Group and the directors of the ultimate parent, Panavision Inc. have performed a robust forecast with various analysis of future cash flows of the Group, Panavision Europe Limited and worldwide subsidiaries (the "Group"), using various possible future scenarios that may arise.

The downside models prepared show that the Company and the Group have sufficient working capital reserves to absorb the foreseeable impact of US writers' strike and remains able to meet its liabilities for a period of at least twelve months from sign off of these financial statements. Based on these assessments and resources available to the group, including a letter of support from ultimate parent company Panavision Inc., the Directors have concluded that there is no material uncertainty, and they can continue to adopt the going concern basis in preparing the annual report and accounts.

Other than the US writers strike action, the principal risks and uncertainties facing the group are broadly grouped as competitive, legislative, Brexit and economic risk.

**Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditor**

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on 25<sup>th</sup> May 2023 on its behalf by:



**J S Kalsey**

Director

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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's and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Panavision Europe Limited**

### **Opinion on the financial statements**

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 31 December 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Panavision Europe Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet and Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

### **Basis for opinion**

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

#### *Independence*

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the Statement of directors' responsibilities, as per p11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors 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 for the audit of the financial statements**

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

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following area:
  - revenue recognition – existence and cut-off of revenue.

Independent auditor's report to the members of Panavision Europe Limited (*continued*)

Auditor's responsibilities for the audit of the financial statements (Continued)

*Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

- addressing the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud;
- considering the Group's and the Parent Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK Company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Group or the Parent Company financial statements.

*Audit response to risks identified*

*Our procedures to respond to risks identified included the following:*

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition we designed audit procedures that specifically address the fraud risk due to improper revenue recognition; through our tailored procedures, we were able to mitigate the fraud risk by focusing on where management may feel pressure to achieve expected results or to achieve bonuses.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities) This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*James Fearon*

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James Fearon (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
Gatwick

Date: 25 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**CONSOLIDATED PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2021**

	Notes	<b>2021</b> <b>£000</b>	<b>Restated</b> <b>2020</b> <b>£000</b>
<b>Turnover</b>	2	130,859	66,300
Cost of sales		(53,065)	(36,748)
<b>Gross profit</b>		<u>77,794</u>	<u>29,552</u>
Distribution costs		(6,577)	(6,000)
Selling, general and administration costs		(52,723)	(35,678)
		<u>18,494</u>	<u>(12,126)</u>
Other operating income		1,047	4,902
<b>Group operating profit/(loss)</b>	3	<u>19,541</u>	<u>(7,224)</u>
Profit/on disposal of fixed assets		264	42
Interest income	6	1,451	1,331
Interest expense	7	(1,896)	(2,275)
		<u>(181)</u>	<u>(902)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>19,360</u>	<u>(8,126)</u>
Tax on profit/(loss) on ordinary activities	8	(3,121)	1,694
<b>Profit/(loss) for the financial year</b>		<u><u>16,239</u></u>	<u><u>(6,432)</u></u>

The notes on pages 22 to 44 form an integral part of the financial statements.

**CONSOLIDATED OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2021**

	Notes	<b>2021</b> <b>£000</b>	Restated <b>2020</b> <b>£000</b>
<b>Profit/(loss) for the year</b>		16,239	(6,432)
<b>Other comprehensive income</b>			
Exchange difference on retranslation of net assets of subsidiary undertakings		531	(1,101)
Actuarial loss on pension scheme	20	(23)	(50)
<b>Other comprehensive income/(expense) for the year net of income tax</b>		508	(1,151)
<b>Total comprehensive income/(expense) for the year</b>		<u>16,747</u>	<u>(7,583)</u>

The notes on pages 22 to 44 form an integral part of the financial statements.



**CONSOLIDATED BALANCE SHEET**  
**As at 31<sup>st</sup> December 2021**

	Notes	2021 £000	Restated 2020 £000
<b>Fixed assets</b>			
Intangible assets	9	1,296	942
Tangible assets	10	27,995	25,725
		<u>29,291</u>	<u>26,667</u>
<b>Current assets</b>			
Stocks	12	6,458	6,203
Debtors	13	71,098	66,014
Cash and cash equivalents	14	27,043	11,143
		<u>104,599</u>	<u>83,360</u>
<b>Creditors: amounts falling due within one year</b>	15	(115,937)	(108,922)
<b>Net current liabilities</b>		<u>(11,338)</u>	<u>(25,562)</u>
<b>Total assets less current liabilities</b>		<u>17,953</u>	<u>1,105</u>
<b>Creditors: amounts falling due after more than one year</b>			
	16	(989)	(947)
Provision for employee obligations	19	(417)	(389)
Property dilapidation provision	19	(6,350)	(6,328)
<b>Provisions</b>	19	<u>(6,767)</u>	<u>(6,717)</u>
<b>Net Assets/(liabilities) excluding pension surplus</b>		<u>10,197</u>	<u>(6559)</u>
Pensions surplus	20	943	952
<b>Net Assets/(liabilities)</b>		<u>11,140</u>	<u>(5,607)</u>
<b>Capital and reserves</b>			
Called up share capital		88,261	88,261
Capital reserve	21	2,004	2,004
Other reserves		7,067	7,067
Retained losses		(86,192)	(102,939)
<b>Equity shareholders' funds/(deficit)</b>		<u>11,140</u>	<u>(5,607)</u>

The notes on pages 22 to 44 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 25<sup>th</sup> May 2023 and were signed on its behalf by:



**J S Kalsey**

Director

Company registered number: 02532311

**COMPANY BALANCE SHEET**  
**As at 31<sup>st</sup> December 2021**

	Notes	<b>2021</b> <b>£000</b>	<b>Restated</b> <b>2020</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	10	9,953	8,780
Investments	11	21,553	21,553
		<u>31,506</u>	<u>30,333</u>
<b>Current assets</b>			
Stocks	12	2,361	2,039
Debtors	13	55,261	33,113
Cash and cash equivalents	14	11,942	4,811
		<u>69,564</u>	<u>39,963</u>
<b>Creditors: amounts falling due within one year</b>	15	(119,792)	(98,405)
<b>Net current liabilities</b>		<u>(50,228)</u>	<u>(58,442)</u>
<b>Total assets less current liabilities</b>		<u>(18,722)</u>	<u>(28,109)</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(989)	(947)
<b>Provisions for liabilities and charges</b>			
Provisions	19	<u>(1,910)</u>	<u>(2,007)</u>
<b>Net (Liabilities) excluding pension surplus</b>		<u>(21,621)</u>	<u>(31,063)</u>
Pension surplus	20	943	952
<b>Net (liabilities)</b>		<u>(20,678)</u>	<u>(30,111)</u>
<b>Capital and reserves</b>			
Called up share capital	21	88,261	88,261
Capital reserve		1,989	1,989
Other reserves		7,067	7,067
Retained losses		(117,995)	(127,428)
<b>Equity shareholders' deficit</b>		<u>(20,678)</u>	<u>(30,111)</u>

The notes on pages 22 to 44 form an integral part of the financial statements.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was £9,544k (2020 - £(15,771k)).

These financial statements were approved by the board of directors on 25<sup>th</sup> May 2023 and were signed on its behalf by:



**J S Kalsey**

Director

Company registered number: 02532311

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** **As at 31<sup>st</sup> December 2021**

## **Group**

	Called up Share Capital £'000	Capital Reserve £'000	Other Reserves £'000	Retained losses £'000	Total £'000
<b>Balance as at 1 January 2020</b>	<b>80,577</b>	<b>2,004</b>	<b>7,067</b>	<b>(96,324)</b>	<b>(6,676)</b>
Prior year adjustment (see note 26)				968	968
<b>Balance as at 1 January 2020 (as previously stated)</b>	<b>80,577</b>	<b>2,004</b>	<b>7,067</b>	<b>(95,356)</b>	<b>(5,708)</b>
Loss for the year (as restated)	-	-	-	(6,432)	(6,432)
Other comprehensive expense for the year (as restated)	-	-	-	(1,151)	(1,151)
Total comprehensive expense for the year (as restated)	-	-	-	(7,583)	(7,583)
<b>Contributions by and distribution to owners</b>					
Issue of shares during year *	7,684	-	-	-	7,684
Total contributions by and distribution to owners	7,684	-	-	-	7,684
<b>Balance as at 31 December 2020 (as restated)</b>	<b>88,261</b>	<b>2,004</b>	<b>7,067</b>	<b>(102,939)</b>	<b>(5,607)</b>
Profit for the year	-	-	-	16,239	16,239
Other comprehensive income for the year	-	-	-	508	508
Total comprehensive income for the year	-	-	-	16,747	16,747
<b>Balance as at 31 December 2021</b>	<b>88,261</b>	<b>2,004</b>	<b>7,067</b>	<b>(86,192)</b>	<b>11,140</b>

\* During 2020 Panavision Europe Ltd issued additional share capital to PILP of 7,683,646 each valued at £1.00 each. The consideration transferred was US \$10,318,467 at an exchange rate of 1.3429.  
The notes on pages 22 to 44 form an integral part of the financial statement.

# STATEMENT OF CHANGES IN EQUITY

## As at 31<sup>st</sup> December 2021

### Company

	<b>Called up Share Capital £'000</b>	<b>Capital Reserve £'000</b>	<b>Other Reserves £'000</b>	<b>Retained Losses £'000</b>	<b>Total £'000</b>
<b>Balance as at the 1 January 2020</b>					
	<b>80,577</b>	<b>1,989</b>	<b>7,067</b>	<b>(112,711)</b>	<b>(23,078)</b>
Prior Year adjustment (see note 26)				968	968
<b>Balance as at 1 January 2020 (as restated)</b>	<b>80,577</b>	<b>1,989</b>	<b>7,067</b>	<b>(111,743)</b>	<b>(22,110)</b>
Loss for the year (as restated)	-	-	-	(15,771)	(15,771)
Other comprehensive expense for the year (as restated)	-	-	-	86	86
Total comprehensive expense for the year (as restated)	-	-	-	(15,685)	(15,685)
<b>Contributions by owners</b>					
Issue of shares during year *	7,684	-	-	-	7,684
Total contributions by owners	7,684	-	-	-	7,684
<b>Balance as at 31 December 2020 (as restated)</b>	<b>88,261</b>	<b>1,989</b>	<b>7,067</b>	<b>(127,428)</b>	<b>(30,111)</b>
Profit for the year	-	-	-	9,544	9,544
Other comprehensive expense for the year	-	-	-	(111)	(111)
Total comprehensive income for the year	-	-	-	9,433	9,433
<b>Balance as at 31 December 2021</b>	<b>88,261</b>	<b>1,989</b>	<b>7,067</b>	<b>(117,995)</b>	<b>(20,678)</b>

\* During 2020 Panavision Europe Ltd issued additional share capital to PILP of 7,683,646 each valued at £1.00 each. The consideration transferred was US \$10,318,467 at an exchange rate of 1.3429.  
The notes on pages 22 to 44 form an integral part of the financial statement.

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2021**

	Notes	<b>2021</b> <b>£'000</b>	<b>Restated</b> <b>2020</b> <b>£'000</b>
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		16,239	(6,432)
<i>Adjustments for:</i>			
Loss/(profit) on disposal of fixed assets		166	(42)
Other interest receivable and similar income	6	(1,451)	(1,331)
Interest payable and similar charges	7	1,896	2,275
Taxation expense/(credit)	8	3,121	(1,694)
Depreciation of fixed assets	3	9,176	9,477
Unrealised forex		152	3,828
(Increase)/decrease in trade and other debtors		(3,647)	813
(Increase)/decrease in stocks		(255)	1,589
Increase/(decrease) in trade and other creditors		4,486	(1,554)
Increase in provisions and employee benefits		50	334
Tax (paid)/repaid		(2,052)	777
<b>Net cash from operating activities</b>		<b>27,881</b>	<b>8,040</b>
<b>Cash flows used in investing activities</b>			
Proceeds from sale of tangible fixed assets		218	190
Acquisition of tangible fixed assets		(12,045)	(3,194)
Software additions		(354)	(350)
<b>Net cash used in investing activities</b>		<b>(12,181)</b>	<b>(3,354)</b>
<b>Cash flows from financing activities</b>			
Interest received		76	42
Interest paid		(69)	(215)
Interest element of finance lease rental payments		(3)	(3)
Repayment of Bank of America revolver credit loan		-	(3,285)
Repayment of finance leases		(83)	(70)
<b>Net cash used in financing activities</b>		<b>(79)</b>	<b>(3,531)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,621</b>	<b>1,155</b>
Cash and cash equivalents at 1 January		11,143	9,959
Effect of exchange rate fluctuations on cash held at 1st January		279	29
Cash and cash equivalents at 31 December		<b>27,043</b>	<b>11,143</b>

The notes on pages 22 to 44 form an integral part of the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2021

*(forming part of the financial statements)*

#### 1 ACCOUNTING POLICIES

Panavision Europe Limited (the "Company") is a company limited by shares and incorporated in United Kingdom and registered in England. The registered office address is: 4th Floor, The Anchorage, 34 Bridge Street, Reading, RG1 2LU.

#### BASIS OF PREPARATION

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time.
- No separate parent company Cash Flow Statement with related notes is included.
- Key Management Personnel compensation has not been included a second time.
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Going concern

In preparing the financial statements the directors are required to assess the Group and Company's ability to continue to trade as a going concern for the foreseeable future.

The consolidated income statement is set out on page 15 and shows a profit for the year £16,239k (2020: loss £(6,432k)). The consolidated balance sheet is set out on page 17 and shows net assets £11,140k (2020: £(5,607k)).

The Writers Guild of America (WGA) started strike action with the Alliance of Motion Picture and Television Producers (AMPTP), from 2nd May 2023, which will potentially impact the level of TV and film production in the US but may also impact some Panavision Europe Group customers.

In response to the uncertainty as to the impact of US Writers strike action, inflationary pressures and wider economic environment on the company, the directors of the Group and the directors of the ultimate parent, Panavision Inc. have performed a robust forecast with various analysis of future cash flows of the Group, Panavision Europe Limited and worldwide subsidiaries (the "Group"), using various possible future scenarios that may arise.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****Going concern (continued)**

The downside models prepared show that the Company and the Group have sufficient working capital reserves to absorb the foreseeable impact of US writers' strike and remains able to meet its liabilities for a period of at least twelve months from sign off of these financial statements. Based on these assessments and resources available to the group, including a letter of support from ultimate parent company Panavision Inc., the Directors have concluded that there is no material uncertainty, and they can continue to adopt the going concern basis in preparing the annual report and accounts.

Other than the US writers strike action, the principal risks and uncertainties facing the group are broadly grouped as competitive, legislative, Brexit and economic risk.

**Revenue recognition**

The group has two main revenue streams: production equipment rental and consumables sales. For production equipment rentals, revenue is recognised over the related equipment rental period. For consumables sales revenue is recognised when goods are delivered to customer.

The group's contracts with its customers for goods or services are considered as standalone agreements and generally represented a single performance obligation. Revenue is measured based on the amount of consideration the company expects to receive excluding discounts, rebates and value added tax.

The group offers various discounts to customers, all of which are considered in determining the transaction price. Discounts are fixed and determinable at the time of sale and are recorded at the time of sale as a reduction to revenue.

**Basis of consolidation**

The consolidated financial statements 2021 include the financial statements of the group and the company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are also included as a component of cash and cash equivalents.

**Foreign currency**

Transactions in foreign currencies are translated to the group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated to the group's presentational currency, Sterling, at foreign exchange rates ruling at

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****Foreign currency (Continued)**

the balance sheet date. The equity of foreign operations is translated at the historic exchange rate at the date of acquisition. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

**Classification of financial instruments issued by the group**

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

**Basic financial instruments***Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below:

The group and the company assess at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:



**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****Tangible Fixed assets (continued)**

- furniture and fittings – 3 to 7 years;
- plant and machinery – 10 years;
- motor vehicles – 5 to 10 years;
- rental equipment – 2 to 10 years;
- freehold buildings – 50 years; and
- short-leasehold land and buildings – over the lease term.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

**Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the investment.

**Intangible assets***Other intangible assets*

The cost of intangible asset is recognised as the software package is developed in house.

*Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The basis for choosing useful lives of intangible assets is based on their useful economic life.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

**Impairment excluding stocks and deferred tax assets***Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****Impairment excluding stocks and deferred tax assets (Continued)**

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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit 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 "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

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 profit or 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.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Employee benefits***Defined contribution plans and other long-term employee benefits*

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

**Provisions**

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, which can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****Leases**

Leases in which the group and the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

*Operating leases – Company as Lessee*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Key sources of estimation uncertainty**

There are no areas identified for which there are major sources of estimation uncertainty at the reporting period end, which have a significant risk of causing a material adjustment to be made to the carrying value amounts of assets and liabilities within the next financial year.

**Critical accounting policies and judgement and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 factors that are considered to be relevant.

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

**Key sources of estimation uncertainty**

In preparing these financial statements, the Directors have not made any critical judgements that have a significant effect on the amounts recognised in the financial statements. The key sources of estimation are considered to be as follows:

- Trade Debtors

Management regularly reviews the outstanding trade debtors and consider credit risk and payment history. Specific doubtful debt allowances are recognised based on best estimate;

- Stocks

Management assesses the carrying value of inventory held taking into account provision for obsolete items. When calculating provision age and condition of the stock is considered, as well as assumptions around saleability of items;

- Intercompany debtors

Recoverability of intercompany debtors determined based trading history, market and economic conditions;

- Taxation

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the asset can be utilised. Therefore, judgements based on the tax advice from tax consultants.

- Depreciation and Impairment

Tangible fixed assets (see note 10) Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Dilapidation provision

The Company is required to perform dilapidation repairs and in certain instances restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed.

**2 TURNOVER**

Turnover, which excludes value added tax, represents the invoiced value of goods and services provided.

All turnover arises in respect of continuing activities.

The directors are of the opinion that to comply fully with the requirements of the Companies Act 2006, allocating turnover by geographical area and business segment would be seriously prejudicial to the interests of the group.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2021

**3 EXPENSES AND AUDITOR'S REMUNERATION**

Included in profit/(loss) are the following:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Operating lease rentals - land and buildings	8,004	6,243
Depreciation of fixed assets	9,176	9,477
Foreign exchange loss/(gain)	152	(3,828)
Furlough (income)	(525)	(4,555)
Fees payable to the company's auditor for the audit of the company's annual accounts:	105	130
Fees payable to the company's auditor and its associates for other services:		
- Audit of the accounts of subsidiaries	95	110
	<u>200</u>	<u>240</u>

**4 STAFF NUMBERS AND COSTS**

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

	<b>2021</b>	<b>2020</b>
<b>Number of employees:</b>		
Administration and sales support	227	223
Manufacturing	31	41
Technical	416	454
	<u>674</u>	<u>718</u>

The aggregate payroll costs of these persons were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	24,362	21,661
Social security costs	3,476	2,779
Contributions to defined contribution plans	1,263	1,141
	<u>29,101</u>	<u>25,581</u>

**5 DIRECTORS' REMUNERATION**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration	709	393
Company contributions paid to money purchase pension plans	43	31

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £275,859 (2020: £143,100), and company pension contributions of £15,042 (2020: £11,858) were made to a money purchase scheme on his behalf.

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Members of money purchase pension schemes	3	3

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

For the year ended 31 December 2021

**6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2021</b>	<b>Restated</b>
	<b>£000</b>	<b>2020</b>
		<b>£000</b>
Interest receivable from group undertakings	1,361	1,255
Net interest on Pension surplus	14	34
Bank interest	76	42
	<u>1,451</u>	<u>1,331</u>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	1,713	1,980
Interest on property dilapidations	111	77
Interest on finance leases	3	3
Bank interest	69	215
	<u>1,896</u>	<u>2,275</u>

The interest payable to group undertakings is in respect of the following loans which are all repayable on demand:

- Panavision Europe Ltd with parent Panavision Inc 7m US\$ at an effective rate of 5.11% over LIBOR.
- Panavision Europe Ltd with parent Panavision Inc 2.5m US\$ at an effective rate of 1.0% over LIBOR.
- Panavision Europe Ltd with parent Panavision Inc 4.9m US\$ at an effective rate of 2.5% over LIBOR.
- Panavision Asia Pacific Pty Ltd with Panavision Inc at an effective rate of 7.5% for the loan.
- Panavision Asia Pacific Pty Ltd with Panavision New Zealand at an effective rate of 6.50% for the loan.

**8 TAXATION**

Total tax expense/(credit) recognised in the profit and loss account

Analysis of the tax expense/(credit) for the year:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<i>Current tax:</i>		
UK Corporation tax	2,942	-
Foreign tax	(151)	(401)
Adjustments in respect of prior years	(14)	(688)
Total current tax	<u>2,777</u>	<u>(1,089)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	352	(840)
Adjustments in respect of prior periods	(8)	235
Total tax charge/(credit) on profit/(loss) on ordinary activities	<u>3,121</u>	<u>(1,694)</u>

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). On 3 March 2021, the new tax policy measures were announced at the Budget in the UK, which is a statement made to the House of Commons by the Chancellor of the Exchequer on the nation's finances and the UK Government's proposals for changes to taxation. These new tax policy measures are part of the Finance Bill 2021 and include the proposed legislation to increase the corporate tax rate to 25% for the financial year beginning 1 April 2023. The differences are reconciled below:

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 8. TAXATION (Continued)

Reconciliation of effective tax rate

	2021 £'000	2020 £'000
Group profit/(loss) for the year before tax	19,360	(8,126)
Taxation	-	-
Profit/(loss) excluding taxation	19,360	(8,126)
Tax on group profit/(loss) at standard UK tax rate of 19.00% (2020: 19.00%)	3,676	(1,550)
Expenses not deductible for tax purposes	416	238
Losses carried back	-	391
Movement in unrecognised deferred tax assets	-	235
Remeasurement of deferred tax changes in tax rates	(775)	(322)
Adjustment opening deferred tax to average rate of 19%	(8)	-
Adjustments in respect of prior periods - current tax	78	(527)
Higher tax rates on overseas income	(266)	(159)
Total tax charge/(credit) on profit/(loss) on ordinary activities	3,121	(1,694)

## 9 INTANGIBLE ASSETS AND GOODWILL

Group	Software Development £000	Total £000
<b>Cost</b>		
At 1 January 2021	1,284	1,284
Additions	354	354
<b>At 31 December 2021</b>	<b>1,638</b>	<b>1,638</b>
<b>Amortisation/Impairment</b>		
At 1 January 2021	342	342
Provided during the year	-	-
<b>At 31 December 2021</b>	<b>342</b>	<b>342</b>
<b>Net book value</b>		
<b>At 31 December 2021</b>	<b>1,296</b>	<b>1,296</b>
<b>At 31 December 2020</b>	<b>942</b>	<b>942</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 10 TANGIBLE FIXED ASSETS

Group					Capital improvements to buildings held under operating leases	Leasehold land and buildings	Total
	Fixtures & fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Rental equipment £'000	£'000	£'000	£'000
<b>Cost</b>							
Balance at 1 January 2021	5,966	6,713	477	171,925	14,442	816	200,339
Effect of movements in foreign exchange	(98)	(173)	(9)	(3,787)	(257)	-	(4,324)
Additions	128	243	8	10,262	1,404	-	12,045
Disposals	(72)	(6)	-	(2,508)	(651)	-	(3,237)
<b>Balance at 31 December 2021</b>	<b>5,924</b>	<b>6,777</b>	<b>476</b>	<b>175,892</b>	<b>14,938</b>	<b>816</b>	<b>204,823</b>
<b>Depreciation and impairment</b>							
Balance at 1 January 2021	4,790	5,548	381	153,153	10,742	-	174,614
Effect of movements in foreign exchange	(98)	(178)	(11)	(3,613)	(214)	-	(4,114)
Depreciation charge for the year	240	426	18	7,843	649	-	9,176
Disposals	(72)	(2)	-	(2,159)	(615)	-	(2,848)
<b>Balance at 31 December 2021</b>	<b>4,860</b>	<b>5,794</b>	<b>388</b>	<b>155,224</b>	<b>10,562</b>	<b>-</b>	<b>176,828</b>
<b>Net book value</b>							
At 31 December 2021	<b>1,064</b>	<b>983</b>	<b>88</b>	<b>20,668</b>	<b>4,376</b>	<b>816</b>	<b>27,995</b>
At 31 December 2020	<b>1,176</b>	<b>1,165</b>	<b>96</b>	<b>18,772</b>	<b>3,700</b>	<b>816</b>	<b>25,725</b>

**Land and Buildings:** The net book value of capital improvements to buildings held under operating leases comprises:

	2021 £'000	2020 £'000
Short leasehold	4,376	3,700
	<u>4,376</u>	<u>3,700</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 10 TANGIBLE FIXED ASSETS (continued)

Company	Fixtures & fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Rental equipment £'000	Capital improvements to buildings held under operating leases £'000	Leasehold land and buildings £'000	Total £'000
<b>Cost</b>							
Balance at 1 January 2021	2,219	4,468	103	62,836	6,425	816	76,867
Additions	35	205	-	3,854	47	-	4,141
Disposals	-	-	-	(464)	-	-	(464)
Effect of movements in foreign exchange	(2)	44	(1)	-	(1)	-	40
<b>Balance at 31 December 2021</b>	<b>2,252</b>	<b>4,717</b>	<b>102</b>	<b>66,226</b>	<b>6,471</b>	<b>816</b>	<b>80,584</b>
<b>Depreciation and impairment</b>							
Balance at 1 January 2021	1,840	3,665	29	56,803	5,750	-	68,087
Depreciation charge for the year	43	223	10	2,324	250	-	2,850
Disposals	-	-	-	(304)	-	-	(304)
Effect of movements in foreign exchange	(2)	-	-	-	-	-	(2)
<b>Balance at 31 December 2021</b>	<b>1,881</b>	<b>3,888</b>	<b>39</b>	<b>58,823</b>	<b>6,000</b>	<b>-</b>	<b>70,631</b>
<b>Net book value</b>							
<b>At 31 December 2021</b>	<b>371</b>	<b>829</b>	<b>63</b>	<b>7,403</b>	<b>471</b>	<b>816</b>	<b>9,953</b>
<b>At 31 December 2020</b>	<b>379</b>	<b>803</b>	<b>74</b>	<b>6,033</b>	<b>675</b>	<b>816</b>	<b>8,780</b>

**Land and Buildings** The net book value of capital improvements to buildings held under operating leases comprises:

	2021 £'000	2020 £'000
Short leasehold	471	675
	<u>471</u>	<u>675</u>

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

For the year ended 31 December 2021

**11 FIXED ASSET INVESTMENTS**

The other investment of £30,000 relates to an investment of less than 20% in a company incorporated in France. This investment has been fully amortised in 2019.

**Company**

	<b>Subsidiary undertakings £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2021	75,823	30	75,853
Additions	-	-	-
<b>At 31 December 2021</b>	<b>75,823</b>	<b>30</b>	<b>75,853</b>
<b>Provision for impairment</b>			
At 1 January 2021	54,270	30	54,300
Impaired during the year	-	-	-
<b>At 31 December 2021</b>	<b>54,270</b>	<b>30</b>	<b>54,300</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>21,553</b>	<b>-</b>	<b>21,553</b>
<b>At 31 December 2020</b>	<b>21,553</b>	<b>-</b>	<b>21,553</b>

The other investment of £30,000 relates to an investment of less than 20% in a company incorporated in France. This investment has been fully amortised in 2019.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 11 FIXED ASSET INVESTMENTS (continued)

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

Subsidiary undertakings	Country of Incorporation	Principal activity	Class and Percentage of shares held	
			Group	Company
John Barry Group Pty Ltd* <sup>5</sup>	Australia	Audio visual and film equipment sales	100%	
Lee Filters Limited <sup>1</sup>	United Kingdom	Dormant		100%
Lee Lighting Limited <sup>1</sup>	United Kingdom	Dormant		100%
Joe Dunton Cameras Limited <sup>1</sup>	United Kingdom	Dormant		100%
Panavision Alga Techno Paris SA* <sup>6</sup>	France	Film cameras and ancillary equipment		100%
Panalux SARL* <sup>6</sup>	France	Film and television lighting	100%	
Panavision Polska Sp. Z.o.o <sup>7</sup>	Poland	Film cameras and ancillary equipment		100%
Samuelson Group Limited <sup>1</sup>	United Kingdom	Holding Company		100%
Panavision Asia Pacific Pty Limited <sup>5</sup>	Australia	Holding Company	100%	
Panalux Pty Limited* <sup>5</sup>	Australia	Film and television lighting	100%	
Panavision Australia Pty Limited* <sup>5</sup>	Australia	Film cameras and ancillary equipment	100%	
Samuelson Cases Australia Pty Limited* <sup>5</sup>	Australia	Active	100%	
AFM Group Limited <sup>1</sup>	United Kingdom	Holding Company		100%
Panalux Limited* <sup>1</sup>	United Kingdom	Film and television lighting		100%
PanaluxEurope Sro <sup>2</sup>	Czech Republic	Film and television lighting	100%	
Panalux Lighting Namibia (Pty) Limited* <sup>9</sup>	Namibia	Film and television lighting	100%	
Panalux SA (Pty) Limited* <sup>4</sup>	South Africa	Film and television lighting	100%	
Panalux (IOM) Limited* <sup>3</sup>	United Kingdom	Dormat	100%	
Mr Lighting Limited* <sup>1</sup>	United Kingdom	Film and television lighting	100%	
Mr Lighting Studios Limited* <sup>1</sup>	United Kingdom	Studio Facilities	100%	
Black Island Studios Limited* <sup>1</sup>	United Kingdom	Studio Facilities	100%	
Luminary Lighting Ltd* <sup>1</sup>	United Kingdom	Studio Facilities	100%	
Direct Photographic Limited* <sup>1</sup>	United Kingdom	Photographic equipment	100%	
One 8 Six Limited <sup>1</sup>	United Kingdom	Active		100%
Panavision SA (Pty) Limited* <sup>4</sup>	South Africa	Film cameras and ancillary equipment	100%	
Panavision Europe Limited Partnership <sup>8</sup>	United Kingdom	Active		100%
Focus.com* <sup>2</sup>	United Kingdom	Film and television lighting	100%	

1. The registered office is 4<sup>th</sup> Floor, The Anchorage, 34 Bridge Street, Reading, RG1 2LU.

2. The registered office is Knzencekeho Namesti 322/5, Hlubocepy 152 00, PRAHA 5.

3. The registered office is 2nd Floor, Quay House, South Quay, Douglas, Isle of Man IM1 5AR

4. The registered office is Phase 6 Sanlan Business park, Racecourse RD, Western Cape Town 7441 ZA

5. The registered office is Unit B1, 16 Mars Road, Lane Cove, New South Wales 2066.

6. The registered office is EMGP – Batiment 221- 217, 45 Avenue Victor Hugo, 93300 Aubervilliers, France.

7. The registered office is Wyczolki 96/98, 02-820 Warsaw Poland.

8. The registered office is Metropolitan Centre, Bristol Road, Greenford, Middlesex, UB6 8GU

9. The registered office is 145-157 Independence Avenue, Windhoek, Namibia.

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act:

Samuelson Group Limited	00598635
AFM Group Limited	02199714
Black Island Studios Limited	02600089
Direct Photographic Limited	04237897

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 12 STOCKS

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Raw materials and consumables	1,551	1,207	1,551	1,207
Work in progress	525	410	298	179
Finished goods	4,382	4,586	512	653
	<u>6,458</u>	<u>6,203</u>	<u>2,361</u>	<u>2,039</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £15,366k (2020: £12,691k), Company: £5,494k (2020: £4,948k). The write-downs to stock amounted to £695k (2020: the write down to stock of £88k), Company: £690k (2020: write down to stock of £129k).

## 13 DEBTORS

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	12,663	10,130	4,209	2,580
Amounts due from other Group companies**	50,640	49,040	48,337	27,168
Other debtors	896	744	-	48
Corporation and overseas taxation	-	-	-	23
Prepayments and accrued income	1,997	2,047	557	580
Accrued income	850	-	-	-
Deferred tax asset (Note 18)	4,052	4,053	2,157	2,714
	<u>71,098</u>	<u>66,014</u>	<u>55,261</u>	<u>33,113</u>
Due within one year	71,098	66,014	55,261	33,113
Due after more than one year	-	-	-	-
	<u>71,098</u>	<u>66,014</u>	<u>55,261</u>	<u>33,113</u>

\*\* Amounts due from other Group companies.

## Group

Amounts due from other Group companies as at the 31 December 2021 are £31,665k (2020: £30,261k) represent trade receivables and these are payable on demand. The balance £19,242k (2020: £18,779k) represents a loan which is interest bearing at 7.5% to parent Panavision Inc by Asia Pacific and is payable on demand.

## Company

Amounts due from other Group companies as at the 31 December 2021 are £48,337k (2020: £27,168k) represent trade receivables and these are payable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cash at Bank and in hand	27,043	11,143	11,942	4,811
	<u>27,043</u>	<u>11,143</u>	<u>11,942</u>	<u>4,811</u>

There is an amount of £68,990 pledged as security for rental of office premises in South Africa.

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Obligations under finance leases	-	164	-	82
Trade creditors	3,441	5,311	845	1,268
Amounts owed to Group companies*	100,049	95,264	114,193	94,928
Corporation and overseas taxation	1,168	43	604	-
Other taxation and social security	4,857	3,205	1,978	759
Other creditors	371	253	43	-
Accruals	6,047	4,615	2,129	1,320
Deferred consideration	4	67	-	48
	<u>115,937</u>	<u>108,922</u>	<u>119,792</u>	<u>98,405</u>

\* Amounts payable to other Group companies

**Group**

Amounts payable to other Group companies as at the 31 December 2021 are £65,221k (2020: £61,464k) represent trade payables and these are payable on demand. The balance £34,829k (2020: £33,800k) represents loans outlined below and are payable on demand:

	Interest rate	Terms	2021	2020
			£'000	£'000
Panavision Europe Ltd with parent Panavision Inc 7m US\$	5.11% over US LIBOR	on demand	10,012	9,597
Panavision Europe Ltd with parent Panavision Inc 2.5m US\$	1% over US LIBOR	on demand	2,939	2,817
Panavision Europe Ltd with parent Panavision Inc 4.9m US\$	2.5% over US LIBOR	on demand	5,805	5,564
Panavision Asia Pacific Pty Ltd with Panavision Inc	7.50%	on demand	6,669	6,554
Panavision Asia Pacific Pty Ltd with Panavision New Zealand	6.65%	on demand	9,404	9,268
			<u>34,829</u>	<u>33,800</u>

**Company**

Amounts payable to other Group companies as at the 31 December 2021 are £95,437k (2020: £76,950k) represent trade payables and these are payable on demand. The balance £18,756k (2020: £17,978k) represents loans outlined below and are payable on demand:

	Interest rate	Terms	2021	2020
			£'000	£'000
Panavision Europe Ltd with parent Panavision Inc 7m US\$	5.11% over US LIBOR	on demand	10,012	9,597
Panavision Europe Ltd with parent Panavision Inc 2.5m US\$	1% over US LIBOR	on demand	2,939	2,817
Panavision Europe Ltd with parent Panavision Inc 4.9m US\$	2.5% over US LIBOR	on demand	5,805	5,564
			<u>18,756</u>	<u>17,978</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Other long-term liabilities	173	212	173	212
Obligations under finance leases	816	735	816	735
Wholly repayable after one year	989	947	989	947

## 17 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Creditors falling due within less than one year</b>				
Finance lease liabilities	-	164	-	-
	-	164	-	-
<b>Creditors falling due in more than one year</b>				
Finance lease liabilities	816	735	816	735
	816	735	816	735

## Terms and debt repayment schedule

	Currency	2021	2020
		£000	£000
Finance lease liabilities	£GBP	-	-
		816	898
		816	898

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

## 18 DEFERRED TAX ASSETS

Deferred tax assets are attributable to the following

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fixed Assets	2,887	2,177	1,268	1,052
Short term provisions	369	323	93	111
Losses & other deductions	796	1,553	796	1,551
Net tax assets	<u>4,052</u>	<u>4,053</u>	<u>2,157</u>	<u>2,714</u>

In addition to the deferred tax asset above, the Group has additional unrecognised tax losses brought forward by Panavision Asia Pacific Pty Ltd of £3,828k (2020: £4,217k) gross £12,760k (2020: £14,057k). These losses relate to subsidiaries that have a history of losses, they do not expire and may not be used to offset taxable income elsewhere in the group.

## 19 PROVISIONS AND CONTINGENT LIABILITIES

Group	Property Dilapidations £000	Long Service Leave in Australian Subsidiaries £000	Total £000
Balance at 1 January 2021	6,328	389	6,717
Interest	109	-	109
Additions in the year	(6)	46	40
Foreign Exchange movement	(81)	(18)	(99)
Balance at 31 December 2021	<u>6,350</u>	<u>417</u>	<u>6,767</u>

Company	Property Dilapidations £000	Total £000
Balance at 1 January 2021	2,007	2,007
Interest and additions during the year	61	61
Retirements in the year	(158)	(158)
Balance at 31 December 2021	<u>1,910</u>	<u>1,910</u>

Provision is made for the cost of reinstatement work on leased properties where there is an obligation under the lease, and costs can be reasonably estimated. The provision is based on surveys last carried out in December 2021.

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

For the year ended 31 December 2021

**20 PENSIONS****Defined contribution plans***Group*

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,342,380 (2020: £1,140,576). This was split between £1,005,597 (2020: £872,605) for UK and £336,783 (2020: £267,971) for Australia, Ireland and South Africa.

The company operates a number of pension schemes for the benefit of its employees. One of these pension schemes is a hybrid scheme and includes a defined benefit underpin relating to Guaranteed Minimum Pension (GMP) for pre 1997 employee service.

The assets of the scheme are held separately from the assets of the Group, being invested in Managed Funds.

The Gross Liability disclosed is equal to the value of GMP. The value of the assets is equal to the value of members pre-1997 funds plus the unallocated Supplementary fund. An asset ceiling restriction will be applied to the value of the allocated funds in excess of the GMPs since these funds belong to members and are not assets of the company.

The last full actuarial valuation was as at 30 June 2021. This valuation has been updated to 31 December 2021 by a qualified independent actuary for the purpose of producing these financial statements in accordance with FRS 102, using the following principal assumptions:

	<b>2021</b>	<b>2020</b>
Discount rate	1.8%	1.5%
Pension increases – CPI max 3%	2.3%	2.3%
Cohort life expectancy at age 65		
Life expectancy at age 65 – male	88.97	88.97
Life expectancy at age 45 – male	90.62	90.62
Life expectancy at age 65 – Female	90.77	90.77
Life expectancy at age 45 – Female	92.61	92.61

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Change in defined benefit obligation</b>		
Defined benefit obligation at 1 January	(2,895)	(2,441)
Interest expense	(43)	(51)
Actuarial gains/(losses)	194	(403)
<b>Defined benefit obligation at 31 December</b>	<b>(2,744)</b>	<b>(2,895)</b>
<b>Change in fair value of defined benefit plan assets</b>		
Fair value of plan assets at 1 January	4,185	4,069
Interest income	62	85
Return on plan assets excluding interest income	283	31
<b>Fair value of plan assets at 31 December</b>	<b>4,530</b>	<b>4,185</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

**20 PENSIONS (Continued)**

<b>Pension surplus</b>	1,786	1,290
<b>Asset ceiling</b>		
Asset ceiling at 1 January	(338)	(660)
Interest income on asset ceiling	(5)	-
Changes in asset ceiling	(500)	322
Asset ceiling at 31 December	(834)	(338)
<b>Pension Surplus recognised in the balance sheet</b>	<u>943</u>	<u>952</u>

The actual return on defined benefit plan assets was:

	<b>2021</b> £'000	<b>2020</b> £'000
Return on plan assets excluding interest income	283	31
Interest income	62	85
	<u>345</u>	<u>116</u>

Composition of defined benefit plan assets:

	<b>2021</b> £'000	<b>2020</b> £'000
Pooled investment vehicles:		
Multi - asset growth funds	4,528	4,159
Multi – asset defensive funds	2	24
Cash funds	-	2
	<u>4,530</u>	<u>4,185</u>

Amounts recognised in the profit and loss account:

	<b>2021</b> £'000	<b>2020</b> £'000
Included in interest income: Net interest on net pension surplus	<u>14</u>	<u>34</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

**20 PENSIONS (Continued)****Analysis of actuarial loss recognised in other comprehensive income**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Actual return less interest income included in net interest income	283	31
Changes in assumptions underlying the present value of the scheme liabilities	194	(403)
Changes in asset ceiling	<u>(500)</u>	<u>322</u>
	<u>(23)</u>	<u>(50)</u>

**21 CAPITAL AND RESERVES****Share capital**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Allotted, called up and fully paid		
88,261,034 (2020: 88,261,034) ordinary shares of £1 each	88,261	88,261

**22 FINANCIAL INSTRUMENTS****Carrying amount of financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Financial Assets</b>				
Debt instrument measured at amortised cost				
Trade debtors (see note 13)	12,663	10,130	4,209	2,580
Other debtors (see note 13)	896	744	-	48
Amounts owed by group undertakings	50,640	49,040	48,337	27,168
	<u>64,199</u>	<u>59,914</u>	<u>52,546</u>	<u>29,796</u>
<b>Financial Liabilities</b>				
Measured at amortised cost				
Trade creditors (see note 15)	3,441	5,311	845	1,268
Other creditors (see note 15)	371	253	43	48
Unsecured loans from parent undertaking (note 15)	34,829	33,800	18,756	17,978
Amounts due to group undertakings (note 15)	65,221	61,464	95,437	76,950
Obligations under finance leases (note 17)	816	898	816	735
	<u>104,678</u>	<u>101,726</u>	<u>115,898</u>	<u>96,979</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****23 OPERATING LEASES**

Non-cancellable operating lease rentals for Land and Buildings and Other Operating Lease Contracts are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	6,609	6,111	1,914	1,558
Between one and five years	9,397	9,231	2,782	1,732
More than five years	3,308	2,706	1,443	646
	<u>19,314</u>	<u>18,048</u>	<u>6,139</u>	<u>3,936</u>

During the year £8,004k was recognised as an expense in the profit and loss account in respect of operating leases (2020: £6,243k).

**24 RELATED PARTIES**

The company has taken advantage of the exemption conferred by section 33.1A FRS 102 not to disclose transaction with wholly owned subsidiaries of Panavision Inc.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £3,602,000 (2020 - £1,852,321).

**25 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP**

The Company is a subsidiary undertaking of Panavision Inc., a company incorporated in the United States of America. The ultimate controlling party is Panavision Inc.

The largest and smallest group in which the results of the Company and its group are consolidated is that headed by Panavision Inc., a company incorporated in the United States of America. The consolidated financial statements of this group are not available to the public. Registered office address of Panavision Inc. is: 6101 Variel Avenue, Woodland Hills, California, 91367.

**26 PRIOR YEAR ADJUSTMENT**

The Company operates a number of pension schemes for the benefit of its employees. One of these pension schemes was previously accounted for as a purely defined contribution scheme even though it is a hybrid scheme and includes a defined benefit underpin relating to Guaranteed Minimum Pension for pre 1997 employee service. This error has been corrected in these financial statements (see note 20) and comparative figures have been restated accordingly. Interest income for the year ended 31 December 2020 has been increased by £34,000 from the amounts previously stated, with the loss for the financial year shown in the consolidated profit and loss account reduced by the same amount. The total comprehensive expense for the year ended 31 December 2020 has increased by £16,000 from the amounts previously stated, being the £34,000 reduction in the loss for the year noted above and a £50,000 actuarial loss on defined benefit pension scheme. The consolidated balance sheet and company balance sheet as at 31 December 2020 include a defined benefit pension asset of £952,000 that was not previously present, with net liabilities and retained earnings reduced accordingly from the amounts previously stated. Total equity shareholders' deficit as at 1 January 2020 has been reduced by £968,000, with the total deficit as at 31 December 2020 reduced by £952,000. Although there is no impact on cash flows, the reconciliation of the loss for the year to net cash from operating activities shown in the consolidated cash flow statement has been restated to reflect the £34,000 reduction in the loss for the year and the £34,000 increase in the adjustment for other interest receivable and similar income.

**27 SUBSEQUENT EVENTS**

On 9th December 2022 Panavision Europe Limited together with its parent Panavision Inc. entered into a \$145m credit facility with Bank of America N.A. The facility attracted a weighted average interest rate of 5.34 % at 31<sup>st</sup> December 2022. It is cross guaranteed by the Panavision Group subsidiaries and is due for repayment on 9<sup>th</sup> December 2027.

On 2nd May 2023, the Writers Guild of America (WGA) started strike action with the Alliance of Motion Picture and Television Producers (AMPTP) for an undefined period, this will potentially have an impact on TV and film production. The Screen Actors Guild - American Federation of Television and Radio Artists (SAG – AFTRA), the other main union, will begin negotiations on 7th June, management expects that the AMPTP will negotiate with WGA and SAG AFTRA at the same time and be able to conclude negotiations by the end of June. These are current estimates, but there is no defined time for the strike action. Panavision Inc Group is in constructive discussions with the Bank of America who are supportive in light of these exceptional external factors and have temporarily waived financial covenants on the credit facility up to 30th September 2023.