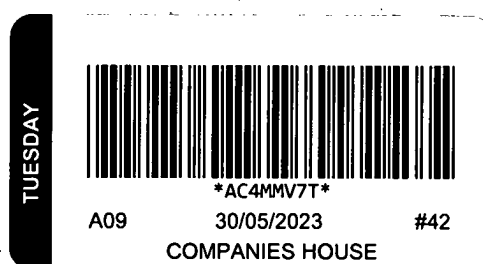


Company Registration No. 02989602 (England and Wales)

**Entertainment One UK Limited**

**Annual report and financial statements  
for the 52 week period ended 26 December 2021**



## **Entertainment One UK Limited**

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## **Entertainment One UK Limited**

### **Officers and professional advisers**

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<b>Directors</b>	Steven Andriuzzo Clare Vosper Mortimer	(Appointed 5 May 2021) (Appointed 20 January 2021)
<b>Company number</b>	02989602	
<b>Registered office</b>	45 Warren Street London W1T 6AG	
<b>Independent auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL	
<b>Banker</b>	Barclays Bank plc 1 Churchill Place London E14 5HP	

**Entertainment One UK Limited (02989602)**

**Strategic report**

**For the 52 week period ended 26 December 2021**

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The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

**Principal activities**

The principal activities of Entertainment One UK Limited (the "Company") are the acquisition and distribution of film content and television rights across all media and the licensing and marketing of intellectual property rights.

**Business review**

***Overview and operational performance***

The key performance indicators assessed by the directors and key management personnel are considered to be revenue and operating profit. In the 52 week period ended 26 December 2021 revenue decreased to £258.8 million (2020: £269.7 million) and operating profit decreased to £32.1 million (2020: £54.8 million).

Profit for the period after taxation was £23.3 million (2020: £41.4 million). Net assets at 26 December 2021 were £91.5 million (2020: £67.4 million). No dividend was declared for the year ended 26 December 2021 (2020: £200,000,000).

The directors of Hasbro, Inc. manage the Group's operations on a divisional basis with this Company including elements from the Family & Brands and Film & Television Divisions. For this reason, the Company's directors use the Hasbro, Inc. relevant Division's analysis in managing and understanding the development, performance and position of the Company.

***Principal risks and uncertainties***

Risks are identified and assessed by the Company every three months and are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the Company before and after mitigation. The Entertainment One Group Risk and Assurance function facilitates a risk identification and assessment exercise with the Executive and Risk Management Committee members. This information is combined with a consolidated view of the business area risks. The top risks (based upon likelihood and impact) form the Group Risk Profile, which is reported to the Executive Committee for review and challenge ahead of it being presented to the board of directors or final review and approval.

The principal risks and the mitigating activities in place to address such risks are included in the consolidated accounts of Hasbro, Inc. which is the ultimate holding company of the Company.

***Impact of COVID-19***

The ongoing global pandemic has the potential to have a significant impact on the Company. The measures introduced by various governments have been unprecedented, involving voluntary or enforced quarantines, restaurant, bar and shop closures, as well as restrictions on global movement.

**Entertainment One UK Limited (02989602)**

**Strategic report (continued)**

**For the 52 week period ended 26 December 2021**

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Throughout the pandemic and on a continuing basis, the Company has carried out an assessment of the long-term impact of COVID-19 on its operations and financial projections.

**Forecasting** – the Company has considered the impact of COVID-19 on its longer-term forecasts and applied applicable downside scenarios, assuming the lockdown measures remain in place on a periodic basis, allowing for the reopening of cinemas and high streets taking place on a staged basis.

**Revenues** – the closure of cinemas and high street shops could continue to have an adverse impact on the Company's film distribution business and licensing and merchandising sales. However, the impact is mitigated by the ability to reschedule film releases and the ability for licensee customers to sell via online marketplaces.

**Costs** – certain variable costs, such as print and advertising costs associated with cinema releases, have been deferred in line with the rescheduling of film releases and will continue match the timing of future box office revenues and cash receipts. The Company continues to monitor its cost base and reduce costs where practicable.

**Investment** – the Company is able to control the timing of its content and other investment spending and reschedule planned investment, where appropriate.

**Liquidity and Solvency** – the Company has considered the adverse impact of COVID-19 of the items outlined above on the liquidity. The Company continues to monitor its debtors closely and ensure timely cash collection. The Company is highly cash-generative and continues to have sufficient cash reserves at hand to ensure its ability to operate on an ongoing basis.

The Company is also employing appropriate measures to ensure the health and safety of its staff, including office closures, the use of remote working solutions and the extension of employee assistance and other support programmes.

The Company continues to monitor these developments on an ongoing basis.

#### **Section 172 Statement**

The directors of Entertainment One UK Limited consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the 52 week period ended 26 December 2021.

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, suppliers, customers, communities and societies as a whole.

**Entertainment One UK Limited (02989602)**

**Strategic report (continued)**

**For the 52 week period ended 26 December 2021**

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Our strategy focusses on producing, acquiring and exploiting family, television, music and film content and intellectual property rights across all media. To do this, we need to develop and maintain strong client relations. We value all of our suppliers and contractors and are committed to developing talent.

Approved by the board of directors and signed on behalf of the board.



.....  
Clare Vosper Mortimer

**Director**

15 May 2023

**Entertainment One UK Limited (02989602)**

**Directors' report**

**For the 52 week period ended 26 December 2021**

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The directors present their annual report and financial statements for the 52 week period ended 26 December 2021.

**Going concern**

The directors continue to adopt the going concern basis in preparing the annual report and accounts. Further details are set out in note 1.

**Dividends**

No dividend was declared for the 52 week period ended 26 December 2021 (2020: £200,000,000).

**Statement on business relationships**

Our strategy focusses on producing, acquiring and exploiting family, television, music and film content and intellectual property rights across all media. To do this, we need to develop and maintain strong client relations. We value all of our suppliers and contractors and are committed to developing talent.

**Directors**

The directors who held office during the 52 week period ended 26 December 2021 and up to the date of signature of the financial statements were as follows:

Edward Parry	(Resigned 15 October 2021)
Kezia Williams	(Resigned 5 May 2021)
Nicholas Gawne	(Resigned 25 April 2023)
Steven Andriuzzo	(Appointed 5 May 2021)
Clare Vosper Mortimer	(Appointed 20 January 2021)
Chaitanya Kulkarni	(Appointed 14 July 2020 and resigned 20 January 2021)

**Future developments**

On 17 November 2022, Hasbro, Inc. (the ultimate parent company of Entertainment One UK Limited) initiated a sale process for parts of its film and television business. This sale process may result in Entertainment One UK Limited divesting parts of its business. The sale process was ongoing at the time of the directors signing these financial statements.

**Supplier payment policy**

The Company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

Entertainment One UK Limited (02989602)

**Directors' report (continued)**

**For the 52 week period ended 26 December 2021**

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**Financial risk management**

***Liquidity risk***

The Company maintains an appropriate liquidity risk management position by having sufficient cash and availability of funding through an adequate amount of committed credit facilities.

***Interest rate risk***

The Company is exposed to interest rate risk from its borrowings and cash deposits; however, interest rate risk is monitored at a group level.

***Foreign exchange risk***

The Company is exposed to exchange rate fluctuations because it undertakes transactions denominated in foreign currency and it is exposed to foreign currency translation risk through its television division being located in North America. The Company manages transaction foreign exchange exposures by undertaking foreign currency hedging using forward foreign exchange contracts for significant balances and transactions.

**Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee involvement**

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no all-employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the Company's performance.



Entertainment One UK Limited (02989602)

**Directors' report (continued)**

For the 52 week period ended 26 December 2021

**Energy and carbon report**

The Company collated data across all of its businesses with respect to their annual electricity and gas consumption. We have used the ISO 14064-1:2006 methodology to collate the data used in our GHG emissions report. The data collated was in kWh and was converted into tonnes CO2e using guidelines from the UK Government's GHG Conversion Factors for Carbon Reporting, including the use of factor information from the UK Department of the Environment.

GHG emissions by scope	Unit	December 2021	December 2020
Scope 2	Tonnes CO2e	167.47	187.77
Scope 2 intensity	Tonnes CO2e/£m Revenue	0.65	0.70

The Group continues to ensure that when it takes on new office space, it implements environmental measures whenever possible and continues to meet local legal requirements including, for example, the UK's enactment of Article 8 of the European Union Energy Efficiency Directive.

**Statement of disclosure of information to independent auditors**

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

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

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

**Auditor**

KPMG LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006; a resolution proposing that they be re-appointed will be put at a General Meeting.

Approved by the board of directors and signed on behalf of the board.



.....  
Clare Vosper Mortimer

**Director**

15 May 2023

**Entertainment One UK Limited (02989602)**

**Statement of directors' responsibilities**

**For the 52 week period ended 26 December 2021**

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

## **Independent auditor's report**

**To the members of Entertainment One UK Limited**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERTAINMENT ONE UK LIMITED**

#### **Qualified opinion**

We have audited the financial statements of Entertainment One UK Limited ("the Company") for the 52 week period ended 26 December 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 December 2021 and of its profit for the 52 week period then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*.

In our opinion, except for the matter described in the Basis for qualified opinion section of our report, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for qualified opinion**

As stated in note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## **Independent auditor's report (continued)**

### **To the members of Entertainment One UK Limited**

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#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue contracts are not judgmental and either have a revenue recognition profile aligned to billing, or are recognised on a straight-line basis over a clear term.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with a credit to revenue against an unexpected account pairing.

##### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Qualified opinion section of our report explains the implications of the matter described in the Basis for qualified opinion on compliance with the requirements of the Companies Act 2006.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for example

## **Independent auditor's report (continued)**

### **To the members of Entertainment One UK Limited**

through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: copyright laws, data protection laws, anti-bribery and employment law recognizing the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## **Independent auditor's report (continued)**

**To the members of Entertainment One UK Limited**

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### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

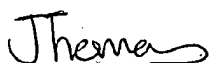
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**James Thomas (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP**

Date: 15 May 2023

**Chartered Accountant**  
**Statutory Auditor**

15 Canada Square  
Canary Wharf  
London  
E14 5GL

**Entertainment One UK Limited (02989602)**

**Income statement**

**For the 52 week period ended 26 December 2021**

		<b>Period ended 26 December 2021</b>	<b>Period ended 27 December 2020</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	<b>3</b>	258,841	269,661
Cost of sales		(151,320)	(117,238)
Impairment of investment in content	<b>12</b>	(1,564)	(145)
<b>Gross profit</b>		<b>105,957</b>	<b>152,278</b>
Administrative expenses		(33,963)	(37,317)
Restructuring costs	<b>4</b>	(544)	(17,195)
Amortisation of intangibles and investment in content		(39,367)	(43,004)
<b>Operating profit</b>	<b>5</b>	<b>32,083</b>	<b>54,762</b>
Interest receivable	<b>9</b>	3,467	6,684
Finance costs	<b>10</b>	(6,710)	(7,051)
<b>Profit before taxation</b>		<b>28,840</b>	<b>54,395</b>
Tax on profit	<b>11</b>	(5,537)	(13,012)
<b>Profit and total comprehensive income for the financial 52 week period ended</b>	<b>29</b>	<b>23,303</b>	<b>41,383</b>

There is no difference between the results as disclosed in the profit and loss account and results on a historical cost basis. All activities relate to continuing operations. The notes on pages 18 to 46 form part of these accounts.

Entertainment One UK Limited (02989602)

Balance sheet

As at 26 December 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	13	26,636	23,839
Tangible assets	14	7,298	10,231
Investments	15	1	1
		<u>33,935</u>	<u>34,071</u>
<b>Current assets</b>			
Inventories	16	-	-
Investment in acquired content rights	17	72,133	71,894
Trade and other receivables:			
Amounts falling due within one year	18	208,850	153,451
Amounts falling due after one year	18	-	-
Current tax recoverable		5,678	10,035
Cash and cash equivalents		4,265	6,800
Derivative financial instruments		1,905	174
Deferred tax asset	21	-	-
		<u>292,831</u>	<u>242,354</u>
<b>Current liabilities</b>			
Trade and other payables	22	(209,978)	(169,750)
Provisions	23	(611)	(587)
Derivative financial instruments		(415)	(725)
Lease liabilities	20	(3,032)	(2,644)
		<u>(214,036)</u>	<u>(173,706)</u>
<b>Net current assets</b>		<u>78,795</u>	<u>68,648</u>
<b>Total assets less current liabilities</b>		<u>112,730</u>	<u>102,719</u>



Entertainment One UK Limited (02989602)

Balance sheet (continued)

As at 26 December 2021

	Notes	2021 £'000	2020 £'000
<b>Non-current liabilities</b>			
Trade and other payables	22	(19,361)	(30,969)
Lease liabilities	20	(1,696)	(4,220)
		<u>(21,057)</u>	<u>(35,189)</u>
<b>Provisions for liabilities</b>			
Deferred tax liabilities	21	(128)	(83)
<b>Net assets being total assets less current liabilities</b>		<u>91,545</u>	<u>67,447</u>
<b>Capital and reserves</b>			
Called up share capital	24	113	113
Share premium account	25	440	440
Other reserves	26	23,981	23,185
Retained earnings	29	67,011	43,709
<b>Total shareholders' funds</b>		<u>91,545</u>	<u>67,447</u>

The financial statements of Entertainment One UK Limited on pages 13 to 46 were approved by the Board of Directors on 15 May 2023 and signed on its behalf by



.....  
Clare Vosper Mortimer  
Director

**Entertainment One UK Limited (02989602)**

**Statement of changes in equity**

**For the 52 week period ended 26 December 2021**

	Share capital	Share premium account	Hedging reserve	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balances at 29 December 2019</b>	113	440	196	9,913	202,326	212,988
<b>Period ended 27 December 2020:</b>						
Profit for the period	-	-	-	-	41,383	41,383
Other comprehensive income:						
Total comprehensive income for the year	-	-	-	-	41,383	41,383
Dividends	-	-	-	-	(200,000)	(200,000)
Other movements	-	-	(546)	13,622	-	13,076
<b>Balances at 27 December 2020</b>	113	440	(350)	23,535	43,709	67,447

**Entertainment One UK Limited (02989602)**

**Statement of changes in equity (continued)**

**For the 52 week period ended 26 December 2021**

	Share capital	Share premium account	Hedging reserve	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Period ended 26 December 2021:</b>						
Profit for the period	-	-	-	-	23,303	23,303
Other comprehensive income:						
Cashflow hedge gains	-	-	1,944	-	-	1,944
Total comprehensive income for the year	-	-	1,944	-	23,303	25,247
Dividends	-	-	-	-	-	-
Other movements	-	-	(243)	(905)	(1)	(1,149)
<b>Balances at 26 December 2021</b>	<b>113</b>	<b>440</b>	<b>1,351</b>	<b>22,630</b>	<b>67,011</b>	<b>91,545</b>

## Entertainment One UK Limited

### Notes to the financial statements

For the 52 week period ended 26 December 2021

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#### 1 Accounting policies

##### Company information

Entertainment One UK Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is 45 Warren Street, London, W1T 6AG.

The financial statements of Entertainment One UK Limited for the year ended 26 December 2021 were authorised for issue by the board of directors on 15 May 2023.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and The Companies Act 2006 in accordance with applicable accounting standards. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The accounting policies have been applied consistently, other than where new policies have been adopted.

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

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

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

## **Entertainment One UK Limited**

### **Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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#### **1 Accounting policies (continued)**

The financial statements present information about the Company as an individual entity and not about its group. In previous years the Company has not prepared consolidated financial statements as it was exempt from the requirements to do so by Section 400 or Section 401 of the Companies Act 2006 as it was a wholly owned subsidiary of Entertainment One UK Holdings Limited and Entertainment One Ltd. and its results were included in the consolidated financial statements of those entities. For the 52 week period ended 26 December 2021, the Company was a wholly owned subsidiary of Hasbro, Inc. and its results were included in the consolidated financial statements of that entity, which were made publicly available within the statutory filing deadlines. However, as these were not filed with Companies House ahead of the Company's filing deadline (as required by s401(2)(f) of the Companies Act), the Company is not permitted to take advantage of the exemption in section 401 and is therefore required to prepare and file consolidated financial statements. The directors have chosen not to do so, due the fact that Entertainment One UK Limited is the primary operating entity of the group, and due to the amount of time it would take to prepare consolidated financial statements and the requirement to file the financial statements at Companies House as soon as possible. Accordingly, the Company's auditor has issued a qualified audit opinion as set out on pages 9 to 12.

#### **1.2 Going concern**

The Company's activities, together with the factors likely to affect its future development, are set out in the directors' report.

Following the acquisition of Entertainment One Ltd., the Company is now a wholly-owned indirect subsidiary of Hasbro, Inc. and obtains financing through fellow group undertakings in the form of intercompany loans. The Company's ultimate parent undertaking, Hasbro, Inc., has also confirmed its intent to continue to make available financial support to the Company as required for the shorter of the period prior to the conclusion of the sale process noted in the directors' report, above, or a period of at least 12 months, to enable the Company to trade and meet its liabilities as they fall due.

On a longer term basis, the Company's forecasts and projections, taking account of reasonable possible changes in trading performance, support the directors' adoption of the going concern basis of accounting. Having considered these forecasts and projections and other factors that might impact on the Company's business, including downside sensitivities to the business plan, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's annual financial statements.

#### **1.3 Operating segments**

For internal reporting purposes, the Company is organised into two main reportable segments based on the types of product and services from which each segment drives its revenue – Family & Brands, and Télévision and Film.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**1 Accounting policies (continued)**

The types of products and services from which each reportable segment derives its revenues are as follows:

- Family & Brands – the production, acquisition and exploitation, including licensing and merchandising, of content rights across all media.
- Television and Film:
  - Television – the production, acquisition and exploitation of television content rights across all media.
  - Film – the production, acquisition and exploitation of film content rights across all media.

Revenue by segment is disclosed in Note 3.

**1.4 Revenue**

Revenue represents the amounts receivable for goods and services provided in the normal course of business, net of discounts and excluding value added tax (or equivalent). Revenue is derived from the licensing, marketing and distribution and trading of feature films, television, video programming and music rights. Revenue is also derived from television and film production and family licensing and merchandising sales. The following summarises the Company's main revenue recognition policies:

- Revenue from the exploitation of television, film and licensing rights is recognised based upon the completion of contractual obligations relevant to each agreement
- Revenue is recognised where there is reasonable contractual certainty that the revenue is receivable and will be received
- Revenue from television licensing represents the contracted value of licence fees which is recognised when the licence term has commenced, the production is available for delivery, substantially all technical requirements have been met and collection of the fee is reasonably assured
- Revenue from the sale of own or co-produced film or television productions is recognised when the production is available for delivery and there is reasonable contractual certainty that the revenue is receivable and will be received
- Revenue from the sale of home entertainment and audio inventory is recognised at the point at which goods are dispatched. A provision is made for returns based on historical trends
- Revenue from licensing and merchandising sales represents the contracted value of licence fees which is recognised when the licence terms have commenced and collection of the fees is reasonably assured
- Revenue from digital sales is recognised on transmission or during the period of transmission of the sponsored programme or digital channel

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**1 Accounting policies (continued)**

**1.5 Goodwill**

Goodwill arising on a business combination is recognised as an asset and initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of net identifiable assets acquired (including other intangible assets) and liabilities assumed. Transaction costs directly attributable to the acquisition form part of the acquisition cost for business combinations prior to 1 January 2010, but from that date such costs are written-off to profit and loss and do not form part of goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units (CGUs) which are tested for impairment annually, or more frequently if there are indications that goodwill might be impaired. The CGUs identified are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**1.6 Intangibles - intellectual property rights and amortisation**

Intellectual property rights are third party costs incurred in creating and enhancing the programming assets in the licensing and merchandising business and are capitalised at their cost if such amounts are considered recoverable against future revenues. These costs are amortised on a revenue forecast basis over a period not exceeding 15 years from the date of initial release.

The carrying amounts of intangibles are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company reviews residual values and useful lives on an annual basis and any adjustments are made prospectively.

**1.7 Fixed assets and depreciation**

Property, plant and equipment are stated at original cost less accumulated depreciation and impairment. Depreciation is charged to write off cost less estimated residual value of each asset over its estimated useful life using the following methods and rates:

Short leasehold property	Straight-line over the life of the lease
Fixtures, fittings and equipment	3 years straight-line
Plant and machinery	3 years straight-line

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company reviews residual values and useful lives on an annual basis and any adjustments are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (determined as the difference between the sales proceeds and the carrying amount of the asset) is recorded in the profit and loss account in the period of derecognition.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**1 Accounting policies (continued)**

**1.8 Inventories**

Inventories are stated at the lower of cost, including direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition, and net realisable value. The cost of inventories is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**1.9 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**1.10 Cash and cash equivalents**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**1.11 Trade and other receivables**

Trade receivables are generally non-interest bearing and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

**1.12 Trade and other payables**

Trade payables are generally non interest-bearing and are stated at their nominal value.

**1.13 Derivative financial instruments and hedging**

Derivative financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company uses derivative financial instruments to reduce its exposure to foreign exchange and interest rate movements. The Company does not hold or issue derivative financial instruments for financial trading purposes.

Derivative financial instruments are classified as held-for-trading and recognised in the balance sheet at fair value. Derivatives designated as hedging instruments are classified on inception as cash flow hedges, net investment hedges or fair value hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in equity to the extent that they are deemed effective. Ineffective portions are immediately recognised in the profit and loss account. When the hedged item affects profit or loss then the amounts deferred in equity are recycled to the profit and loss account.



**1 Accounting policies (continued)**

Fair value hedges record the change in the fair value in the profit and loss account, along with the changes in the fair value of the hedged asset or liability.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are immediately recognised in the profit and loss account.

**1.14 Taxation**

***Income Tax***

The income tax charge represents the sum of the current income tax payable and deferred tax.

The current income tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account 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 Company's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

***Deferred tax assets and liabilities***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. This applies when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**1 Accounting policies (continued)**

**1.15 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where the obligation can be estimated reliably, and where it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance expense.

**1.16 Pension costs**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Any contributions unpaid at the year-end reporting date are included as a liability.

**1.17 Share-based payments**

Following the acquisition of the Company by Hasbro, Inc. it has participated in Hasbro-operated stock compensation plans.

Hasbro has a stock-based compensation plan for key employees that is administered from the U.S. This is part of a group share-based payment scheme. Under this plan, Hasbro may grant stock options at or above the fair market value of Hasbro, Inc.'s stock, as well as restricted stock, restricted stock units and contingent stock performance awards.

The fair value is determined by using the Black-Scholes model. The Black-Scholes method includes four significant assumptions: (1) expected term of the options, (2) risk-free interest rate, (3) expected dividend yield, and (4) expected stock price volatility.

Options are granted free of conditions excepting that the employee must be employed on the vest date (i.e. any unvested options at the termination date lapse) and employees have three months post termination to exercise vested options after which they also lapse. Should the options lapse, the cumulative charge to the profit and loss account is reversed.

The share-based payment vehicles in operation during the period are:

- Restricted Stock Units (RSUs) where shares are released to the qualifying employee on or around the vest date. The number of shares released equals to the number of shares awarded.
- Performance Stock Units (PSUs) where the number of shares released depends on the Company's performance against Earnings Per Share (EPS), and/or Revenue targets stated in the award agreements.

RSU shares vest in 1/3 increments and are fully vested on the third anniversary of the grant date and released to the employee. PSU shares have a performance period equal to 3 fiscal years before vesting. Shares are released after Board approval.

The total charge in the year relating to the equity-settled schemes was £0.9 million (2020: £16.1 million).

Further details regarding these schemes can be found in the Annual Report and Accounts for Hasbro, Inc.

**1 Accounting policies (continued)**

**1.18 Leases**

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**1 Accounting policies (continued)**

**1.19 Foreign currencies**

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange differences arising on the settlement of such transactions and from translating monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit and loss account.

**1.20 Recognition and calculation of interest payable/receivable**

Interest payable and receivable is calculated and recognised on an accruals basis.

**1.21 Investment in content rights**

In the ordinary course of business, the Company contracts with film producers to acquire content rights for exploitation. Certain of these agreements require the Company to pay minimum guaranteed advances ("MGs"). MGs are recognised in the balance sheet when a liability arises, usually on delivery of the film or television programme to the Company.

Investments in acquired content rights are recorded in the balance sheet if such amounts are considered recoverable against future revenues. These costs are amortised to cost of sales on a revenue forecast basis over a period not exceeding 10 years from the date of initial release. Acquired libraries are amortised over a period not exceeding 20 years. Amounts capitalised are reviewed at least quarterly and any portion of the unamortised amount that appears not to be recoverable from future net revenues is written-off to cost of sales during the period the loss becomes evident. Balances are included within current assets if they are expected to be realised within the normal operating cycle of the Film business. The normal operating cycle of this business can be greater than 12 months.

**1.22 Changes in accounting policies**

There were no changes in accounting policy during the period.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**2 Significant accounting judgements and key sources of estimation uncertainty**

The preparation of these financial statements requires the Company to make estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

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

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

**Investment in acquired content rights**

The Company capitalises investment in acquired content rights and then amortises these balances on a revenue forecast basis, recording the amortisation charge in cost of sales. Amounts capitalised are reviewed at least quarterly and any amounts that appear to be irrecoverable from future net revenues are written-off to cost of sales during the period the loss becomes evident. The estimate of future net revenues depends on the directors' judgement and assumptions based on the pattern of historical revenue streams and the remaining life of each contract. Further details of investment in acquired content rights are contained in Note 17.

**Royalty accrual**

The Company accounts for royalty accruals by estimating the total royalty payable and then expensing these balances on a revenue forecast basis, recording the royalty charge in cost of sales. The estimates and accruals are reviewed at least quarterly. The estimate of future net revenues and total royalty payable depends on the directors' judgement and assumptions based on the pattern of historical revenue streams and the remaining life of each contract.

**Income tax**

The actual tax on the result for the year is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for tax to be paid on past profits which are recognised in the financial statements. The Company considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**3 Revenue**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue by segment</b>		
Family & Brands	132,689	136,018
Film & Television	126,152	133,643
	<u>258,841</u>	<u>269,661</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue analysed by geographical market</b>		
North America	48,313	60,059
Rest of World	139,645	156,691
United Kingdom & Ireland	70,883	52,911
	<u>258,841</u>	<u>269,661</u>

**4 Restructuring and exceptional costs**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Restructuring costs - Home entertainment	-	134
Restructuring costs - Strategy-related	544	17,061
	<u>544</u>	<u>17,061</u>

**Acquisition by Hasbro, Inc.**

On 22 August 2019 Hasbro, Inc. acquired the ultimate parent company of the Company. The costs of the integration have been included as a one-off charge as follows:

- Related severance and staff costs of £0.5 million (2020: £1.3 million)
- Acceleration of certain share based payment schemes of nil (2020: £15.7 million)
- Other integration costs of nil (2020: £0.1 million)

**Entertainment One UK Limited****Notes to the financial statements (continued)****For the 52 week period ended 26 December 2021****5 Operating profit/(loss)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit/(loss) for the period is stated after charging/(crediting):		
Amortisation of intangible assets	8,932	8,151
Depreciation - tangible fixed assets	3,104	3,085
Operating lease rentals:		
Plant and machinery	65	69
Land and buildings	7	5
(Gain)/loss on foreign currencies	(974)	4,376
Bad debt expense	400	1,091
Amortisation of acquired investment in content	30,150	34,853

**6 Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Company's auditors and associates:		
For audit services		
Audit of the financial statements of the Company	556	479

**7 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Administration	33	32
Marketing and production	199	195
Directors	2	3
	234	230

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**7 Employees (continued)**

The aggregate payroll costs of these persons were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	15,753	16,745
Social security costs	1,915	1,841
Pension costs	501	473
Share-based payments	870	14,735
	<u>19,039</u>	<u>33,794</u>

**8 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration	345	338
Company contributions to money purchase schemes	-	-
Amounts receivable under long term incentive schemes	26	-
	<u>371</u>	<u>338</u>

During the year no directors (2020: no directors) participated in money purchase pension schemes and 2 (2020: 3) directors exercised share options. 4 directors were remunerated by other group companies (2020: 3)

The amount set out above includes remuneration in respect of the highest paid director as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration	177	240
Pension contributions to money purchase pension schemes	-	-
Amounts receivable under long term incentive schemes	26	-
	<u>203</u>	<u>240</u>



**Entertainment One UK Limited****Notes to the financial statements (continued)****For the 52 week period ended 26 December 2021****9 Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from group companies	3,462	6,681
Other interest	5	3
<b>Total income</b>	<b>3,467</b>	<b>6,684</b>

**10 Interest payable**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest on lease liabilities	278	375
Payable on loans from other group companies	4,029	6,675
Other interest	2,403	1
<b>Total interest expense</b>	<b>6,710</b>	<b>7,051</b>

**11 Tax on profit**

The tax is based on the profit for the year and represents:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax at 19% (2020: 19%)	4,070	9,794
Overseas tax	1,666	2,509
<b>Total current taxation</b>	<b>5,736</b>	<b>12,303</b>
Deferred tax – origination and reversal of timing differences	(95)	771
Deferred tax – adjustments in respect of prior period	(104)	(62)
<b>Total tax charge</b>	<b>5,537</b>	<b>13,012</b>

**Entertainment One UK Limited****Notes to the financial statements (continued)****For the 52 week period ended 26 December 2021****11 Tax on profit (continued)**

The tax assessed for the period is higher (2020: higher) than at the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%). The differences are explained as follows:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	28,840	54,395
Expected tax charge based on a corporation tax rate of 19.00%	5,480	10,335
Effects of:		
Expenses not deductible for tax purposes	161	2,739
Adjustment in respect of prior periods	(104)	(62)
Irrecoverable overseas tax	-	-
Total tax for the year	5,537	13,012

The UK Government has enacted legislation to maintain the main rate of UK corporation tax at 25% with effect from 1 April 2023. The impact of the future rate changes will be accounted for to the extent that they are enacted at future balance sheet dates, however, it is estimated that this will not have a material impact on the Company.

**12 Impairments**

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £'000	2020 £'000
In respect of:		
Investment in acquired content rights	1,564	145
	1,564	145
Recognised in:		
Impairment of investment in content	1,564	145
	1,564	145

Entertainment One UK Limited

Notes to the financial statements (continued)

For the 52 week period ended 26 December 2021

**13 Intangible fixed assets**

	<b>Purchased goodwill</b>	<b>Intellectual property rights</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 27 December 2020	3,479	57,134	60,613
Additions	-	11,729	11,729
Transfer	-	-	-
At 26 December 2021	<u>3,479</u>	<u>68,863</u>	<u>72,342</u>
<b>Accumulated amortisation</b>			
At 27 December 2020	3,479	33,295	36,774
Charge for the year	-	8,932	8,932
Impairment loss	-	-	-
At 26 December 2021	<u>3,479</u>	<u>42,227</u>	<u>45,706</u>
<b>Carrying amount</b>			
At 26 December 2021	<u>-</u>	<u>26,636</u>	<u>26,636</u>
At 27 December 2020	<u>-</u>	<u>23,839</u>	<u>23,839</u>

Entertainment One UK Limited

Notes to the financial statements (continued)

For the 52 week period ended 26 December 2021

14 Tangible fixed assets

	Right of use asset	Short leasehold property	Fixtures, fittings and equipment	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 27 December 2020	10,247	4,691	559	1,112	16,609
Additions	-	-	-	171	171
Disposals	-	-	-	-	-
At 26 December 2021	10,247	4,691	559	1,283	16,780
<b>Accumulated depreciation</b>					
At 27 December 2020	3,654	1,570	500	654	6,378
Charge for the 52 week period ended	2,272	480	44	308	3,104
Disposal	-	-	-	-	-
At 26 December 2021	5,926	2,050	544	962	9,482
<b>Carrying amount</b>					
At 26 December 2021	4,321	2,641	15	321	7,298
At 27 December 2020	6,593	3,121	59	458	10,231

15 Investments

Wholly-owned subsidiary undertakings  
£'000

Cost at 27 December 2020 and 26 December 2021

1

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**15 Investments (continued)**

Subsidiary undertakings	Place of incorporation and operations	Class of share held	Proportion of ownership interest and voting power
			held (%)
Entertainment One (Asia) Limited	Hong Kong	Ordinary	100
Entertainment One China Limited*	China	Ordinary	100
eOne Brands Limited	United Kingdom	Ordinary	100
Hasbro Consumer Products Licensing Limited	United Kingdom	Ordinary	100

The registered office for the above companies registered in the United Kingdom was 45 Warren Street, London, W1T 6AG.

The registered office for Entertainment One (Asia) Limited is 20/F, Tower 535, 535 Jaffe Road, Causeway Bay, Hong Kong.

The registered office for Entertainment One China Limited is 1228 Yan An Middle Road, Room 2204G, Jing An District, Shanghai, China.

\* This company is indirectly owned by Entertainment One UK Limited as it is a 100% subsidiary of Entertainment One (Asia) Limited.

**16 Inventories**

	2021 £'000	2020 £'000
Stock of DVDs and Blu-ray discs	-	-

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**17 Investment in acquired content rights**

	<b>Film and TV rights £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 27 December 2020	512,328	512,328
Additions	31,953	31,953
	<u>544,281</u>	<u>544,281</u>
At 26 December 2021		
<b>Amortisation and impairment</b>		
At 27 December 2020	440,434	440,434
Charge for the year	30,150	30,150
Impairment loss	1,564	1,564
Other movement		
	<u>472,148</u>	<u>472,148</u>
At 26 December 2021		
<b>Carrying amount</b>		
At 26 December 2021	72,133	72,133
	<u>71,894</u>	<u>71,894</u>
At 27 December 2020		

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**18 Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	30,560	33,995
Provision for bad and doubtful debts	(1,481)	(2,001)
Net trade receivables	29,079	31,994
Prepayments	2,709	2,164
Accrued income	76,861	64,897
Other debtors	409	140
VAT recoverable	-	589
Amounts owed by parent undertaking	14,903	85
Amounts owed by subsidiary undertakings	703	5,214
Amounts owed by fellow group undertakings	84,186	48,368
Amounts falling due within one year	208,850	153,451
Amounts falling due after more than one year	-	-

Trade debtors are generally non-interest bearing.

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

**19 Liabilities**

		<b>Current</b>		<b>Non-current</b>	
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	22	209,978	169,750	19,361	30,969
Lease liabilities	20	3,032	2,644	1,696	4,220
		213,010	172,394	21,057	35,189

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**20 Lease liabilities**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Current liabilities	3,032	2,644
Non-current liabilities	<u>1,696</u>	<u>4,220</u>
	<u>4,728</u>	<u>6,864</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>278</u>	<u>213</u>



**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**21 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Cash flow hedges	Accelerated tax depreciation	Share-based payments	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000
Deferred tax asset at 29 December 2019	(43)	(236)	1,640	15	1,375
<b>Deferred tax movements in prior year</b>					
Credit to profit or loss	-	173	(909)	28	(708)
Credit to other comprehensive income	(19)	-	(731)	-	(750)
Deferred tax liability at 27 December 2020	(62)	(63)	-	43	(83)
<b>Deferred tax movements in current period</b>					
Credit to profit or loss	-	79	-	120	199
Credit direct to equity	(244)	-	-	-	(244)
Deferred tax liability at 26 December 2021	(307)	16	-	163	(128)

The deferred tax balances have been reflected in the balance sheet as follows;

	2021 £'000	2020 £'000
Deferred tax liabilities	(128)	(83)
Deferred tax assets	-	-
	(128)	(83)

The UK Government has enacted legislation to maintain the main rate of UK corporation tax at 25% with effect from 1 April 2023. The impact of the future rate changes will be accounted for to the extent that they are enacted at future balance sheet dates, however, it is estimated that this will not have a material impact on the Company.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

**22 Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,574	6,798
Other taxation and social security	6,877	-
Amounts owed to parent undertaking	-	2,907
Amounts owed to subsidiary undertakings	778	-
Amounts owed to fellow group undertakings	107,288	78,461
Accruals and deferred income	86,756	79,702
Other creditors	6,705	1,882
	<u>209,978</u>	<u>169,750</u>
Amounts owed to parent undertaking falling due after more than one year:	<u>19,361</u>	<u>30,969</u>

Other creditors are repayable on demand and are generally non-interest bearing. Amounts payable to group undertakings are generally repayable on demand and are non-interest bearing.

The directors consider that the carrying value of trade and other payables approximates to their fair value.

**23 Provisions**

	<b>Restructuring and redundancy £'000</b>
At 27 December 2020	587
Movement	24
At 26 December 2021	<u>611</u>

Provisions represent liabilities to return leasehold properties to the state when the lease was entered into, and licensing agency contracts that meet the IAS 37 definition of being onerous. In the latter case, the amounts provided for represent the cost of meeting obligations under licensing agency agreements which exceed the economic benefits expected to be received under said agreements.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**23 Provisions (continued)**

Movements on provisions:

	2021 £'000
Other	24

**24 Share capital**

	2021 £000	2020 £000
Allotted, called up and fully paid:		
112,833 ordinary shares of £1 each (2020: 112,833)	113	113

**25 Share premium account**

	2021 £'000	2020 £'000
At beginning and end of 52 week period ended	440	440

The share premium account represents the difference between the par value and the issue price of share capital. This reserve is not normally distributable.

Entertainment One UK Limited

Notes to the financial statements (continued)

For the 52 week period ended 26 December 2021

26 Other reserves

	Share-based payment reserve	Hedging reserve	Trans- lation reserve	Total
	£'000	£'000	£'000	£'000
Balance at 29 December 2019	9,913	196	-	10,109
Share based payments in the year	14,391	-	-	14,391
Other movements	(769)	(546)	-	(1,315)
	<u>23,535</u>	<u>(350)</u>	<u>-</u>	<u>23,185</u>
Balance at 27 December 2020	23,535	(350)	-	23,185
Share based payments in the year	871	-	-	871
Other movements	-	1,701	(1,776)	(75)
	<u>24,406</u>	<u>1,351</u>	<u>(1,776)</u>	<u>23,981</u>
Balance at 26 December 2021	24,406	1,351	(1,776)	23,981

Other reserves comprise the share-based payment reserve, the translation reserve and the hedging reserve.

The share-based payment reserve comprises the fair value outstanding share options recognised as an expense in the profit and loss account on the accruals basis.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit and loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**27 Hedging reserve**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of 52 week period ended	(350)	196
Gains and losses on cash flow hedges	1,944	(578)
Income tax related to gains and losses transferred to income	(243)	32
	<hr/>	<hr/>
At end of 52 week period ended	<b>1,351</b>	<b>(350)</b>

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit and loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**28 Share-based payments**

Following the acquisition of the Company by Hasbro, Inc. it has participated in Hasbro-operated stock compensation plans.

Hasbro has a stock-based compensation plan for key employees that is administered from the U.S. This is part of a group share-based payment scheme. Under this plan, Hasbro may grant stock options at or above the fair market value of Hasbro, Inc.'s stock, as well as restricted stock, restricted stock units and contingent stock performance awards.

The fair value is determined by using the Black-Scholes model. The Black-Scholes method includes four significant assumptions: (1) expected term of the options, (2) risk-free interest rate, (3) expected dividend yield, and (4) expected stock price volatility.

Options are granted free of conditions excepting that the employee must be employed on the vest date (i.e. any unvested options at the termination date lapse) and employees have three months post termination to exercise vested options after which they also lapse. Should the options lapse, the cumulative charge to the profit and loss account is reversed.

The share-based payment vehicles in operation during the period are:

- Restricted Stock Units (RSUs) where shares are released to the qualifying employee on or around the vest date. The number of shares released equals to the number of shares awarded.
- Performance Stock Units (PSUs) where the number of shares released depends on the Company's performance against Earnings Per Share (EPS), and/or Revenue targets stated in the award agreements.

RSU shares vest in 1/3 increments and are fully vested on the third anniversary of the grant date and released to the employee. PSU shares have a performance period equal to 3 fiscal years before vesting. Shares are released after Board approval.

The total charge in the year relating to the equity-settled schemes was £0.9 million (2020: £16.1 million).

Further details regarding these schemes can be found in the Annual Report and Accounts for Hasbro, Inc.

**Entertainment One UK Limited****Notes to the financial statements (continued)****For the 52 week period ended 26 December 2021****29 Retained earnings**

	2021 £'000	2020 £'000
At the beginning of the 52 week period ended	43,709	202,326
Profit for the 52 week period ended	23,303	41,383
Dividends	-	(200,000)
Other movements	(1)	-
At the end of the 52 week period ended	<u>67,011</u>	<u>43,709</u>

**30 Capital commitments**

	2021 £'000	2020 £'000
Contracted for but not provided in the financial statements:	<u>38,273</u>	<u>11,185</u>

**31 Post balance sheet events**

On 29 December 2021, the Company acquired the group's holding in Astley Baker Davies Limited, which was previously held by Entertainment One UK Holdings Limited, the Company's immediate parent company.

On 17 November 2022, Hasbro, Inc. (the ultimate parent company of Entertainment One UK Limited) initiated a sale process for parts of its film and television business. This sale process may result in Entertainment One UK Limited divesting parts of its business. The sale process was ongoing at the time of the directors signing these financial statements.

**32 Related party transactions**

Royalty payable due to Astley Baker Davies Limited, a 70% owned member of the Hasbro, Inc. group of £17.3m (2020: £21.0m) was recognised in the 52 week period to 26 December 2021. The balance owing at the end of the period was £9.5m (2020: £5.0m). There are no other related party transactions, with the exception of other transactions with other members of the group, during current year and prior years.

The Company has taken advantage of the exemption from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

**Entertainment One UK Limited**

**Notes to the financial statements (continued)**

**For the 52 week period ended 26 December 2021**

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**33 Pensions**

The Company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The expense for the period was £501,000 (2020: £473,000) of which £45,000 (2020: £234,000) was unpaid at 27 December 2021.

**34 Controlling party**

The Company is a wholly-owned subsidiary of Entertainment One UK Holdings Limited which is the immediate controlling entity as at 26 December 2021. The ultimate controlling entity as at 26 December 2021 is Hasbro, Inc. The parent undertaking of the largest and smallest group of companies into which the results of the Company are consolidated is Hasbro, Inc., the accounts of which are publicly available.