Pinewood Group Limited

Report and financial statements

Year ended 31 March 2022

Company Registration Number: 03889552

Registered No: 03889552

Directors
Paul Golding
Barbara Inskip
Luis Moner Parra
Nathan Shike
Andrew Smith
Alison Trewartha

Secretary
Leonie Dorrington-Ward

Auditor
Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD

Registered Office
Pinewood Studios
Pinewood Road
Iver Heath
Buckinghamshire
SL0 0NH

Strategic Report

Business Overview

Pinewood Group Limited ("Pinewood" or the "Group") is the leading independent provider of the real estate, infrastructure and supporting services required to produce film and television content. The Group's two freehold studios, Pinewood Studios and Shepperton Studios, are set over 502 acres with approximately two million square feet of space in prime locations close to central London, which makes Pinewood an attractive choice for major film companies to produce content and to set up a long-term production base in the UK.

The Group has one reportable segment which comprises:

- rental activities at Pinewood Studios and Shepperton Studios including stages and other production accommodation, media hub and television studios;
- complementary activities such as post-production and ancillary studio services; and
- other activities such as international sales, marketing and customer support on behalf of third-party studios.

Following some operational disruption to the Group from the COVID-19 pandemic in the previous year to 31 March 2021 ("FY21"), the film and high end TV ("HETV") sector was strong during the year to 31 March 2022 ("FY22") and the Group has operated at full capacity throughout the year. The British Film Institute ("BFI") has reported a combined UK HETV production spend in the UK for the calendar year 2021 of £5.6 billion from 420 productions, which was the highest annual spend on record. Disney's *Black Widow* and *Cruella*, EON Productions' and Metro-Goldwyn-Mayer's *No Time To Die* and Netflix's *Anatomy of a Scandal*, were a few of the productions released last year that filmed at our Studios. Pinewood continued to follow Government guidance throughout the pandemic and maintained COVID-secure measures across the sites.

The Group has concentrated on defining and delivering its studio expansion plans during the year. Construction continued of five additional stages at Pinewood West, pre-let to Disney under the long-term contract, and which are due for delivery in summer 2022. Construction also commenced on the two phases of our Shepperton expansion, which we refer to as Shepperton South and Shepperton North West. The Shepperton expansion consists of 965k sq ft of production accommodation including 17 sound stages. Fixed price contracts have been agreed for the two phases of expansion, which will de-risk the execution of these projects.

During the year, we also achieved outline planning permission for the development of a 750k sq ft screen industries growth hub at Pinewood South. We have recently decided to submit a further application to amend this consent, which if approved, would allow us to build over 1 million sq ft of production accommodation. If consent is granted, we would have the option of building either scheme.

We continue to experience strong demand for purpose-built production accommodation. During the year, we were pleased to announce that we signed long-term contracts with both Netflix and Prime Video (Amazon) for the stages and other production accommodation under construction at Shepperton. This sees 100% of the Group's production accommodation, existing and currently under construction, being let under long-term index-linked contracts.

To support the expansion at Shepperton South, we successfully completed a financing in December 2021, raising £300.0 million from the issue of 3.625% senior secured notes due November 2027. We also amended and extended our revolving credit facility to £75.0 million, with £15.0 million due in March 2025 and the remainder due in May 2027.

Finally, we continue to simplify and improve our processes, systems and corporate structure. We simplified our corporate structure, closing seven legal entities in the year, including two which were connected to the ceased Media Investment business and one Irish entity. At the time of this report, the Board has approved applications for another four companies relating to this ceased business to be removed from the Register at Companies House.

Strategic Report (continued)

Business review

Statement of Comprehensive Income

The Group presents its results in the statement of comprehensive income to separately identify the impact of certain items ("adjusted items") in order to provide a clear and consistent presentation of the underlying operating performance of the Group. Adjusted Items are transactions that are unusual in size or nature or have limited predictive value such as disposals, discontinued operations, impairments, certain fair value remeasurements and other significant items where the Group considers separate disclosure would be useful. There were no adjusted items in FY22, and details about adjusted items in FY21 can be found in the adjusted items section below and in Note 3 to the financial statements.

Group revenue, at £102.9 million, improved by £6.0 million since prior year (FY21: £96.9 million), with the increase generated across Post-production and UK studios businesses, and a small fall in International revenues.

The ancillary businesses of TV studios and Post-production returned fully in FY22 following the pandemic. Both had been affected by a global film and TV production hiatus during Q1 FY21, with content production scheduling gradually resuming from July 2020. During FY22, Post-production delivered a high level of foreign language versioning and the TV studios returned to a normal level of activity.

The UK studios continued to deliver stable, index-linked income from its production accommodation, with 100% of production accommodation let under long-term contracts. The long-term contracts contain indexation provisions, of which, in accordance with FRS102, some result in certain revenue being recognised on a straight-line basis over the initial term, rather than increasing each year. Consequently, in this respect, revenue was adjusted upwards by £2.3 million (FY21: £3.0 million) compared with the contractual amounts due.

The studios were busy throughout the year with our customers having full production schedules, and this resulted in a change in the mix of other revenues earned since the prior year. Resale income was lower, largely as there was little unutilised space available for rental to third parties. However, ancillary studio services income (e.g. for energy) increased in line with the high activity levels at the studios and our Media Hub revenues improved, which more than offset the fall in resale income.

Revenue from international agreements declined marginally compared with prior year, following the exit from the sales and marketing agreement with the studios in Atlanta in October 2020. Income continued to be generated from our agreements with studios in Toronto and the Dominican Republic.

Cost of sales expenditure increased by £2.9 million to £39.3 million (FY21: £36.4 million), due to the high levels of activity at the studios. A greater level of energy and other ancillary studio services were consumed and charged principally to our customers under the two long-term contracts at cost, and smaller increases were seen in costs incurred to maintain and operate the sites.

Gross profit at £63.6 million was £3.1 million higher than prior year (FY21: £60.5 million) with the gross profit margin of 61.8% being only slightly lower than the prior year (FY21: 62.4%). The high level of production scheduling at the studios resulted in a reduced opportunity for generating resale income and an increased usage of ancillary studio services, which are principally sold at cost.

Selling & distribution costs and adjusted administrative expenses, together totalling £8.1 million, were slightly lower than the prior year (FY21: £8.5 million) with a low level of savings continuing as the pandemic progressed.

Other operating expenses of £0.4 million were £2.0 million lower than prior year (FY21: £2.4 million). This year's expense included the repayment of £0.5 million of funds granted throughout FY21 under the Government's Coronavirus Job Retention Scheme ("CJRS"), net of £0.1 million of deferred consideration received in the year from the sale of the Group's investment in POP Global Ltd in FY20 and other small losses on disposal of fixed assets.

The net expense of £2.4 million in the prior year related to a £1.8 million loss on disposal of property at Pinewood Studios following the clearance of three areas in advance of the construction of five stages which will be occupied by Disney under the long-term contract, in addition to advisory fees in relation to a small potential acquisition which subsequently was not pursued, net of c. £0.7 million of CJRS grants received.

Operating profit before adjusted items of £55.1 million (FY21: £49.6 million) improved by £5.5 million against the prior year, delivering an operating profit margin of 53.5% (FY21: 51.2%). Excluding the items disclosed within Other operating expenses (receipts/ repayment under the CJRS, the impact of the advisory costs incurred on the aborted

Strategic Report (continued)

Business review (continued)

Statement of Comprehensive Income (continued)

acquisition and profit/ loss on disposal), adjusted operating profit and adjusted operating profit margin grew by £3.5 million and 0.3 ppt respectively since the prior year.

Our associate company, PMBS Holdings Limited ("PMBS"), which has an exclusive lighting contract at the UK studios, benefitted from the high levels of content production in FY22. Although PMBS's results suffered during FY21 due to the pandemic, the associate returned to profitability and has recouped the losses incurred during the period of reduced activity. As a result, income from participating interests has been recognised at £2.0 million. This income has increased the carrying value of the Group's equity interest in PMBS to £2.0 million. The equity interest in our associate was initially recognised at its original cost of £nil, with the Group having recognised a share of results after equity accounting adjustments of £nil up to the start of the financial year.

Interest receivable and similar income, which mainly comprises income earned on the loan to the Group's parent company, was £13.1 million (FY21: £11.5 million). The improvement from the prior year followed a £1.2 million fair value gain on the Group's derivative financial instruments and an increase in other interest income of £0.4 million.

Interest payable and similar charges increased by £8.4 million to £29.0 million (FY21: £20.6 million). This resulted from the financing in January 2021 which increased the principal of the 3.25% senior secured notes by £200.0 million and the subsequent issue of £300.0 million of 3.625% senior notes on 2 December 2021. The prior year was impacted by a fair value charge of £0.3 million on the Group's interest rate swaps, compared with the fair value gain in FY22 which is reported within interest receivable and similar income.

The Group closed the year with adjusted profit before tax of £41.1 million (FY21: £40.5 million), which is an improvement of 1.6%. The adjusted tax charge on profit increased by £1.2 million to £9.8 million (FY21: £8.6 million), and an adjusted effective tax rate of 23.8% (FY21: 21.2%). The high tax rate in FY22 is largely due to the main rate of UK corporation tax increasing from 19% to 25% from 1 April 2023 as determined by the Finance Act 2021; the rates are now incorporated in the Group's deferred tax position, so increasing the effective rate for the period by 3.1ppt. The tax rate for FY21 was also higher than is typical for the Group due to the non-allowable loss on disposal of property, together with other non-deductible expenditure. As a result, the adjusted profit after tax for the year was £31.3 million, which was 1.7% lower than prior year (FY21: £31.9 million).

Adjusted operating profit at £55.1 million increased by £5.5 million since prior year (FY21: £49.6 million). Statutory operating profit increased by £5.0 million to £55.1 million (FY21: £50.1 million), due to the adjusted results outlined above, although slightly offset by FY21 benefitting from £0.5 million of adjusted gains recognised on termination of the Group's royalty arrangement with Pinewood Forest LLC following the end of the arrangement with the Atlanta studios (see adjusted items below).

Adjusted profit before tax increased by £0.6 million to £41.1 million (FY21: £40.5 million). Statutory profit before tax reduced by £1.9 million to £41.1 million (FY21: £43.0 million). FY21 included a receipt of £2.0 million of additional loan notes from the Group's associate, PMBS, for £nil consideration, in addition to the £0.5 million of gains recognised on termination of the Group's royalty arrangement with Pinewood Forest LLC, as mentioned above. Statutory profit after taxation decreased by £2.4 million to £31.3 million (FY21: £33.7 million), which reflects the non-recurrence in FY22 of the adjusted items as described above, which net of tax amounted to £1.9 million income in FY21.

Adjusted Items

There were no items in the year to 31 March 2022 which were presented as adjusted items, however, there were two items and the associated tax during the year to 31 March 2021. The items in FY21 relate to restructuring activities which commenced in the year ended 31 March 2020, but which only fully completed in FY21. These items are:

- administrative expenses (£0.5 million gain): Following the termination of the arrangement with the Atlanta studios, £0.5 million of unamortised deferred trademark royalties in connection with Pinewood Forest LLC, originally recognised on balance sheet in 2016, were released to the income statement;
- gain on loan to participating interests (£2.0 million gain): In June 2020, a step-up in the equity ownership of the Group's investment in PMBS completed for £nil consideration. The Group also received additional loan notes from PMBS for £nil consideration. These loan notes were recognised on the balance sheet at a fair value of £2.0 million, resulting in a corresponding gain in the income statement; and
- a tax charge of £0.7 million in relation to the items above and a small catch up on tax from the sale of the Group's equity interest in the Atlanta studios.

Strategic Report (continued)

Business review (continued)

Statement of Comprehensive Income (continued)

A reconciliation of the financial performance of the Group excluding adjusted items to the total results of the Group is shown in the statement of comprehensive income on page 24.

Statement of Financial Position

The Group's net asset position at 31 March 2022 was £179.9 million (2021: £148.2 million), the increase of £31.7 million arising as a result of a profit after tax of £31.3 million, with the remainder being from a small level of net currency translation gains.

Non-current assets increased by £107.1 million during the year. The majority of this increase is due to the expansion projects at Pinewood and Shepperton studios, leading to a net increase in property, plant and equipment of £94.7 million. The Group's interest in its associate, PMBS, has increased by £2.3 million, primarily due to the Group having recognised an equity accounted share of the associate's results amounting to £2.0 million, but also due to interest accrued on the Group's holding of loan notes. The Group's non-current receivable from its parent company has also increased by £11.1 million with interest accruing on the principal.

Current assets have grown by £247.2 million, reflecting a net increase in cash and cash equivalents and short-term deposits of £226.9 million. This followed the issue of £300.0 million 3.625% senior secured notes due in November 2027 and incorporates net operating cash inflows, offset by cash outflows from the purchase of property, plant and equipment. The remainder of the growth in current assets is attributable to trade and other receivables, with the Group having made advance capital expenditure payments of £11.0 million under its contracts to deliver the studio expansion.

Offsetting the growth in total assets is a £322.7 million increase in total liabilities. The Group's interest bearing borrowings increased by £301.4 million, following the re-financing in December 2021, and trade and other payables increased by £21.5 million, largely as a result of higher capital expenditure related payables as the Group's expansion projects progress.

Borrowings

In December 2021 the Group completed the issue of £300.0 million of 3.625% senior secured notes, due November 2027. After payment of transaction costs, the Group received total net proceeds from financing activities of £296.6 million. The proceeds will be used to fund the expansion works at Shepperton South and for general corporate purposes. As a part of this refinancing, the Group's super senior revolving credit facility was amended and extended from £50.0 million expiring in 2025, to £75.0 million, with £60.0 million expiring in May 2027 and the remainder continuing to expire in March 2025. This facility has remained undrawn throughout the year. Both the senior secured notes and the revolving credit facility are secured on certain principal assets of the Group.

Adjusted net debt as at 31 March 2022 was £525.5 million (2021: £452.4 million). See performance measures on page 7 for the calculation of adjusted net debt.

Cash flow

The cash balance at 31 March 2022 was £484.5 million (2021: £297.6 million). This increase arises due to net cash inflows of £186.6 million (FY21: £205.3 million), with the balance arising due to exchange movements on cash balances held in foreign currencies.

Net cash inflow from operating activities reduced by £2.3 million to £30.0 million (FY21: £32.3 million). This reduction is attributable to the following factors:

i. A £3.0 million improvement in cash flows from operating activities before movements in working capital to £66.2 million (FY21: £63.2 million). This mainly reflects a £5.5 million improvement in adjusted operating profit in FY22 as described above, reduced by the non-recurrence of a) a £0.5 million adjusted item gain in FY21 relating to the ending of the trademark royalty with Atlanta studios, and b) non-cash losses on disposal of property, plant and equipment, amounting to £1.8 million in FY21, which are added back.

Strategic Report (continued)

Business review (continued)

Cash flow (continued)

ii. A higher outflow from changes in working capital of £5.6 million in FY22 (FY21: £1.8 million outflow). This is mainly due to FY21 having benefitted from normalised billing under the two long-term contracts, where rent is received in advance, in addition to operating cash benefitting from the phasing out of the traditional studio contracts which were paid throughout the period of occupation. In addition, FY22 has seen an increase in payments in respect of VAT, largely driven by the Group's expansion programmes, and a natural delay in the timing of VAT reclaims. This slight worsening in working capital was partially offset by a reduction in resale cash settlements in FY22.

iii. Net interest payments increased by £2.9 million to £25.2 million (FY21: £22.3 million), reflecting greater charges as a result of the increased level of borrowings, while net income tax paid reduced by £1.4 million, reflecting lower current tax charges owing to reduced statutory profit before taxation.

Net cash outflow from investing activities increased to £140.0 million (FY21: £31.7 million), with £100.1 million of this spend attributable to purchases of property, plant and equipment, being predominantly the Group's expansion programmes at Pinewood and Shepperton studios. Further, the Group placed £40.0 million of cash on short-term deposit requiring advance notice of withdrawal (FY21: £nil) as part of its treasury management programme to optimise the security of and the return from funds pending capital investment.

Net cash flow from financing activities increased to £296.6 million (FY21: £204.6 million), with the periods in question reflecting proceeds from the issue of £300.0 million 3.625% and £200.0 million 3.25% senior secured notes respectively, including premiums and net of associated transaction costs.

Performance measures

Performance of the Group is monitored internally using a variety of statutory and alternative performance measures ("APMs"). APMs are used where management considers they are more representative of underlying trading or in monitoring performance against the Group's objectives. Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is an important metric because it reflects the underlying earnings of the core business by excluding items with limited predictive value or are non-recurring in nature. Accordingly, adjusted EBITDA is reflective of normalised cash flow and is a measure monitored by the Group's investors and other stakeholders. The adjusted net debt measure is considered helpful to understand the effective interest rate calculations on the Group's borrowings by excluding accrued interest and amortised cost adjustments, and the effect of amounts placed on deposit or securities purchased as part of the Group's treasury management activities. Definitions of the APMs and reconciliations to the equivalent statutory measures are detailed below.

For the year ended 31 March	Note	2022 £'000	2021 £'000
Turnover	2	**102,926**	96,888
Adjusted EBITDA (see below)		**68,149**	62,690
Adjusted EBITDA margins (adjusted EBITDA/Turnover)		**66.2%**	64.7%
Cash generated from operations (Group Statement of Cash Flows)		**60,580**	61,438
Adjusted net debt (see below)		**(525,525)**	(452,404)
Adjusted capital expenditure		**100,004**	31,678

Adjusted capital expenditure represents the total purchase of property, plant and equipment, purchase of intangible assets, investment in and repayment from joint ventures and associates, net of proceeds from disposal of property, plant and equipment, intangibles, investments, associates and joint ventures, as disclosed in the cash flow statement.

Strategic Report (continued)

Performance measures (continued)

Reconciliation of profit after taxation to adjusted EBITDA

For the year ended 31 March	Note	2022 £'000	2021 £'000
Profit after taxation		**31,345**	33,734
Tax charge on profit	10	**9,770**	9,276
Net interest payable and similar charges	8/9	**15,897**	9,136
Depreciation of property, plant and equipment	4	**10,257**	10,344
Amortisation of intangible assets	4	**946**	973
(Gain)/loss on disposal of property, plant and equipment, and investments	4	**(66)**	1,783
EBITDA		**68,149**	65,246
Adjusted Items:			
Administrative expenses	3	-	(542)
Gain on loan to participating interests	3	-	(2,014)
Adjusted EBITDA		**68,149**	62,690

Reconciliation of adjusted net debt

As at 31 March	Note	2022 £'000	2021 £'000
Current assets: Cash and cash equivalents	16	**484,458**	297,596
Non-current and current borrowings: High yield bond	19	**(1,049,103)**	(747,655)
Drawn loan facilities less current assets		**(564,645)**	(450,059)
Net debt		**(564,645)**	(450,059)
Adjustments:			
Deposits	15	**40,017**	-
Interest accrued		**3,564**	68
High yield bond arrangement costs net of premium received		**(4,461)**	(2,413)
Adjusted net debt		**(525,525)**	(452,404)

Strategic Report (continued)

Risk Management

The Group considers the risks and uncertainties which the business faces within the short to medium term although, given the asset-based nature of the Group, also maintains a longer-term view. The Group considers its principal risks to be those outlined below. In addition to these, the Group reviews other ancillary and emerging risk areas, which are outlined later in the report (see pages 9-10).

Principal risks and uncertainties

Competition risk from new entrants

We face competition from existing studios and new market entrants, both in the UK and internationally. With long-term contracts in place for 100% of the existing production accommodation at our UK sites, where the rent is payable in advance, the risk of low occupancy levels or downward pressure on our rates is substantially eliminated in the medium-term, albeit credit risk is relatively concentrated. During the year, competition risk has further reduced, with all production accommodation currently being developed at Shepperton Studios now subject to long term contracts, which are expected to commence during the year to 31 March 2024.

The Group, however, has other expansion plans at Pinewood, and without customer contracts in place, these would be subject to competition risk should we decide to proceed with construction. Whilst the significant barriers to entry – such as the often higher 'alternative use' values associated with land suitable for studio development and the difficulty in obtaining planning consent – serve to mitigate the impact of competition, we continue to approach expansion in a judicious manner.

We also recognise that a material increase in the amount of studio space in the south-east may lead to a shortage in the skilled labour force necessary for content production, and potentially an increase in the cost of skilled labour. We are working with the BFI and Government departments to help address any skills shortages. This is reflected in our ongoing support for the BFI Academy, funding scholarships to the National Film and Television School, our apprenticeship scheme and promoting Government initiatives such as the Kickstart Programme.

Our ancillary businesses (TV and Post-production) are subject to competition from both existing facilities and providers as well as new entrants.

Our ongoing investment and maintenance programmes ensure a continual improvement of our existing facilities, thereby maintaining the iconic nature of the studios which our customers enjoy.

Economic environment and government policy

Our business is influenced by general economic trends. Whilst the demand for films and streaming platforms has been generally resilient through recent years, there is no certainty that this will always be the case. Prolonged inflation impacting consumers' purchasing power, may affect demand for content and, therefore, our customers' need for production accommodation. The long-term contracts with three of our customers mitigate the financial risk through periods of lower demand for production accommodation, although we remain exposed to the economic environment in our ancillary businesses such as Media Hub, TV and Post-production. The Group trades with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Separately, the Government may respond to an economic downturn by changes to tax laws, rules or treaties or their application or interpretation. Whilst the Chancellor recently confirmed the Government's continued support of the creative industries through tax reliefs, changes to the UK film industry tax incentive regime, or an increase in incentives in overseas jurisdictions, may damage the attractiveness of the UK as a destination for film content creation. The Group monitors the cultural and economic contribution that screen-based industries make to the UK economy.

Further, it is possible for a proportion of our cost base to be subject to inflation above RPI, such as business rates or insurance costs, and these cost increases may not be passed on to our entire customer base, thereby leading to lower profit margins.

Expansion plans, development and liquidity risk

The Group owns land adjacent to its studios, which would be suitable for studio development in the future. Our ability to develop on this land is dependent on obtaining planning permission from the local authority. Whilst the UK is a location of choice for the creation of film and high-end TV, changes in planning law and/or decision of local authorities may affect our future developments.

Strategic Report (continued)

Risk Management (continued)

Principal risks and uncertainties (continued)

The Group has already achieved planning permission on certain areas of land and has embarked on the delivery of its current expansion plans at its UK studios. Any unforeseen factors such as adverse ground conditions and environmental matters, could result in higher costs and delays leading to reduced revenue from delayed opening. Similarly, the Group may be exposed to commodity price inflation. These risks could impact the Group's operations and its ability to generate the expected returns.

The Group employs a skilled team of property experts and engages external advisors throughout the design, planning and construction phases to help mitigate the development risks. The financial impact of any expansion plan is assessed having regard to our capital resources and is closely monitored throughout the course of each project. Where appropriate, the Group seeks to eliminate the risk of commodity price inflation and has signed fixed price contracts for the delivery of the expansion works currently underway at Pinewood and Shepperton Studios.

Our ability to fund future potential expansion plans may be affected by a number of factors including general economic conditions, investment appetite and business valuations.

Business continuity and disaster recovery

There is a risk of personal injury as productions and construction teams use and move around our sites, given the nature of their operations and activities. A major incident, such as a fire or explosion, could put people and/or the site at risk, resulting in a loss of turnover and damage to the Group's operations and reputation.

A dedicated in-house health, safety and fire team carries out regular risk assessments, and works closely with our customers' operational and HSE teams to oversee the daily safety of site-wide operations. The Group's studio and safety regulations are communicated to all customers, suppliers and visitors, with all staff trained as appropriate. The Group's disaster recovery plan is ready to be activated, and a business continuity team is in place, to ensure that operations continue as far as possible in the event of a major incident. Separately, the Group has an insurance portfolio which is designed to mitigate the financial impact of potential incidents.

Environmental risk

Our studios were originally built in the 1930s and have seen reconstruction and varied use since opening. As a result, there is potential for the presence of materials now known to be hazardous (e.g. asbestos) and for undetected contaminants in the soil. Additionally, certain areas of the current and planned expansion sit on former landfill and mineral extraction sites, with the potential for gas leakage or other structural changes. There is also the risk that our customers may use products which, if not managed carefully, could be harmful to the environment.

The Group has a health and safety process for managing the presence of hazardous materials at its studios, which includes works to remove or secure these materials in accordance with health and safety legislation. The Group also monitors former landfill to ensure any remedial measures are effective at containing leakage. The risk to the Group from building on former mineral extraction sites is considered at the time of construction, to ensure appropriate structural solutions are employed. Our Environmental and Sustainability Manager regulates activities on site that have the potential to cause damage or disruption, ensuring that staff are appropriately trained to manage potential risks.

Other and emerging risks

The Group considers other specific risk areas, which are in addition to its principal risks above. The Group also considers emerging risks, which are those where the extent, implications and timeframe are not yet fully known. The Board continues to recognise the risks associated with leaving the EU and the COVID-19 pandemic, and views these as having become a part of our day-to-day control framework, rather than separate standalone risks. The Group has relatively little exposure to non-sterling denominations, however, on leaving the EU, continues to monitor the impact that new trade agreements with other non-EU countries may have on the supply chain of the Group and its customers. In respect of COVID-19, the Board is committed to maintaining the health and wellbeing of all persons using the studios, and continues to adhere to relevant UK Government guidance. The Group's dedicated task force remains responsible for delivering plans to mitigate the risks of transmission of respiratory illness at the studios, and continues to monitor and work with its customers, and to escalate or introduce additional measures should they become necessary.

Strategic Report (continued)

Risk Management (continued)

Other and emerging risks (continued)

Other specific and emerging risk areas include:

- Cyber security and data protection - the Group's Data Breach Committee meets monthly to provide governance in this area. We have improved and invested in technology, processes and training programmes to mitigate ever increasing risk from cyber threats and data loss, recognising the increase in remote working, frequency of ransomware attacks and heightened security incidents due to current political instability and conflicts abroad;
- The evolution of the film and HETV industry;
- Global political instability, which may impact on the UK financial markets and the cost of funding the Group's studio expansion programmes;
- Environmental, Social, and Governance compliance including reporting obligations; and
- The attraction and retention of high calibre employees – we have invested in our people through the provision of specialist and managerial training programmes.

We continue to monitor and respond to each risk area.

Sustainability

The Group 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 strives to improve its environmental performance and minimise negative impacts on the surrounding environment. Our approach to sustainability is multi-faceted, including energy and carbon reduction, sustainable travel, environmental protection and environmental enhancement.

Projects have continued to be implemented to improve the energy efficiency of the Group's sites, with the replacement of legacy plant with modern, efficient equipment. Boilers, air conditioning and lighting systems have been upgraded in the reporting year. The conversion to electric vehicles for the operational fleet has continued. Since April 2020 the Group has sourced its electrical power from 100% renewable contracts.

The Shepperton South studios development commenced in the year with carbon reduction as a key design principle. Over 10% of the anticipated energy demand will be satisfied by on-site renewable sources and embodied carbon will be reduced through the careful selection of materials and construction methods. The River Ash Community and Ecology Scheme involves extensive planting and habitat restoration, which aims to achieve a net gain in biodiversity while improving public access and amenity. We are supporting sustainable travel by including EV charging points for 10% of new car spaces, with infrastructure to expand as demand increases, and providing cycle parking, end of trip facilities and a shuttle bus service for enhanced access to public transport. The development is targeting BREEAM Very Good ratings for office and workshop buildings.

In early 2022, the Group initiated a project to comprehensively review its Environmental, Social and Governance ("ESG") approach. An internal team is working with specialist consultants to review current policies, processes and initiatives. This review is being performed in the context of emerging regulation, customer, community and investor expectations and industry best practice. The Group has identified its material ESG topics and a number of priority issues for the business, and is now developing measurable objectives and targets to guide its activities. At the completion of the projects, expected mid-2022, the Group will have established a new ESG roadmap, that provides a holistic approach, aligns with Group strategy and responds to its stakeholders needs.

The Group has continued to work with partners, such as BAFTA and the British Film Institute ("BFI"), to engage the wider industry on sustainability initiatives.

Following a reduction in site activity in FY21 caused by the COVID-19 pandemic, activity on site has increased in FY22. This has led to increases in both the total carbon footprint of the Group and the intensity of carbon dioxide per square foot of floor area.

Strategic Report (continued)

Sustainability (continued)

The Group's UK carbon footprint for the years to 31 March is as follows:

	FY22	FY21
Energy consumption used to calculate emissions (kWh)	55,460,463	46,028,918
Emissions from combustion of gas tCO_2e (Scope 1)	3,895	3,558
Emissions from combustion of other fuels tCO_2e (Scope 1)	2,655	2,113
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	12	6
Emissions from business travel in rental cars or employee owned vehicles tCO_2e (Scope 3)	1	1
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	4,869	4,272
Total gross tCO_2e	11,431	9,950
Intensity ratio: tCO_2e/ sq ft floor area	0.0057	0.0050
Methodology	GHG Reporting Protocol	GHG Reporting Protocol
Emissions from purchased electricity tCO_2e (Scope 2, market-based factor)	0	2
Total annual net emissions tCO2e	6,562	5,680

Strategic Report (continued)

Section 172 Statement

The Directors are responsible for acting, in good faith, to promote the success of the company for the benefit of its shareholders as a whole whilst having regard to the matters set out in s.172(1)(a)-(f) Companies Act 2006.

Board of Directors

At the date of this report, the Board consists of six Directors and their names can be found on page 1.

All Directors have received training on their duties from a professional adviser and had the opportunity to receive advice from the Company Secretary and independent advisers throughout the financial year, when judged necessary. The duties fulfilled by the Directors are, in part, set out in the Company's governance framework. The framework exists to promote effective controls and a culture of transparency within the Group. Where appropriate, the Directors discharge certain day-to-day responsibilities to the Management Committee and other senior employees, to deliver the strategy and manage risk.

In addition to corporate governance, the Board is responsible for setting the culture and strategic direction of the Group and engaging with each of its key stakeholders to ensure the long-term success of the business. The Board meets quarterly to review these matters, as well as the Group's policies and procedures. Further information on this can be found in the sections below.

Culture and values

The Group's vision is to be the leading studio partner to the global and progressive production community. The Directors are responsible for establishing and embedding a culture that aligns to this vision. The key values that underpin our culture are:

- passion for the services that the business delivers;
- pioneering and can-do attitude;
- integrity and respect;
- diversity and inclusion; and
- teamwork.

The Directors recognise the importance of articulating the Group's culture to all employees. Our performance management and rewards are aligned to the Group's values and thus influence our ways of working.

Culture remains on the Board's agenda as a subject of continuous review. Through the results of the annual Pinewood employee engagement survey, employee retention metrics and customer feedback, the Management Committee evaluates the extent to which the culture is emulated by employees and makes recommendations to the Board as relevant.

Strategy

To achieve its vision, the Group has set out a strategy focused on three pillars:

1. focus on the core business: maintain our position as the leading independent provider of infrastructure for the production of film and television content;
2. expand at home: pursue demand led expansion of our UK studios whilst maintaining a judicious approach to development risk; and
3. expand internationally: rationalise our international presence and expand in strategic markets, being present in those markets that are important to our customers.

Over the last six years, the Directors have focused on delivering this strategy and executed several key initiatives, a selection of which are listed below:

- focus on the core business: (i) entered into two long-term leases for 100% of the existing UK production accommodation; (ii) entered into agreements for new long-term leases with two customers of our new development space at Shepperton; and (iii) exited non-core business lines such as media investment;
- expand at home: (i) completed two phases of expansion of Pinewood East, adding 9 stages plus ancillary production accommodation totalling c. 0.5m square feet; (ii) commenced the construction of five new stages at Pinewood West, which will be occupied by Disney under a long-term contract; (iii) purchased 65 acres of land and commenced construction of 17 stages plus ancillary production accommodation at Shepperton Studios, which are pre-let under long-term contracts; and (iv) purchased 77 acres of land adjacent to Pinewood Studios and achieved outline planning consent for a global screen industries growth hub, which we refer to as "Pinewood South"; and

Strategic Report (continued)

Section 172 Statement (continued)

- expand internationally: in advance of the execution of an expansion strategy, rationalised Pinewood's presence outside the London cluster by (i) selling our 40% stake in the Atlanta JV and terminating the arrangement with the studios; and (ii) terminating our arrangements with studios in Malaysia and Wales. The Group continues to consider opportunities in international markets that are important to our customers.

To respond to business opportunities and risks, emerging regulation and stakeholder interest, the Group has initiated a project to comprehensively review its approach to ESG matters. An internal team is working with specialist consultants to reflect on and adapt current policies, processes and initiatives. This work is in the context of Government requirements, customer, community and investor expectations, and industry best practice. The Group has identified its material ESG topics and a number of priority issues, and is now developing measurable objectives and targets for these issues. A new ESG roadmap, that considers the Group's overarching business strategy and responds to its stakeholders needs, will be established and implemented.

Stakeholder engagement

Engaging with our stakeholders helps us to identify and deliver the objectives that matter most to them. Our stakeholders' objectives are embedded in the Group's culture, values and strategy as described above. Additionally, the Board considers the specific needs and objectives of the key stakeholders during the quarterly board meetings, either via feedback from senior management or targeted communications such as the Pinewood Employee Engagement Survey. The Board delegates follow-up actions to achieve such objectives as appropriate.

Stakeholders' interests	How we engage	Outcomes in FY22
Our customers and industry partners		
• First-class infrastructure and a secure environment required for the production of film and high-end television and broadcast content in locations close to London • Outstanding customer service • Active participant and thought leader in the British Film industry • Availability of highly skilled crew base capable of producing film and high-end television and broadcast content to an exceptional standard • An ecosystem of companies able to service productions • Technology and skills capable of producing world class multilingual audio mixes to tight timeframes • COVID-19 protocols	• Collaborate with our customers to understand their latest infrastructure and service requirements • Ad hoc meetings with producers, together with productions' customer surveys, to seek feedback • Request feedback from Media Hub tenants, who make up the studio ecosystem, through surveys and forums • Send regular notices and updates to, and hold a fortnightly virtual forum with, our productions on the latest operating protocols • The Group is actively involved with leading industry bodies such as the British Film Institute (BFI), British Film Commission (BFC), National Advisory Board, the British Screen Forum, BAFTA, Creative Industry Trade Advisory Group (TAG), ScreenSkills, Creative UK and The Production Guild	• Ensured our studios remained open and operated throughout the year in line with Government guidance and protocols around COVID-19 • Expansion of high-quality studios. Construction underway for 5 stages at Pinewood, pre-let to Disney, and 17 stages and ancillary production accommodation at Shepperton • Entered into long-term contracts with Prime Video (Amazon) and Netflix for the production accommodation under construction at Shepperton • Achieved outline planning consent for the development of a global screen industries growth hub at Pinewood South • Invested in technology to improve the experience for production customers and tenants, on arrival to the studios and clearing our security protocols • Delivered targeted improvements to enhance the enjoyment by our customers of the iconic 1930s studios • Invested in additional facilities and technology to deliver enhanced Post-production services, including multilingual audio mixes for our customers

Strategic Report (continued)

Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in FY22
Our employees		
• Career progression • Learning / development opportunities • Timely and efficient communication channels • Health, safety and wellbeing • Diversity and inclusion • Aligning Group and employee interests	• Conduct an annual all-staff engagement survey • Seek employees' views through multiple channels, including: the intranet, 1-to-1 meetings, monthly briefings on business activities and quarterly all-staff meetings • Support employees' mental and physical wellbeing, with an enhanced healthcare offering, access to a 24/7 virtual GP service, mental-health training for management and other support services • Offer employees the opportunity to undertake professional accreditation courses sponsored by the Group • Provide annual training for all staff including aspects of data protection, anti-bribery, health & safety, cyber security and other such training as necessary, including for particular roles • Provide management development for upcoming and new managers, to focus on growing the capability and skills of our existing and potential line manager population	• Operated a robust COVID-19 secure plan for all staff • 101 employees gained trade and professional skills through a mixture of training courses, academic qualifications, professional body certifications, apprenticeships and university work placements • The Group has been running monthly health and safety toolbox talks for employees as well as actively engaging with productions and clients' health and safety teams • Continuation of the in-house Management Development programme, and supported internal secondments to focus on development and promotions • Employed 11 people through the Government's Kickstart scheme, which aimed to create new roles for 16-24 year-olds at risk of long-term unemployment. Eight of those employed have gone on to work in the film and television industry. Following closure of the scheme in March 2022, the Group is drawing up plans to fund and run a similar scheme in-house in the future
Community and environment		
• A responsible and considerate neighbour • Timely and efficient communication channels with frequent information sharing • Employment opportunities for the local community • Sustainable environmental policies and practices • Engagement with young people and educational facilities	• Employment of a dedicated Community Engagement Manager to maintain an open communication channel • Engaging with local community groups and charities to support fundraising and other initiatives • Host tours and an annual careers fair for schools, colleges and universities with a focus on routes into the industry and creating opportunities • Quarterly Pinewood and monthly Shepperton Studios Community Liaison Groups with community stakeholders and councillors • Consult with local communities regarding expansion plans and proposals from planning through to construction	• Continued our staff volunteering days for the River Ash clean up days and litter picking in the local areas • Sponsorship of local events including a newly installed playground at Shepperton, a village fair, multiple fundraising events for clubs and schools, and supported Bucks Business First with monthly studio tours for school and colleges • Attended the Bucks Skills Show 2022 – over 2,500 students attended • Entered into a Fund Agreement with Community Foundation for Surrey to oversee the Group's Shepperton Studios Community Fund, to be launched Q2 FY23

Strategic Report (continued)

Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in FY22
Suppliers and other partners		
• Long-term partnerships • Clear understanding of required service levels • Timely and efficient communication channels • Fair payment terms	• A rigorous tender process for newly required services and expiring contracts, before entering into formal agreements, where applicable. Selected contracts for more than one year, to allow full benefits for suppliers and our studios to be realised • Conduct initiation processes to foster collaborative partnerships with suppliers • Regular service delivery meetings between our key suppliers and operational and procurement staff • Proactively seek to work with SMEs in the local area	• Our suppliers are critical to the delivery of our operations, and we take a long-term, collaborative approach to working with them. We engaged with our suppliers regularly, throughout the year, and considered contract deliverables, innovation, health and safety and sustainability • New contracts and contract extensions with several key suppliers (including cleaning services, waste management and energy supply) were considered and approved by the Board in FY22

Policies and procedures

The Directors have put in place policies and procedures to support the Group's operating strategy and considering their Section 172 duties, which include:

(i) Reserved matters

Under the process to approve reserved matters, critical business and strategic decisions for the Group or subsidiary companies are reserved solely to the Boards of Directors. Business managers submit matters for Board consideration. The submissions are monitored by the Company Secretary and all approvals noted in quarterly board reporting.

(ii) Delegation – Authorised Signatories Process

The Board oversees a delegated and authorised signature process, whereby certain matters can be dealt with by the Executive Directors, the Management Committee and Heads of Department. Weekly Management Committee meetings, including the four Executive Directors, are held. The Board maintains a close working relationship with the Executive Directors and has oversight of day-to-day business and strategic matters of the Group.

(iii) Anti-bribery and Corruption

The Board is committed to the prevention, deterrence and detection of bribery and corruption, instigating a clear policy of non-tolerance of all forms of bribery and corruption within our business. The Board oversees its responsibilities through the General Counsel, who reports to the Board and investigates all breaches or suspected breaches of the policy and takes appropriate action.

(iv) Whistleblowing

The Board is committed to conducting all business in an honest and ethical manner. It has approved the Group's whistleblowing policy to encourage the timely reporting of suspected wrongdoing and has appointed whistleblowing officers to oversee the policy. The Board does not tolerate retaliation and whistle-blowers must not suffer detrimental treatment as a result of raising a genuine concern.

(v) Anti-Slavery

The Board has a clear stance of zero-tolerance of all forms of slavery, human trafficking and other exploitation in any part of the Group's business or in its supply chain. The Board approves an annual statement, made on behalf of the Group pursuant to section 54, Part 6, Modern Slavery Act 2015, and receives regular updates on progress and actions relating to minimising risk within the Group's supply chain.

Strategic Report (continued)

Section 172 Statement (continued)

(vi) Diversity, equity and inclusion ("DEI") procedures

The Board's aim is to create an equal and inclusive working environment where our people feel empowered and bring their whole selves to work. The Group undertakes and plans to complete a number of measures in this regard which include:

- a DEI champion on the Board;
- reporting monthly to the Management Committee and Board on the Group's demographic statistics;
- utilising our Diversity Monitoring Survey and company-wide inclusive resourcing practices; and
- ensuring all employees complete equality and diversity training when they commence employment and then once per year thereafter.

(vii) COVID-19 Measures

The Board oversees its responsibilities in relation to COVID-19 and other respiratory illnesses in line with latest Government guidance through the COVID-19 Task Force. The Task Force contains members of the Management Committee and subject matter experts, reporting directly to the Board on matters of policy, process and performance.

(viii) Advice available to the Board

The Board has access to the services of the General Counsel and may take independent professional advice where it judges it necessary to do so in order to discharge their responsibilities as Directors.

Information: The Directors arrange to receive and consider information required to carry out their duties and:

- receive regular business updates and financial performance reviews against budget;
- receive quarterly reports from the Legal Department and from the other functional areas;
- discuss and approve the annual operating plan;
- consider and debate strategic business decisions, which impact the long-term direction of the Group, such as the Group's studio expansion plans and financing arrangements; and
- receive quarterly and ad-hoc reports from the Health, Safety, Environmental and Compliance teams.

Post balance sheet events

There are no significant post balance sheet events that require adjustment or disclosure in the financial statements.

Going concern

In assessing the going concern basis, the Directors considered the Group's business activities, its financial position and the Group's financial risk management objectives and policies. The Group meets its day-to-day operating requirements through its cash resources and operating cashflows. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and economic uncertainty (including uncertainty relating to COVID-19) show that the Group will be able to operate within the level of its current facilities, for at least 12 months following the reporting date.

Information on the Group's financial risk management, together with other Principal Risks and Uncertainties are detailed above in the Strategic Report. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

Barbara Inskip

Director

10 June 2022

Directors' Report

The Directors present their annual report and audited financial statements of the Group for the year ended 31 March 2022.

Results and Dividends

Group profit after taxation for the year ended 31 March 2022 was £31.3 million (FY21: £33.7 million), including the impact of adjusted items.

No dividends were paid during the year (FY21: £nil). The Directors do not recommend payment of a final dividend.

Directors

The Directors, who served during the year and to the date of signing, unless otherwise indicated, were as follows:

Paul Golding
Barbara Inskip
Luis Moner Parra
Nathan Shike
Andrew Smith
Alison Trewartha

Directors Duties

The Board recognises the importance of considering the Group's responsibilities and duties to both its shareholders and its broader stakeholder group. The Directors' duties under Section 172 of the Companies Act 2006 help to underpin good governance. The formal statement of how the Boards of the Group and its subsidiaries complied with this legal requirement, and met its obligations in respect of Section 172 during the year, is set out on page 12.

Employees

The Group actively considers the position of its employees' rights through comprehensive and regularly reviewed employment practices in the areas of recruitment, training, welfare, remuneration and employee relations (see Section 172 Statement on page 14 for further information on employee engagement). In addition to a published grievance policy, the Group maintains a 'whistle-blower' policy providing an opportunity for employees to raise grievances with senior management. The Group also provides all staff with access to an externally run Employee Assistance Programme that provides free and confidential advice.

The Group's stated policy on Equal Opportunities recognises the diversity of individuals and has procedures in place to ensure that recruitment and promotion recognises such diversity and is not biased by consideration of age, gender, disability, racial origin, religion or sexual orientation. The Group endeavours to provide employees with good conditions of employment and career prospects. The Group supports its disabled employees with regular training and support through the equal opportunity and training policies.

The Group has regular contact with employees via its intranet site, Spotlight, and via regular catch ups and briefings. These methods are used to ensure employees are kept up to date with the performance of the business. In addition, the Group continuously manages employees' performance.

Investing in skills, training and development remains a focus for the Group. The Group has continued its in-house Management Development programme which commenced in the prior year. This is focussed on growing the capability of our existing, and potential, pool of management resource.

The Group also has a well-developed work apprenticeship scheme providing "in work" apprenticeships in areas such as plumbing, electrical and carpentry. The Group currently has four apprentices whose training is paid for by the Apprenticeship Levy. The Group also works in partnership with universities to provide paid work placement year opportunities for sound students in its Post-production department.

The Group employed 11 people through the Government's Kickstart scheme, which closed in March 2022, and aimed to create new job placements for 16 to 24 year-olds who are at risk of long term unemployment. Eight of those people employed through the scheme have now gone on to work in the film and television industry. Following on from this success, the Group is now drawing up plans to fund and run a similar scheme in-house in the future.

Directors' Report (continued)

Sustainability

The Group's approach to sustainability, including information on energy usage and carbon emissions, can be found in the Strategic Report on pages 10-11.

Branches outside of the United Kingdom

The Group does not operate any branches outside of the UK. However, the Group operates through subsidiary undertakings in various jurisdictions as disclosed in Note 5 to the Parent Company financial statements.

Going Concern

As outlined within the Strategic Report on page 16, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As there are no material uncertainties relating to events or conditions that may cast doubt on the ability of the Group to continue as a going concern, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

Other Directors' Report Disclosure Requirements

Certain disclosures required by section 414C(11) of the Companies Act 2006 to be included in the Directors Report have been included elsewhere in this Annual Report, as follows:

- Principal activities - Strategic Report, page 2
- Principal risks and uncertainties - Strategic Report, pages 8-9
- Post balance sheet events - Strategic Report, page 16
- Indication of future developments - Strategic Report, page 2

Directors' Statement as to Disclosure of Information to Auditor

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Leonie Dorrington-Ward

Company Secretary

10 June 2022

Statement of Directors' Responsibilities

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 Group and the Company and of the profit or loss for that period. In preparing those 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 Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Pinewood Group Limited
Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Pinewood Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's 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 Group Statement of Comprehensive Income;
- the Group Statement of Financial Position;
- the Group Statement of Cash Flows;
- the Group Statement of Changes in Equity;
- the related notes to the Group Financial Statements 1 to 25;
- the Parent Company Statement of Financial Position;
- the Parent Company Statement of Changes in Equity; and
- the related notes to the Parent Company Financial Statements 1 to 13.

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Independent auditor's report to the members of Pinewood Group Limited (continued)

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

We have nothing to report in this regard.

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

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

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, those charged with governance and general council about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax, VAT and stamp duty legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the UK Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, financial instruments and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Pinewood Group Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- There is risk that liability balances, including trade payables, accruals and capital creditors are not complete: We have selected a sample of items from post year end bank statements and post year end purchase invoices after year end. We obtained the supporting documentation for these items and perform procedures to determine whether the transactions have been correctly recorded at or post year end; and
- There is risk that capital investments made during the year are not recoverable: We reviewed the costs capitalised on a sample basis against supporting documentation to determine if the asset recognition criteria have been met appropriately. We reviewed the investment plan for the business rationale and opportunities behind the investments. We reviewed the forecasted income statement for the period of recovery for the investments. We verified data used in the forecast to supporting evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

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

Independent auditor's report to the members of Pinewood Group Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Andrew Evans.

Andrew Evans FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
10 June 2022

Group Statement of Comprehensive Income
for the year ended 31 March 2022

		31 March 2022			31 March 2021		
		Adjusted	Adjusted Items (Note 3)	Total	Adjusted	Adjusted items (Note 3)	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	**102,926**	-	**102,926**	96,888	-	96,888
Cost of sales		**(39,333)**	-	**(39,333)**	(36,434)	-	(36,434)
Gross profit		**63,593**	-	**63,593**	60,454	-	60,454
Selling and distribution costs		**(796)**	-	**(796)**	(878)	-	(878)
Administrative expenses		**(7,292)**	-	**(7,292)**	(7,581)	542	(7,039)
Other operating expenses		**(446)**	-	**(446)**	(2,405)	-	(2,405)
Operating profit	4	**55,059**	-	**55,059**	49,590	542	50,132
Gain on loan to participating interests		-	-	-	-	2,014	2,014
Income from participating interests	11	**1,953**	-	**1,953**	-	-	-
Interest receivable and similar income	8	**13,103**	-	**13,103**	11,476	-	11,476
Interest payable and similar charges	9	**(29,000)**	-	**(29,000)**	(20,612)	-	(20,612)
Profit before taxation		**41,115**	-	**41,115**	40,454	2,556	43,010
Tax charge	10	**(9,770)**	-	**(9,770)**	(8,571)	(705)	(9,276)
Profit after taxation attributable to equity shareholders		**31,345**	-	**31,345**	31,883	1,851	33,734
Other comprehensive income							
Currency exchange differences		**294**	-	**294**	(535)	-	(535)
Total comprehensive income		**31,639**	-	**31,639**	31,348	1,851	33,199

The notes on pages 28 to 49 form part of these financial statements.

Group Statement of Financial Position

as at 31 March 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Intangible assets	12	**4,889**	5,801
Property, plant and equipment	13	**420,050**	325,370
Interests in associates	11	**6,108**	3,841
Derivative financial instruments	20	**8**	-
Trade and other receivables	14	**339,813**	328,733
		770,868	663,745
Current assets			
Inventories		**46**	59
Trade and other receivables	14	**27,473**	7,124
Deposits	15	**40,017**	-
Cash and cash equivalents	16	**484,458**	297,596
		551,994	304,779
Total assets		**1,322,862**	968,524
Equity and liabilities			
Share capital	17	**1**	1
Translation reserve	18	**1,989**	1,600
Retained earnings	18	**177,884**	146,634
Total equity		**179,874**	148,235
Non-current liabilities			
Interest bearing loans and borrowings	19	**1,045,539**	747,655
Derivative financial instruments	20	**-**	2,095
Deferred tax liabilities	10	**5,487**	3,769
		1,051,026	753,519
Current liabilities			
Interest bearing loans and borrowings	19	**3,564**	-
Derivative financial instruments	20	**125**	-
Trade and other payables	21	**88,273**	66,770
		91,962	66,770
Total liabilities		**1,142,988**	820,289
Total equity and liabilities		**1,322,862**	968,524

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 10 June 2022. They were signed on its behalf by:

Barbara Inskip
Director

Group Statement of Cash Flows
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flow from operating activities:			
Profit before taxation		**41,115**	43,010
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation and amortisation	4	**11,203**	11,317
Profit on disposal of investments	4	**(141)**	-
Loss on disposal of property, plant and equipment	4	**75**	1,783
Gain on investment in participating interests	3	**-**	(2,014)
Income from participating interests	11	**(1,953)**	-
Unrealised foreign exchange losses		**-**	13
Interest receivable and similar income	8	**(13,103)**	(11,476)
Interest payable and similar charges	9	**29,000**	20,612
Cash flow from operating activities before changes in working capital		**66,196**	63,245
(Increase)/decrease in trade and other receivables		**(8,237)**	1,546
Decrease/(Increase) in inventories		**13**	(3)
Increase/(decrease) in trade and other payables		**2,608**	(3,350)
Cash generated from operations		**60,580**	61,438
Interest paid		**(25,642)**	(22,329)
Interest received		**479**	55
Corporation tax received in respect of FPC activity		**-**	41
Net income tax paid		**(5,436)**	(6,866)
Net cash flow from operating activities		**29,981**	32,339
Cash flow from/(used in) investing activities:			
Proceeds from disposal of property, plant and equipment		**-**	270
Purchase of property, plant and equipment		**(100,059)**	(31,256)
Purchase of intangible assets		**(86)**	(1,084)
Proceeds from disposal of investments		**141**	-
Repayment of loan by associate		**-**	392
Amounts placed on deposit		**(40,000)**	-
Net cash flow used in investing activities		**(140,004)**	(31,678)
Cash flow from/(used in) financing activities:			
Proceeds from issue of loan notes		**300,000**	206,576
Payment of loan issue costs and finance arrangement fees		**(3,379)**	(1,978)
Net cash flow from financing activities		**296,621**	204,598
Net increase in cash and cash equivalents		**186,598**	205,259
Currency exchange movement		**264**	(318)
Cash and cash equivalents at the start of the year		**297,596**	92,655
Cash and cash equivalents at the end of the year	16	**484,458**	297,596

Reconciliation of Movement in Net Debt
for the year ended 31 March 2022

	2022 £'000	2021 £'000
Net increase in cash and cash equivalents	**186,598**	205,259
Currency exchange movement	**264**	(318)
Payment of interest on loan notes	**24,375**	21,125
Proceeds from issue of loan notes	**(300,000)**	(206,576)
Payment of loan issue costs and finance arrangement fees	**3,379**	1,978
Movement in loan issue costs accrued	**(90)**	171
Loan arrangement costs recognised within other receivables	**(597)**	-
Interest expense on loan notes	**(28,515)**	(19,867)
Movement in net debt	**(114,586)**	1,772
Net debt at the start of the year	**(450,059)**	(451,831)
Net debt at the end of the year	**(564,645)**	(450,059)
Net debt at the end of the year excluding restricted cash	**(566,400)**	(451,822)

Group Statement of Changes in Equity
for the year ended 31 March 2022

	Share capital £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 01 April 2021	**1**	**1,600**	**146,634**	**148,235**
Profit for the year	-	-	**31,345**	**31,345**
Currency exchange differences	-	**294**	-	**294**
Total comprehensive income for the year	-	**294**	**31,345**	**31,639**
Transfer in respect of dissolved foreign entities	-	**95**	**(95)**	-
Shares issued and allotted as bonus shares	**226,000**	-	**(226,000)**	-
Cancellation of bonus shares	**(226,000)**	-	**226,000**	-
At 31 March 2022	**1**	**1,989**	**177,884**	**179,874**
At 01 April 2020	1	2,135	112,900	115,036
Profit for the year	-	-	33,734	33,734
Currency exchange differences	-	(535)	-	(535)
Total comprehensive (loss)/income for the year	-	(535)	33,734	33,199
At 31 March 2021	1	1,600	146,634	148,235

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022

Company information and principal activities

Pinewood Group Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is located at Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH. The Company, together with its subsidiaries, comprise "the Group".

Pinewood Group Limited is the leading independent provider of the real estate, infrastructure and supporting services required to produce film and television content. The Group's two freehold studios, Pinewood Studios and Shepperton Studios, are set over 502 acres with approximately two million square feet of space in prime locations close to central London, which makes Pinewood an attractive choice for major film companies.

The Group has one reportable segment which comprises:

- rental activities at Pinewood Studios and Shepperton Studios including production accommodation, media hub and television studios;
- complementary activities such as post-production and ancillary studio services; and
- other activities such as international sales, marketing and customer support on behalf of third-party studios.

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and prior year, unless otherwise noted.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value. The financial statements are presented in sterling, which is also the main functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

Going concern
As set out in the Strategic Report on page 16, in assessing the going concern basis, the Directors considered the Group's business activities, the financial position of the Group and the Group's financial risk management objectives and policies. The Group meets its day-to-day operating requirements through its cash resources and operating cashflows. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and economic uncertainty (including uncertainty relating to COVID-19) show that the Group will be able to operate within the level of its current facilities, for at least 12 months following the reporting date.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries up to 31 March 2022. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. All subsidiaries are consolidated for the financial year ending 31 March 2022 regardless of the individual entities' statutory reporting date. Individual entities within the Group that have a functional currency other than sterling are translated to sterling so that the consolidated financial statements may be presented.

Presentation of results and identification of adjusted items
The Group presents its results in the statement of comprehensive income to separately identify the impact of certain items ("adjusted items") in order to provide a clear and consistent presentation of the underlying performance of the Group. Adjusted items are transactions that are unusual in size or nature or have limited predictive value such as disposals, discontinued operations, impairments, certain fair value remeasurements and other significant items where the Group considers separate disclosure would be useful to users of the financial statements. The identification and presentation of transactions as adjusted items requires judgement. Details about what the Group has presented as adjusted items can be found in Note 3 to the financial statements.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

1 Accounting policies (continued)

Turnover
Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration receivable, net of discounts, rebates, VAT and other sales taxes or duty. The Group has assessed its turnover arrangements and has concluded that it is acting as a principal in all of its turnover arrangements. Where a contract spans an accounting cut-off date, the value of the turnover recognised is the proportion of the total value of the contract completed by the cut-off date. The following specific recognition criteria apply for turnover generated from the Group's single reportable segment:

- Film customers utilise services for a period of time. Turnover is recognised as the Group earns the right to consideration for the service provided and this is time apportioned and earned as time elapses.
- Turnover is also derived from international sales and marketing agreements with 3rd party studios, and certain consultancy agreements. Revenue is recognised based on the passage of time for the former and on a stage of completion basis by reference to costs incurred for the latter.
- Television turnover is derived from the provision of services and is recognised on a time apportioned basis in relation to the television production process.
- Media Hub turnover is derived from customers contracting to use the Group's facilities for a period of time. Turnover is recognised on a straight-line basis over the term of the agreement.
- Post-production revenue is derived from the provision of services and is recognised as the Group earns the right to consideration on a stage of completion basis by reference to the passage of time.

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

In the consolidated financial statements exchange differences arising on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised in other comprehensive income and reported under equity.

All other exchange differences are recognised in profit or loss in the period in which they arise.

Government grants
Government grants are accounted for under the accruals model. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. This includes the Government Coronavirus Job Retention Scheme. The Group has not received grants relating to expenditure on non-current assets.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions and other post-employment benefits
The Group operates a defined contribution pension scheme. Contributions payable for the period are charged to profit or loss in accordance with the rules of the scheme.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

1 Accounting policies (continued)

Interest receivable and payable
Interest receivable and payable is recognised using the effective interest rate method.

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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. 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.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to, or allowed for, tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Intangible assets (excluding goodwill)
Intangible software assets are capitalised at cost and subsequently amortised over their useful economic life of 5 to 10 years.

Goodwill
Goodwill arising on a business combination is initially measured at cost, being the excess of the purchase consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any amortisation or accumulated impairment loss. Goodwill is expected to have a useful life of 10 years and is amortised on a straight-line basis over that period. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is allocated to the related cash-generating unit monitored by management. Where the recoverable amount of the cash-generating unit ("CGU") is less than the carrying amount, including goodwill, an impairment loss is recognised in the statement of comprehensive income.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

1 Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is stated at cost to the Group less accumulated depreciation and any impairment loss. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on all Property, plant and equipment, other than land, from the time they are available for use on a straight-line basis over the estimated useful life as follows:

- Freehold buildings - 30 to 50 years
- Freehold improvements - 5 to 25 years
- Fixtures, fittings and equipment - 3 to 10 years

Land and assets under construction are not depreciated.

The carrying value of freehold land and buildings within Property, plant and equipment in the statement of financial position is based on external valuations undertaken by an independent firm of Chartered Surveyors in February 2000 (as amended in January 2001) and November 2000, on each occasion to establish the fair values of the Pinewood Studios and Shepperton Studios businesses acquired. These valuations were used to establish the initial cost of the freehold land and buildings to the Group. Subsequent additions, disposals and depreciation have been recorded in line with Group accounting policies.

Useful lives and residual values of items of Property, plant and equipment are reviewed annually and where adjustments are required, these are made prospectively.

An item of Property, plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Interests in associates and joint ventures
Associates are undertakings where the Group is considered to have the ability to exercise significant influence over the operating and financial decisions of the undertaking. Joint ventures arise when two or more parties share joint control over an economic activity being undertaken.

The Group accounts for associates and joint ventures using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised in the Group statement of financial position at cost and adjusted thereafter to recognise the Group's share of income and other comprehensive income of the participating interest. Should the Group's share of losses of the associate or joint venture exceed the Group's interest in that undertaking, the Group discontinues recognising its share of further losses. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Inventories
Inventory is valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost.

At each reporting date, the Group assesses whether inventories are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

1 Accounting policies (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case it is determined for the relevant CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Financial instruments

General financial instruments policy
The Group applies Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and liabilities - classification and recognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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 Group after deducting all of its liabilities.

Financial assets and liabilities - measurement and derecognition
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price adjusted for transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments
Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Equity instruments
Equity instruments issued by the Company are recorded at the fair value of proceeds received, cash or other resources received or receivable, net of direct issue costs.

Interest bearing loans and borrowings and deposits
Deposits and loans and borrowings payable and receivable are measured initially at the fair value of consideration transferred, adjusted for directly attributable transaction costs. After initial recognition, these instruments are subsequently measured at amortised cost using the effective interest method, allocating the interest income or interest expense over the relevant period.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

1 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

At the end of each reporting period, financial assets measured at amortised cost (including trade receivables) are assessed for objective evidence of impairment. If an asset is impaired, the loss recognised is the difference between the carrying amount and the present value of the estimated future 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 recognised only to the extent that the revised carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been previously recognised.

Derivative financial instruments

The Group holds interest rate swaps to hedge against risks associated with interest rate fluctuations. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The Group reports the movement in fair value through profit or loss.

The fair values of the interest rate swap contracts are determined by reference to market interest rate curves.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Group estimates the fair value by using a valuation technique.

LIBOR transition

The Group's revolving credit facility and associated interest rate swap derivatives previously derived variable interest rates from published LIBOR values. With effect from December 2021, as a result of interest rate benchmark reform, GBP LIBOR is no longer published. The Group has therefore amended the facility and financial instruments to reference the Sterling Overnight Index Average benchmark rate ("SONIA"), rather than LIBOR. In isolation, these changes were necessary as a result of the interest rate benchmark reform, and resulted in bases for determining contractual cash flows that were economically equivalent to those bases used immediately before the change. Therefore, in line with FRS 102, such changes have been considered as part of the re-estimation of cash flows of the related financial instruments, and not a modification or cancellation of those instruments.

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised within interest payable and similar charges.

Other than those acquired in a business combination, contingent liabilities are not recognised. Contingent liabilities arise as a result of past events (i) when it is not probable that there will be an outflow of resources or when the amount of any outflow cannot be reliably measured at the reporting date or (ii) when the existence of the liability will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow is remote.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

1 Accounting policies (continued)

Provisions, contingent assets and contingent liabilities (continued)

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. Should the inflow of economic benefits be considered virtually certain, an asset is recognised.

Leases

The Group as lessee - finance leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

The Group as lessee - operating leases

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent-free periods or other incentives received for entering into an operating lease are accounted for as a reduction of the expense and are recognised on a straight-line basis over the lease term.

The Group as lessor - operating leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease and recognised as turnover. Rent-free periods or other incentives given to the lessee are accounted for as a reduction in the rental income and recognised on a straight-line basis over the term. Initial direct costs associated with arranging the operating lease are included in the carrying amount of the underlying leased asset and recognised in profit or loss on a straight-line basis in proportion to the recognition of lease income.

Significant accounting judgements and key sources of estimation uncertainty

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect reported amounts at the end of the year. There are no judgements that have a significant effect on the Group's financial statements. Key sources of estimation uncertainty are discussed below.

Recoverability of loan to parent undertaking

As at the reporting date, the Company has a loan due from its parent company of £339.8 million (2021: £328.7 million), which is due for repayment in 2025. This loan is considered fully recoverable. The loan bears interest at 3.55% per annum. The interest rate on the loan was determined with reference to the Group's borrowing following its refinancing in 2019 and was considered to be a market rate of interest at that time.

Section 106 liability and other contingent asset payments

As part of its planning applications for expansion projects, the Group has entered into a number of Section 106 agreements with local councils. Under these agreements, the Group will pay for certain traffic management improvements around the development sites. The cost of these improvements has been estimated and capitalised. During the year, the Group reviewed the latest cost estimates associated with its projects and increased the amounts provided to £8.0 million (2021: £6.2 million). This amount is included in capital expenditure related payables and is capitalised within the gross cost of Property, plant and equipment. The capitalised cost is depreciated over the 50-year life of the associated assets, from the point of those assets being brought into use. The remaining total net book value of this capitalised cost is £7.4 million (2021: £5.8 million).

In addition, the Group has also recognised liabilities within capital creditors for contingent payments for Property, plant and equipment amounting to £5 million (2021: nil). This amount has been capitalised as part of the cost of the related assets and is depreciated over the useful life of those assets.

The commitments of the Group under these agreements may be revised as the development projects progress, and further revisions to estimates may be made, leading to changes in provisions and capitalised cost. However, because the Group has no unprovided obligations in respect of the agreements at the reporting date, no further liability is recognised.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

1 Accounting policies (continued)

Significant accounting judgements and key sources of estimation uncertainty (continued)

Useful economic lives of Property, plant and equipment

The Group holds Property, plant and equipment at cost less accumulated depreciation and impairment losses, the total gross cost of which is £517.4 million at 31 March 2022 (2021: £414.4 million). Accumulated depreciation is £97.3 million (2021: £89.0 million) and the charge for the period is £10.3 million (FY21: £10.3 million). If the average useful economic life of the assets was reduced by 15% the charge would increase by £1.8 million.

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

2 Turnover and segment information

The Group identifies its operating segments based on a combination of factors, including the nature and type of service provided and differences in regulatory environment. Operating segments are aggregated where there is a high degree of consistency across these factors, and the segments have similar economic characteristics. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has only one reportable segment involving the provision of studio and related services to the film, television and wider creative industries. All turnover, expenses, corporate activities and non-current assets can be assigned to this segment and no additional segment analysis is disclosed.

Turnover by geographical region

Turnover continues to arise predominantly in the United Kingdom, being the Group's primary country of domicile, with turnover from the Group's international activity representing 1.2% (2021: 1.7%).

	2022	2021
	£'000	£'000
United Kingdom	**101,650**	95,248
North America	**1,020**	1,375
Rest of the World	**256**	265
	102,926	96,888

Non-current assets by geographical region

The Group holds no material non-current assets outside the UK.

Turnover by major customer

In the year to 31 March 2022, two customers, including their subsidiaries, contributed £84.1 million to Group turnover. In the prior year, three customers, including their subsidiaries, contributed £80.0 million to Group turnover. No other customer contributed 10% or more to Group turnover in the current or prior year.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

3 Adjusted items

The Group separately presents, as adjusted items, gains and losses on major disposals, certain remeasurements and other significant items. All of the adjusted items shown below are transactions that are unusual either in size or nature and therefore have limited predictive value. Providing additional information on adjusted items and presenting them separately from the total statutory performance of the Group is considered helpful in order to provide a consistent presentation of the underlying performance of the Group.

Income/(expense)	2022 £'000	2021 £'000
Administrative expenses:		
Termination of agreement with Pinewood Forest	-	542
Administrative expenses within adjusted items	-	542
Gain on loan to participating interests within adjusted items	-	2,014
Tax charge on adjusted items	-	(705)
Adjusted items per statement of comprehensive income	-	1,851

Further details of adjusted items in the year ended 31 March 2021 can be found in the financial statements for that year, which are available from the Company's registered address on page 28.

4 Operating profit

Operating profit is stated after charging/(crediting):	2022 £'000	2021 £'000
Depreciation of property, plant and equipment	**10,257**	10,344
Loss on disposal of property, plant and equipment	**75**	1,783
Operating lease payments	**1,271**	1,265
Profit on disposal of investments	**(141)**	-
Net Government grants returned/(received)	**470**	(700)
Amortisation of software	**386**	413
Amortisation of goodwill	**560**	560
Net foreign exchange losses	**7**	34

Depreciation charges are included within cost of sales. Amortisation of intangible assets is included within administrative expenses. Profits and losses on disposal and government grants received or returned are included within other operating income/expenses.

Government grants relate mainly to the UK's Coronavirus Job Retention Scheme. During the year to 31 March 2022, in light of the positive result achieved in the previous year, the Board made the decision to repay those amounts received in the year to 31 March 2021 in relation to retained employees.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

5 Auditor's remuneration

The analysis of auditor's remuneration is as follows:	2022 £'000	2021 £'000
Fees payable to Group's auditor for the audit of Parent Company and Group financial statements	53	39
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	150	140
Total audit fees	203	179
Fees payable to the Group's auditor and its associates for other services:		
Tax services	15	63
Other assurance services	221	245
Total fees for other services	236	308
Total fees	439	487

6 Staff costs and numbers

Staff costs including Directors	2022 £'000	2021 £'000
Salaries	8,676	8,995
Social security costs	1,004	1,070
Pension costs	672	705
Other employee benefits	357	277
	10,709	11,047

Staff costs include net termination benefit charges for redundancy of £27,000 (2021: £143,000), including movements in associated restructuring provisions.

The Group operates a salary sacrifice arrangement for its defined contribution pension schemes. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within pension costs in the table above, with a corresponding reduction shown in salaries.

Average monthly number of employees including Executive Directors	2022	2021
Management and Executive	8	9
Operational	95	89
Administration	47	45
Technical[1]	36	40
Sales	8	12
	194	195

[1] – Technical includes staff in technical roles within TV and Post-Production.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

7 Directors' emoluments

	2022 £'000	2021 £'000
Salaries	582	554
Pension costs	20	30
Other employee benefits	11	10
	613	594

As at 31 March 2022 the number of Directors to whom retirement benefits were accruing under defined contribution schemes was 1 (as at 31 March 2021: 2). The emoluments of the highest paid Director were £357,000 (2021: £336,000); pensions contributions were £4,000 (2021: £4,000). No share options have been held by any Director in the current or previous period. The Directors are considered to be the only key management personnel.

Amounts paid to third parties in relation to Directors services in the period are £0.3 million (2021: £0.3 million).

8 Interest receivable and similar income

	2022 £'000	2021 £'000
On financial assets measured at amortised cost:		
Interest receivable from joint ventures and associates	314	340
Interest receivable on loan due from parent undertaking	11,080	11,080
Bank interest receivable	384	56
Other interest receivable	111	-
	11,889	11,476
On financial instruments measured at fair value:		
Gains on derivative financial instruments (including interest accruals)	1,214	-
	13,103	11,476

9 Interest payable and similar charges

	2022 £'000	2021 £'000
On financial instruments measured at amortised cost:		
Senior Secured Notes	28,515	19,867
On financial instruments measured at fair value:		
Losses on derivative financial instruments (including interest accruals)	-	288
On other instruments:		
Other interest	485	457
	29,000	20,612

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

10 Tax

	2022	2021
(a) Analysis of charge for the year:	**£'000**	£'000
Current tax:		
UK corporation tax charge	**6,037**	7,176
Amounts payable for group tax relief	**2,096**	2,074
Foreign income tax	**37**	10
Foreign tax suffered	**68**	74
Double taxation credit	*(46)*	*(49)*
Amounts over provided in previous years	**(140)**	(204)
	8,052	9,081
Deferred tax:		
Relating to origination and reversal of timing differences	**420**	339
Effect of change in deferred tax rates	**1,186**	-
Amounts under/(over) provided in previous years	**112**	(144)
	1,718	195
Tax charge in the Group statement of comprehensive income	**9,770**	9,276
The tax charge in the Group statement of comprehensive income comprises:		
Tax on profit before adjusted items	**9,798**	9,120
Amounts over provided in previous years before adjusted items	**(28)**	(549)
Amounts under provided in previous years on adjusted items	**-**	201
Tax charge on adjusted items	**-**	504
Tax charge in the Group statement of comprehensive income	**9,770**	9,276

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

10 Tax (continued)

(b) Factors affecting taxation for the year:	2022 £'000	2021 £'000
Profit before tax	**41,115**	43,010
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**7,812**	8,172
Adjustments in respect of:		
Current tax over provided in previous years	**(140)**	(204)
Deferred tax under/(over) provided in previous years	**112**	(144)
Non-allowable depreciation on buildings	**789**	691
Amortisation of goodwill	**106**	106
Non-taxable income	**(27)**	-
Income from associate	**(371)**	-
Other non-allowable expenses	**161**	593
Double taxation relief	**(46)**	(49)
Overseas tax at different rates	**89**	111
Group tax relief	**(2,096)**	(2,074)
Amounts payable for group tax relief	**2,096**	2,074
Effect of change in deferred tax rate on opening balance	**1,186**	-
Effect of taxation rate change on provision for deferred tax	**99**	-
	9,770	9,276

(c) Deferred tax	2022 £'000	2021 £'000
Deferred tax relates to the following		
Group statement of comprehensive income:		
Accelerated capital allowances	**1,654**	380
Short-term timing differences	**-**	(92)
Fair value adjustments arising on acquisitions	**64**	(93)
	1,718	195

Group statement of financial position	At 1 April 2021 £'000	Charged to profit or loss £'000	At 31 March 2022 £'000
Accelerated capital allowances	3,491	1,654	**5,145**
Short-term timing differences	(3)	-	**(3)**
Fair value adjustments arising on acquisitions	281	64	**345**
Net deferred tax liability	3,769	1,718	**5,487**

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

10 Tax (continued)

The Group anticipates that accelerated capital allowances will continue to exceed depreciation in the next reporting period, and therefore expects that the net reversal of deferred tax liabilities in the year ending 31 March 2023 will be nil.

The main rate of UK corporation tax in the year was 19%. In the March 2021 Budget, an increase in the main rate of UK corporation tax from 19% to 25% was announced, with effect from April 2023. The 2021 Finance Bill containing this change was substantively enacted in May 2021. Accordingly at that point, the Group's deferred tax liability was remeasured with reference to the increased rate, giving rise to an income statement charge of £1.2 million.

11 Interests in associates

	2022	2021
	£'000	£'000
Equity	**1,953**	-
Loan notes	**4,155**	3,841
Total investment in associates	**6,108**	3,841

The carrying value of the Group's equity investment in its associate was as follows:

	2022	2021
	£'000	£'000
At beginning of year	-	-
Share of profit	**1,953**	-
Total equity investment in associates	**1,953**	-

At 31 March 2022, the Group had an interest in the following associate:

Company name	Principal activity	Country of incorporation	% equity interest
PMBS Holding Limited	Holding company	United Kingdom	25%

Loan notes are due for repayment by 2025. Interest is charged at 8% and is receivable in June and December each year with the option to roll-up interest due into the principal amount.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

12 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2021	3,973	5,604	9,577
Additions	34	-	34
At 31 March 2022	**4,007**	**5,604**	**9,611**
Amortisation			
At 1 April 2021	413	3,363	3,776
Provided during the year	386	560	946
At 31 March 2022	**799**	**3,923**	**4,722**
Net book value			
At 31 March 2022	**3,208**	**1,681**	**4,889**
At 31 March 2021	3,560	2,241	5,801

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 8 years.

Goodwill has been acquired through business combinations and has been allocated to a single group of cash-generating units. Following a review for indicators of impairment at the reporting date, it was determined that there were no indicators that the carrying value exceeded the recoverable amount.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

13 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	349,871	37,888	26,592	414,351
Additions	8,182	1,992	95,880	106,054
Disposals	(890)	(2,125)	-	(3,015)
Exchange movements	-	9	-	9
At 31 March 2022	**357,163**	**37,764**	**122,472**	**517,399**
Depreciation				
At 1 April 2021	62,970	26,011	-	88,981
Provided during the year	7,565	2,692	-	10,257
Disposals	(176)	(1,722)	-	(1,898)
Exchange movements	-	9	-	9
At 31 March 2022	**70,359**	**26,990**	**-**	**97,349**
Net book value				
At 31 March 2022	**286,804**	**10,774**	**122,472**	**420,050**
At 31 March 2021	286,901	11,877	26,592	325,370

As at 31 March 2022, assets under construction mainly comprise costs associated with the redevelopment of lettable space at Pinewood West and the development of land at Shepperton Studios. Assets under construction are not depreciated until the development is available for use.

The Group's long-term loan is secured by a floating charge over the Group's assets.

14 Trade and other receivables

	2022	2021
	£'000	£'000
Amount falling due within one year:		
Trade receivables	**2,667**	2,260
Prepayments and other receivables	**17,641**	3,212
Income tax receivable	**287**	645
Value added tax	**6,878**	1,007
	27,473	7,124
Amount falling due after more than one year:		
Loans due from parent undertakings	**339,813**	328,733
	339,813	328,733
	367,286	335,857

Amounts due from the parent company are due for repayment in September 2025 and bear interest at 3.55%.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

15 Deposits

	2022	2021
	£'000	£'000
Deposits	40,017	-

Deposits comprise balances held in interest-bearing accounts that require advance notice of withdrawal.

16 Cash and cash equivalents

Cash and cash equivalents include amounts unavailable for general use. These amounts include sums held as security in accordance with agreements with local councils in respect of the Group's obligations under planning regulations for certain development projects. The balance also includes funds reserved solely for use in specific Media Investment Film production company operations. These operations have now ceased, and cash balances repaid since the reporting date.

	2022	2021
	£'000	£'000
Cash available for general use	482,703	295,833
Restricted cash and cash equivalents	1,755	1,763
	484,458	297,596

17 Share capital

	2022	2021
	£'000	£'000
1,000 Ordinary shares of £1 each (2021: 57,409,926 Ordinary shares of 0.001p each)	1	1

The Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

In March 2022, as part of a wider review of equity reserves across the Group, the Company issued and subsequently reduced share capital by an amount of £226 million. The Company also revised the nominal value of each of its shares to £1.

18 Reserves

Translation reserve

The translation reserve represents the cumulative foreign currency impact of the translation of operations with a functional currency other than sterling, and related funding balances, in line with the Group's foreign currency accounting policy.

Retained earnings

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

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

19 Interest bearing loans and borrowings

Details of the carrying values of liabilities under the Group's borrowing facilities are shown below.

	Maturity	2022 £'000	2021 £'000
Non-current:			
Revolving credit facility	March 2025/May 2027	-	-
3.25% Senior Secured Notes	September 2025	**748,058**	747,655
3.625% Senior Secured Notes	November 2027	**297,481**	-
Non-current drawn loan facilities		**1,045,539**	747,655
Current:			
Senior Secured Notes interest accruals		**3,564**	-
Current drawn loan facilities		**3,564**	-
Total interest bearing loans and borrowings		**1,049,103**	747,655

If drawn, the revolving credit facility bears interest at SONIA plus a variable margin. In prior periods the facility was linked to LIBOR. Due to the phasing out of LIBOR as part of interest rate benchmark reform, the Group has revised the terms of this facility. There was no economic impact of this revision.

The Group has also amended and extended this revolving credit facility, such that £15 million expires in March 2025, with a further £60 million expiring in May 2027 (2020: £50 million expiring in March 2025).

In January 2021, the Group issued £200.0 million aggregate principal amount of Senior Secured Notes under the same terms and conditions as the Group's outstanding 3.25% Senior Secured Notes due 2025. Including premium and accrued interest, the Group received gross proceeds of £206.6 million. This issue brings the total aggregate principal amount issued under this indenture to £750.0 million, which is presented as a single financial instrument.

In December 2021 the Group issued £300.0 million aggregate principal amount of Senior Secured Notes at par. The notes mature in November 2027 and bear interest at a rate of 3.625%, payable in May and November. The liability is presented net of related transaction costs.

These facilities are secured on certain of the principal assets of the Group.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

19 Interest bearing loans and borrowings (continued)

The contractual maturity dates of the principal amounts of the Group's facilities are shown below.

At 31 March 2022	Within 1 year £'000	2 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	15,000	60,000	75,000
Loan notes	-	750,000	300,000	1,050,000
Total facilities	-	**765,000**	**360,000**	**1,125,000**
Drawn loans:				
Revolving credit facility	-	-	-	-
Loan notes	-	(750,000)	(300,000)	(1,050,000)
Total drawn loans	-	**(750,000)**	**(300,000)**	**(1,050,000)**
Undrawn facilities:				
Revolving credit facility	-	15,000	60,000	75,000
Loan notes	-	-	-	-
Undrawn committed facilities	-	**15,000**	**60,000**	**75,000**

At 31 March 2021	Within 1 year £'000	2 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	750,000	-	750,000
Total facilities	-	800,000	-	800,000
Drawn loans:				
Revolving credit facility	-	-	-	-
Loan notes	-	(750,000)	-	(750,000)
Total drawn loans	-	(750,000)	-	(750,000)
Undrawn facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	-	-	-
Undrawn committed facilities	-	50,000	-	50,000

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2022

20 Derivative financial instruments

The Group's interest rate swaps are recognised as derivative financial instruments.

	2022	2021
	£'000	£'000
Financial assets/(liabilities) carried at fair value:		
Non-current derivative financial instrument assets	**8**	-
Current derivative financial instrument liabilities	**(125)**	-
Non-current derivative financial instrument liabilities	-	(2,095)

Interest rate swaps

To minimise the volatility in cash flows from a change in interest rates, the Group holds interest rate swaps as economic hedges against undrawn debt obligations. The main terms of the Group's interest rate swaps, including the notional amounts, are detailed below.

Effective interest rate %	Maturity	2022	2021
		£'000	£'000
2.00% + variable margin	April 2025	**25,000**	25,000
2.16% + variable margin	April 2022	**25,000**	25,000
		50,000	50,000

Fair value movements on interest rate swaps are recognised in the statement of comprehensive income within interest payable and receivable. Interest payments due on the swaps settle in cash on a quarterly basis. The fair value of the swaps is determined by reference to market interest rate curves.

During the year, as a result of interest rate benchmark reform and the cessation of the publication of LIBOR, the Group transitioned its derivatives to reference SONIA. This transition did not result in a change to the economic value of the Group's derivatives.

21 Trade and other payables

	2022	2021
	£'000	£'000
Trade payables	**5,268**	2,803
Other payables	**550**	981
Income tax payable	**145**	-
Accruals and deferred income	**43,691**	43,379
Amounts due to parent company	**9,810**	7,741
Capital expenditure related payables	**28,809**	11,866
	88,273	66,770

Amounts due to the parent company are interest free and have no fixed repayment terms.

No fixed security has been given in respect of any of the items listed above, although as described in Note 16 certain cash balances are held under agreements with local councils in respect of the Group's Section 106 planning obligations. These cash amounts are therefore unavailable for general use. See Note 1 for further discussion of Section 106 liabilities.

At 31 March 2022, the Group had total capital commitments contracted for, but not provided in the financial statements, of £369.1 million (2021: £33.6 million) in respect of Property, plant and equipment arising from the re-development of Pinewood West and the expansion of Shepperton Studios.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

22 Obligations under leases

Operating leases as lessee

Future minimum rentals payable on the Group's non-cancellable operating leases as at 31 March 2022 and 31 March 2021 are as follows:

	2022 £'000	2021 £'000
Within one year	402	832
After one year but not more than five years	335	667
	737	1,499

Operating leases as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2022 and 31 March 2021 are as follows:

	2022 £'000	2021 £'000
Within one year	79,134	75,090
After one year but not more than five years	306,403	291,091
More than five years	265,638	327,992
	651,175	694,173

23 Related party transactions

The Group has elected not to disclose related party transactions entered into between wholly-owned members of its wider group in accordance with paragraph 33.1A of FRS 102.

The Group's subsidiary undertakings are listed in Note 5 to the Parent Company financial statements.

A number of the Group's subsidiary undertakings have claimed exemption from audit, these are listed in Note 5 to the Parent Company financial statements.

The disclosures below, including comparatives, only refer to related parties that were related in the current reporting period.

	2022 £'000	2021 £'000
Sales to associates	2,090	1,448
Purchases from associates	295	262
Amounts (owed to)/owed by associates	(1)	12

For information on the loans due from associate undertakings see Note 11. For information on interest receivable from associate undertakings see Note 8.

24 Ultimate parent undertaking and controlling party

The immediate parent is Picture Holdco Limited, a company incorporated in England & Wales. The ultimate parent undertaking and controlling party is PW Real Estate Fund III GP Limited, in its capacity as General Partner of PW Real Estate Fund III LP.

The registered office address of Picture Holdco Limited is 4th Floor, 18 St. Swithin's Lane, London, EC4N 8AD. Picture Holdco Limited is the only parent of Pinewood Group Limited that prepares consolidated financial statements, and these will be publicly available from the registered address of that company.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

25 Events after the reporting date

There are no significant post balance sheet events that require adjustment or disclosure in the financial statements.

Parent Company Statement of Financial Position
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Investments	5	**123,292**	33,006
Intangible assets	4	**3,208**	3,560
Derivative financial instruments	9	**8**	-
Trade and other receivables	6	**561,191**	328,733
		687,699	365,299
Current assets			
Trade and other receivables	6	**1,145**	131,397
Deposits		**40,017**	-
Cash and cash equivalents		**463,414**	286,313
		504,576	417,710
Total assets		**1,192,275**	783,009
Equity and liabilities			
Share capital	7	**1**	1
Translation reserve		**1,821**	2,335
Retained earnings		**117,840**	(8,908)
Total equity		**119,662**	(6,572)
Non-current liabilities			
Interest bearing loans and borrowings	8	**1,045,477**	747,558
Derivative financial instruments	9	**-**	2,095
		1,045,477	749,653
Current liabilities			
Interest bearing loans and borrowings	8	**3,692**	-
Derivative financial instruments	9	**125**	-
Trade and other payables	10	**23,319**	39,928
		27,136	39,928
Total liabilities		**1,072,613**	789,581
Total equity and liabilities		**1,192,275**	783,009

As permitted by section 408(4) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The profit of the Company for the year was £126.8 million (FY21: £12.9 million loss).

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 10 June 2022. They were signed on its behalf by:

Barbara Inskip
Director

The notes on pages 52 to 59 form part of these financial statements.

Parent Company Statement of Changes in Equity

for the year ended 31 March 2022

	Share capital £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 01 April 2021	1	2,335	(8,908)	(6,572)
Profit for the year	-	-	126,782	126,782
Currency exchange differences	-	(548)	-	(548)
Total comprehensive (loss)/income for the year	-	(548)	126,782	126,234
Transfer in respect of dissolved foreign entities	-	34	(34)	-
Shares issued and allotted as bonus shares	226,000	-	(226,000)	-
Cancellation of bonus shares	(226,000)	-	226,000	-
At 31 March 2022	**1**	**1,821**	**117,840**	**119,662**
At 01 April 2020	1	1,355	3,970	5,326
Loss for the year	-	-	(12,878)	(12,878)
Currency exchange differences	-	980	-	980
Total comprehensive income/(loss) for the year	-	980	(12,878)	(11,898)
At 31 March 2021	1	2,335	(8,908)	(6,572)

Notes to the Parent Company Financial Statements
for the year ended 31 March 2022

Pinewood Group Limited ("the Company") is a private company limited by shares incorporated and domiciled in England. The registered office is located at Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior year. The accounting policies of the Company are consistent with those of the Group, which are detailed in the consolidated financial statements. Additional details regarding policies that apply at a Company-only level are given below.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

The 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 the 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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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; and
- Section 33 'Related Party Disclosures' – Compensation of key management personnel.

The financial statements of the Company are consolidated in the Group financial statements on pages 24 to 49.

Going concern
As set out in the Strategic Report on page 16, in assessing the going concern basis, the Directors considered the Company's business activities, the financial position of the Company and the Company's financial risk management objectives and policies. The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and economic uncertainty (including uncertainty relating to COVID-19), show that the Company will be able to operate within the level of its current facilities. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Financial instruments

The Company's accounting policies for financial instruments are consistent with those of the Group, as described on pages 32 to 33. Further detail regarding the treatment of investments in subsidiaries is given below.

Fixed asset investments
Investments in subsidiaries, associates and joint ventures are stated initially at cost. The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Where investments in subsidiaries are acquired by the Company for consideration including the issue of shares qualifying for merger relief, the cost of those subsidiaries is measured by reference to the nominal value of the shares issued, ignoring any premium.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2022

1 Accounting policies (continued)

Significant accounting judgements, estimates and assumptions
The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect reported amounts at the reporting date. Such estimates, assumptions and judgements include, but are not limited to, assessments of recoverability of financial assets, and the measurement of accruals and provisions for impairments of investments. These estimates, assumptions and judgements are evaluated on a continual basis.

There are no significant accounting judgements exercised in the preparation of the Company's financial statements. The Company's key sources of estimation uncertainty relate to the recoverability of receivables from its parent and subsidiaries.

At the reporting date, the Company has a loan due from its parent company of £339.8 million, which is due for repayment in 2025. This loan is considered fully recoverable. The loan bears interest at 3.55% per annum. The interest rate on the loan was determined with reference to the Group's borrowing following its refinancing in 2019 and was considered to be a market rate of interest at that time.

The Company holds receivables from its subsidiary undertakings amounting to £221.4 million. These amounts are repayable on demand and do not bear interest. The Company considers these balances to be fully recoverable. These amounts are classified as non-current receivables because settlement is not expected within 12 months of the reporting date.

2 Profit and loss

As permitted by section 408(4) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The profit of the Company for the year was £126.8 million (2021: £12.9 million loss).

3 Staff costs and numbers

Staff costs including Directors	**2022** **£'000**	2021 £'000
Salaries	**992**	1,194
Social security costs	**127**	151
Pension costs	**21**	28
Other employee benefits	**8**	9
	1,148	1,382

	2022	2021
Average monthly number of employees including Executive Directors		
Administration	**3**	2
Executive	**1**	1
Sales	**-**	1
	4	4

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2022

4 Intangible assets

	Software £'000
Cost	
At 1 April 2021	3,973
Additions	34
At 31 March 2022	**4,007**
Amortisation	
At 1 April 2021	413
Provided during the year	386
At 31 March 2022	**799**
Net book value	
At 31 March 2022	**3,208**
At 31 March 2021	3,560

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 8 years.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2022

5 Investments

	2022 £'000	2021 £'000
Cost and net book value at 31 March 2022 and 31 March 2021	**123,292**	33,006
Movement in investments:		
At 1 April 2021	**33,006**	33,006
Issue of shares by subsidiary	**90,286**	-
At 31 March 2022	**123,292**	33,006

Details of investments in which the Company holds 20% or more of the nominal value of ordinary share capital (or other class of share capital where indicated below) are as follows:

Company name	Principal activity	Country of incorporation	% equity interest
Pinewood-Shepperton Studios Limited[1,2]	Holding company	United Kingdom	100%
Pinewood PSB Limited[1]	Film studio services	United Kingdom	100%
Pinewood Film Advisors Limited[1]	Film investment advice	United Kingdom	100%
Pinewood Film Advisors (W) Limited[1]	Film investment advice	United Kingdom	100%
Pinewood Studios Limited	Film studio services	United Kingdom	100%
Shepperton Studios Limited	Film studio services	United Kingdom	100%
Pinewood South Limited	Property development	United Kingdom	100%
Pinewood Shepperton Facilities Limited	Property support	United Kingdom	100%
PSL Consulting Limited	Film services	United Kingdom	100%
Pinewood Germany Limited	Dormant	United Kingdom	100%
Pinewood Dominican Republic Limited	Film services	United Kingdom	100%
Pinewood USA Inc.[3]	Film services	USA	100%
Pinewood Film Production Studios Canada Inc.	*Film services*	*Canada*	*100%*
Pinewood Films Limited	Film investment	United Kingdom	100%
Pinewood Camera Trap Limited	Film production	United Kingdom	100%
Pinewood Films No. 13 Limited	Film production	United Kingdom	100%
Pinewood Films No. 14 Limited	Film production	United Kingdom	100%
Where Hands Touch (FPC) Limited	Film production	United Kingdom	100%
Pinewood Finco PLC[1]	Financial services	United Kingdom	100%

1 Directly held.

2 In the prior year, the investment in Pinewood-Shepperton Studios Limited was held as 17,830 ordinary shares of nominal value 5p each (total nominal value £892) and 942,700 redeemable shares of 10p each, with a total nominal value of £94,270. During March 2022, the subsidiary carried out an exercise to simplify its capital structure. As a result, the Company now holds 1,000 ordinary shares of nominal value £1 each, giving a total nominal value of £1,000, representing 100% of the subsidiary's issued share capital.

3 The reporting date of Pinewood USA Inc. is 31 December.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2022

5 Investments (continued)

The registered offices of the subsidiaries (or local equivalent) are as follows:
- All United Kingdom subsidiaries - Pinewood Studios, Pinewood Road, Iver Heath, SL0 0NH.
- Pinewood USA Inc. - c/o Katten Munchin Rosenman LLP, 2029 Century Park East, Suite 2600, Los Angeles, CA 90067, USA.
- Pinewood Film Production Studios Canada Inc. - Suite 2600, Three Bentall Centre, PO Box 49314, 595 Currard Street, Vancouver BC, V7X 1L3, Canada.

Associates
As at 31 March 2022, the Company had interests in the following associate:

Company name	Principal activity	Country of incorporation	% equity interest
PMBS Holding Limited	Holding company	United Kingdom	25%

The registered office of PMBS Holding Limited is: Mbse Lakeside Road, Colnbrook, Slough, Berkshire, SL3 0EL.

Audit exemption
Pinewood Group Limited has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries at 31 March 2022 under Section 479A of the Companies Act 2006, thereby allowing these subsidiaries to be exempt from the annual audit requirement for the year ended 31 March 2022.

Although the Company does not anticipate the guarantees to be called upon, the book values of the guaranteed liabilities, excluding intragroup balances, for each relevant subsidiary at 31 March 2022 are set out below:

Company name	Company registration number	Liabilities to non-group entities £000
Pinewood Camera Trap Limited	08153323	-
Pinewood Dominican Republic Limited	07096246	-
Pinewood Films Limited	07660856	18
Pinewood Films No. 13 Limited	09006529	10
PSL Consulting Limited	08655214	-
Pinewood Germany Limited	07079399	-
Pinewood Shepperton Facilities Limited	07527390	-
Where Hands Touch (FPC) Limited	09443603	-

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2022

6 Trade and other receivables

	2022 £'000	2021 £'000
Amount falling due within one year:		
Prepayments and other receivables	**1,145**	416
Amounts due from subsidiary undertakings	**-**	130,981
	1,145	131,397
Amount falling due after more than one year:		
Loans due from parent undertakings	**339,813**	328,733
Amounts due from subsidiary undertakings	**221,378**	-
	561,191	328,733
	562,336	460,130

Amounts due from subsidiary undertakings are repayable on demand and non-interest bearing (2021: non-interest bearing). These amounts are classified as non-current receivables because settlement is not expected within 12 months of the reporting date.

The loan due from the parent company is repayable by September 2025 and carries interest at 3.55% (2021: 3.55%).

7 Share capital

	2022 £'000	2021 £'000
1000 Ordinary shares of £1 each (2021:57,409,926 Ordinary shares of 0.001p each)	1	1

The Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

In March 2022, as part of a wider review of equity reserves across the Group, the Company issued and subsequently reduced share capital by an amount of £226 million. The Company also revised the nominal value of each of its shares to £1.

8 Interest bearing loans and borrowings

	Maturity	2022 £'000	2021 £'000
Non-current			
Loans from subsidiary undertaking	September 2025	**747,998**	747,558
	November 2027	**297,479**	-
Non-current drawn loan facilities		**1,045,477**	747,558
Current			
Loans from subsidiary undertaking interest accruals		**3,692**	-
Current drawn loan facilities		**3,692**	-
Total interest bearing loans and borrowings		**1,049,169**	747,558

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2022

8 Interest bearing loans and borrowings (continued)

In September 2019, Pinewood Finco PLC ("Finco"), a subsidiary of the Company, announced it had priced an offering of £550.0 million aggregate principal amount of 3.25% Senior Secured Notes due September 2025. The proceeds of the offering were received on 25 September 2019 at which point the Company and Finco entered into a loan agreement with a principal and term that matched the 3.25% Senior Secured Notes issued by Finco. In January 2021, Finco issued an additional £200.0 million aggregate principal amount of Senior Secured Notes under its existing indenture and subsequently entered into a corresponding agreement to increase the principal amount of the loan with the Company.

In December 2021, Finco issued £300 million aggregate principal amount of 3.625% Senior Secured Notes due November 2027 under a new indenture. As a result, the Company and Finco entered into a loan agreement for a principal amount and term mirroring this new indenture.

Therefore, as at 31 March 2022, the loan agreement between Finco and the Company is for a total principal of £1,050 million (2021: £750 million), consisting of £750 million due September 2025, which bears interest at 3.25% plus a margin of 0.15% per annum, and a further £300 million due November 2027, which bears interest at 3.625% plus a margin of 0.15% per annum (2021: £750 million due September 2025, bearing interest at 3.25% plus 0.15% per annum).

The agreement between Finco and the Company includes a charge for the recovery of the finance fees incurred by Finco directly related to arranging the external debt. Repayments of interest and capital are required to be made in sufficient time for Finco to make onward payment to its external debt providers.

Details of total facilities and maturities for the Group are listed in Note 19 of the consolidated Group financial statements.

9 Derivative financial instruments

The Company's interest rate swaps are recognised as derivative financial instruments. Fair value movements are recognised in the statement of comprehensive income within interest payable and receivable.

Further details can be found in Note 20 to the consolidated Group financial statements.

10 Trade and other payables

	2022	2021
	£'000	£'000
Other creditors	**1,415**	1,849
Amounts due to parent undertaking	**9,810**	-
Amounts due to subsidiary undertakings	**12,094**	38,079
	23,319	39,928

Intragroup balances are repayable on demand and non-interest bearing.

11 Related party transactions

The Company has elected not to disclose related party transactions entered into with wholly-owned members of its wider group in accordance with paragraph 33.1A of FRS 102.

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2022

12 Contingent liability

The Company has committed to provide financial support to several of its wholly-owned subsidiary undertakings in a net current liability position to an amount as may be required to enable each subsidiary to fulfil its operational commitments to meet liabilities as and when they fall due and carry on their business as a going concern. Where it is required, Pinewood Group Limited intends to extend such support for a further 12 months from the date the current commitments expire as shown below.

Company name	Expiration date of financial support
Shepperton Studios Limited	16 December 2022
Pinewood Film Advisors (W) Limited	16 December 2022
Pinewood Film Advisors Limited	16 December 2022
Pinewood PSB Limited	16 December 2022
Pinewood South Limited	16 December 2022
Pinewood-Shepperton Studios Limited	24 March 2023
Pinewood Films No.14 Limited	4 April 2023

The Company, together with certain subsidiary undertakings had at the financial statement date granted a cross guarantee in respect of the long-term borrowings and derivative liabilities of the Group. The guarantee was secured by a floating charge which as at 31 March 2022 was £1,050,125,000 (2021: £752,095,000).

13 Ultimate parent undertaking and controlling party

The immediate parent is Picture Holdco Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is PW Real Estate Fund III GP Limited, in its capacity as General Partner of PW Real Estate Fund III LP.

The registered office address of Picture Holdco Limited is 4th Floor, 18 St. Swithin's Lane, London, EC4N 8AD. Picture Holdco Limited is the parent of the largest group for which consolidated accounts are prepared which include the results of Pinewood Group Limited, and these will be publicly available from the registered address of that company. The smallest group for which consolidated accounts are prepared is for Pinewood Group Limited which are shown on pages 24 to 49.