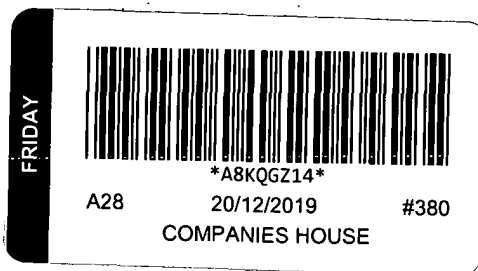


Company Registration No. 06300755 (England and Wales)

**PINEWOOD PSB LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2019**



# PINEWOOD PSB LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P W M Golding B D Inskip L Moner Parra A M Smith
<b>Secretary</b>	L Dorrington-Ward
<b>Company number</b>	06300755
<b>Registered office</b>	Pinewood Studios Pinewood Road Iver Heath Buckinghamshire SL0 0NH
<b>Auditor</b>	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading RG1 3BD

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# **PINEWOOD PSB LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present the strategic report for the year ended 31 March 2019.

#### **Fair review of the business**

The company's principal activity is the provision of infrastructure and associated services which are required to produce film and television content. Pinewood PSB Limited owns the land at the east side of Pinewood Group's Iwer Heath site, with construction of new studios commencing in 2015 and continuing at the reporting date. Five stages were available for occupation through the financial year, with four stages under construction as at the date of the accounts.

Turnover for the year ended 31 March 2019 of £11.5m was broadly flat compared to turnover of £11.2m in the prior year. The stable turnover represents the constant maximum occupancy level in both years. Profit after tax fell slightly to £2.9m (2018: £3.1m) as the increase in revenue was offset by cost inflation and higher net finance costs payable to group undertakings.

#### **Principal risks and uncertainties**

The company is dependent on demand for production of new screen content and film productions. Any changes in demand for these productions or technological developments resulting in decreased demand for our studios could have a material adverse effect on the business.

The company may also undertake a number of capital expenditures, including in connection with the further development and expansion of its existing studios; the inability to complete such projects on time or at all, the inability to generate the desired returns therefrom or the inability to raise capital as might be required to complete such projects could have a material adverse effect on the business, financial condition and results of operations.

The company's business activities, together with factors likely to affect its future development, its financial position, financial risk, risk management objectives, and its exposure to liquidity and foreign exchange risk are described in the Directors' Report.

#### **Risks associated with Brexit**

Although the majority of our direct customers are UK-registered companies, they tend also to be subsidiaries of predominantly US film and TV production corporations. If sterling were to fall further on an exit from the EU with no deal in place, the UK would be an attractive place to invest for film production purposes. However, a devaluation of sterling may also increase the cost of imported supplies for our construction activities and specialist equipment.

It is not expected that there will be a significant direct impact of a no-deal Brexit on imports and exports by Pinewood from and to non-EU countries in the medium term. It should be noted that, in the short term, there may be delays and issues arising from incomplete legislation coming into force, a lack of suitably trained border staff and capacity constraints and "contagion" from EU originated procedural delays. However, there is a risk that a no-deal Brexit may affect Pinewood's schedule of productions because of delays in the movement of personnel and equipment associated with the third parties.

It is challenging to assess the impact on Pinewood's third party suppliers, particularly at the second or third level down in a supply chain, be it for goods or services. Some of these services sit several levels below the primary supplier to Pinewood. Consequently, whilst it may be possible to interrogate primary suppliers of goods and services about the impact of a no-deal Brexit on their supplies to Pinewood, they may not be in a position to assess the impact on their sub-suppliers at lower levels of the supply chain.

# PINEWOOD PSB LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### Key performance indicators

A summary of key performance indicators ("KPIs") is as follows:

- Revenue for the year ended 31 March 2019 amounted to £11.5m (2018: £11.2m).
- The profit for the year ended 31 March 2019, after taxation, amounted to £2.9m (2018: £3.1m).
- Average stage occupancy for the year ended 31 March 2019 was 100% (2018: 100%).

The directors believe these KPIs indicate a strong performance for the year.

### Events after the reporting date

In September 2019, Pinewood Studios Limited and Pinewood PSB Limited entered into a multi-year arrangement with Banner Productions Limited (a wholly owned subsidiary of the Walt Disney Company Limited), to occupy the majority of stages, workshops and offices at Pinewood Studios (including Pinewood East Phase 1 and the expansion at Pinewood East Phase 2).

The company is one of the guarantors for the borrowings of the group headed by Pinewood Group Limited ("the group"), of which it is a member, as disclosed in note 16. The group announced in September 2019 that it had priced an offering (the "offering") of £550 million aggregate principal amount of 3.25% Senior Secured Notes due 2025 (the "notes"). The proceeds from the offering were used to (i) fully redeem the group's existing £250 million 3.75% senior secured notes due 2023, (ii) make one or more loans and/or distributions to Pinewood Group's ultimate shareholder and/or its affiliates and (iii) pay certain fees and expenses in connection with these transactions.

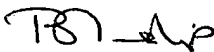
### Future developments

Construction is ongoing at Pinewood East phase 2 which is expected to provide c.200,000 sq ft of production accommodation space. Completion is scheduled for the first half of 2020. In September 2019, Pinewood Group announced a long-term agreement with Banner Productions Limited (a wholly owned subsidiary of the Walt Disney Company Limited), for all the stages, backlots and other production accommodation at Pinewood Studios, including Pinewood East, of which they have now taken occupancy. The agreement is expected to underpin high and stable occupancy levels for Pinewood PSB Limited.

### Revision of this report

The above report includes forward looking statements that are based on current expectations and assumptions. They involve risks and uncertainties and may differ, possibly materially, from actual results, performance and achievements. Neither the company, nor any of its directors, undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

On behalf of the board

  
.....  
B D Inskip  
Director

Date: 19.12.2019

# PINEWOOD PSB LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2019

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The directors present their annual report and financial statements for the year ended 31 March 2019.

#### Principal activities

The company's principal activity is the provision of infrastructure and associated services which are required to produce film and television content.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P W M Golding	(Appointed 29 October 2018)
B D Inskip	(Appointed 22 July 2019)
L Moner Parra	(Appointed 29 October 2018)
C J Naisby	(Resigned 22 July 2019)
A M Smith	
D A Wight	(Resigned 21 December 2018)
J H Rider	(Appointed 21 December 2018 and resigned 20 May 2019)

#### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2018: £nil). The directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

Picture Holdco Limited, an intermediate parent company within the group, has made qualifying third party indemnity provisions for the benefit of the directors of Pinewood PSB Limited during the year. These provisions remain in force at the reporting date.

#### Financial instruments

The company's receivables and payables have been consolidated into its parent company. These receivables and payables have been transferred to Pinewood-Shepperton Studios Limited, trading as the Pinewood Studios Group, which acts as an agent to issue and receive invoices, and accept and make payments on behalf of Pinewood PSB Limited.

The main risk currently arising from the company's financial instruments is liquidity risk. Foreign exchange risk is also considered below.

#### Liquidity risk

The group, of which the company is a member, manages its exposure to liquidity risk at group level. The group's objective is to maintain a balance between the continuity of operating and development funding and flexibility using cash and a revolving credit facility.

At the reporting date, the group has banking facilities of up to £300.2 million, principally comprising a £50 million revolving credit facility and a £250 million high yield bond. These facilities are secured on certain of the principal assets of the group. The revolving credit facility has one covenant and a range of events of default together with variable margins between 132.5 and 232.5 basis points over LIBOR. The group's borrowings are subject to certain covenants and a deterioration in performance and profitability could affect the Group's ability to satisfy such covenants.

Since the reporting date, the group's £250 million high yield bond has been repaid, an issue of a £550 million bond has been made and the revolving £50 million revolving credit facility has been extended and remains undrawn at the date of these accounts. See note 19 for further details.

# **PINEWOOD PSB LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019**

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### ***Foreign exchange risk***

The group, of which the company is a member, does not hedge against foreign currency exposure due to its minimal exposure to foreign currency movements as its business is conducted primarily in UK sterling. The Board continues to review this area to identify any potential exposure with the increase in international arrangements.

### **Auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies' and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of the principal risks and uncertainties, events after the reporting date and future developments.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### **Going concern**

Due to the company being in a net current liability position at 31 March 2019 of £107,741k (2018: £77,936k), the directors have received notice from Pinewood Group Limited that it will support the operational needs of the company for at least twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due. The directors have considered the ability of Pinewood Group Limited to provide such financial support.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board

  
B D Inskip  
Director

Date: 19.12.2019

# **PINEWOOD PSB LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

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The directors are responsible for preparing the Strategic Report and the Directors' 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINWOOD PSB LIMITED**

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## **Opinion**

In our opinion the financial statements of Pinewood PSB Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the statement of financial position; and
- the related notes 1 to 20.

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" (United Kingdom Generally Accepted Accounting Practice).

## **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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

## **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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINWOOD PSB LIMITED (CONTINUED)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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.

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

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

#### **Other matter**

As the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINWOOD PSB LIMITED (CONTINUED)

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### Use of our report

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

*Andrew Evans*

Andrew Evans (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom

.....  
19 December 2019

# PINEWOOD PSB LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2019

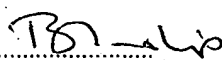
	Notes	2019 £'000	2018 £'000
<b>Revenue</b>	<b>3</b>	11,515	11,155
Cost of sales		(4,830)	(4,592)
<b>Gross profit</b>		6,685	6,563
Distribution costs		(36)	(87)
Administrative expenses		8	(89)
<b>Operating profit</b>	<b>5</b>	6,657	6,387
Investment income	<b>7</b>	5	4
Finance costs	<b>8</b>	(2,972)	(2,550)
<b>Profit before taxation</b>		3,690	3,841
Tax on profit	<b>9</b>	(824)	(755)
<b>Profit for the financial year</b>		2,866	3,086
Retained earnings brought forward		3,138	52
Retained earnings carried forward		6,004	3,138

The Income Statement has been prepared on the basis that all operations are continuing operations.

**PINEWOOD PSB LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

		2019	2018
	Notes	£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	115,123	82,314
		<u>115,123</u>	<u>82,314</u>
<b>Current assets</b>			
Trade and other receivables	11	340	282
		<u>340</u>	<u>282</u>
<b>Total assets</b>		<u>115,463</u>	<u>82,596</u>
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Retained earnings	13	6,004	3,138
<b>Total equity</b>		<u>6,004</u>	<u>3,138</u>
<b>Non-current liabilities</b>			
Deferred tax liability	14	1,378	1,240
		<u>1,378</u>	<u>1,240</u>
<b>Current liabilities</b>			
Trade and other payables	15	97,331	68,243
Deferred income		10,474	9,975
Current tax payable		276	-
		<u>108,081</u>	<u>78,218</u>
<b>Total liabilities</b>		<u>109,459</u>	<u>79,458</u>
<b>Total equity and liabilities</b>		<u>115,463</u>	<u>82,596</u>

The financial statements were approved by the board of directors and authorised for issue on 19.12.2019 and are signed on its behalf by:

  
B D Inskip  
Director

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

##### Company information

Pinewood PSB Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Pinewood Studios, Pinewood Road, Iwer Heath, Buckinghamshire, SL0 0NH.

The company's principal activities and nature of its operations are disclosed in Strategic Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The full financial statements have been prepared with early adoption of the FRS 102 Triennial Review 2017 amendments in full. This is the first set of financial statements where the Triennial Review amendments have been adopted and the application date is therefore 1 April 2017. There have been no changes to amounts presented in respect of transactions or balances in any of the main statements as a result of adoption of the changes, but certain disclosures relating to financial instruments have been updated in line with the new requirements.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Pinewood Group Limited. These consolidated financial statements are available from Companies House.

##### Going concern

Due to the company being in a net current liability position at 31 March 2019 of £107,741k (2018: £77,936k), the directors have received notice from Pinewood Group Limited that it will support the operational needs of the company for at least twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due. The directors have considered the ability of Pinewood Group Limited to provide such financial support.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies (Continued)

#### Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Film customers utilise services for a period of time. Revenue is recognised as the company earns the right to consideration for the service provided and this is time apportioned and earned as time elapses.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	30 to 50 years straight line
Fixtures, fittings and equipment	3 to 10 years

Freehold land and assets in the course of construction are not depreciated.

#### Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

# **PINEWOOD PSB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2019**

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#### **1 Accounting policies (Continued)**

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### **2 Judgements and key sources of estimation uncertainty**

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

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



# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *S106 liability*

In order to facilitate the construction of Pinewood East, the company entered into a Section 106 agreement with Buckinghamshire County Council. Under this agreement the company must pay for traffic improvements at the Iver Heath Five Points roundabout. These improvements, the implementation of which the company is currently in discussion with Buckinghamshire County Council, have been estimated and capitalised at cost. Included in both accruals and the gross cost of plant, property and equipment is an estimate of £4m (2018: £4m) relating to this agreement. The capitalised gross cost is being depreciated over 50 years and has a remaining NBV of £3.8 million (2018: £3.9 million).

#### *Fixed asset useful economic lives*

The company has fixed assets held at amortised cost, the total cost of which is £120,578k at 31 March 2019. Accumulated depreciation is £5,455k and the charge for the period is £2,077k. The directors consider that the remaining useful economic life, and consequently the period over which these assets are depreciated, is a key estimate. If the average useful economic life of the assets was reduced by 15% the charge would increase by £367k.

Other estimates, assumptions and judgements are applied by the company. These include, but are not limited to, accruals and provisions for impairments of assets. These estimates, assumptions and judgements are also evaluated on a continual basis but are not significant.

### 3 Revenue

	2019 £'000	2018 £'000
<b>Revenue analysed by class of business</b>		
Other stage rental and ancillary income	1,540	1,655
Production accommodation under operating lease agreements	9,975	9,500
	<u>11,515</u>	<u>11,155</u>

All revenue arises in the United Kingdom in the current and prior year.

### 4 Employees

The company had no employees during the current or prior financial year.

The directors of the company received no emoluments for services provided to this company in the current or prior financial year.

### 5 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging:		
Depreciation of owned property, plant and equipment	2,077	2,062
Operating lease charges	465	-
	<u></u>	<u></u>

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 6 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	8	-

### 7 Investment income

	2019 £'000	2018 £'000
<b>Interest income</b>		
Interest receivable from group companies	5	4

### 8 Finance costs

	2019 £'000	2018 £'000
Interest payable to group undertakings	2,972	2,550

### 9 Taxation

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	276	-
Group tax relief	410	471
Total current tax	686	471
<b>Deferred tax</b>		
Origination and reversal of timing differences	100	182
Adjustment in respect of prior periods	38	102
Total deferred tax	138	284
Total tax charge	824	755

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	3,690	3,841
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	701	730
Adjustments in respect of prior years	38	102
Effect of change in corporation tax rate	(7)	(17)
Group relief	(410)	(147)
Amounts payable for group tax relief	410	-
Land remediation relief	-	(3)
Origination and reversal of timing differences	100	182
Other timing differences	(8)	(92)
Taxation charge for the year	824	755

A reduction to the main rate of UK corporation tax to from 19% to 17% has been enacted and is effective from 1 April 2020.

### 10 Property, plant and equipment

	Freehold land and buildings £'000	Assets under construction £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2018	79,255	1,314	5,123	85,692
Additions	6,407	28,479	-	34,886
At 31 March 2019	85,662	29,793	5,123	120,578
<b>Depreciation and impairment</b>				
At 1 April 2018	2,552	-	826	3,378
Depreciation charged in the year	1,579	-	498	2,077
At 31 March 2019	4,131	-	1,324	5,455
<b>Carrying amount</b>				
At 31 March 2019	81,531	29,793	3,799	115,123
At 31 March 2018	76,703	1,314	4,297	82,314

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 10 Property, plant and equipment (Continued)

Freehold land and buildings includes £5.8m (2018: £5.3m) of land for use in Pinewood East. Assets under construction at 31 March 2019 and 2018 relate to costs capitalised in respect of Pinewood East. These are not depreciated.

### 11 Trade and other receivables

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	120	111
Prepayments and accrued income	220	171
	<u>340</u>	<u>282</u>

Amounts due from group undertakings are unsecured, bearing interest at 4.05% (2018: 4.05%) and there are no terms for fixed payment.

### 12 Share capital

	2019 £'000	2018 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 13 Reserves

#### Retained earnings

Retained earnings represents cumulative profit and loss net of distributions to owners.

### 14 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	2019 £'000	2018 £'000
<b>Balances:</b>		
Accelerated capital allowances	<u>1,378</u>	<u>1,240</u>

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 14 Deferred taxation (Continued)

	2019 £'000
Movements in the year:	
Liability at 1 April 2018	1,240
Charge to profit or loss	138
Liability at 31 March 2019	<u>1,378</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### 15 Other creditors falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	87,738	63,337
Other payables	251	251
Accruals and deferred income	9,342	4,655
	<u>97,331</u>	<u>68,243</u>

Amounts due to group undertakings bear interest at a rate of 4.05% (2018: 4.05%) and are repayable on demand.

#### 16 Financial commitments, guarantees and contingent liabilities

The company, together with certain members of the group headed by Pinewood Group Limited ("the group"), had at the reporting date granted a cross guarantee in favour of its bankers in respect of bank borrowings of the group.

The guarantee was secured by a floating charge which as at 31 March 2019 was £252.4m (2018: £252.5m).

At the date of signing these financial statements, the directors believe that the group and each of its members will continue to meet their liabilities as they fall due and that there will be no financial effect to the company of having granted this guarantee.

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 17 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £'000	2018 £'000
Within one year	676	-
Between one and five years	2,119	-
	<u>2,795</u>	<u>-</u>

##### Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2019 £'000	2018 £'000
Within one year	-	9,975
Between one and five years	22,545	33,018
	<u>22,545</u>	<u>42,993</u>

Rentals for the year ended 31 March 2020 of c. £10.5 million have been received and included within deferred income, and consequently are not included in the disclosure above.

As a result of the new agreement as disclosed in note 19, the existing lease will be subsumed by the new agreement

#### 18 Capital commitments

At 31 March 2019, the company had total capital commitments contracted for, but not provided for in the financial statements of £26,943,000 (2018: £nil) in respect of development expenses arising from Pinewood East.

#### 19 Events after the reporting date

In September 2019, the Pinewood Studios Limited and Pinewood PSB Limited entered into a multi-year arrangement with Banner Productions Limited (a wholly owned subsidiary of the Walt Disney Company Limited), to occupy the majority of stages, workshops and offices at Pinewood Studios (including Pinewood East Phase 1 and the expansion at Pinewood East Phase 2).

The company is one of the guarantors for the borrowings of the group headed by Pinewood Group Limited ("the group"), of which it is a member, as disclosed in note 16. The group announced in September 2019 that it had priced an offering (the "offering") of £550 million aggregate principal amount of 3.25% Senior Secured Notes due 2025 (the "notes"). The proceeds from the offering were used to (i) fully redeem the group's existing £250 million 3.75% senior secured notes due 2023, (ii) make one or more loans and/or distributions to Pinewood Group's ultimate shareholder and/or its affiliates and (iii) pay certain fees and expenses in connection with these transactions.

# **PINEWOOD PSB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2019**

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#### **20 Ultimate controlling party**

The immediate parent company is Pinewood Group Limited, a company incorporated in England and Wales. Pinewood Group Limited has its registered office at: Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH. Pinewood Group Limited is the smallest group to prepare consolidated financial statements which include the results of Pinewood PSB Limited.

The largest group which prepares consolidated financial statements which include the results of Pinewood PSB Limited is headed by Picture Holdco Limited, a company incorporated in England and Wales. Picture Holdco Limited has its registered office at: 18 St. Swithin's Lane, 4th Floor, London, EC4N 8AD.

The consolidated financial statements of Pinewood Group Limited and Picture Holdco Limited are both available from Companies House.

The ultimate parent entity is PW Real Estate Fund III GP Limited (a company incorporated in Jersey) in its capacity as general partner of PW Real Estate Fund III LP (a limited partnership formed in Jersey). The registered office of PW Real Estate Fund III GP Limited and PW Real Estate Fund III LP is: 1 Waverley Place, Union Street, St Helier, Jersey, JE1 1SG.