

Company Registration No. 06300755 (England and Wales)

**PINEWOOD PSB LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**



# 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 2020**

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The directors present the strategic report for the year ended 31 March 2020.

#### **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 part of the studios at the Group's Iver Heath site. In October 2019, the company delivered construction programmes which added approximately 205,000 square feet of lettable space and made an immediate contribution to earnings.

During the year the company entered into long-term contracts with tenants for much of the studios.

Turnover for the year ended 31 March 2020 was £14.3m compared to £11.5m in the prior year. The increase in turnover was primarily driven by the additional lettable space from the completion of Pinewood East Phase II in the year.

Profit after tax fell slightly to £2.3m (2019: £2.9m) as the increase in revenue was offset by higher net finance costs payable to group undertakings.

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

Historically, the company faced uncertainty that should customer demand increase or decrease over a given period, occupancy rates could increase or decrease accordingly. The company has significantly mitigated commercial risk through the long-term contracts signed with tenants. However, certain costs of producing services, including staff and other operating costs are not fixed or recharged under the long-term agreement and could increase, eroding margins.

The company may undertake a number of capital expenditure programmes, including in connection with the further development and expansion of its existing studios; the inability to complete such projects on time or at all or to the specification required, the inability to generate the desired returns therefrom or the inability to raise additional 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 engages advisors with the necessary experience to complement the Pinewood Group's in-house teams and manage this risk.

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.

#### **UK Trade Agreements**

On 31 January 2020, the UK withdrew its membership from the EU and entered into a transition period. On 31 December 2020, the transition period ended and the EU-UK Trade and Cooperation Agreement was implemented. Despite the implementation of the agreement, there remains significant uncertainty over how relations between the EU and the UK will be affected and the broader impact on global trade resulting from the UK's exit from the EU. The long-term occupancy contracts provide the company with security of revenues in a post-Brexit economy. Furthermore, the contract is denominated in sterling which offers additional protection against potential currency devaluation. The majority of our other customers are UK registered and the company has relatively little exposure to cross border trading between the UK and EU.

A devaluation of sterling may increase the cost of imported supplies for construction activities and specialist equipment. It is challenging to assess the impact on 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 the company. Consequently, whilst it may be possible to interrogate primary suppliers of goods and services about the impact of the various forms of Brexit on their supplies to the company, 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 2020**

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#### **COVID-19**

The Pinewood Group's UK sites have remained open and operational throughout the COVID-19 crisis and have been operated in accordance with government guidance. The outbreak may impact how media content is produced by the industry in the short to medium term.

The Board of the Pinewood Group is committed to maintaining the health and wellbeing of all persons using the studios and continue to monitor the developing situation and consistently adhere to relevant legislation and the prevailing UK government guidance. In response to the outbreak, Pinewood Group established a task force responsible for delivering a plan to mitigate the risks of transmission as staff, customers and visitors return to the studios. The plan has been implemented at both the group and company level and covers the five 'key steps' identified by the UK government set out below:

- Completion of COVID-19 risk assessments;
- Reinforcement of cleaning processes, handwashing and hygiene;
- Supporting employees to work from home wherever possible;
- Maintaining social distancing on site; and
- Managing transmission risk when minimum social distancing cannot be maintained.

The company is working with customers to co-ordinate and support them, as well as contributing to industry-specific consultations and codes of conduct in order to maintain, encourage and enforce safe ways of working. All persons operating at the company site will need to ensure they comply with government guidance, including the creation of their own COVID-19 risk assessment and related procedures as appropriate. Communication and coordination are central to managing and mitigating the risks presented by COVID-19.

#### **Section 172 Directors' duties**

The directors have regard to the interests of the company's wider stakeholders, in accordance with s172 of the Companies Act.

The directors are required by law to act in a way that promotes the success of the company for the benefit of shareholders as a whole. In so doing the company must, in accordance with Section 172 of the Companies Act 2006, also have regard to wider expectations of responsible business behaviour, such as having due regard to the interests of, and actively engaging with, its employees; the need to engage and foster business relationships with suppliers, customers and others; the need to act fairly as between members of the company; the likely consequences of any decision in the long term; the desirability of maintaining a reputation for high standards of business conduct; and the impact of the company's operations on the community and the wider environment.

The company is part of the Pinewood group headed by Pinewood Group Limited, the Board of which has ultimate responsibility for compliance with Section 172 for the group. Further details of how the Board undertook its responsibilities during the year ended 31 March 2020 and details of the group wide considerations can be found in the Strategic Report of Pinewood Group Limited, which is publicly available from Companies House.

#### **Sustainability**

The company is part of the Pinewood Group which is dedicated to contributing to a sustainable future for the screen-based industries, leading the way in building and operating sustainable film and television studios. The Group is continually striving to improve its environmental performance and minimise negative impacts on the surrounding environment. The approach to sustainability is multi-faceted, including energy and carbon reduction, sustainable travel, environmental protection and environmental enhancement. Information on the carbon footprint of the Group can be found in the Strategic Report of Pinewood Group Limited, which is publicly available from Companies House.

#### **Key performance indicators**

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

- Revenue for the year ended 31 March 2020 amounted to £14.3m (2019: £11.5m).
- The profit for the year ended 31 March 2020, after taxation, amounted to £2.3m (2019: £2.9m).

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

# **PINEWOOD PSB LIMITED**

## **STRATEGIC REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2020**

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### **Events after the reporting date and future developments**

The impact of the COVID-19 pandemic on the company's operations is discussed within the Strategic Report on page 2. Subsequent to the balance sheet date, the company has monitored performance. No adjustments to the key estimates and judgements have been identified.

The company, together with certain members of the Pinewood Group, grant a cross guarantee in favour of its bankers in respect of bank borrowings of the group. Details of this guarantee as at 31 March 2020 can be found in note 16. In January 2021, the group increased its gross bank borrowings subject to cross guarantee by £200 million through the issue of additional loan notes under the same terms and conditions as the group's existing senior secured notes due 2025.

The directors do not expect any significant changes in the activities of the company within the foreseeable future.

On behalf of the board



B D Inskip  
**Director**

25 March 2021

# PINEWOOD PSB LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their annual report and financial statements for the year ended 31 March 2020.

#### **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	
B D Inskip	(Appointed 22 July 2019)
L Moner Parra	
C J Naisby	(Resigned 22 July 2019)
A M Smith	
J H Rider	(Resigned 20 May 2019)

#### **Results and dividends**

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

No ordinary dividends were paid (2019: £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 date of these financial statements, the group has banking facilities of up to £800m, comprising a £50m super senior secured revolving credit facility and a £750m senior secured high yield bond. These facilities expire in March 2025 and September 2025 respectively and 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. 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.

#### ***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.

# **PINEWOOD PSB LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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### **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 2020 of £141,235k (2019: £107,741k), 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**

25 March 2021

# **PINEWOOD PSB LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

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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 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; and
- 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 2020 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**

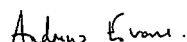
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

### **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 (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

25 March 2021

# PINEWOOD PSB LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Revenue	3	14,286	11,515
Cost of sales		(6,203)	(4,830)
<b>Gross profit</b>		<b>8,083</b>	<b>6,685</b>
Distribution costs		9	(36)
Administrative expenses		-	8
<b>Operating profit</b>	<b>5</b>	<b>8,092</b>	<b>6,657</b>
Investment income	7	5	5
Finance costs	8	(4,673)	(2,972)
<b>Profit before taxation</b>		<b>3,424</b>	<b>3,690</b>
Tax on profit	9	(1,098)	(824)
<b>Profit for the financial year</b>		<b>2,326</b>	<b>2,866</b>
Retained earnings brought forward		6,004	3,138
Retained earnings carried forward		8,330	6,004

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 2020**

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10		152,008		115,123
			<u>152,008</u>		<u>115,123</u>
<b>Current assets</b>					
Trade and other receivables	11	8,384		340	
		<u>8,384</u>		<u>340</u>	
<b>Total assets</b>			<u>160,392</u>		<u>115,463</u>
<b>CAPITAL, RESERVES AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Called up share capital	12		-		-
Retained earnings	13		8,330		6,004
			<u>8,330</u>		<u>6,004</u>
<b>Total equity</b>			<u>8,330</u>		<u>6,004</u>
<b>Non-current liabilities</b>					
Deferred tax liability	14	2,443		1,378	
		<u>2,443</u>		<u>1,378</u>	
<b>Current liabilities</b>					
Trade and other payables	15	135,666		97,331	
Deferred income		13,953		10,474	
Current tax payable		-		276	
		<u>-</u>		<u>276</u>	
			<u>149,619</u>		<u>108,081</u>
<b>Total liabilities</b>			<u>152,062</u>		<u>109,459</u>
<b>Total equity and liabilities</b>			<u>160,392</u>		<u>115,463</u>

The financial statements were approved by the board of directors and authorised for issue on 25 March 2021 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 2020

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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 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 2020 of £141,235k (2019: £107,741k), 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 2020

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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, 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 2020

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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 2020

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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.

#### **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. During the year, the company reviewed the latest cost estimates associated with the project and increased the amount provided by £2.0m to £6.0m (2019: £4.0m). This amount is included in accruals and capitalised within the gross cost of plant, property and equipment. The capitalised cost is being depreciated over 50 years and has a remaining NBV of £5.8m (2019: £3.8m).



# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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

#### **Fixed asset useful economic lives**

The company has fixed assets held at amortised cost, the total cost of which is £160,239k (2019: £120,578k) at 31 March 2020. Accumulated depreciation is £8,231k (2019: £5,455k) and the charge for the period is £2,776k (2019: £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 £490k.

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

	2020 £'000	2019 £'000
<b>Revenue analysed by class of business</b>		
Provision of infrastructure and related services	14,286	11,515

All revenue arose 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

	2020 £'000	2019 £'000
Operating profit for the year is stated after charging:		
Depreciation of owned property, plant and equipment	2,776	2,077
Operating lease charges	656	465

### 6 Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	10	8

### 7 Investment income

	2020 £'000	2019 £'000
<b>Interest income</b>		
Interest receivable from group companies	5	5

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 8 Finance costs

2020	2019
£'000	£'000

Interest payable to group undertakings	4,673	2,972
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### 9 Taxation

2020	2019
£'000	£'000

#### Current tax

UK corporation tax on profits for the current period	-	276
Adjustments in respect of prior periods	33	-
Group tax relief	-	410
Total current tax	33	686

#### Deferred tax

Origination and reversal of timing differences	938	100
Changes in tax rates	162	-
Adjustment in respect of prior periods	(35)	38
Total deferred tax	1,065	138

Total tax charge	1,098	824
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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:

2020	2019
£'000	£'000

Profit before taxation	3,424	3,690
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Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)

Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	651	701
Tax effect of expenses that are not deductible in determining taxable profit	349	-
Adjustments in respect of prior years	(2)	38
Effect of change in corporation tax rate	162	(7)
Group relief	(23)	(410)
Amounts payable for group tax relief	-	410
Land remediation relief	(39)	-
Origination and reversal of timing differences	-	100
Other timing differences	-	(8)

Taxation charge for the year	1,098	824
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# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 9 Taxation (Continued)

The main rate of UK corporation tax in the period was 19%. In March 2020, the Chancellor announced that the planned reduction in the corporation tax rate to 17% from 1 April 2020 would no longer take place, and the rate would remain at 19% going forwards. Following a Budget resolution on 17 March 2020, the 19% rate was substantively enacted. Accordingly, UK deferred balances have been recognised at 19% (2019: 17%) in the period.

### 10 Property, plant and equipment

	Freehold land and buildings	Assets under construction	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2019	85,662	29,793	5,123	120,578
Additions	9,072	29,891	698	39,661
Transfers	58,412	(59,215)	803	-
At 31 March 2020	153,146	469	6,624	160,239
<b>Depreciation and impairment</b>				
At 1 April 2019	4,131	-	1,324	5,455
Depreciation charged in the year	2,212	-	564	2,776
At 31 March 2020	6,343	-	1,888	8,231
<b>Carrying amount</b>				
At 31 March 2020	146,803	469	4,736	152,008
At 31 March 2019	81,531	29,793	3,799	115,123

Freehold land and buildings includes £5.8m (2019: £5.8m) of land for use in Pinewood East. Assets under construction at 31 March 2020 and 2019 relate to costs capitalised in respect of Pinewood East. These are not depreciated.

### 11 Trade and other receivables

	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	8,037	120
Prepayments and accrued income	347	220
	<u>8,384</u>	<u>340</u>

Amounts due from group undertakings are unsecured, bearing interest at 4.05% (2019: 4.05%) and there are no fixed terms for repayments.

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 12 Share capital

	2020 £'000	2019 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2 Ordinary shares of £1 each	-	-

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:

	2020 £'000	2019 £'000
<b>Balances:</b>		
Accelerated capital allowances	2,443	1,378
<b>Movements in the year:</b>		2020 £'000
Liability at 1 April 2019		1,378
Charge to profit or loss		1,065
Liability at 31 March 2020		2,443

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

	2020 £'000	2019 £'000
Amounts owed to group undertakings	127,426	87,738
Other payables	254	251
Accruals and deferred income	7,986	9,342
	135,666	97,331

Amounts due to group undertakings are unsecured, bearing interest at a rate of 4.05% (2019: 4.05%) and there are no fixed terms for repayments.

# PINEWOOD PSB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 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 2020 was £552.7m (2019: £252.4m).

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.

### 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:

	2020 £'000	2019 £'000
Within one year	776	676
Between one and five years	1,343	2,119
	<u>2,119</u>	<u>2,795</u>

#### Lessor

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

	2020 £'000	2019 £'000
Within one year	19,283	-
Between one and five years	74,160	22,545
In over five years	111,236	-
	<u>204,679</u>	<u>22,545</u>

### 18 Capital commitments

At 31 March 2020, the company had total capital commitments contracted for, but not provided for in the financial statements of £468,000 (2019: £26,943,000) in respect of development expenses arising from Pinewood East.

# **PINEWOOD PSB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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### **19 Events after the reporting date**

The impact of the COVID-19 pandemic on the company operations is discussed within the Strategic Report on page 2. Subsequent to the balance sheet date, the company has monitored performance. No adjustments to the key estimates and judgements have been identified.

The company, together with certain members of the Pinewood Group, grant a cross guarantee in favour of its bankers in respect of bank borrowings of the group. Details of this guarantee as at 31 March 2020 can be found in note 16. In January 2021, the group increased its gross bank borrowings subject to cross guarantee by £200 million through the issue of additional loan notes under the same terms and conditions as the group's existing senior secured notes due 2025.

### **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: 27 Esplanade, St Helier, Jersey, JE1 1SG.