PINEWOOD

Pinewood Group Limited

Report as at and for

the year to

31 March 2021

Full year highlights

Operational and industry highlights

- The BFI reported that the combined UK film and high-end television ('HETV') production spend in Q1 CY21 was £0.9 million from 75 productions. This is the highest Q1 spend on record and is 11% higher than that of the corresponding period last year
- The Group continues to follow Government guidance in respect of the pandemic and to update our operating procedures, as required, to ensure a safe working environment for our employees, customers and visitors to the studios
- The business has been resilient throughout the pandemic, with Pinewood and Shepperton remaining fully open and available. Universal's *Jurassic World: Dominion*, Netflix's *Anatomy of a Scandal,* and Disney's *The Little Mermaid* were a few of the productions that were filmed at our studios during the year
- The Group has delivered a strong set of results, with Adjusted EBITDA growing by 8% to £62.7 million (FY20: £58.1 million) in the year to 31 March. This reflects a full year of earnings from both Pinewood East phase II ("PWE II") and the two long-term contracts. The TV and Post-Production customers which had delayed their production schedules during Q1 FY21 due to the pandemic, have largely returned

Strategic highlights

Expansion projects progressing:

- Real estate optimisation ("REO"): ground and enabling works for five new stages at Pinewood West, pre-let to Disney, are complete and construction is underway. The delivery of the stages is expected in Q2 CY22
- Shepperton expansion: received detailed planning consent for all areas of the Shepperton expansion. Shepperton North West (c. 170k sq ft) represents the first phase of the expansion and preparatory works are underway
- Pinewood East Phase 3: detailed planning permission for 4 new sound stages, plus other production accommodation, for the last phase of development at Pinewood East is expected shortly
- Pinewood South: following the acquisition of c.77 acres of land adjacent to Pinewood Studios in August 2020, the Group submitted a planning application for the development of a UK Screen Hub. The proposal sets out plans to expand the production accommodation at Pinewood Studios and add a visitor attraction, an educational training hub and a business growth centre. The local planning authority is now expected to give its decision in Q4 CY21

Financial highlights

The table below provides an overview of key performance indicators for the period:

	Year ended 31 March 2021 £'000	**Year ended 31 March 2020 £'000**	**3 months to 31 March 2021 £'000**	**3 months to 31 March 2020 £'000**
Turnover	96,888	96,392	24,898	25,901
Adjusted EBITDA	62,690	58,060	16,202	16,172
Adjusted EBITDA margin	64.7%	60.2%	65.1%	62.4%
Cash generated from operations	61,438	74,168	(9,730)	4,332
Capital expenditure*	(31,678)	(34,320)	(11,186)	65
Adjusted net debt	(452,404)	(457,345)	(452,404)	(457,345)

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

Adjusted EBITDA has grown by £4.6 million, despite turnover remaining broadly flat on prior year, with adjusted EBITDA margin growing to 64.7% (FY20: 60.2%). The margin improvement was principally driven by the expansion of the UK Studios business, the cessation of lower margin businesses, combined with temporary savings and cost control measures being implemented in light of the pandemic.

Turnover

Turnover for the year to 31 March 2021 was £96.9 million (FY20: £96.4 million). An increase in performance from UK studios was largely offset by the decrease in revenues from Post-Production, and a minor fall in International revenues following our exit from the agreements with the Malaysia, Wales and Atlanta studios.

UK studios benefitted from a full year of additional production accommodation at PWE II, together with the two long-term contracts, which increased occupancy levels, and strong resales of production accommodation. This was marginally reduced by lower revenues from the sale of studio services (including energy), with these services now covered under the terms of the two long-term contracts. The long-term contracts contain indexation provisions which, in accordance with FRS102, result in certain revenue being recognised on a straight-line basis over the initial term, rather than increasing each year. Consequently, revenue was adjusted upwards by £3.0 million (FY20: £1.4 million) compared with the contractual amounts due.

Our ancillary businesses (Post-Production and TV) saw lower revenues in the year, due in part to COVID-19 but mainly due to the closure of Picture Services and Creative Audio businesses, two of our Post-Production business lines. Like for like revenue from our remaining Post-Production business was lower this year when, in Q1 FY21, our customers' schedules were delayed due to COVID-19; activity has gradually returned to normal levels over the last nine months. TV was also impacted by COVID-19, with two of the three TV studios remaining empty until July, whereafter productions returned to close to normal levels.

Adjusted EBITDA

Adjusted EBITDA increased by £4.6 million to £62.7 million (FY20: £58.1 million) due to: (i) increased revenues from the higher margin UK studios business, with the opening of PWE II and the two long-term contracts supporting higher studio occupancy; (ii) a higher level of resale income; (iii) a £1.6 million higher uplift from the application of FRS102 to certain indexation clauses of our long-term contracts; (iv) a reduced level of maintenance spend during the first lockdown and a moderate level of continuing cost control; (v) a reduction in selling, distribution and administrative expenses following the streamlining of business processes and other cost savings since the start of the pandemic; partially offset by (vi) reduced activity within the Post-Production and the TV studios businesses as a result of the pandemic; (vii) a slightly reduced profit from exiting the Creative Audio business, and (viii) advisory fees incurred in relation to an aborted acquisition.

Adjusted EBITDA margin of 64.7% (FY20: 60.2%) remained high. The margin improvement is due to growth in the higher margin UK Studio business, as outlined above, the cessation and exit from lower margin businesses, and temporary savings and cost control measures implemented in light of the pandemic. These margin improvements were partly offset by a reduction in revenues from the Post-Production business, as a direct result of COVID-19.

Reconciliation of profit after taxation to Adjusted EBITDA

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	3 months to 31 March 2021 £'000	3 months to 31 March 2020 £'000
Profit after taxation	33,734	18,383	9,282	10,701
Tax charge on profit	9,276	5,939	1,644	1,624
Net interest payable and other charges	9,136	19,564	2,548	2,642
Depreciation of property, plant and equipment	10,344	9,624	2,572	2,599
Impairment of property, plant and equipment	-	770	-	770
Amortisation of intangible assets	973	563	230	140
Loss/(profit) on disposal of property, plant & equipment	1,783	125	(74)	125
EBITDA	**65,246**	**54,968**	**16,202**	**18,601**
Adjusted items **	(2,556)	3,092	-	(2,429)
Adjusted EBITDA	**62,690**	**58,060**	**16,202**	**16,172**

** See note 3 of the financial statements for details of adjusted items for the year ended 31 March 2021 and 2020

Cash flow and capital expenditure

The cash balance at 31 March 2021 was £297.6 million compared with a balance at 31 March 2020 of £92.7 million. The movement in cash since 31 March 2020 is attributable to a cash inflow of £205.3 million (FY20: inflow of £53.3 million) and £0.3 million of foreign exchange losses.

The FY21 cash inflow of £205.3 million was principally due to the refinancing in January 2021, where the Group issued a further £200.0 million of senior secured notes generating net proceeds of £204.6 million. The notes issued are under the same terms and conditions as the Group's existing notes. Excluding the impact of the refinancing, the Group delivered a net cash inflow from operations of £32.3 million and invested £31.6 million mainly in capital expenditure, leaving a £0.7 million net inflow of cash (FY20: £2.7 million excluding the cash impact of certain adjusted items as reported in the accounts for year ending 31 March 2020).

Adjusted Net debt and liquidity

Adjusted net debt as at 31 March 2021 stood at £452.4 million, based on £750.0 million of senior secured notes and a cash balance of £297.6 million. Adjusted net debt at 31 March 2020 was £457.3 million, based on £550.0 million of senior secured notes and a cash balance of £92.7 million.

Paul Golding, CEO, commented

Pinewood's performance over the past year and throughout the pandemic illustrates the company's resilience afforded, in part, by the long-term contracts we have with our major customers. This resilience combined with the fundamentals of film and high-end television production gives us confidence to continue to invest in the business and thus maintain Pinewood's pre-eminent position.

During the year, we have improved our existing UK studios, strengthened our teams and invested in new systems to ensure we continue to provide our customers with a better experience. Our expansion opportunities at Pinewood and Shepperton also remain a focus. We have now either secured or are close to securing detailed planning consent that would enable us to add an additional 26 stages, thereby nearly doubling our current stage footprint. The Group is thus well positioned, and we will continue our judicious approach to expansion

The next Investor update is scheduled for 4 August 2021.

General information

Pinewood is the leading independent provider of the real estate that is required for the production of film and television content. Founded in 1936 and headquartered in the United Kingdom, Pinewood owns premium, large-scale facilities also known as studios, for hosting film, television and other media productions. Our freehold studios are located in prime locations near London and make Pinewood a preferred choice for major film production companies. Pinewood branded studios have hosted over 2,000 films, among them 170 Oscar winners, 230 BAFTA winners and numerous blockbuster film productions with budgets of over $100.0 million.

Presentation of financial information

Unless otherwise indicated, the financial information presented in this report is the historical consolidated financial information of the Group.

This report includes or derives information from the following financial sources:

- The unaudited consolidated financial information of the Group as of and for the 3 months ended 31 March 2021 ("Q4 2021", "Q4 FY21"), and the comparative period as of and for the 3 months ended 31 March 2020 ("Q4 2020" or "Q4 FY20"), prepared in accordance with FRS 102.
- The audited consolidated financial information of the Group as of and for the year ended 31 March 2021 ("FY21"), and the comparative period as of and for the year ended 31 March 2020 ("FY20"), is prepared in accordance with FRS 102. The financial year for the Group runs from 1 April following the previous financial year end to 31 March each calendar year.

Further information for the noteholders

This report was prepared in accordance with the indenture dated 25 September 2019 among Pinewood Finco PLC, as issuer, the guarantors named therein, Deutsche Trustee Company Limited, as Trustee, and Deutsche Bank AG London Branch, as security agent and as paying agent.

This report may include forward-looking statements. All statements other than statements of historical fact included in this report, including those regarding the Group's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the out-turned results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the out-turned results, performance, or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this interim report. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Use of non-FRS 102 financial information

This report contains certain non-UK GAAP and non-IFRS financial measures and ratios, including, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net debt, and certain other measures (collectively, "**Non-GAAP Measures**") that are not required by, or presented in accordance with UK GAAP, IFRS or the accounting measures of any other jurisdiction.

In this report, "Adjusted EBITDA" is calculated as profit on ordinary activities before interest receivable and similar income, interest payable and similar charges, tax (credit)/charge on profit on ordinary activities, depreciation of property, plant and equipment, impairment of long-term assets, amortisation of goodwill, gain/loss on disposal of property, plant and equipment, and adjusted items.

In this interim report, "Adjusted EBITDA margin" is calculated as Adjusted EBITDA (which includes the impact of income from participating interests and based on financial statements prepared in accordance with UK GAAP) divided by turnover (which does not include the impact of income from participating interests).

In this report, "adjusted net debt" is calculated as debt net of cash balances, ignoring the unamortised loan issue costs.

Financial update for the 3 months ended 31 March 2021

Group Statement of Comprehensive Income

Turnover

Turnover decreased by £1.0 million or c. 3.9% to £24.9 million (Q4 FY20: £25.9 million) in the 3 months to 31 March 2021. Within the prior year period of Q4 FY20, both PWE II and the two long-term contracts delivered their first full quarter of revenues, and as a result revenue generated from our core trading this year was broadly aligned with that of Q4 FY20. Additionally, Q4 saw our TV and ongoing Post-production businesses trading in line with prior year.

The quarter-on-quarter decline is mainly connected with restructuring activity, which saw the Group exiting non-core businesses. The Group closed its Creative Audio business in April 2020 and exited the sales and marketing arrangements with studios in Wales in March 2020 and Atlanta in October 2020. A relatively small impact from COVID-19 remains at the revenue level at Q4 FY21, with reduced energy consumption which is charged to our customers at cost, and lower occupancy on our underwater stage.

Cost of sales

Cost of sales reduced by c. £1.2 million to £9.2 million (Q4 FY20: £10.4 million). The majority of this reduction was from the removal of the cost base following the closure of the Creative Audio business and exiting the two international arrangements mentioned above. Additionally, there was a slight reduction from cost control measures implemented in response to the pandemic.

Gross profit

Gross profit at £15.7 million was £0.2 million higher than prior year (Q4 FY20: £15.5 million). Gross profit margin increased by 3.5ppt to 63.2% (Q4 FY20: 59.7%), mainly reflecting the closure of the lower margin Creative Audio business.

Selling, distribution and Administrative expenses **

Selling, distribution and administration costs at £2.3 million (Q4 FY20: £2.2 million) was in line with prior year, with amortisation costs on recently implemented systems, mitigated by a reduction in activity and cost control measures implemented in response to the pandemic.

Other operating income/expense **

Other operating expense at £nil was in line with that of Q4 FY20.

Operating profit **

Operating profit before adjusted items increased by £0.2 million to £13.5 million, delivering an improved operating profit margin of 54.1% (Q4 FY20: 51.4%).

Interest receivable and similar income

Interest receivable and similar income remained at £2.8 million (Q4 FY20: £2.8 million), with the majority of interest receivable relating to interest earned on the loan to the Group's parent company, which was increased as part of the refinancing in September 2019.

Interest payable and similar charges

Interest payable and similar charges remained at £5.4 million (Q4 2020: £5.4 million). Whilst interest on the 3.25% senior notes increased by £1.0 million following the financing in January, there was an improvement in the quarter in the value of the Group's out-of-the-money derivative financial instruments.

Tax charge on profit on ordinary activities ** +

Tax on profit on ordinary activities increased to £1.6 million (Q4 FY20: £1.4 million), and an effective tax rate of 14.2% (Q4 FY20: 13.6%).

** Excluding adjusted items

+ Tax for Q3 YTD FY20 has been re-allocated between the 'adjusted' income statement and adjusting items by £0.2m. This was correctly reflected for the full year in Q4 YTD FY20 reporting

Cash flow

The cash balance at 31 March 2021 was £297.6 million compared with £128.3 million at 31 December 2020; a net cash inflow of £169.3 million in the quarter.

The Group recognised a £16.2 million cash inflow from operating activities before changes in working capital, reduced by a working capital outflow of £26.0 million from VAT payments in the quarter and repayment of resale monies to customers, together with a net unwind in deferred income balances. Net interest paid totalling £12.5 million was largely in relation to the senior secured notes, and tax paid of £1.9 million represented the fourth quarterly instalment payment. Capital expenditure of £11.2 million mainly related to the Group's growth plan.

During the quarter, the Group issued £200.0 million 3.25% Senior Secured Notes due 2025, under the same terms and conditions as the Group's existing notes. The Group received £204.6 million net of costs, being the principal and premium, together with and an amount received in respect of interest due to be returned to the associated investors for the period before the completion date.

Financial update for the year ended 31 March 2021

Group Statement of Comprehensive Income

Turnover

Turnover for the year to 31 March 2021 was £96.9 million (FY20: £96.4 million). An increase in performance from UK studios was largely offset by the decrease in revenues from Post-Production, and a minor fall in International revenues following our exit from the agreements with the Malaysia, Wales and Atlanta studios.

UK studios benefitted from a full year of additional production accommodation at PWE II, together with the two long-term contracts, which increased occupancy levels, and strong resales of production accommodation. This was marginally reduced by lower revenues from the sale of studio services (including energy), with these services now covered under the terms of the two long-term contracts. The long-term contracts contain indexation provisions which, in accordance with FRS102, result in certain revenue being recognised on a straight-line basis over the initial term, rather than increasing each year. Consequently, revenue was adjusted upwards by £3.0 million (FY20: £1.4 million) compared with the contractual amounts due.

Our ancillary businesses (Post-Production and TV) saw lower revenues in the year, due in part to COVID-19 but mainly due to the closure of Picture Services and Creative Audio businesses, two of our Post-Production business lines. Like for like revenue from our remaining Post-Production business was lower this year when, in Q1 FY21, our customers' schedules were delayed due to COVID-19; activity has gradually returned to normal levels over the last nine months. TV was also impacted by COVID-19, with two of the three TV studios remaining empty until July, whereafter productions returned to close to normal levels.

Cost of sales

Cost of sales expenditure decreased by £4.0 million to £36.4 million (FY20: £40.4 million). The decrease is principally a result of the Group exiting the Picture Services and Creative Audio businesses. Further, the production hiatus in Q1 FY21 resulted in a lower level of wear and tear and maintenance required at the studios, and the Group implemented moderate cost control measures throughout the year in response to COVID-19.

These cost reductions were partially offset by higher depreciation, business rates and facilities costs following the opening of PWE II.

Gross profit

Gross profit at £60.5 million was £4.5 million higher than prior year (FY20: £56.0 million). Gross profit margin increased by 4.3 ppt to 62.4% (FY20: 58.1%), principally due to the growth in the higher margin UK studios business, the cessation of lower margin Picture Services and Creative audio businesses, together with the cost control measures implemented as mentioned above.

Selling, distribution and Administrative expenses **

Selling, distribution and administrative expenses, together totalling £8.5 million, were broadly level with the prior year (FY20: £8.3 million). The year has benefitted from streamlined business processes and lower expenditure on international events and travel due to the pandemic, and this has been offset by a small investment in the teams delivering our studio expansion programmes and the commencement of amortisation of our new IT platform.

Other operating income/expense**

Other operating income/expense was a £2.4 million net expense (FY20: £nil). The Group recognised a loss on disposal of property at Pinewood Studios following the clearance of three areas in advance of the construction of five new stages, to be occupied by Disney under the long-term contract. In addition, the Group has recognised advisory fees in relation to a small potential acquisition which, subsequently, was not pursued. Partially offsetting this, the Group accessed the Government's Coronavirus Job Retention Scheme ('CJRS'), in particular in relation to our ancillary businesses. After the end of the financial year, and in light of the positive result achieved, the Board has decided to return those CJRS monies relating to the Group's retained staff, which totals £548k.

Operating profit**

Operating profit before adjusted items increased by £1.9 million to £49.6 million (FY20: £47.7 million) and delivered an operating profit margin of 51.2% (FY20: 49.5%). The advisory fees for the aborted acquisition reduced the FY21 operating profit margin by 1.3 ppt.

Income from participating interests

During FY20, the Group held an option to increase its equity holding of PMBS Holding Limited ('PMBS') from 15% to 25%. Given the Group's ability to exercise the option, the participating interest was equity accounted in FY20, and the exercise of the option completed during this financial year on 15 June 2020. The carrying value of the associate at 31 March 2021 remains at its original cost of £nil, with the Group having recognised a share of results of £nil for the year, after equity accounting adjustments.

Following the sale of our 40% interest in the Atlanta Studios, which completed in August 2019, there is no income in the period, compared with a small positive result in FY20.

Interest receivable and similar income

Interest receivable and similar income increased by £2.9 million to £11.5 million (FY20: £8.6 million). £2.8 million of this increase relates to interest earned on the loan to the Group's parent company, originally created in December 2017, and which was increased by £175.0 million following the September 2019 refinancing. The Group also benefitted from higher interest income on the additional £2.0 million of loan notes from PMBS.

Interest payable and similar charges**

Interest payable and similar charges increased by £4.3 million to £20.6 million (FY20: £16.3 million), following the refinancing in September 2019 and subsequent financing in January 2021. In addition, there has been a realised decline in the value of the derivative financial instruments, which has been mitigated by a relative improvement in the unrealised future value of these instruments.

Tax charge on profit on ordinary activities**

Excluding the impact of adjusted items, the tax charge on profit on ordinary activities increased by £1.0 million to £8.6 million (FY20: £7.6 million), and an effective tax rate of 21.2% (FY20: 19.0%). The higher effective rate in the year was mainly from disallowed advisory fees and losses on disposal of assets in FY21, whilst the prior year benefitted from a change in legislation in the USA to allow losses generated in 2018 to be carried back against earlier profitable periods .

** Excluding adjusted items

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 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.

During the year to 31 March 2021, the following items have been presented as adjusted items:

- 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, the step-up associated with the Group's investment in PMBS completed for £nil consideration. The Group also received additional loan notes from PMBS for £nil consideration. These 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.

The prior year includes i) £0.7 million income in relation to the early termination of the arrangement with the Malaysian studios, ii) a cost of £0.4 million for restructuring activities within ceased operations, iii) a £1.7 million charge in connection with the option to increase the Group's holding in PMBS from 15% to 25%, iv) £2.6 million of stamp duty land tax paid in connection with Shepperton Studios, v) a £2.8 million receipt from the sale of our investment in POP Global Ltd, vi) a £0.8 million impairment of Post-production fixed assets following the closure of Picture Services and Creative Audio, vii) a £1.8 million loss on disposal of the Group's share in Pinewood Atlanta studios viii) £11.8 million of interest payable and similar charges in relation to the refinancing in September 2019 and ix) a £1.7 million tax credit, thereon.

Liquidity and capital resources

Cash flow

The cash balance at 31 March 2021 was £297.6 million compared with a balance at 31 March 2020 of £92.7 million. The movement in cash since 31 March 2020 is attributable to a cash inflow of £205.3 million (FY20: inflow of £53.3 million) with the balance due to foreign exchange losses. The current year reflects the net cash benefit from the issue of £200.0 million 3.25% senior secured notes which completed on 25 January 2021, whereas the prior period including the net benefit from the refinancing in September 2019 and the cash impact from several items that were presented as adjusted items.

Net cash flow from operating activities

Net cash inflow from operating activities decreased year on year by £12.0 million to £32.3 million (FY20: £44.3 million), due to several key factors.

Firstly, there has been an £7.6 million improvement in cash flows before movements in working capital to £63.2 million (FY20: 55.6 million), due to the improved trading results described above, but excluding the non-cash impact of £0.4 million higher depreciation and amortisation, the £1.7 million increase on the loss on disposal of fixed assets in relation to the clearance of three areas of the Pinewood site in advance of the development of the 5 new stages, the impact of the fair value gain/loss on the PMBS investment of £2.0 million income (FY20: £1.7 million cost), a gain on the sale of POP Global Ltd (FY20: £2.8 million) and a loss on the disposal of our share of the Atlanta studios in the prior year (FY20: £1.8 million)

Secondly, year-on-year, there has been a £20.4 million reduced benefit from working capital, with a working capital outflow in FY21 of £1.8 million (FY20: inflow of £18.6 million). This is due to higher resale cash settlements in the year, the commencement of the two long-term contracts during the prior year where cash is paid in advance, a higher level of payments in respect of VAT and the recognition of profit, which had been previously deferred, following the termination of the Pinewood Forest trademark royalty agreement.

The Group has also paid £1.2 million lower net interest. Due to the refinancing in September 2019, the year to 31 March 2020 included a £5.9 million make-whole payment and 15-months of interest payments. In the year to 31 March 2021, interest was paid on £550.0 million 3.25% senior notes and a £200.0 million increase in principal following the financing in January 2021. Finally, net tax paid of £6.8 million is slightly higher than last year (FY20: £6.5 million) with a higher level of disallowed costs in FY21 as mentioned before. Further, additional payments made last year on transitioning to HMRC's new schedule of payments were partially offset by lower net income tax payments in relation to both a tax refund in the US and a film production company which is now inactive.

Net cash flow from investing activities

Net cash outflow from investing activities was £31.7 million compared with £209.3 million in FY20. FY21 included net expenditure in relation to our growth projects (including the acquisition of land and the development of five new stages at Pinewood) and other lifecycle capital expenditure. Capital expenditure for FY20 was £34.3 million, which was mainly in connection with the development of PWE II and was net of £12.6 million of cash received from the sale of the Group's equity interests in the Atlanta studios and £2.8 million from the sale of POP Global Ltd. Additionally, in FY20, the Group lent £175.0 million of cash from the refinancing to its parent company.

Net cash flow from financing

Net cash inflow from financing was £204.6 million (FY20: £218.3 million). FY21 represents the net receipts of funds, after arrangement fees, from the issue of £200.0 million 3.25% senior notes which completed on 25 January 2021. The prior year mainly reflected cash movements from the refinancing on 25 September 2019, with a net £300.0 million increase in senior secured notes, of which £75.0 million was paid as a dividend to the Group's parent company and £6.5 million paid in arrangement fees.

Pinewood Group Limited

Report and financial statements

Year ended 31 March 2021

Company Registration Number: 03889552

Registered No: 03889552

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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.

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.

The Group started the year during the first lockdown which was introduced by the UK Government in response to the COVID-19 pandemic. Predominantly all film and television productions at the Pinewood and Shepperton sites went on hiatus during the period, with productions returning from July 2020. However, the Group has followed Government guidance throughout the pandemic and introduced COVID-secure measures across our sites, thereby allowing both Pinewood and Shepperton to remain open and available to our customers throughout. Universal's *Jurassic World: Dominion*, Netflix's *Anatomy of a Scandal*, and Disney's *The Little Mermaid* were a few of the productions that continued to film at our studios during the year.

The Group has concentrated on successfully completing and embedding the transformational changes made in the previous year. Long-term contracts with our two key customers commenced before the start of the year, with the year to 31 March 2021 being the first full year of 100% of our production accommodation being occupied under the contracts. A workshop, pre-let under one of the contracts, was completed on Pinewood East phase II (PWE II), joining the four sound stages that had been completed in autumn 2019. Separately, after confirming the closure of the Creative Audio business, all activity was completed on behalf of our customers by the end of April 2020. Finally, having announced and completed on the sale of our 40% equity interest in the Atlanta studios in August 2019, the Group ceased the provision of sales and marketing services to the studios in October 2020.

We continue to experience strong demand for purpose-built production accommodation. We believe we will be able to accommodate much of this demand through the expansion of our studios, albeit we may seek to de-risk certain development by entering long-term rental contracts in advance. Construction of the five new stages at Pinewood Studios, pre-let under a long-term contract, commenced, with enabling works completed and steel frames currently being erected, and trusses installed.

During the year, we have focussed on progressing our expansion plans at our two UK studios. At Shepperton, we obtained detailed planning permission for 3 new sound stages plus other production accommodation for the first phase of the expansion, which we refer to as Shepperton North West, in March 2021. In April 2021, we obtained detailed planning permission for the larger phase of the expansion comprising 14 new sound stages plus other production accommodation, which we refer to as Shepperton South. At Pinewood, we expect to receive, shortly, detailed planning permission for 4 new sound stages plus other production accommodation for the last phase of development at Pinewood East, which we refer to as Pinewood East Phase 3. In addition, we acquired a 77-acre site adjacent to Pinewood Studios in the year, and have submitted an outline planning application which, if successful, would give us the ability to build a global screen industries growth hub comprising production accommodation, an educational hub, a business growth hub and a visitor experience.

To support this expansion, we successfully completed a financing in January 2021, raising a net £204.6 million from the issue of £200.0 million 3.25% senior secured notes. These notes are under the same terms and conditions as the Group's existing notes.

Finally, we continue to simplify and improve our corporate structure, systems and processes. During the year, we successfully transferred our procurement and finance processes to a new IT platform, improving management reporting capability. We also simplified the corporate structure, closing thirteen legal entities at the time of this report, six of which relate to the previously complex ownership structure at Shepperton which was simplified last year.

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. Details about what the Group has presented as Adjusted Items can be found in the Adjusted Items section below and in Note 3 to the financial statements.

Group revenue, at £96.9 million, was broadly flat on prior year (2020: £96.4 million). An increase in performance from UK studios was largely offset by the decrease in revenues from Post-Production, and a minor fall in International revenues following our exit from the agreements with the Malaysia, Wales and Atlanta studios.

UK studios benefitted from a full year of additional production accommodation at PWE II, together with the two long-term contracts, which increased occupancy levels, and strong resales of production accommodation. This was marginally reduced by lower revenues from the sale of studio services (including energy), with these services now covered under the terms of the two long-term contracts. The long-term contracts contain indexation provisions which, in accordance with FRS102, result in certain revenue being recognised on a straight-line basis over the initial term, rather than increasing each year. Consequently, revenue was adjusted upwards by £3.0 million (2020: £1.4 million) compared with the contractual amounts due.

Our ancillary businesses (Post-Production and TV) saw lower revenues in the year, due in part to COVID-19 but mainly due to the closure of Picture Services and Creative Audio businesses, two of our Post-Production business lines. Like for like revenue from our remaining Post-Production business was lower this year when, in Q1 FY21, our customers' schedules were delayed due to COVID-19; activity has gradually returned to normal levels over the last nine months. TV was also impacted by COVID-19, with two of the three TV studios remaining empty until July, whereafter productions returned to close to normal levels.

Cost of sales expenditure decreased by c. £4.0 million to £36.4 million (2020: £40.4 million). The decrease is principally as result of the Group exiting the Picture Services and Creative Audio businesses. Further, the production hiatus in Q1 of the financial year 2021 resulted in a lower level of wear and tear and maintenance required at the studios, and the Group implemented moderate cost control measures throughout the year in response to COVID-19. These cost reductions were partially offset by higher depreciation, business rates and facilities costs with the opening of PWE II.

Gross profit at £60.5 million was £4.5 million higher than prior year (2020: £56.0 million). Gross profit margin increased by 4.3 ppt to 62.4% (2020: 58.1%), principally due to the growth in the higher margin UK studios business, the cessation of lower margin Picture Services and Creative Audio businesses, together with the cost control measures implemented as mentioned above.

Selling & distribution costs and Adjusted administrative expenses, together totalling £8.5 million, were broadly level with the prior year (2020: £8.3 million). The year has benefitted from streamlined business processes and lower expenditure on international events and travel due to the pandemic, and this has been offset by a small investment in the teams delivering our studio expansion programmes and the commencement of amortisation of our new IT platform.

Other operating income/expense was a £2.4 million net expense (2020: £nil). The Group recognised a loss on disposal of property at Pinewood Studios, following the clearance of three areas in advance of the construction of five new stages to be occupied by Disney under the long-term contract. In addition, the Group has recognised advisory fees in relation to a small potential acquisition which, subsequently, was not pursued. Partially offsetting this, the Group accessed the Government's Coronavirus Job Retention Scheme ('CJRS'), in particular in relation to our ancillary businesses. After the end of the financial year, and in light of the positive result achieved, the Board has decided to return those CJRS monies relating to the Group's retained staff, which totals £548k.

Strategic Report (continued)

Business review (continued)

Statement of Comprehensive Income (continued)

Adjusted operating profit increased by £1.9 million to £49.6 million (2020: £47.7 million) and delivered an adjusted operating profit margin of 51.2% (2020: 49.5%). The advisory fees for the aborted acquisition reduced the adjusted operating profit margin in 2021 by 1.3 ppt.

During 2020, the Group held an option to increase its equity holding of PMBS Holding Limited (‘PMBS’) from 15% to 25%. Given the Group’s ability to exercise the option, the participating interest was equity accounted in 2020, and the exercise of the option completed during this financial year on 15 June 2020. The carrying value of the associate at 31 March 2021 remains at its original cost of £nil, with the Group having recognised a share of results of £nil for the year, after equity accounting adjustments. Following the sale of our 40% interest in the Atlanta studios, which completed in August 2019, there is no income in the period, compared with a small positive result in 2020.

Interest receivable and similar income increased by £2.9 million to £11.5 million (2020: £8.6 million). £2.8 million of this increase relates to interest earned on the loan to the Group’s parent company, originally created in December 2017, and which was increased by £175.0 million following the September 2019 refinancing. The Group also benefitted from higher interest income on the additional £2.0 million of loan notes from PMBS.

Interest payable and similar charges increased by £4.3 million to £20.6 million (2020: £16.3 million), following the refinancing in September 2019 and subsequent financing in January 2021. In addition, there has been a realised decline in the value of the derivative financial instruments, which has been mitigated by a relative improvement in the unrealised future value of these instruments.

The Group closed the year with Adjusted profit before tax of £40.5 million (2020: £40.0 million). The adjusted tax charge on profit increased by £1.0 million to £8.6 million (2020: £7.6 million), and an adjusted effective tax rate of 21.2% (2020: 19.0%). The higher effective rate was mainly from disallowed advisory fees and losses on disposal of assets in 2021, whilst 2020 benefitted from a change in legislation in the USA to allow losses generated in 2018 to be carried back against earlier profitable periods. As a result, the Adjusted profit after tax for the year was £31.9 million, which was 1.6% lower than prior year (2020: £32.4 million).

Adjusted operating profit at £49.6 million increased by £1.9 million since prior year (2020: £47.7 million). Statutory operating profit increased by £4.5 million to £50.1 million (2020: £45.6 million), due to the adjusted results outlined above and with 2021 benefitting from 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). Operating profit in 2020 reflected a net loss of £2.0 million from several Adjusted Items disclosed in note 3.

Statutory profit before tax increased by £18.7 million to £43.0 million, with 2021 including a benefit from the receipt of £2.0 million of additional loan notes from the Group’s associate, PMBS, for £nil consideration. The 2020 result included an adjusted loss on disposal of participating interests of £1.8 million and adjusted interest charges in relation to the 2019 refinancing of £11.8 million. Reflecting this, statutory profit after taxation increased by £15.3 million to £33.7 million, taking into account a tax charge on adjusted items of £0.7 million (2020: £1.7 million credit).

Adjusted Items

During the year to 31 March 2021, there are two items and the associated tax which have been presented as Adjusted Items. The items relate to Group restructuring activities which commenced in the year ended 31 March 2020, but which were ongoing and were only fully completed this year. Items presented as Adjusted 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, the step-up associated with the Group’s investment in PMBS completed for £nil consideration. The Group also received additional loan notes from PMBS for £nil consideration. These 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 significant level of Group and financial restructuring completed during the prior year, which contributed to the recognition of a pre-tax £15.7 million charge (post-tax £14.0 million) related to Adjusted Items. Details of these items can be found in note 3 to the accounts.

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

Net assets increased by £33.2 million to £148.2 million (2020: £115.0 million), having delivered a profit after tax of £33.7 million and currency translation losses of £0.5 million.

The increase in net assets is largely reflected as a net increase of £21.4 million in property, plant and equipment, a £1.5 million increase in interests in associates following the receipt of additional loan notes net of repayment of principal from PMBS, an £11.1 million increase in the non-current receivable from the parent company with interest income accruing, and a net increase in the cash balance of £204.9 million following the refinancing in January 2021. These increases to the net asset position were offset by a £203.2 million increase in interest bearing loans and borrowings following the refinancing in January 2021. The net increase of £21.4 million in property, plant and equipment, is principally from the Group's acquisition of land and the ongoing development of five new stages at Pinewood West, that will be occupied by Disney under the long-term contract.

Borrowings

In January 2021, the Group issued £200.0 million of 3.25% senior secured notes, due 2025, under the same terms and conditions of the Group's existing notes. The net £204.6 million proceeds of the offering were received on 25 January 2021 and will be used to fund our studio expansion projects and for general corporate purposes. The Group's super senior revolving credit facility of £50.0 million (due March 2025) remained undrawn throughout the year. These facilities are secured on certain of the principal assets of the Group.

Adjusted net debt as at 31 March was £452.4 million (2020: £457.3 million). See Performance measures on page 7 for the calculation of adjusted net debt.

Cash flow

The cash balance at 31 March 2021 was £297.6 million compared with a balance at 31 March 2020 of £92.7 million. The movement in cash since 31 March 2020 is attributable to a cash inflow of £205.3 million (2020: inflow of £53.3 million) with the balance due to foreign exchange losses. The current year reflects the net cash benefit from the issue of £200.0 million 3.25% senior secured notes which completed on 25 January 2021, whereas the prior year included the net benefit from the refinancing in September 2019 and the cash impact from several items that were presented as Adjusted Items.

Net cash inflow from operating activities decreased year on year by £12.0 million to £32.3 million (2020: £44.3 million), due to several key factors:

i. A £7.6 million improvement in cash flows before movements in working capital to £63.2 million (2020: £55.6 million), due to the improved trading results described before, but excluding the non-cash impact of £0.4 million higher depreciation and amortisation, a £1.7 million increase in loss on disposal of fixed assets in relation to the Real Estate Optimisation programme, the impact of the fair value (gain/loss) on the PMBS investment of £2.0 million income (2020: £1.7 million cost) and a gain on the sale of POP Global Ltd (2020: £2.8 million) and a loss on the disposal of our share of the Atlanta studios in the prior year (2020: £1.8 million);

ii. A £20.4 million reduced benefit from working capital, with a working capital outflow in 2021 of £1.8 million (2020: inflow of £18.6 million). This is due to higher resale cash settlements in the year, the commencement of the two long-term contracts during the prior year where cash is paid in advance, a higher level of payments in respect of VAT and the recognition of profit, which had been previously deferred, following the termination of the Pinewood Forest trademark royalty agreement; and

Strategic Report (continued)

Business review (continued)

Cash flow (continued)

iii. The Group has also paid £1.2 million lower net interest. Due to the refinancing in September 2019, the year to 31 March 2020 included a £5.9 million 'make-whole' payment and 15 months of interest payments. In the year to 31 March 2021, interest was paid on £550.0 million 3.25% senior notes and a £200.0 million increase in principal following the financing in January 2021. Finally, net tax paid of £6.8 million is slightly higher than last year (2020: £6.5 million), with a higher level of disallowed costs in 2021 as mentioned before. Further, additional payments made last year on transitioning to HMRC's new schedule of payments were partially offset by lower net income tax payments in relation to both a tax refund in the US and a film production company which is now inactive.

Net cash outflow from investing activities was £31.7 million compared with £209.3 million in 2020. 2021 included net expenditure in relation to our growth projects (including the acquisition of land and the development of five new stages at Pinewood) and other lifecycle capital expenditure. Capital expenditure for 2020 was £34.3 million, which was mainly in connection with the development of PWE II, and was net of £12.6 million of cash received from the sale of the Group's equity interests in the Atlanta studios and £2.8 million from the sale of POP Global Ltd. Additionally, in 2020, the Group lent £175.0 million of cash from the refinancing to its parent company.

Net cash inflow from financing was £204.6 million (2020: £218.3 million). 2021 represents the net receipts of funds, after arrangement fees, from the issue of £200.0 million 3.25% senior notes which completed on 25 January 2021. The prior year mainly reflected cash movements from the refinancing on 25 September 2019, with a net £300.0 million increase in senior secured notes, of which £75.0 million was paid as a dividend to the Group's parent company and £6.5 million paid in arrangement fees.

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. Definitions of the APMs and reconciliations to the equivalent statutory measures are detailed below.

For the year ended 31 March		**2021**	2020
	Note	**£'000**	£'000
Turnover	2	**96,888**	96,392
Adjusted EBITDA (see below)		**62,690**	58,060
Adjusted EBITDA margins (adjusted EBITDA/Turnover)		**64.7%**	60.2%
Cash generated from operations		**61,438**	74,168
Adjusted net debt (see below)		**(452,404)**	(457,345)
Adjusted Capital expenditure		**31,678**	34,320

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 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	2021 £'000	2020 £'000
Profit after taxation		**33,734**	18,383
Tax charge on profit	10	**9,276**	5,939
Net interest payable and similar charges	8/9	**9,136**	19,564
Depreciation of property, plant and equipment	4	**10,344**	9,624
Impairment of property plant and equipment	4	**-**	770
Amortisation of intangible assets	4	**973**	563
Loss on disposal of property, plant and equipment	4	**1,783**	125
EBITDA		**65,246**	54,968
Adjusted Items:			
Administrative expenses	3	**(542)**	1,434
Other operating expenses (excluding impairment)	3	**-**	(158)
Gain on loan to participating interests	3	**(2,014)**	-
Loss on disposal of participating interests	3	**-**	1,816
Adjusted EBITDA		**62,690**	58,060

Reconciliation of adjusted net debt

As at 31 March	Note	2021 £'000	2020 £'000
Current assets: Cash and cash equivalents	17	**297,596**	92,655
Non-current borrowings: High yield bond	20	**(747,655)**	(544,486)
Drawn loan facilities less current assets		**(450,059)**	(451,831)
Net debt		**(450,059)**	(451,831)
Adjustments:			
Interest accrued		**68**	50
High yield bond arrangement costs net of premium received		**(2,413)**	(5,564)
Adjusted net debt		**(452,404)**	(457,345)

Strategic Report (continued)

Principal risks and uncertainties

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 specific risk areas, which include cyber security, the evolution of the film and high-end television ('HETV') industry and attraction and retention of high calibre employees. We continue to improve and invest in information technology to mitigate ever increasing risk from cyber threats and data loss, especially with the increase in remote working in response to COVID-19. We also have invested in our people by strengthening support teams, enhancing the healthcare provision for our staff and offering support to staff for specialist training.

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 for 100% of the production accommodation at our existing UK sites, where the rent is payable in advance, the risk of low occupancy levels or downward pressure on our rates has been significantly reduced, albeit credit risk is more concentrated. Our future expansion programmes both at Shepperton and at Pinewood will be subject to the same competition. 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 British Film Institute ('BFI') and Government departments to help address any skill shortages.

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 the recent market downturn, there is no certainty that this will always be the case. Our two long-term contracts mitigate the risk 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. 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.

UK Trade agreements

On 31 December 2020, the UK left the European Union with the EU-UK Trade and Cooperation agreement in place, and some uncertainty remaining as to how this will affect future relations. As the UK seeks to sign new trade agreements with other non-EU countries, these may not be on terms which are supportive for UK businesses. Consequently, the UK may lose traction as a centre for business, potentially making it more expensive for the Group to secure funding for its domestic expansion plans.

The long-term contracts provide the Group with visibility of revenues and cash flows from its existing production accommodation. Both contracts are denominated in sterling, protecting the Group against currency movements. Most of our other customers are UK-based and the Group has relatively little exposure to cross border trading between the UK and EU. Risk remains for the Group's planned expansion programmes, from potentially adverse trade arrangements.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Finally, a further devaluation of sterling may increase the cost of imported supplies for our construction activities and specialist equipment. It is challenging to assess the impact on Pinewood's third-party suppliers, particularly as some of these services sit several levels below the primary supplier to Pinewood, be it for goods or services.

Expansion plans, development and liquidity risk

The Group plans to expand its UK studios in the coming years. 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 professionals 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.

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.

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.

Pandemic and COVID-19

The Group's UK sites have remained open and operational throughout the COVID-19 crisis and have operated in accordance with Government guidance. The pandemic impacted how content is produced and our business policies and processes have been designed to accommodate the changing requirements and to support our customers. The virus may impact expansion plans at our existing studios, either through disruption to supply chains or delays to construction activities from changes to the necessary social distancing measures, or through potential customers' willingness to take space in any new development not covered by the terms of the long-term contracts.

The Board is committed to maintaining the health and wellbeing of all persons using the studios. The Board continues to monitor the situation and consistently adhere to relevant legislation and the prevailing UK Government guidance. In response to the outbreak, the Group established a dedicated task force responsible for delivering a plan to mitigate the risks of transmission as our staff, customers and visitors return to the studios. The plan has been implemented at both Pinewood Studios and Shepperton Studios, is regularly updated in line with changes to Government guidance, and covers the five 'key steps' identified by the UK Government set out below:

Strategic Report (continued)

Principal risks and uncertainties (continued)

- completion of COVID-19 risk assessments;
- reinforcement of cleaning processes, handwashing, face coverings, ventilation hygiene and workplace testing;
- supporting employees to work from home if they can and providing a COVID-19 secure workplace for those working on site;
- maintaining social distancing on site; and
- managing transmission risk when minimum social distancing cannot be maintained.

The Group works with customers to co-ordinate and support them, as well as contributing to industry-specific consultations and codes of conduct, to maintain, encourage and enforce safe ways of working. Our production and tenant customers have their own risk assessments, procedures and COVID-safe plans for working at our sites. All persons operating at our sites need to ensure they comply with Government guidance, including the creation of their own COVID-19 risk assessment and related procedures as appropriate. Communication and coordination are central to managing and mitigating the risks presented by COVID-19.

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 is continually striving 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.

Over the last year, we have continued to deliver programmes which improve the energy efficiency of our sites. These have been focussed on the replacement of legacy, inefficient plant with modern and efficient equipment. Items such as boilers, air conditioning and lighting have been updated. In addition, the number of electric vehicles within the fleet has continued to increase. From April 2020 the Group moved almost all of its electrical power consumption to 100% renewably sourced contracts.

The Group has continued to work with partners such as BAFTA, Film London and the BFI to engage the wider industry on sustainability initiatives.

Following the industry-wide hiatus between mid-March and July 2020, due to COVID-19, and the gradual return thereafter, total energy consumption is lower than in previous years. There has also been a fall in the intensity of carbon dioxide per square foot of floor area due to the reduced onsite activity early in the year. As anticipated, the consumption of gas has increased following PWE II being occupied since autumn 2019 and we made a positive choice to heat these areas with gas rather than other more carbon intense fuels.

Strategic Report (continued)

Sustainability (continued)

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

	2021	**2020**
Energy consumption used to calculate emissions (kWh)	46,028,918	48,531,288
Emissions from combustion of gas tCO_2e (Scope 1)	3,558	3,441
Emissions from combustion of other fuels tCO_2e (Scope 1)	2,113	2,467
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	6	9
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)	4,272	5,117
Total gross tCO_2e	9,950	11,035
Intensity ratio: kg CO_2e/ sq ft floor area	5.0	5.3
Methodology	GHG Reporting Protocol	GHG Reporting Protocol
Emissions from purchased electricity tCO_2e (Scope 2, market-based factor)	2	5,117
Total annual net emissions tCO2e	5,680	11,035

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 Board is 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 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 five 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 UK production accommodation; and (ii) 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 around Shepperton Studios and obtained detailed planning permissions for the expansion of Shepperton Studios including 17 stages plus ancillary production accommodation totalling approximately 1.0 million square feet; and (iv) purchased 77 acres of land adjacent to Pinewood Studios and submitted an outline planning application 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 the important international markets.

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 2020/21
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 audio mixes – often multilingual – to tight timeframes • A COVID-19 secure workplace	• 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 and Creative Industry Trade Advisory Group (TAG)	• Acquired 77 acres of land adjacent to Pinewood Studios • Ensured our studios remained open and operated throughout the year in line with Government guidance and protocols around COVID-19 • Actively contributed to developing the industry guidance that enabled productions to return following their hiatus in Q2 CY20 – "Working Safely During COVID-19 in Film and High-end TV Drama Production" • Invested in additional facilities and technology to deliver enhanced post-production services including multilingual audio mixes for our customers • Enhanced catering and other on-site offerings delivered, in response to customer feedback

Strategic Report (continued)

Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in 2020/21
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 • Offer employees the opportunity to undertake professional accreditation courses sponsored by the Group • Provide annual training for all staff in aspects of HS&E and cyber security	• Launched an in-house Management Development programme, focussed on growing the capability and skills of our existing and potential line manager population • Implemented an internal secondment policy and focused on internal development and promotions • Operated a robust COVID-19 secure plan for all staff • 89 employees gained trade and professional skills through a mixture of training courses, academic qualifications, professional body certifications, apprenticeships and university work placements • Initiatives to support staff's mental and physical wellbeing such as an enhanced healthcare offering, access to a 24/7 virtual GP service, mental-health training for management and other support services • The Group's Health and Safety Committee, comprising a broad cross-section of employee representatives, met quarterly and championed several initiatives including an in-house staff reporting tool for health, safety, security and COVID-19 secure concerns
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	• Andrew Smith serves as Chair, Buckinghamshire Local Enterprise Partnership and as a director of Buckinghamshire Business First • Employ a dedicated Senior Community and Education Outreach Manager to maintain an open communication channel • Quarterly Pinewood and Shepperton Studios Community Liaison Groups with community stakeholders and councillors • Consult with local communities regarding expansion plans and proposals from planning through to construction • Host physical and virtual tours and annual careers fairs for local schools, colleges and universities	• Worked with ScreenSkills to film an exclusive virtual tour of Pinewood Studios for Discover! Creative Careers Week. The tour reached a total of 6,436 students during the week and was made available online • Continued our staff volunteering days for litter picking and clean up days in the local areas

Strategic Report (continued)

Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in 2020/21
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 • 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 have the technical competencies to support our infrastructure and are able to deliver to a high standard and often to tight deadlines • New contracts and contract extensions with several key suppliers (including catering, loading doors, heating, ventilation and air conditioning, security and cleaning) were considered and approved by the Board in 2020/21

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. Monthly 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) Staying COVID-19 Secure

The Board oversees its responsibilities in relation to Staying COVID-19 Secure 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.

(vii) 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

Due to the pandemic, the first national lockdown and the industry-wide hiatus, certain Pinewood teams and staff were unable to work. Throughout the year, this continued to some extent, with those same staff not working for periods or working flexibly. At the outset, the Group accessed the Government's Coronavirus Job Retention Scheme. Since the end of the year, and in light of the strong financial results, the Board has decided to return those CJRS monies relating to the Group's retained staff, which totals £548k.

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. Both before and throughout the pandemic to date, the Group has continued to meet 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, economic uncertainty, UK-international trade arrangements and 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. While the timing and shape of the post-Covid economic recovery remains uncertain, the Group's long-term contracts, where the rent is payable in advance, give relative security that the Group's cash position will remain positive in a challenging economic environment.

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

15 June 2021

Directors' Report

The Directors present their annual report and audited financial statements of the Group for the year ended 31 March 2021.

Results and Dividends

Group profit after taxation for the year ended 31 March 2021 was £33.7 million (2020: £18.4 million), including the impact of Adjusted Items.

No dividends were paid during the year (2020: £75.0 million). 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 the good governance. Details of 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 provides employees with reasonable 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. This year the Group has launched an in-house Management Development Programme, 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.

In addition, the Group has participated in two further schemes; (i) the Government-backed Kickstart scheme, aimed at combatting long-term unemployment for young people, (ii) The Skills to Screen Aviation scheme, whereby 1,000 jobseekers previously employed in the aviation industry at Heathrow Airport are offered support to transfer their skills into the screen industries. To date, 25 placements have been offered across both studios.

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 operates through various 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 8-10
- 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

15 June 2021

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 2021 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 26;
- the Parent Statement of Financial Position;
- the Parent 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.

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.

Independent auditor's report to the members of Pinewood Group Limited (continued)
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, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom
15 June 2021

Group Statement of Comprehensive Income

for the year ended 31 March 2021

		31 March 2021			31 March 2020		
		Adjusted	**Adjusted items (Note 3)**	**Total**	Adjusted	Adjusted items (Note 3)	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	2	**96,888**	**-**	**96,888**	96,392	-	96,392
Cost of sales		**(36,434)**	**-**	**(36,434)**	(40,369)	-	(40,369)
Gross profit		**60,454**	**-**	**60,454**	56,023	-	56,023
Selling and distribution costs		**(878)**	**-**	**(878)**	(1,574)	-	(1,574)
Administrative expenses		**(7,581)**	**542**	**(7,039)**	(6,758)	(1,434)	(8,192)
Other operating expenses		**(2,405)**	**-**	**(2,405)**	-	(612)	(612)
Operating profit/(loss)	4	**49,590**	**542**	**50,132**	47,691	(2,046)	45,645
Loss on disposal of participating interests					-	(1,816)	(1,816)
Gain on loan to participating interests		**-**	**2,014**	**2,014**	-	-	-
Income from participating interests		**-**	**-**	**-**	57	-	57
Interest receivable and similar income	8	**11,476**	**-**	**11,476**	8,577	-	8,577
Interest payable and similar charges	9	**(20,612)**	**-**	**(20,612)**	(16,333)	(11,808)	(28,141)
Profit/(loss) before taxation		**40,454**	**2,556**	**43,010**	39,992	(15,670)	24,322
Tax (charge)/credit	10	**(8,571)**	**(705)**	**(9,276)**	(7,607)	1,668	(5,939)
Profit/(loss) after taxation attributable to equity shareholders		**31,883**	**1,851**	**33,734**	32,385	(14,002)	18,383
Other comprehensive income							
Currency exchange differences		**(535)**	**-**	**(535)**	540	-	540
Total comprehensive income/(loss)		**31,348**	**1,851**	**33,199**	32,925	(14,002)	18,923

The notes on pages 28 to 50 form part of these financial statements.

Group Statement of Financial Position
as at 31 March 2021

	Note	**2021 £'000**	2020 £'000
Assets			
Non-current assets			
Intangible assets	13	**5,801**	5,638
Property, plant and equipment	14	**325,370**	303,922
Interests in associates	12	**3,841**	2,320
Trade and other receivables	16	**328,733**	317,653
		663,745	629,533
Current assets			
Inventories		**59**	56
Trade and other receivables	16	**7,124**	9,269
Cash and cash equivalents	17	**297,596**	92,655
		304,779	101,980
Total assets		**968,524**	731,513
Equity and liabilities			
Share capital	18	**1**	1
Translation reserve	19	**1,600**	2,135
Retained earnings	19	**146,634**	112,900
Total equity		**148,235**	115,036
Non-current liabilities			
Interest bearing loans and borrowings	20	**747,655**	544,486
Derivative financial instruments	15,21	**2,095**	2,743
Deferred tax liabilities	10	**3,769**	3,587
		753,519	550,816
Current liabilities			
Trade and other payables	22	**66,770**	65,661
		66,770	65,661
Total liabilities		**820,289**	616,477
Total equity and liabilities		**968,524**	731,513

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 15 June 2021. They were signed on its behalf by:

Barbara Inskip
Director

Group Statement of Cash Flows

for the year ended 31 March 2021

	Note	**2021** **£'000**	2020 £'000
Cash flow from operating activities:			
Profit before taxation		**43,010**	24,322
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation, impairment and amortisation	4	**11,317**	10,957
Profit on disposal of joint ventures and investments	3	**-**	(985)
Loss on disposal of property, plant and equipment	4	**1,783**	125
(Gain)/loss on investment in participating interests	3	**(2,014)**	1,680
Income from participating interests		**-**	(57)
Unrealised foreign exchange losses		**13**	-
Interest receivable and similar income	8	**(11,476)**	(8,577)
Interest payable and similar charges	9	**20,612**	28,141
Cash flow from operating activities before changes in working capital		**63,245**	55,606
Decrease in trade and other receivables		**1,546**	3,645
Increase in inventories		**(3)**	(20)
(Decrease)/increase in trade and other payables		**(3,350)**	14,937
Cash generated from operations		**61,438**	74,168
Interest paid		**(22,329)**	(23,769)
Interest received		**55**	334
Corporation tax received in respect of FPC activity		**41**	366
Net income tax paid		**(6,866)**	(6,820)
Net cash flow from operating activities		**32,339**	44,279
Cash flow from/(used in) investing activities:			
Proceeds from disposal of property, plant and equipment		**270**	615
Purchase of property, plant and equipment		**(31,256)**	(48,714)
Purchase of intangible assets		**(1,084)**	(1,579)
Proceeds from disposal of joint ventures and investments		**-**	15,358
Repayment of loan by associate		**392**	-
Loans made to parent undertakings		**-**	(175,000)
Net cash flow used in investing activities		**(31,678)**	(209,320)
Cash flow from/(used in) financing activities:			
Dividends paid	11	**-**	(75,000)
Repayment of loan notes		**-**	(250,000)
Proceeds from issue of loan notes		**206,576**	550,000
Payment of loan issue costs and finance arrangement fees		**(1,978)**	(6,500)
Repayment of asset financing obligations		**-**	(165)
Net cash flow from financing activities		**204,598**	218,335
Net increase in cash and cash equivalents		**205,259**	53,294
Currency exchange movement		**(318)**	(553)
Cash and cash equivalents at the start of the year		**92,655**	39,914
Cash and cash equivalents at the end of the year	17	**297,596**	92,655

Reconciliation of Movement in Net Debt

for the year ended 31 March 2021

	2021	2020
	£'000	£'000
Net increase in cash and cash equivalents	**205,259**	53,294
Currency exchange movement	**(318)**	(553)
Repayment of loan notes	**-**	250,000
Payment of interest on loan notes	**21,125**	16,842
Loss on extinguishment of loan notes and facilities	**-**	(5,919)
Proceeds from issue of loan notes	**(206,576)**	(550,000)
Payment of loan issue costs and finance arrangement fees	**1,978**	6,500
Loan issue costs accrued	**171**	40
Repayments of asset financing obligations	**-**	165
Loan arrangement costs recognised within other receivables	**-**	(544)
Interest expense on loan notes	**(19,867)**	(14,728)
Other non-cash movement	**-**	6
Movement in net debt	**1,772**	(244,897)
Net debt at the start of the year	**(451,831)**	(206,934)
Net debt at the end of the year	**(450,059)**	(451,831)
Net debt at the end of the year excluding restricted cash	**(451,822)**	(451,869)

Group Statement of Changes in Equity

for the year ended 31 March 2021

	Share capital £'000	**Share premium £'000**	**Translation reserve £'000**	**Other reserves £'000**	**Retained earnings £'000**	**Total equity £'000**
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**
At 01 April 2019	5,741	76,696	1,595	483	86,598	171,113
Profit for the year	-	-	-	-	18,383	18,383
Currency exchange differences	-	-	540	-	-	540
Total comprehensive income for the year	-	-	540	-	18,383	18,923
Equity dividends	-	-	-	-	(75,000)	(75,000)
Reduction in share capital	(5,740)	-	-	-	5,740	-
Cancellation of share premium account	-	(76,696)	-	-	76,696	-
Shares issued and allotted as bonus shares	204,183	-	-	(483)	(203,700)	-
Cancellation of bonus shares	(204,183)	-	-	-	204,183	-
At 31 March 2020	1	-	2,135	-	112,900	115,036

Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

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, economic uncertainty, Brexit and COVID-19, show that the Group will be able to operate within the level of its current facilities.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries up to 31 March 2021. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. All subsidiaries are consolidated for the financial year ending 31 March 2021 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

for the year ended 31 March 2021

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.
- Film turnover is also derived from international sales and marketing agreements, 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 benefited from other forms of government assistance or received grants relating to expenditure on non-current assets.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

1 Accounting policies (continued)

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 scheme. Contributions payable for the period are charged to the statement of comprehensive income in accordance with the rules of the scheme.

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

Income tax
Income tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

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

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 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 2021

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.

The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and is written down immediately to the recoverable amount. Useful lives and residual values 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 have joint control of the rights and net assets of the undertaking.

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. Inventory held for distribution at no or nominal consideration is measured at cost, adjusted where applicable for any loss of service potential, such as benefits expected from use or sale of the inventory. 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 2021

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 cash-generating unit's ("CGU") 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. 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 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
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
Loan and borrowings payable and receivable are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration transferred, adjusted for directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings 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 2021

1 Accounting policies (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 has 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 values for similar instruments.

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 Company estimates the fair value by using a valuation technique.

Provisions
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 as interest payable and similar charges.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

1 Accounting policies (continued)

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 to 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 the statement of comprehensive income 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 the 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 £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.

S106 liability
As part of the construction of Pinewood East, the Group entered into a Section 106 agreement with Buckinghamshire County Council. Under this agreement the Group must pay for certain traffic management improvements in the area around the development site. The Group is currently in discussion with Buckinghamshire County Council regarding the implementation of these improvements, and their cost has been estimated and capitalised. During the year, the Group reviewed the latest cost estimates associated with the project and maintained the amount provided at £6.0 million (2020: £6.0 million). This amount is included in capital expenditure related payables and capitalised within the gross cost of plant, property and equipment. The capitalised cost is being depreciated over 50 years and has a remaining NBV of £5.6 million (2020: £5.8 million).

During 2021, the Group entered into a Section 106 agreement with Surrey County Council for highway improvements relating to the expansion of Shepperton Studios. The Group has recognised a liability of £0.2 million within capital expenditure related payables based on its obligations at the reporting date and the latest cost estimates for the project. This has been capitalised as part of the cost of the associated studio assets and will be depreciated over the life of those assets.

The commitments of the Group under these agreements may be extended as the development projects progress, leading to increased 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.

Useful economic lives of Property, plant and equipment and intangible software assets.
The Group holds property, plant and equipment at cost less accumulated depreciation and impairment losses, the total gross cost of which is £414.4 million at 31 March 2021 (2020: £385.2 million). Accumulated depreciation is £89.0 million (2020: £81.3 million) and the charge for the period, including impairments, is £10.3 million (2020: £10.4 million). If the average useful economic life of the assets was reduced by 15% the charge would increase by £1.8 million.

As at 31 March 2021, the net book value of intangible software assets capitalised by the Group is £3.6 million (2020: £2.8 million). The software became ready for use in the current year and amortisation of £0.4 million was charged in the period. The software is being amortised over a useful economic life of 10 years. A 15% reduction in the useful economic life would increase the depreciation charge by £0.1 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

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 country of domicile, with turnover from the Group's international activity representing 1.7% (2020: 2.1%).

	2021	2020
	£'000	£'000
United Kingdom	**95,248**	94,336
North America	**1,375**	1,697
Rest of the World	**265**	359
	96,888	96,392

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 2021, three customers, including their subsidiaries, individually contributed £42.0 million (2020: £35.6 million), £26.3 million (2020: £15.9 million) and £11.7 million (2020: £9.7 million) to Group turnover. No other customer contributed 10% or more of the Group's turnover.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

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 either unusual in size or nature or 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)	**2021 £'000**	2020 £'000
Administrative expenses:		
Termination of agreement with Pinewood Forest	**542**	-
Restructuring costs	**-**	(426)
Termination of agreement with Pinewood Iskandar Malaysia Studios	**-**	672
Fair value adjustment on PMBS Holding Limited ("PMBS")	**-**	(1,680)
Administrative expenses within adjusted items	**542**	(1,434)
Other operating income/(expenses):		
Stamp duty land tax	**-**	(2,643)
Profit on disposal of POP Global Ltd	**-**	2,801
Impairment of property, plant and equipment	**-**	(770)
Other operating income/(expenses) within adjusted items	**-**	(612)
Loss on disposal of participating interests within adjusted items	**-**	(1,816)
Gain on loan to participating interests within adjusted items	**2,014**	-
Interest payable and similar charges:		
Settlement payment due on bond redemption	**-**	(5,889)
Loss on extinguishment of loan notes and facilities	**-**	(5,919)
Interest payable and similar charges within adjusted items	**-**	(11,808)
Tax (charge)/credit on adjusted items	**(705)**	1,668
Adjusted items per statement of comprehensive income	**1,851**	(14,002)

Year Ended 31 March 2021

Administrative expenses
In October 2020, the Group formally ended its relationship with its former joint venture, Pinewood Atlanta Studios, following disposal of the Group's equity investment in 2019. Subsequent to the sale, the Group continued its previous licence arrangement with the Pinewood Forest complex, owned by Pinewood Atlanta Studios. This arrangement was terminated in October 2020 and resulted in a £0.5 million credit recognised within administrative expenses.

Gain on loan to participating interests
In June 2020, the step-up associated with the Group's investment in PMBS completed for nil consideration. The step-up resulted in the Group's equity interest in PMBS increasing from 15% to 25% and the issue by PMBS to the Group of additional loan notes with a face value of £2.0 million. The additional loan notes were initially recognised in the statement of financial position at fair value, estimated to be the face value, resulting in a corresponding gain of £2.0 million.

Further details of adjusted items in the year ended 31 March 2020 can be found in the financial statements for that year, which are available from the Company's registered address on page 28.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

4 Operating profit

Operating profit is stated after charging/(crediting):	**2021** **£'000**	2020 £'000
Depreciation of property, plant and equipment	**10,344**	9,624
Impairment of property, plant and equipment	**-**	770
Loss on disposal of property, plant and equipment	**1,783**	125
Operating lease payments	**1,265**	1,061
Government grants received	**(700)**	-
Amortisation of software	**413**	-
Amortisation of goodwill	**560**	563
Net foreign exchange losses	**34**	3

Depreciation charges are included within cost of sales, amortisation of intangible assets is included within administrative expenses, losses on disposal, government grants received and impairments are included within other operating income/expenses.

Government grants received relate to the UK's Coronavirus Job Retention Scheme. Subsequent to the reporting date, the Board made the decision to repay an element of this support. See Note 26.

5 Auditor's remuneration

The analysis of auditor's remuneration is as follows:	**2021** **£'000**	2020 £'000
Fees payable to Group's auditor for the audit of Parent Company and Group financial statements	**39**	52
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**140**	149
Total audit fees	**179**	201
Fees payable to the Group's auditor and its associates for other services:		
Tax services	**63**	109
Other assurance services	**245**	268
Total fees for other services	**308**	377
Total fees	**487**	578

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

6 Staff costs and numbers

Staff costs including Directors	**2021 £'000**	2020 £'000
Salaries	**8,995**	10,065
Social security costs	**1,070**	1,114
Pension costs	**705**	807
Other employee benefits	**277**	301
	11,047	12,287

Comparatives have been re-analysed to re-present the allocation of expenses between salaries and social security costs with no change in total staff costs.

Staff costs include net termination benefit charges for redundancy of £0.1 million (2020: £0.4 million), 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	**2021**	2020 Restated[1]
Management and Executive	**9**	10
Operational	**89**	84
Administration	**45**	43
Technical[2]	**40**	69
Sales	**12**	17
	195	223

[1] – Prior year values have been restated to provide a more meaningful comparison versus the current year.
[2] – Technical includes staff in technical roles within TV and Post-Production.

7 Directors' emoluments

	2021 £'000	2020 £'000
Salaries	**554**	594
Pension costs	**30**	32
Other employee benefits	**10**	8
	594	634

As at 31 March 2021 the number of Directors to whom retirement benefits were accruing under defined contribution schemes was 2 (as at 31 March 2020: 2). The emoluments of the highest paid Director were £336,000 (2020: £351,000); pensions contributions were £4,000 (2020: £7,000). 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 (2020: £0.3 million).

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

8 Interest receivable and similar income

	2021 £'000	2020 £'000
On financial assets measured at amortised cost:		
Interest receivable from joint ventures and associates	**340**	46
Interest receivable on loan due from parent undertaking	**11,080**	8,284
Bank interest receivable	**56**	127
	11,476	8,457
On financial assets measured at fair value:		
Loan interest receivable	**-**	120
	-	120
	11,476	8,577

9 Interest payable and similar charges

	2021 £'000	2020 £'000
On financial instruments measured at amortised cost:		
Senior Secured Notes	**19,867**	14,728
Loss on extinguishment of loan notes and facilities	**-**	11,808
	19,867	26,536
On financial instruments measured at fair value:		
Losses on derivative financial instruments (including interest accruals)	**288**	1,172
On other instruments:		
Other interest	**457**	433
	20,612	28,141

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

10 Tax

	2021	2020
(a) Analysis of charge for the year:	**£'000**	£'000
Current tax:		
UK corporation tax charge	**7,176**	3,919
Amounts payable for group tax relief	**2,074**	1,617
Foreign income tax	**10**	629
Foreign tax suffered	**74**	73
UK Film tax relief	**-**	3
Double taxation credit	**(49)**	(51)
Amounts over provided in previous years	**(204)**	(583)
	9,081	5,607
Deferred tax:		
Relating to origination and reversal of timing differences	**339**	313
Effect of change in deferred tax rates	**-**	301
Amounts over provided in previous years	**(144)**	(282)
	195	332
Tax charge in the Group statement of comprehensive income	**9,276**	5,939
The tax charge in the Group statement of comprehensive income comprises:		
Tax on profit before adjusted items	**9,120**	8,469
UK Film tax relief	**-**	3
Amounts over provided in previous years before adjusted items	**(549)**	(865)
Amounts under provided in previous years on adjusted items	**201**	-
Tax charge/(credit) on adjusted items	**504**	(1,668)
Tax charge in the Group statement of comprehensive income	**9,276**	5,939

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

10 Tax (continued)

(b) Factors affecting taxation for the year:	2021 £'000	2020 £'000
Profit before tax	**43,010**	24,322
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**8,172**	4,621
Adjustments in respect of:		
UK Film tax relief	**-**	3
Corporation tax over provided in previous years	**(204)**	(583)
Deferred tax over provided in previous years	**(144)**	(282)
Non-allowable depreciation on buildings	**691**	826
Amortisation of goodwill	**106**	107
Gain on disposal of joint venture	**-**	922
Other non-allowable expenses	**593**	171
Unrelieved tax losses	**-**	9
Double taxation relief	**(49)**	(51)
Overseas tax at different rates	**111**	(68)
Group tax relief	**(2,074)**	(1,617)
Amounts payable for group tax relief	**2,074**	1,617
Land remediation relief	**-**	(39)
Deferred tax - effect of taxation rate change	**-**	303
	9,276	5,939

(c) Deferred tax	2021 £'000	2020 £'000
Deferred tax relates to the following		
Group statement of comprehensive income:		
Accelerated capital allowances	**380**	(658)
Short-term timing differences	**(92)**	951
Fair value adjustments arising on acquisitions	**(93)**	39
	195	332

Group statement of financial position	At 1 April 2020 £'000	Charged to profit or loss £'000	Currency exchange £'000	At 31 March 2021 £'000
Accelerated capital allowances	3,115	380	(4)	**3,491**
Short-term timing differences	98	(92)	(9)	**(3)**
Fair value adjustments arising on acquisitions	374	(93)	-	**281**
Net deferred tax liability	3,587	195	(13)	**3,769**

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

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 2022 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 had not been substantively enacted as at the reporting date, and therefore the Group's UK deferred tax assets and liabilities continue to be recognised at 19%. Re-measuring the Group's net UK deferred tax liability at 31 March 2021 using the revised 25% rate would result in an increase in that net liability of £1.2 million.

11 Dividends

	2021	2020
	£'000	£'000
Dividend paid at 130.64p per share	**-**	75,000
	-	75,000

12 Interests in associates

	2021	2020
	£'000	£'000
Loan notes	**3,841**	2,320
Total investment in associates	**3,841**	2,320

At 31 March 2021, 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. During the period PMBS Holding Limited issued to the Group additional loan notes with a face value of £2.0 million for nil consideration, resulting in a corresponding gain in the income statement (see Note 3). During the year the principal outstanding was reduced by £0.8 million.

The equity interest in PMBS Holding Limited is carried at £nil (2020: £nil). The Group has not recognised its share of the associate's results as it has not incurred legal or constructive obligations to make payments on behalf of the associate.

Prior to 31 December 2019 the equity interest in PMBS Holding Limited was classified as a financial asset measured at fair value through profit or loss. Following the classification of PMBS Holding Limited as an associate, the financial asset was derecognised and re-recognised as an interest in associate at nil cost. In addition, the Group reclassified its investment in the associate's loan notes from Trade and other receivables to interests in associates.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

13 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2020	2,837	5,604	8,441
Additions	1,136	-	1,136
At 31 March 2021	**3,973**	**5,604**	**9,577**
Amortisation			
At 1 April 2020	-	2,803	2,803
Provided during the year	413	560	973
At 31 March 2021	**413**	**3,363**	**3,776**
Net book value			
At 31 March 2021	**3,560**	**2,241**	**5,801**
At 31 March 2020	2,837	2,801	5,638

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 9 years.

Goodwill has been acquired through business combinations and has been allocated to the Group's only cash-generating unit. 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.

Amortisation of intangible assets is presented in Administrative expenses.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

14 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	344,634	37,128	3,473	385,235
Additions	9,034	1,705	23,119	33,858
Disposals	(3,797)	(924)	-	(4,721)
Exchange movements	-	(21)	-	(21)
At 31 March 2021	**349,871**	**37,888**	**26,592**	**414,351**
Depreciation				
At 1 April 2020	57,217	24,096	-	81,313
Provided during the year	7,575	2,769	-	10,344
Disposals	(1,822)	(846)	-	(2,668)
Exchange movements	-	(8)	-	(8)
At 31 March 2021	**62,970**	**26,011**	**-**	**88,981**
Net book value				
At 31 March 2021	**286,901**	**11,877**	**26,592**	**325,370**
At 31 March 2020	287,417	13,032	3,473	303,922

As at 31 March 2021, assets under construction mainly comprise costs associated with the redevelopment of certain 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.

15 Financial instruments held at fair value through profit or loss

	2021	2020
	£'000	£'000
Financial liabilities measured at fair value through profit or loss:		
Derivatives (Note 21)	**2,095**	2,743
Fair value at 31 March	**2,095**	2,743

Fair value gains and losses on derivative financial instruments (including interest accruals) are included in interest payable and receivable and disclosed in Notes 8 and 9.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

16 Trade and other receivables

	2021 £'000	2020 £'000
Amount falling due within one year:		
Trade receivables	**2,260**	3,554
Prepayments and other receivables	**3,212**	4,763
Corporation tax receivable	**645**	952
Value added tax	**1,007**	-
	7,124	9,269
Amount falling due after more than one year:		
Loans due from parent undertakings	**328,733**	317,653
	328,733	317,653
	335,857	326,922

Following management's review of assets for impairment, trade receivables above are stated net of a provision of £3,000 (2020: £470,000) against bad debts. In the year ended 31 March 2021 a credit of £0.1 million was recognised in the Group statement of comprehensive income and is included within administrative expenses (2020: £0.4 million).

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

17 Cash and cash equivalents

Included within the cash and cash equivalents balance at the reporting date are amounts unavailable for general use. These amounts include funds reserved solely for use in specific Media Investment Film production company operations. These operations have now ceased. In the current year, cash balances disclosed as restricted also include amounts held under the terms of agreements with local councils as security in respect of traffic management improvement works undertaken as part of the Group's development projects.

	2021 £'000	2020 £'000
Cash available for general use	**295,833**	92,617
Restricted cash and cash equivalents	**1,763**	38
	297,596	92,655

18 Share capital

	2021 £'000	2020 £'000
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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

19 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.

20 Interest bearing loans and borrowings

	Maturity	2021 £'000	2020 £'000
Non-current:			
Revolving credit facility	March 2025	**-**	-
3.25% Senior Secured Notes	September 2025	**747,655**	544,486
Non-current drawn loan facilities		**747,655**	544,486
Total interest bearing loans and borrowings		**747,655**	544,486

The effective interest rates of the above borrowings are: Revolving credit facility - LIBOR plus variable margin, £550 million 3.25% Senior Secured Notes – 3.48%, and £200 million 3.25% Senior Secured Notes – 3.00%.

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 the indenture to £750.0 million, which is presented as a single financial instrument.

Directly attributable costs of £6.0 million and £2.1 million were recognised at the inception of the £550.0 million and £200 million 3.25% Senior Secured Notes respectively. Directly attributable costs are being amortised as part of the effective interest rate method in accordance with the Group's accounting policy. In addition, presented within trade and other receivables are costs incurred of £0.4 million (2020: £0.5 million) associated with the arrangement of the revolving credit facility. These costs are being amortised on a straight-line basis.

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 2021

20 Interest bearing loans and borrowings (continued)

The available and undrawn committed facilities are as follows.

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**

At 31 March 2020	Within 1 year £'000	2 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	-	550,000	550,000
Total facilities	-	50,000	550,000	600,000
Drawn loans:				
Revolving credit facility	-	-	-	-
Loan notes	-	-	(550,000)	(550,000)
Total drawn loans	-	-	(550,000)	(550,000)
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 2021

21 Derivative financial instruments

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

	2021	2020
	£'000	£'000
Financial liabilities carried at fair value:		
Non-current derivative financial instrument liabilities	**2,095**	2,743
	2,095	2,743

Interest rate swaps

To minimise the volatility in cash flows from a change in LIBOR, 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	2021	2020
		£'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. The swaps settle in cash on a quarterly basis. The fair value of the swaps is determined by reference to market interest rate curves.

22 Trade and other payables

	2021	2020
	£'000	£'000
Trade payables	**2,803**	8,307
Value added tax	**-**	1,009
Other payables	**981**	766
Accruals and deferred income	**43,379**	40,052
Amounts due to parent company	**7,741**	5,685
Capital expenditure related payables	**11,866**	9,212
Deferred royalty	**-**	630
	66,770	65,661

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.

At 31 March 2021, the Group had total capital commitments contracted for, but not provided in the financial statements, of £33.6 million (2020: £0.5 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 2021

23 Obligations under leases

Operating leases as lessee
Future minimum rentals payable on the Group's non-cancellable operating leases as at 31 March 2021 and 31 March 2020 are as follows:

	2021	2020
	£'000	£'000
Within one year	**832**	838
After one year but not more than five years	**667**	1,416
	1,499	2,254

Operating leases as lessor
Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2021 and 31 March 2020 are as follows:

	2021	2020
	£'000	£'000
Within one year	**75,090**	66,974
After one year but not more than five years	**291,091**	278,218
More than five years	**327,992**	395,152
	694,173	740,344

24 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.

	2021	2020
	£'000	£'000
Sales to associates	**1,448**	1,643
Purchases from associates	**262**	260
Amounts owed by associates	**12**	104

For information on the loans due from associate undertakings see Note 12. For information on interest receivable from associate undertakings see Note 8.

25 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 at Companies House.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2021

26 Events after the reporting date

Subsequent to the reporting date, in light of the positive result achieved, the Directors decided to return monies received under the UK Government Coronavirus Job Retention Scheme relating to retained employees. The repayment totals £548,000. As a non-adjusting event after the end of the reporting period, the resulting reduction in other operating income is not reflected in the financial statements for the year ended 31 March 2021.

Parent Company Statement of Financial Position

as at 31 March 2021

	Note	**2021 £'000**	2020 £'000
Assets			
Non-current assets			
Investments	5	**33,006**	33,006
Intangible assets	4	**3,560**	2,837
Trade and other receivables	6	**328,733**	317,653
		365,299	353,496
Current assets			
Trade and other receivables	6	**131,397**	186,776
Cash and cash equivalents		**286,313**	74,501
		417,710	261,277
Total assets		**783,009**	614,773
Equity and liabilities			
Share capital	7	**1**	1
Translation reserve		**2,335**	1,355
Retained earnings		**(8,908)**	3,970
Total equity		**(6,572)**	5,326
Non-current liabilities			
Interest bearing loans and borrowings	8	**747,558**	544,485
Derivative financial instruments	9	**2,095**	2,743
		749,653	547,228
Current liabilities			
Trade and other payables	10	**39,928**	62,219
		39,928	62,219
Total liabilities		**789,581**	609,447
Total equity and liabilities		**783,009**	614,773

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 loss of the Company for the year was £12.9 million (2020: £12.4 million).

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 15 June 2021. They were signed on its behalf by:

Barbara Inskip
Director

The notes on pages 53 to 60 form part of these financial statements.

Parent Company Statement of Changes in Equity
for the year ended 31 March 2021

	Share capital £'000	Share premium £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
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)**
At 01 April 2019	5,741	76,696	1,243	483	8,439	92,602
Loss for the year	-	-	-	-	(12,388)	(12,388)
Currency exchange differences	-	-	112	-	-	112
Total comprehensive income/(loss) for the year	-	-	112	-	(12,388)	(12,276)
Equity dividends	-	-	-	-	(75,000)	(75,000)
Reduction in share capital	(5,740)	-	-	-	5,740	-
Cancellation of share premium account	-	(76,696)	-	-	76,696	-
Shares issued and allotted as bonus shares	204,183	-	-	(483)	(203,700)	-
Cancellation of bonus shares	(204,183)	-	-	-	204,183	-
At 31 March 2020	1	-	1,355	-	3,970	5,326

Notes to the Parent Company Financial Statements
for the year ended 31 March 2021

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.

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, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

The financial statements of the Company are consolidated in the Group financial statements on pages 24 to 50.

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, economic uncertainty and Brexit, show that the Company will be able to operate within the level of its current facilities. While the Company has a negative total equity balance at 31 March 2021, the Directors have taken into account the significant cash balance, the term to maturity of the Company’s debt obligations and the likelihood of distributions from profitable subsidiaries. The Directors, having made appropriate enquiries, consider that the Company 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.

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

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)

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. Estimates, assumptions and judgements are applied by the Company. These include, but are not limited to, recoverability of financial assets, accruals and provisions for impairments of investments. These estimates, assumptions and judgements are also 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.

As at the reporting date, the Company has a loan due from its parent company of £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.

The Company holds receivables from its subsidiary undertakings amounting to £131.0 million. These amounts are repayable on demand and do not bear interest. The Company considers these balances to be fully recoverable.

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 loss of the Company for the year was £12.9 million (2020: £12.4 million).

3 Staff costs and numbers

	2021	2020
Staff costs including Directors	**£'000**	£'000
Salaries	**1,194**	936
Social security costs	**151**	114
Pension costs	**28**	31
Other employee benefits	**9**	14
	1,382	1,095

Comparatives have been re-analysed to re-present the allocation of expenses between salaries and social security costs with no change in total staff costs.

	2021	2020
Average monthly number of employees including Executive Directors		
Administration	**2**	2
Executive	**1**	2
Sales	**1**	2
	4	6

Notes to the Parent Company Financial Statements (continued)

4 Intangible assets

	Software £'000
Cost	
At 1 April 2020	2,837
Additions	1,136
At 31 March 2021	**3,973**
Amortisation	
At 1 April 2020	-
Provided during the year	413
At 31 March 2021	**413**
Net book value	
At 31 March 2021	**3,560**
At 31 March 2020	2,837

Software assets are amortised over a useful economic life of up to 10 years.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2021

5 Investments

	£'000
Cost and net book value at 31 March 2021 and 31 March 2020	**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]	Property development	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%
Shepperton Studios (General Partner) Limited[4]	Property investment	United Kingdom	100%
Pinewood Shepperton Limited[4]	Dormant	United Kingdom	100%
Baltray No.1 Limited[4]	Property investment	United Kingdom	100%
Baltray No.2 Limited[4]	Property investment	United Kingdom	100%
Shepperton Management Limited[4]	Property support	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 Productions Ireland Limited[4]	Film services	Ireland	100%
Pinewood Camera Trap Limited	Film production	United Kingdom	100%
Pinewood Films No. 11 Limited	Film production	United Kingdom	100%
Pinewood Films No. 12 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 Investment held as follows:
- Pinewood-Shepperton Studios Limited - 17,830 ordinary shares of 5p each with a nominal value of £892, and 942,700 redeemable shares of 10p each with a nominal value of £94,270. Further details are included in the subsidiary financial statements of Pinewood-Shepperton Studios Limited.

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

4 This company was struck off between the reporting date and the date of approval of these financial statements.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2021

5 Investments (continued)

The registered office 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 Burrard Street, Vancouver BC, V7X 1L3, Canada.

Associates
As at 31 March 2021, 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: Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH.

Audit exemption
Pinewood Group Limited has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries at 31 March 2021 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 2021.

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 2021 are set out below:

Baltray No 1 Limited, Baltray No. 2 Limited, Shepperton Management Limited and Shepperton Studios (General Partner) Limited were dissolved on 18 May 2021.

Company name	Company registration number	Liabilities to non-group entities £000
Baltry No.1 Limited	05776674	-
Baltray No. 2 Limited	05778635	-
Pinewood Camera Trap Limited	08153323	-
Pinewood Dominican Republic Limited	07096246	**164**
Pinewood Films Limited	07660856	**13**
Pinewood Films No. 13 Limited	09006529	**10**
PSL Consulting Limited	08655214	-
Shepperton Management Limited	05907027	-
Shepperton Studios (General Partner) Limited	05913009	-
Pinewood Germany Limited	07079399	-
Pinewood Shepperton Facilities Limited	07527390	-
Pinewood Films No. 11 Limited	08865342	-
Pinewood Films No. 12 Limited	08865668	**2**
Where Hands Touch (FPC) Limited	09443603	-

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2021

6 Trade and other receivables

	2021 £'000	2020 £'000
Amount falling due within one year:		
Prepayments and other receivables	**416**	606
Amounts due from subsidiary undertakings	**130,981**	186,170
	131,397	186,776
Amount falling due after more than one year:		
Loans due from parent undertakings	**328,733**	317,653
	328,733	317,653
	460,130	504,429

Amounts due from subsidiary undertakings are repayable on demand and non-interest bearing (2020: interest charged at 4.05%). The loan due from the parent company is repayable by September 2025 and carries interest at 3.55% (2020: 3.55%).

7 Share capital

	2021 £'000	2020 £'000
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.

8 Interest bearing loans and borrowings

	Maturity	2021 £'000	2020 £'000
Non-current			
Loan from subsidiary undertaking	September 2025	**747,558**	544,485
Non-current drawn loan facilities		**747,558**	544,485
Total interest bearing loans and borrowings		**747,558**	544,485

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.

As at 31 March 2021, the loan agreement between Finco and the Company is for a principal of £750.0 million, bears interest at 3.25% plus a margin of 0.15% per annum and 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. As a result, the capital balance falls due for repayment in September 2025.

Details of total facilities and maturities for the Group are listed in Note 20 of the consolidated Group financial statements.

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2021

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 21 to the consolidated Group financial statements.

	2021	2020
	£'000	£'000
Financial liabilities carried at fair value:		
Non-current derivative financial instrument liabilities	**2,095**	2,743

10 Trade and other payables

	2021	2020
	£'000	£'000
Other creditors	**1,849**	2,897
Amounts due to subsidiary undertakings	**38,079**	59,322
	39,928	62,219

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 between wholly-owned members of its wider group in accordance with paragraph 33.1A of FRS 102.

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	25 March 2022
Pinewood Film Advisors (W) Limited	25 March 2022
Pinewood PSB Limited	25 March 2022
Pinewood-Shepperton Studios Limited	25 March 2022

The Company, together with certain subsidiary undertakings had at the financial statement date granted a cross guarantee in favour of its bankers in respect of the bank borrowings of the Group. The guarantee was secured by a floating charge which as at 31 March 2021 was £752,095,000 (2020: £552,743,000).

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2021

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 at Companies House. The smallest group for which consolidated accounts are prepared is for Pinewood Group Limited which are shown on pages 24 to 50.