

NEP UK Film I Limited

Annual report and financial statements

For the year ended 31 December 2019

Registered in England and Wales number 10482244

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NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

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NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Directors and Advisers

Directors

G Delon
DA Crump
MA Wilson
SA Jenkins
SA Mort

Company Secretary

DM Leadbetter

Registered office

Manor Gate, Manor Royal
Crawley
England
RH10 9SX

Bankers

JP Morgan
25 Bank Street
London, E14 5JP

Independent auditor

Deloitte LLP
Statutory Auditor
Crawley
United Kingdom

NEP UK Film I Limited

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Strategic Report

NEP UK Film I Limited and its subsidiaries (the "Group") provides specialist audio visual and broadcast equipment and services to the live events and broadcast industries. The Group trades worldwide, however key areas of operation are the UK, Europe and the Middle East. The Group's ultimate parent is NEP Group Holdings, LP and NEP UK Film I Limited is one of a number of subsidiary operations operating globally.

Business Review

The reported results of NEP UK Film I Limited for the year ended 31 December 2019 have been impacted by acquisitions (both those in the current and the prior year) and the underlying trading of the Group entities.

On 1 July 2019 the Group acquired 100% of the share capital of Eurotek Group Holdings Limited and its subsidiary undertakings Eurotek (Ireland) Limited and Ion Solutions (EMEA) Limited, companies incorporated in Ireland which specialise in the provision of audio visual services to the live event and installation markets. The companies have subsequently rebranded and are now trading as CT Ireland.

Also on 1 July 2019 the Group acquired the remaining 33% minority interest of Sports Technology Limited. The subsidiary is now 100% owned by the Group.

Finally on 15 October 2019 the Group acquired the trade and assets of SOS Global Express Limited, a company incorporated in England and Wales which specialises in freight services to the broadcast and live event markets.

The 2019 acquisitions are in addition to a number of acquisitions in 2018 - NEP UK Limited, NEP (UK) Investments Limited, Bowtie Television Limited and NEP Connect Limited.

Full details of the above acquisitions can be found in note 29 of these financial statements.

Underlying Group revenues can vary significantly year on year depending on the timing of large projects. Such projects are primarily major sporting events (which are reasonably predictable and tend to occur in "even years") but can also include other large one-off events.

Key Performance Indicators

The Group's key financial performance indicators for the period are as follows:

	2019 £'000	2018 £'000	Change £'000
Revenue	190,194	101,151	89,043
Operating loss	(3,163)	(217)	(2,946)
Loss for the period	(8,150)	(514)	(7,636)
Net liabilities	(17,579)	(8,375)	(9,204)

Group revenues of £190.1m have increased significantly from 2018 and this has been driven primarily by the timing of acquisitions in the current and prior year. The 2019 results include the full year impact of the 2018 acquisitions of NEP UK Limited, NEP (UK) Investments Limited, Bowtie Television Limited and NEP Connect Limited, plus the revenues from the 2019 acquisitions of CT Ireland and SOS Global Express Limited.

Setting aside the impact of acquisitions, the Group saw a reduction in underlying revenues from major sporting events. 2018 had benefited from the Winter Olympics, Commonwealth Games, FIFA World Cup and the Ryder Cup. As was expected 2019 was much quieter in this regard with the IAAF World Athletics Championships in Doha being the only large sporting event the Group serviced during the year.

The Group did see a large increase in revenues generated in the Middle East as we developed our capacity to offer large scale, special installation services in the region. This kind of installation work tends to be lower margin than the rest of the revenues of the Group and as a result Group margins have decreased compared to the prior year.

NEP UK Film I Limited

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Strategic Report (continued)

As a result of the acquisitions noted above, overheads also increased in 2019. In addition to the overhead costs associated with the underlying business, operating expenses in 2019 also include £1.8m of costs associated with the amortisation and impairment of acquired intangible assets and goodwill associated with business combinations (2018: £1.0m)

Net interest cost increased from £2.3m in 2018 to £6.9m in 2019 as a result of interest charged on parental loans to fund the acquisitions of the current and prior year. However the results benefited from a tax credit (mostly related to deferred taxes) of £2.0m (2018: £2.0m). As a result of the above the total loss for the financial period was £8.2m (2018: £0.5m).

The Group is in a net liability position of £17.6m at the balance sheet date (2018: net liability of £8.4m). The decrease in net assets from the prior year has been mostly driven by the losses incurred during the year. It is worth noting that the December 2019 balance sheet includes group debts of £148.1m, of which £143m doesn't fall due until later than five years.

During the year the Group reported a net decrease in cash and cash equivalents of £4.6m (2018: increase of £2.4m). Note that the Group has access to the NEP Group cash pooling mechanism which allows access to overdraft-like facilities based on the net cash position of all of the NEP Group's European businesses.

Section 172 Statement

Section 172 of the Companies Act requires the Directors to each act in a way they consider, in good faith would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regards to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging this duty, we have regard for these factors taking them into consideration when decisions are made. The factors are as follows:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the company.

As noted in the Directors' Report, the directors are of the opinion that they have fulfilled their statutory obligations under Section 172. This has been achieved through decision making at periodic board meetings and adherence to the Company's governance process. The Company's key stakeholders are its customers, employees, suppliers, shareholders and the wider community.

Key decisions taken during the year

In 2019 the Group purchased Eurotek Group Holdings Limited, a Dublin based leading provider of AV, broadcast technology and installation services. The acquisition of a high quality Irish company allows expansion into a new geography and provides an opportunity to improve the services we offer to clients both in Ireland and across Europe. The acquisition provides the opportunity for increased synergies and cross-selling within the Group.

During 2019 the Group spent over £20m on investing in new rental stock to better serve our customers, improve margins and maintain our competitive advantage within the market. Key strategic capital expenditure in the year included investment in high resolution indoor LED, connectivity infrastructure and the latest broadcasting equipment for our customers.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Strategic Report (continued)

Business Risks

The Group's business is subject to many different risk factors, which will have varying degrees of significance at any particular time. Although not an exhaustive list, the Board consider the most important risks and uncertainties to the business to be as follows:

Economic and business cycle: The Group's customers are principally corporates whose expenditure on services provided by the Group can be discretionary in nature and may therefore be affected by changes in the economic and business cycle. Some of the possible actions that the Group may take to counteract a sudden downturn could take time to have effect. However, we have sought to minimise the impact of any economic slowdown by seeking, wherever practicable, to match major items of capital expenditure to expected significant future revenue streams, and by limiting infrastructure obligations and other capital commitments to a level appropriate to the foreseeable needs of the business, after taking account of market trends and developments.

Dependence on key personnel: The Group's future success will be dependent on key employees and their ongoing relationships with clients and suppliers. It is believed that the Group is of a size that no one individual represents a significant risk to the Group. The Group also encourages client or supplier contacts to be maintained by more than one individual. Key staff are incentivised through a mixture of sales commission and profit related bonuses.

Equipment failure or loss: The Group's hire stock and fixed assets comprises technical, high value equipment which is subject to the risk of electronic or mechanical failure as well as physical loss, damage or theft. The Group endeavours to minimise these risks through rigorous quality control measures, security precautions and insurance cover. The geographical spread of the Group's businesses further reduces the potential risk which might arise from any one loss or failure.

New and emerging markets: The Group may operate and supply services to events in countries where customs, practices and tax regulations are different to those in established Western markets. The Group seeks to conduct all of its business in an honest and ethical manner and to comply with all laws, rules and regulations, including those governing anti-bribery and anti-corruption, in all countries in which it operates. The Group seeks to minimise risk in this area by ensuring that all relevant staff are aware of their legal obligations through internal policies, briefings and seminars.

Future funding: The Group's capital requirements will depend on numerous factors, including its ability to operate successfully to its business plan. If funding requirements vary materially from plan, we may require further financing. In order to minimise this risk, the Group endeavours to build in contingencies to its financial forecasting. In addition, the Group will often have the ability to re-direct cash inflow intended for capital expenditure to other uses.

Exposure to counterparty credit risk: It is believed that no one client represents a material risk to the Group. Where there may be a credit concern or where significant up-front costs will be incurred in relation to a client's event, the Group will endeavour to obtain a deposit or other security for payment.

Effect of foreign currency: The Group in general does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In most cases substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by overseas costs. In respect of the translation of foreign currency assets, the Group endeavours to match a significant amount of such assets by funding overseas operations through borrowings or loans denominated in the overseas currency.

Climate change: - The Group does not consider climate change a significant risk to its business at this point. Transport costs form a relatively small part of the Group's overall cost base and any change in these would not be expected to have a material impact on our business. As detailed in the Directors' Report, the Group recognises the importance of environmental responsibility.

Brexit: The UK's decision to leave the EU will have an impact on our business operations although to what extent depends on the outcome of the Brexit process and the UK's final relationship with the EU. The Group has subsidiary operations in Ireland and Spain, plus access to a wider network around Europe as part of the NEP Group, and has the option to tactically redeploy resources as appropriate.

NEP UK Film I Limited

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Strategic Report (continued)

General risk management and internal control: The Board acknowledges its responsibility for and attaches considerable importance to the Group's systems for risk management and internal control. A variety of internal control procedures are in place across the Group to cover key business and control risks. These procedures are reviewed by the Board on a regular basis and adjustments made, where deemed appropriate.

Current Trading and Outlook

In January and February 2020 the Group performed in line with budget.

Impact of COVID-19

Covid-19 has had a significant impact on the global economy and the broadcast and live events industry the Group operates in has been particularly hit. In order to service our clients we are dependent on freely moving equipment and personnel both nationally and internationally and the lockdown conditions experienced through part of 2020 have limited our ability to do this. Many of the events we service are reliant on large gatherings of people and the need for social distancing has had an impact on our revenues due to cancelled and postponed events.

We have seen cancellations and postponements across all our revenue streams including blue-ribbon sporting events such as the 2020 Olympics in Tokyo, UEFA Euro 2020, Premiership football and Wimbledon, plus large corporate events, music touring and festivals and reality TV programming. From April to June the business was reporting negative EBITDA. However, since then there has been a recovery, initially in the Broadcast business and more recently in Live Events. From Q4 the Group is expecting to be EBITDA positive and cash generative.

As a result of the significant drop in revenue the Group has been tightly managing its costs and availed itself of government support, primarily deferred employment and sales tax payments and grants to cover employee costs, as appropriate. The group continues to innovate and new products and ways of working have been developed. We retain the backing of our parent in the US.

As lockdown restrictions have eased we are seeing signs of recovery, particularly in the broadcast and installation sectors as these are less reliant on live audiences. However the outlook for live events remains challenging.

Approved by the Board of Directors and signed on their behalf by



MA Wilson
20 November 2019

NEP UK Film I Limited
Manor Gate, Manor Royal
Crawley, RH10 9SX

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2019.

Principal activities, review of the business and future developments

The Strategic Report on pages 2 to 5 gives further information regarding principal activities of the Group, the performance and prospects of the business and the risks therein.

Dividends

The Directors do not recommend payment of a dividend (2018: £2,969,562) for the year ended 31 December 2019.

Share issues

There were no share issues during the current or prior period.

Directors

The names of the Directors who held office during the year and up to the date of signing of the financial statements are set out below:

G Delon
DA Crump
MA Wilson
SA Jenkins
SA Mort

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which can be generically categorised as:

- a) Cash flow risk
- b) Credit risk
- c) Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments from time to time to hedge certain risk exposures. There are no such instruments in place at 31 December 2019.

Cash flow risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management has established policies to manage foreign exchange risk.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is not generally hedged.

In general the Group does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In the majority of cases, substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by same currency costs.

The Group has interest bearing assets and liabilities. Interest bearing assets relate predominantly to cash held at bank and receivables relating to the NEP Group cash pooling mechanism. Interest bearing liabilities relate to the Group's loan facility with its parent undertaking, interest payable on finance lease arrangements and liabilities relating to the NEP Group cash pooling mechanism. The majority of its interest bearing financial liabilities carry a variable rate of interest. This is regarded as providing a partial hedge against the economic business cycle and takes into consideration the cash flow from operations.

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Directors' Report (continued)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

If customers are independently rated, these ratings are considered. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Group management monitor the ageing of receivables which are more than one month overdue and debtor days on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed loans and the NEP Group cash pooling mechanism. Management monitors rolling forecasts of the Group's liquidity position (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

An analysis of the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date is provided in note 20.

There are no restrictions on the Group's loan facilities. The Group has access to the NEP Group cash pooling mechanism which allows the Group access to overdraft-like facilities based on the net cash position of all of the NEP Group's European businesses.

Going concern

As set out in the Strategic Report the activities of the Group were significantly impacted by the COVID-19 pandemic. However, since the summer of 2020 the Group has seen a recovery in its broadcast services business. Given the uncertainties created by the pandemic the Directors have sought and received assurances from the parent group that it will provide financial support to the Group should this be necessary for a period of at least 12 months from the date of signing of these financial statements. The Directors have carried out an assessment of the forecast for the parent group and satisfied that it will be able to provide that support. For these reasons the Directors have adopted the going concern basis in preparing the financial statements.

Employee involvement

The Board recognises the crucial role which quality, motivated employees play in the success of the Group. Employee involvement at all levels is encouraged through annual staff surveys and regular staff meetings which cover financial performance, industry updates, and wider Group trends. Certain employees are able to share in the success of the Group through incentive arrangements. All staff have access to both industry and role specific professional development opportunities. It is the policy of the Group to recruit, develop and promote people on merit and to treat everyone equally regardless of their race, colour, ethnic origin or nationality, age, gender, marital status, sexual orientation, disability, religion or belief.

Disabled Employees

The Group gives full consideration to the possibility of employing disabled persons wherever such opportunities exist. Those employees who become disabled are given the opportunity and assistance to continue in their employment or to be trained for other, more suitable positions.

Engagement with customers, suppliers and other stakeholders

The Group operates in a competitive market and the services we provide to our clients are both critical to them and highly visible. As such customer service and client retention are key parts of our strategy. The Group maintains a strong relationship with key suppliers and recognises their importance in enabling the delivery of services to our clients. It is the Group's policy to pay suppliers in line with contractual payment terms. The Group is committed to delivering a strong financial return to our shareholder and has a number of mechanisms in place to achieve this.

NEP UK Film I Limited

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Directors' Report (continued)

Directors' Indemnities

The Company has purchased insurance to cover its Directors and officers against the costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

The Company has also provided an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006. The indemnity is in place for the Directors of the company and subsidiaries of NEP UK Film I Limited. A copy of the indemnity is available for inspection at the Company's registered office during normal working hours.

Environmental

Although the Group does not have a formal environmental policy, the Group does recognise the importance of environmental responsibility. The Group encourages the active involvement of persons working for and on behalf of the Group to minimise so far as reasonably practicable any adverse effects on the environment of their activities.

Post Balance Sheet Event

As explained in the Directors' report, Covid-19 has had a significant impact on the global economy and the broadcast and live events industry that the Group operates in has been particularly hit. The impact of Covid-19 has been treated as a non-adjusting post balance sheet event for the year ended 31 December 2019.

Due to the pandemic the group anticipates a reduction in revenue of circa 49% in the year ended 31 December 2020. Furthermore, the group will undertake an impairment assessment on its non-current assets and this may result in impairment charges being recorded in the financial statements for that year.

There were no post balance sheet events which required adjustment to the financial statements for the year ended 31 December 2019.

Auditor

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 auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to act as auditor and appropriate arrangements have been put in place for them to be deemed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by



MA Wilson
20 November 2020

NEP UK Film I Limited
Manor Gate, Manor Royal
Crawley, RH10 9SX

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company 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 of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board and signed on its behalf by



MA Wilson
20 November 2020

NEP UK Film I Limited
Manor Gate, Manor Royal
Crawley RH10 9SX

Independent auditor's report to the members of NEP UK Film I Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of NEP UK Film I 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 December 2019 and of the group's loss 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";
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 32.

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

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

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of NEP UK Film I Limited (continued)

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.

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:

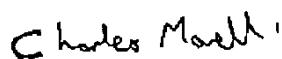
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 NEP UK Film I 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.



Charles Morelli (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom
23 November 2020

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Consolidated Profit and Loss Account

	Note	2019 £000s	2018 Restated £000s
Turnover	4	190,194	101,151
Cost of sales		(131,377)	(66,131)
Gross profit		58,817	35,020
Distribution costs		(571)	(330)
Administrative expenses		(61,409)	(34,907)
Operating loss	5	(3,163)	(217)
Interest receivable and similar income	9	686	910
Interest payable and similar expenses	9	(7,623)	(3,181)
Loss before taxation		(10,100)	(2,488)
Tax on profit	10	1,950	1,974
Loss for the financial year		(8,150)	(514)
Attributable to:			
Owners of the Company		(8,157)	(714)
Non-controlling interests		7	200
		(8,150)	(514)

All amounts relate to continuing operations

The notes on pages 19 to 47 are an integral part of these financial statements.

NEP UK Film I Limited**Annual report and financial statements for the year ended 31 December 2019****Consolidated Statement of Comprehensive Income**

	2019 £000s	2018 Restated £000s
Loss for the financial period	(8,150)	(514)
Other comprehensive expense:		
Currency translation differences	(161)	(55)
Total comprehensive expense for the period	(8,311)	(569)
Attributable to:		
Owners of the Company	(8,318)	(770)
Non-controlling interests	7	201
	(8,311)	(569)

All amounts are attributable to equity holders of the Company. There was no tax relating to other comprehensive income. All items in other comprehensive income will be recycled subsequently to the profit and loss account.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Consolidated and Parent Company Balance Sheets

		Group		Company	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Restated			
Note	£000s	£000s	£000s	£000s	£000s
Fixed assets					
Goodwill	14	11,636	9,089	-	-
Intangible assets	14	8,961	9,774	-	-
Tangible assets	13	84,821	85,488	-	-
Other investments	15	-	-	31,000	31,000
		105,418	104,351	31,000	31,000
Current assets					
Stocks	17	360	2,499	-	-
Debtors: amounts falling due within one year	16	53,573	40,290	-	-
Debtors: amounts falling due after more than one year	16	24,146	5,203	11,893	11,285
Cash at bank and on hand	18	1,578	6,131	-	-
		79,657	54,123	11,893	11,285
Creditors: Amounts falling due within one year	19	(48,568)	(49,467)	(2,039)	(1,349)
Net current assets		31,089	4,656	9,854	9,936
Total assets less current liabilities		136,507	109,007	40,854	40,936
Creditors: Amounts falling due after more than one year	20	(147,573)	(109,784)	(9,812)	(9,915)
Provisions	21	(6,513)	(7,598)	-	-
Net liabilities		(17,579)	(8,375)	31,042	31,021
Capital and reserves					
Called up share capital	23	-	-	-	-
Share premium		31,000	31,000	31,000	31,000
Merger reserve		(29,674)	(29,674)	-	-
Translation reserve		(1,049)	(888)	-	-
Profit and loss account		(17,856)	(8,909)	42	21
Shareholders' deficit		(17,579)	(8,471)	31,042	31,021
Non-controlling interests		-	96	-	-
Total capital and reserves		(17,579)	(8,375)	31,042	31,021

The notes on pages 19 to 47 are an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The profit for the Company is detailed in note 11.

The financial statements were approved by the Board of Directors on 20 November 2020 and were signed on its behalf by:



Mark Wilson

Director

NEP UK Film I Limited (registered number 10482244)

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Consolidated and Parent Company Statement of Changes in Equity

Group

Group	Share capital account £000s	Share premium account £000s	Merger reserve £000s	Translation reserve £000s	Retained earnings £000s	Total £000s	Non- controlling interest £000s	Total equity £000s
Balance at 1 January 2019 (restated)	-	31,000	(29,674)	(888)	(8,909)	(8,471)	96	(8,375)
(Loss)/profit for the period	-	-	-	-	(8,157)	(8,157)	7	(8,150)
Other comprehensive expense, net of tax	-	-	-	(161)	-	(161)	-	(161)
Total comprehensive (expense)/income for the period	-	-	-	(161)	(8,157)	(8,318)	7	(8,311)
Transactions with owners in their capacity as owners: Change in controlling interest in subsidiary	-	-	-	-	(790)	(790)	(103)	(893)
Balance at 31 December 2019	-	31,000	(29,674)	(1,049)	(17,856)	(17,579)	-	(17,579)

Group	Share capital account £000s	Share premium account £000s	Merger reserve £000s	Translation reserve £000s	Retained earnings £000s	Total £000s	Non- controlling interest £000s	Total equity £000s
Balance at 1 January 2018	-	31,000	-	(832)	(4,875)	25,293	(22)	25,271
(Loss)/profit for the period	-	-	-	-	(714)	(714)	200	(514)
Other comprehensive (expense)/income, net of tax	-	-	-	(56)	-	(56)	1	(55)
Total comprehensive (expense)/income for the period	-	-	-	(56)	(714)	(770)	201	(569)
Transactions with owners in their capacity as owners: Net capital contribution on disposal on operations to other NEP entities	-	-	-	-	(350)	(350)	-	(350)
Acquisition of group undertakings	-	-	(29,674)	-	-	(29,674)	-	(29,674)
Dividends paid (note 12)	-	-	-	-	(2,970)	(2,970)	(83)	(3,053)
Balance at 31 December 2018 (restated)	-	31,000	(29,674)	(888)	(8,909)	(8,471)	96	(8,375)

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

**Consolidated and Parent Company Statement of Changes in Equity
(continued)**

Company	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
Balance at 1 January 2019	-	31,000	21	31,021
Profit for the period	-	-	21	21
Total comprehensive income for the period	-	-	21	21
Balance at 31 December 2019	-	31,000	42	31,042

Company	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
Balance at 1 January 2018	-	31,000	12	31,012
Profit for the period	-	-	2,979	2,979
Total comprehensive income for the period	-	-	2,979	2,979
Transactions with owners in their capacity as owners:				
Dividends paid (note 12)	-	-	(2,970)	(2,970)
Balance at 31 December 2018	-	31,000	21	31,021

The share capital account includes share capital and shares issued at nominal value only. The share premium account is the net proceeds less nominal value of shares. The merger reserve represents the difference between the value of the consideration paid and book value of net assets acquired in relation to the acquisition of subsidiaries accounted for using merger accounting. The translation reserve includes exchange differences which are recognised as a separate component of equity. The retained earnings reserve represents accumulated profit and loss.

The notes on pages 19 to 47 are an integral part of these financial statements.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Consolidated and Parent Company Cash Flow Statements

	Note	Group		Company	
		2019 £000s	2018 £000s	2019 £000s	2018 £000s
Net cash flows from operating activities	25	11,302	8,053	-	-
Cash flows from investing activities					
Purchases of fixed assets		(23,149)	(7,718)	-	-
Proceeds from sale of fixed assets		374	154	-	-
Interest received		664	124	-	-
Acquisition of subsidiary		(6,377)	-	-	-
Cash acquired		2,222	6,224	-	-
Disposal of subsidiary		-	(1,583)	-	-
Net cash flows from investing activities		(26,266)	(2,799)	-	-
Cash flows from financing activities					
Interest paid		(2,501)	(588)	-	-
Proceeds from borrowings		34,369	4,257	-	-
Repayments of borrowings		(21,468)	(6,476)	-	-
Dividends paid to non-controlling interests		-	(83)	-	-
Net cash flows from financing activities		10,400	(2,890)	-	-
Net increase in cash and cash equivalents		(4,564)	2,364	-	-
Cash, cash equivalents and bank overdrafts at beginning of year		6,131	3,523	-	-
Exchange gains/(losses) on cash and bank overdrafts		11	244	-	-
Cash and cash equivalents at end of year	18	1,578	6,131	-	-

The notes on pages 19 to 47 are an integral part of these financial statements.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements

1. General information

NEP UK Film I Limited ('the Company') and its subsidiaries (together 'the Group') is an international media services business. The Group has subsidiaries around the world and sells in the UK, USA, Europe, Asia Pacific and the Middle East.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales.

2. Accounting policies

2.1 Basis of preparation

The annual report and financial statements of the Company and the Group have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Companies Act 2006. The annual report and financial statements have been prepared under the historical cost convention.

The Group transitioned from IFRS as adopted by the European Union (IFRS) to FRS 102 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 31.

The annual report and financial statements have been prepared on a going concern basis. The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The profit for the Company is detailed in note 11.

The presentational currency of the Group and Company is pounds sterling. The Company's functional currency is pounds sterling as this is the currency of the principle economic environment in which the Group operates. All amounts included in these financial statements are rounded to the nearest thousand pounds sterling, except where explicitly stated otherwise.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: contractual arrangements with the other vote holders of the investee, rights arising from other contractual arrangements, and the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment within the Company balance sheet.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies are consistent across all Group companies.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies (continued)

2.3 Business combinations

Business combinations are accounted for using the purchase method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised as negative goodwill. Transaction costs are capitalised.

The identifiable net assets of subsidiaries acquired from companies under common control are accounted for using merger accounting. The net assets acquired are measured at book value and any deficit/excess between the consideration paid and net assets acquired is been recognised in the merger reserve.

2.4 Foreign currency translation

Assets and liabilities in foreign currencies are translated into pounds sterling using exchange rates at the balance sheet date. Income statements and cash flows of overseas subsidiary undertakings are translated into pounds sterling using average exchange rates for the year.

Exchange differences are recognised as a separate component of equity where they arise from:

- (i) the retranslation of the opening assets and liabilities of overseas subsidiaries;
- (ii) the difference between the inclusion of profits at average exchange rates in the Consolidated Profit and Loss Account and the closing rate used for the Balance Sheet; and
- (iii) qualifying net investment hedges.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations designated as hedges of such investments, are taken to shareholders' equity. Otherwise, exchange differences are recognised in the profit and loss account for the period.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation. The cost of tangible fixed assets includes those costs which are directly attributable to purchasing the assets and bringing them into working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the profit and loss account.

Depreciation of tangible fixed assets is calculated at rates estimated to write off the cost of each asset to its residual value using the straight line method over the following estimated useful economic lives:

Freehold land	Not depreciated
Freehold and long leasehold buildings	30 – 50 years
Short leasehold buildings	Remaining period of lease
Hire stock	2 – 10 years
Other plant and equipment	3 – 10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The Group reviews its depreciation rates regularly during the year to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

Hire stock residual values are estimated at between zero and 10% of cost. Buildings and other plant and equipment are estimated to have no residual value. Residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Hire stock comprises a wide range of assets which are available to hire to customers and includes items such as LED screens, cameras, lighting equipment, audio and IT equipment. The appropriate depreciation rate is chosen for each asset within the range defined above.

Depreciation of hire stock is charged in 'Cost of sales' and the remaining depreciation is charged to 'Administrative expenses' unless it directly relates to the provision of services to a customer.

2.6 Intangible assets

a) Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over their useful economic lives (3 to 10 years).

Costs associated with developing and maintaining computer software programmes are recognised as an expense when incurred.

b) Website costs

The Group uses websites principally for marketing purposes rather than directly for generating revenue. Accordingly all website costs are recognised in the profit and loss account as incurred.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies (continued)

c) *Customer relationships and contracts*

Customer relationships and contracts acquired in business combinations are initially recognised at their fair value and are subsequently carried at cost less accumulated amortisation. Intangible assets attributable to specific contracts are amortised over the life of the contract, otherwise customer relationships are amortised on a straight line basis over their useful economic lives of 13 years.

d) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill on acquisition of subsidiaries is included in goodwill and intangible assets. Goodwill is carried at cost less accumulated amortisation. Goodwill is amortised on a straight line basis over its useful economic life of between 10 and 13 years. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill represents the excess of the Group's share of the net identifiable assets of the acquired subsidiary over the cost of the acquisition at the acquisition date. Negative goodwill is included in goodwill and intangible assets and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered. Negative goodwill arising on a bargain purchase is credited to the profit and loss account.

2.7 Impairment of non-current assets

The carrying amount of the Group's fixed assets is reviewed at each balance sheet date to determine whether there is any indication of impairment.

If an indicator of a possible impairment is noted, the need for any asset impairment provision is assessed by comparing the carrying value of the asset against the higher of fair value less costs to sell or value in use (recoverable amount). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in administrative expenses in the profit and loss account. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash generating units).

2.8 Financial assets

a) *Trade and other debtors*

Trade and other debtors do not carry interest and are initially recognised at fair value, and subsequently carried at amortised cost, less any provision for amounts estimated to be irrecoverable. They are included within current assets.

b) *Cash and cash equivalents*

Cash and cash equivalents in the cash flow statement includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

2.9 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Consumables relate to low value items used within the business. Cost of work in progress comprises design costs, raw materials, direct labour and other direct costs and related production overheads. Cost excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow moving and defective stock. Work in progress contains costs in relation to jobs not yet complete at the year end.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies (continued)

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.11 Financial liabilities

a) Trade and other creditors

Trade and other creditors are recognised initially at fair value and subsequently measured at amortised cost.

b) Borrowings

Borrowings comprise loans due to other Group undertakings and finance lease liabilities. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed to the profit and loss account unless used to fund a qualifying asset, in which case they are capitalised.

2.12 Current and deferred income tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are recognised on an undiscounted basis.

2.13 Employee benefits

a) Pension and post-retirement benefits

Costs in respect of defined contribution type pension arrangements are charged to the profit and loss account on an accruals basis in line with the amounts payable in respect of the accounting period.

b) Share-based payment

The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed rateably over the vesting period is determined by reference to the fair value of the shares determined at the grant date. Assumptions are made about the number of shares that the employee will ultimately receive based upon the anticipated outcome of pre-determined performance related conditions. This estimate is revised at each balance sheet date and the difference is charged or credited to the profit and loss account, with a corresponding amount to equity. A charge is also recognised in respect of the employers' National Insurance contributions as a result of the share options. The charge is based on the intrinsic value at the balance sheet date and is spread over the performance period.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies (continued)

2.14 Provisions

The Group may hold provisions on the balance sheet for restructuring, reorganisation, dilapidation and onerous contracts. These provisions cover costs resulting from the strategic reorganisation and relocation of personnel across the Group, headcount reductions, dilapidation costs and onerous contracts. Provisions are recognised where there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the time value of money would give rise to a material difference in the future cash outflows of the Group, the provisions are discounted at a rate to reflect the time value of money and the risks associated with the liability. Movements in the provision due to the passage of time are recognised within 'Finance costs'.

2.15 Turnover

Turnover comprises the fair value of the consideration received or receivable for the rental of goods and sale of services in the ordinary course of the Group's activities. Turnover is shown net of Value Added Tax and other sales taxes, net of customer discounts and after eliminating sales within the Group.

The Group recognises turnover from contracts with customers when the following criteria have been met:

- Sales of services and the rental of goods are recognised proportionally over the duration of the service or hire period;
- Turnover from audio visual installations is recognised with reference to the stage of completion of the contract, determined as the proportion of total project costs incurred.

Turnover recognised in the profit and loss account but not yet invoiced is held on the balance sheet within accrued income. Turnover invoiced but not yet recognised in the profit and loss account is held on the balance sheet within deferred income. Proceeds from the disposal of hire stock are not treated as turnover.

Interest income is accrued on a time basis, with reference to the principal outstanding and the effective interest rate applicable.

2.16 Leases

a) Finance lease contracts

Throughout the annual report and financial statements the term finance lease refers to hire purchase contracts, finance leases and sale and leaseback arrangements with financial institutions and suppliers. Where these arrangements result in substantially all the risks and rewards of ownership resting with the Group, the assets are included in the balance sheet at cost less depreciation and the present value of future payments is shown as a liability.

The interest element of these arrangements is charged to the profit and loss account over the period of the arrangement in proportion to the balance of capital payments outstanding.

Assets held under finance leases are depreciated over their estimated useful life unless there is a reasonable certainty that the ownership at the end of the lease term will be passed to the Group, in which case they are depreciated over the shorter of the estimated useful life or the term of the lease. Assets held under hire purchase contracts are depreciated over their useful lives.

b) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term. Where operating lease incentives (such as a rent free period in respect of properties) are received they are considered as an integral part of the net payment agreed for the use of the leased asset and recognised over the period of the lease on a straight-line basis.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies (continued)

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

2.18 Going concern

As set out in the Strategic Report the activities of the Group were significantly impacted by the COVID-19 pandemic. However, since the summer of 2020 the Group has seen a recovery in its broadcast services business. Given the uncertainties created by the pandemic the Directors have sought and received assurances from the parent group that it will provide financial support to the Group should this be necessary for a period of at least 12 months from the date of signing of these financial statements. The Directors have carried out an assessment of the forecast for the parent group and satisfied that it will be able to provide that support. For these reasons the Directors have adopted the going concern basis in preparing the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical judgments in applying the group's accounting policies

The critical judgements, apart from those involving estimation uncertainty (which are dealt with separately below), that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Deferred tax asset

The Group recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The future taxable profit is based upon forecast profitability of the Group's companies after adjusting for risk factors. Both the forecast profitability and application of risk factors requires significant judgement from management. Given the carrying value of the deferred tax asset is determined by forecast performance, any variances between actual and forecast performance could have a significant impact on the carrying value of the deferred tax asset and the income statement during the period.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

b) Depreciation

The Group depreciates Hire Stock over its estimated useful economic life of between 2 and 10 years. The estimation of useful economic life involves judgement from management and is subjective. The net book value of hire stock as at 31 December 2019 was £65,645,000 (2018: £62,585,000). Given the value of Hire Stock maintained by the Group, the estimation will have a significant impact on the profit and loss account in the period and the net book value of property, plant and equipment.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

3. Critical accounting estimates and judgments (continued)

c) Property provisions

The Group recognises a number of dilapidation provisions in relation to its UK leasehold properties. The carrying values of the provisions are based on estimates of future claims by landlords, requiring significant judgment from management. The carrying value of property provisions as at 31 December 2019 was £1,818,000 (2018: £1,634,000). Given the carrying value of the dilapidation provisions, any variances between actual and forecast costs could have a significant impact on the carrying value of the dilapidation provision and the profit and loss account during the period.

d) Audio visual installations

The Group recognises revenue on permanent installations of audio visual equipment with reference to the stage of completion of the contract, determined as the proportion of total project costs incurred to date. The stage of completion is based on estimates of total project costs. Accrued income includes £4,691,000 (2018: £nil) due from customers in relation to audio visual installation contracts and deferred income includes £nil (2018: £5,470,000) due to customers in relation to audio visual installation contracts. Given the value of installation contracts during the current period, any variances between actual and forecast costs could have a significant impact on the carrying value of contract assets and contract liabilities, as well as the income statement during the period.

e) Estimated impairment of goodwill

The carrying value of goodwill as at 31 December 2019 was £11,636,000 (2018: 9,089,000). In accordance with the accounting policy stated in note 2.7, the Group tests whether goodwill has suffered any impairment when indicators of impairment are identified. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

f) Acquisition accounting

The purchase price of acquisitions accounted for as business combinations has been allocated to the assets and liabilities acquired based on their respective fair market values. Property, plant and equipment were valued at fair value by estimating the replacement costs of such assets. Acquired intangibles were recognised for customer contracts which were valued using a discounted cash flow analysis. Net assets were increased by £nil (2018: £12,225,000) as a result of such fair value adjustments during the current year. Significant assumptions were used in the valuation of the customer contract assets and were based on company specific information. Such assumptions include future revenues and expenditure, estimated remaining life, returns on contributory assets and taxation.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

4. Turnover

Turnover from contracts with customers is derived from the provision of audio visual services and installation of audio visual equipment to customers in the live events market, the provision of broadcast services to customers in the broadcast market, and the provision of freight logistic services.

No single customer contributed revenues of greater than 10% of the Group's total revenue for the current or prior period.

Turnover recognised in the profit and loss account is analysed as follows:

Turnover	2019 £000s	2018 £000s
Turnover from contracts with customers	190,194	101,151
	190,194	101,151

It is not practicable to analyse the turnover listed above between hire of goods and provision of services as the sales are interlinked and viewed as one amount. Turnover of £22,455,000 (2018: £nil) relates to audio visual installation contracts.

The group derives turnover from the following major product lines and geographical regions:

Turnover	2019 £000s	2018 £000s
United Kingdom	119,711	69,109
Mainland Europe	22,016	9,141
United States of America	14,609	8,361
Rest of the World	33,858	14,540
	190,194	101,151
Live Events & Installations	84,091	41,515
Broadcast Services	105,293	59,636
Freight Logistics	810	-
	190,194	101,151

Turnover is allocated based on the country in which the customer is located.

5. Operating loss

Operating loss is stated after charging/(crediting):

	Group		Company	
	2019 £000s	2018 Restated £000s	2019 £000s	2018 £000s
Depreciation	24,666	14,861	-	-
Amortisation	1,844	1,040	-	-
Impairment of intangible assets	643	-	-	-
Operating lease payments				
- plant and machinery	474	490	-	-
- other	9,306	2,934	-	-
Loss on disposal of property, plant and equipment	227	57	-	-
Exchange loss/(gain)	315	(146)	-	-

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

6. Employee information

a) Employee benefit expense

	Group	
	2019 £000s	2018 £000s
Wages and salaries	31,065	17,350
Social security costs	3,796	2,240
Pension costs - contribution plans (note 7)	1,611	755
	36,472	20,345

The Company incurred no employee costs during the period.

b) Average number of people employed

The average number of persons employed including executive Directors was:

	Group	
Group	2019 Number	2018 Number
Operations	434	275
Administration	174	91
	608	366

The Company had no employees during the period.

c) Directors' remuneration

	Group	
	2019 £000s	2018 £000s
Directors' remuneration:		
Aggregate emoluments	1,196	1,004
Social security costs	160	133
Pension costs - contribution plans	110	20
Highest paid Director:		
Aggregate emoluments	473	528
Social security costs	64	72
Pension costs - contribution plans	-	-

One of the Directors (2018: one of the Directors) was also a director of NEP Group Holdings, LP the ultimate parent company. Their remuneration was for services to the group as a whole and was paid by another group company. It is not possible to determine the amount relating to the Group.

Four of the Directors (2018: four of the directors) were entitled to shares under the NEP Group, Inc. Equity Incentive Plan.

Retirement benefits were accruing for three Directors (2018: three Directors) under defined contribution type pension arrangements.

NEP UK Film I Limited

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Notes to the Consolidated Financial Statements (continued)

7. Pension and post-retirement benefits

The Group operates defined contribution type pension arrangements for certain of its employees both in the UK and overseas. The assets of these arrangements are held by financial institutions entirely separate from those of the Group.

The cost of these pension arrangements was £1,611,000 (2018: £755,000), and £278,000 (2018: £202,000) of contributions were unpaid at the year end and are held within trade and other payables.

8. Auditor's remuneration

The Group paid the following amounts to the company's auditor or its associates in respect of the audit of financial statements and other services provided to the Group.

	2019 £000s	2018 £000s
Audit of the annual report and financial statements	36	36
Audit of subsidiaries	214	208
Total audit	250	244
Audit-related assurance services	-	32
	250	276

9. Finance costs (net)

	2019 £000s	2018 £000s
Interest on short term bank deposits	22	666
Interest on intercompany receivables	2	236
Other interest receivable	662	8
Interest receivable and similar income	686	910
Interest on bank borrowings	(132)	(111)
Interest element of hire purchase obligations	(2)	(18)
Interest on intercompany borrowings	(7,489)	(3,052)
Interest payable and similar expenses	(7,623)	(3,181)
Net finance costs	(6,937)	(2,271)

10. Tax on profit

Analysis of taxation charge for the year

	2019 £000s	2018 £000s
Current tax	-	(25)
Current tax on profits for the period	-	72
Overseas tax	-	(260)
Adjustments in respect of prior periods	(578)	(213)
Total current tax	(578)	(213)
Deferred tax (note 22)		
Origination and reversal of temporary differences	(1,560)	(1,862)
Impact of change in the UK tax rate	-	33
Adjustments in respect of prior years	188	68
Total deferred tax	(1,372)	(1,761)
Total tax on profit	(1,950)	(1,974)

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

10. Tax on profit (continued)

Factors affecting the taxation charge

The taxation charge for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2019 £000s	2018 Restated £000s
Loss before tax	(10,100)	(2,488)
Tax calculated at standard rate of UK corporation tax of 19% (2018: 19%)	(1,919)	(473)
Group relief claimed	(199)	(119)
Expenses not deductible for tax purposes	459	232
Unrecognised differences between capital allowances and depreciation	(16)	(1,349)
Other unrecognised temporary differences	(148)	(25)
Movements in unrecognised tax losses	221	(144)
Losses carried back	260	-
Re-measurement of deferred tax - change in tax rates	191	33
Differences in tax rates	(407)	78
Prior period adjustments	(390)	(192)
Movement in deferred tax on business combination	(2)	(15)
Total tax on profit	(1,950)	(1,974)

In his budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the UK corporation tax rate to 17% with effect from 1 April 2020. The Finance (No. 3) Bill 2017-19 received Royal Assent in February 2019, following the Finance Act 2019. This change was substantively enacted at the balance sheet date (i.e. 31 December 2019) and, accordingly, have been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2019.

In his budget of 11 March 2020, the Chancellor of the Exchequer announced that the UK corporation tax rate will now remain at 19% from 1 April 2020. This change was not substantively enacted at the balance sheet date and has not been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2019.

11. Profit attributable to the Company

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit for the parent Company for the year was £21,000 (2018: £2,979,000).

12. Dividends

No dividends were approved or paid during the current period.

An interim dividend of £92,798.81 per share, amounting to £2,969,562 in total, for the year ending 31 December 2018 was declared and paid on 1 May 2018.

NEP UK Film I Limited

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Notes to the Consolidated Financial Statements (continued)

13. Tangible fixed assets

Group	Land and buildings £000s	Hire stock £000s	Other plant and equipment £000s	Total £000s
Cost				
At 1 January 2019	5,637	117,727	22,300	145,664
Additions	210	20,315	2,688	23,213
Disposals	-	(1,523)	(1,370)	(2,893)
Business acquisitions	39	1,121	386	1,546
Reclassify	-	163	(163)	-
Exchange differences	(28)	(383)	(69)	(480)
At 31 December 2019	5,858	137,420	23,772	167,050
Accumulated depreciation and impairment				
At 1 January 2019	1,482	55,142	3,552	60,176
Depreciation charge	694	17,906	6,066	24,666
Disposals	-	(1,139)	(1,199)	(2,338)
Reclassify	-	81	(81)	-
Exchange differences	(20)	(215)	(40)	(275)
At 31 December 2019	2,156	71,775	8,298	82,229
Net book amount				
At 31 December 2019	3,702	65,645	15,474	84,821
At 1 January 2019	4,155	62,585	18,748	85,488

Depreciation of £17,948,000 (2018: £12,809,000) has been charged in 'cost of sales' and the remaining £6,718,000 (2018: £2,052,000) has been charged to 'administrative expenses'.

Land and buildings relates to short leasehold properties.

The following assets were held under hire purchase contracts:

Group	Hire stock 2019 £000s	Other plant and equipment 2019 £000s	Total 2019 £000s	Hire stock 2018 £000s	Other plant and equipment 2018 £000s	Total 2018 £000s
Cost	71	3,198	3,269	1,875	2,533	4,408
Depreciation	(34)	(1,977)	(2,011)	(1,114)	(1,313)	(2,427)
Net book amount	37	1,221	1,258	761	1,220	1,981

Assets held under hire purchase contracts are pledged as security for the related hire purchase liabilities.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

14. Intangible assets

Group	Goodwill £000s	Customer Relationships £000s	Computer Software £000s	Total £000s
Cost				
At 1 January 2019 (restated)	9,466	10,760	276	20,502
Additions	-	-	44	44
Disposals	-	-	(39)	(39)
Business acquisitions	4,145	-	76	4,221
Exchange differences	-	-	(9)	(9)
At 31 December 2019	13,611	10,760	348	24,719
Accumulated Amortisation				
At 1 January 2019 (restated)	377	1,132	130	1,639
Amortisation charge	955	828	61	1,844
Disposals	-	-	-	-
Impairment	643	-	-	643
Exchange differences	-	-	(4)	(4)
At 31 December 2019	1,975	1,960	187	4,122
Net book amount				
At 31 December 2019	11,636	8,800	161	20,597
At 1 January 2019 (restated)	9,089	9,628	146	18,863

Amortisation during the current and prior year is included in 'administrative expenses' in the income statement.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

Group	2019 £000s	2018 Restated £000s
Creative Technology UK	1,894	2,083
Creative Technology Spain	-	707
NEP Connect	5,804	6,299
Creative Technology Ireland	3,938	-
Net book value	11,636	9,089

Customer relationships include £5,288,000 (2018: £5,812,000) of customer relationships arising on the acquisition of Avesco Group plc in the year ended 31 December 2017. This asset has a remaining amortisation period of 10 years. Customer relationships also include £3,512,000 (2018: £3,811,000) of customer contracts arising on the acquisition of NEP Connect in the prior year. This asset has a remaining amortisation period of 11 years.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

15. Investments

Investments in subsidiary undertakings

Company	2019 £000s	2018 £000s
Cost	31,000	31,000
Provision for impairment	-	-
Net book value	31,000	31,000

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid less impairment.

The Group's subsidiary undertakings at 31 December 2019, all of which are included in the consolidation, were as follows:

Legal names	Trading name(s)	Activity	Holding	Country of incorporation
United Kingdom				
Creative Technology Limited	CT London CT Screenco	Audio visual services	Ordinary shares	England & Wales
Sports Technology Limited	Sports Technology	Audio visual services	Ordinary A shares	England & Wales
The Wireless Works (UK) Limited	Wireless Works	Dormant	Ordinary shares	England & Wales
NEP Visions Limited	Not applicable	Dormant	Ordinary shares	England & Wales
Fountain Television Limited	Not applicable	Dormant	Ordinary shares	England & Wales
Creative Technology Group Limited	Not applicable	Non-trading	Ordinary shares	England & Wales
Avesco Services Limited	Avesco Services	Non-trading	Ordinary shares	England & Wales
NEP UK Film II Limited*	NEP UK Film II	Holding company	Ordinary shares	England & Wales
Creative Technology EME Limited	Avesco Holdings	Holding company	Ordinary shares	England & Wales
NEP UK Limited	NEP Visions	Broadcast services	Ordinary shares	England & Wales
Bowtie Television Limited	Bowtie Television	Broadcast services	Ordinary shares	England & Wales
NEP Connect Limited	NEP Connect	Broadcast services	Ordinary shares	England & Wales
NEP (UK) Investments Limited	Not applicable	Holding company	Ordinary shares	England & Wales
SOS Event Logistics Limited	SOS	Logistics	Ordinary shares	England & Wales

NEP UK Film I Limited**Annual report and financial statements for the year ended 31 December 2019****Notes to the Consolidated Financial Statements (continued)****15. Investments (continued)**

Legal name	Trading name(s)	Activity	Holding	Country of incorporation
Mainland Europe				
Creative Technology Spain SL	CT Spain	Audio visual services	Ordinary shares	Spain
LED Investments International B.V.	LED Investments International	Holding company	Ordinary shares	Netherlands
Creative Technology (Audio Visual) Ireland Ltd	CT Ireland	Audio visual services	Ordinary shares	Ireland
Eurotek Group Holdings Limited	Not applicable	Holding company	Ordinary shares	Ireland
Eurotek (Ireland) Limited	Not applicable	Holding company	Ordinary shares	Ireland
Rest of World				
Creative Technology – Emirates LLC	CT Dubai	Audio visual services	Ordinary shares	Dubai
Faber Audiovisuals DMCC	Faber Dubai	Audio visual services	Ordinary shares	Dubai
Video Technology Qatar LLC	CT Qatar	Audio visual services	Ordinary shares	Qatar

At 31 December 2019 all classes of share of all these subsidiaries were 100% beneficially owned by the Group. All subsidiaries have a year end of 31 December.

* Denotes subsidiaries directly held by NEP UK Film I Limited.

The registered office the Company and the Group's subsidiary undertakings was Manor Gate, Manor Royal, Crawley, RH10 9SX, with the exception of the following subsidiaries:

- The registered office of NEP Visions Limited, Bowtie Television Limited and NEP (UK) Investments Limited was Gemini House, Downmill Road, Bracknell, England, RG12 1QS;
- NEP Connect Limited, Unit 1/2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, England, MK10 0AX;
- Creative Technology Spain SL, Registro mercantil de Barcelona, tomo 40673, folio 96. Hoja B-358437, inscripción 14ª, Spain;
- LED Investments International B.V., 22 Hemmemaweg, 9076 PH Sint Annaparochie, Netherlands;
- Creative Technology – Emirates LLC, Plot 597978, Units 1-3, Dubai Investment Park 2, PO Box 282572, Dubai, United Arab Emirates;
- Faber Audiovisuals DMCC, Unit 206, DMCC Business Centre, Level No. 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates;
- Video Technology Qatar LLC, PO Box 24863, Doha, Qatar;
- The registered office of Creative Technology (Audio Visual) Ireland Limited, Eurotek Group Holdings Limited and Eurotek (Ireland) Limited was Unit E, 61 Heather Road, Sandyford Industrial Estate, Dublin 18, Ireland.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

15. Investments (continued)

NEP UK Film II Limited, Creative Technology Group Limited, Avesco Holdings Limited, Creative Technology Limited, NEP UK Limited, NEP (UK) Investments Limited and NEP Connect Limited, subsidiary undertakings, have claimed exemption from the audit of individual company financial statements in accordance with section 479(A) of the Companies Act 2006.

NEP UK Film II Limited is a company incorporated in England and Wales with registered number 10482903. Creative Technology Group Limited is a company incorporated in England and Wales with registered number 01788363. Creative Technology EME Limited is a company incorporated in England and Wales with registered number 05417688. Creative Technology Limited is a company incorporated in England and Wales with registered number 02039109. NEP UK Limited is a company incorporated in England and Wales with registered number 05313009. NEP (UK) Investments Limited is a company incorporated in England and Wales with registered number 05745362. NEP Connect Limited is a company incorporated in England and Wales with registered number 05075598.

16. Debtors

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Amounts falling due within one year:				
Trade debtors	25,752	22,299	-	-
Amounts owed by Group undertakings	5,721	5,007	-	-
Other debtors	680	617	-	-
Corporation tax recoverable	1,511	636	-	-
Prepayments	7,604	3,343	-	-
Accrued income	8,562	4,702	-	-
Deferred tax asset (note 22)	3,743	3,686	-	-
	53,573	40,290	-	-
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	23,944	5,090	11,893	11,285
Other debtors	202	113	-	-
	24,146	5,203	11,893	11,285

All trade debtors relate to contracts with customers. All amounts falling due after more than one year are due within five years from the balance sheet date. Current amounts receivable are unsecured, interest free and repayable on demand. Amounts owed by Group undertakings falling due within one year relate to the provision of services to group undertakings. Accrued income includes £4,691,000 (2018: £nil) due from customers in relation to audio visual installation contracts.

Amounts owed by Group undertakings falling due after more than one year are unsecured, repayable on demand and bear interest based on local interbank rates. These receivables relate to loans provided to other Group undertakings to finance acquisitions or via the NEP cash pooling mechanism. These receivables are not considered impaired as they are all due from subsidiary undertakings which will receive sufficient Group support to satisfy these debts.

For the Company, receivables from Group undertakings are repayable in the year ending 31 December 2025.

17. Stocks

	2019	2018
	£000s	£000s
Group		
Consumables and goods for resale	360	2,499
	360	2,499

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Notes to the Consolidated Financial Statements (continued)

18. Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Cash at bank and on hand	1,578	6,131	-	-
	1,578	6,131	-	-

19. Creditors – amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Trade creditors	12,595	4,790	-	-
Obligations under finance leases and HP contracts	612	638	-	-
Social security and other taxes	3,709	3,346	-	-
Other payables	1,413	1,121	-	-
Accruals	18,828	13,384	-	-
Deferred income	5,263	9,140	-	-
Amounts owed to fellow Group subsidiary undertakings	4,792	15,349	-	-
Loans from Group undertakings	1,197	1,139	2,039	1,349
Corporation tax	9	560	-	-
Deferred acquisition payments	150	-	-	-
	48,568	49,467	2,039	1,349

Amounts owed to other Group undertakings are unsecured, repayable on demand and interest free. These amounts relate to services received from other Group undertakings. Loans from group undertakings relate to loans provided by other Group undertakings to finance acquisitions or via the NEP cash pooling mechanism.

Deferred income includes £nil (2018: £5,470,000) due to customers in relation to audio visual installation contracts.

20. Creditors – amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Loans from Group undertakings	146,870	108,897	9,812	9,915
Obligations under finance leases and HP contracts	703	887	-	-
	147,573	109,784	9,812	9,915

Loans from group undertakings relate to loans provided by other Group undertakings to finance acquisitions or via the NEP cash pooling mechanism.

NEP UK Film I Limited

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Notes to the Consolidated Financial Statements (continued)

20. Creditors – amounts falling due after more than one year (continued)

Intercompany borrowings

Loans from Group undertakings are repayable as follows:

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Intercompany borrowings				
In 1 year or less	1,197	1,139	2,039	1,349
Later than 1 year and no later than 5 years	3,878	3,646	409	409
Later than 5 years	142,992	105,251	9,403	9,506
	148,067	110,036	11,851	11,264

Company borrowings of £11,851,000 (2018: £11,264,000) relate to intercompany borrowings which are denominated in Sterling and unsecured. The loan bears interest based on LIBOR.

Group borrowings of £140,169,000 (2018: £108,886,000) relate to intercompany borrowings which are denominated in Sterling and unsecured. The loans bear interest based on LIBOR.

Group borrowings of £7,898,000 (2018: £1,150,000) relate to intercompany borrowings which are denominated in Euro and unsecured. The loans bear interest based on EURIBOR.

Hire purchase liabilities

The finance companies, to whom the hire purchase obligations exist, hold a charge over the assets that they have financed.

	2019	2018
	£000s	£000s
Gross hire purchase liabilities - minimum lease payments		
In 1 year or less	707	757
Later than 1 year and no later than 5 years	773	1,006
Later than 5 years	29	5
	1,509	1,768
Future finance charges on hire purchase obligations	(194)	(243)
Present value of future hire purchase liabilities	1,315	1,525
Present value of hire purchase liabilities	£000s	£000s
In 1 year or less	612	638
Later than 1 year and no later than 5 years	675	882
Later than 5 years	28	5
	1,315	1,525

The company finances certain purchases of tangible fixed assets through hire purchase contracts and finance leases. The average lease term is three years. The effective interest rate on these agreements is between 4% and 7%.

NEP UK Film I Limited

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Notes to the Consolidated Financial Statements (continued)

21. Provisions

Group	Deferred taxation £000s	Dilapidations £000s	Total £000s
At 1 January 2019 (restated)	5,964	1,634	7,598
Acquired in business combinations	49	46	95
(Credited)/charged to the income statement	(1,315)	141	(1,174)
Exchange differences	(3)	(3)	(6)
At 31 December 2019	4,695	1,818	6,513

Dilapidations

The leases for various leasehold properties within NEP UK Film Limited companies include dilapidation clauses. The Directors continue to review the levels of provision held, taking into account the expected periods to market and assign the leases, and adjust the provision accordingly. The amounts due are subject to negotiation with Group's landlords, and the date of settlement is dependent on lease renewals. These provisions have been discounted using appropriate rates.

Dilapidations provisions include a balance of £850,000 falling due in the year ending 31 December 2019, and a balance of £924,000 falling due in the year ending 31 December 2037.

22. Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Group deferred tax asset

Deferred tax asset	Decelerated capital allowances £000s	Tax losses and other timing differences £000s	Total £000s
At 1 January 2019	3,405	281	3,686
Credited/(charged) to the profit and loss account	71	(14)	57
At 31 December 2019	3,476	267	3,743

An element of the total deferred tax assets are unrecognised due to uncertainties concerning the extent and timing of recoverability. These are dependent on the generation of certain classes of taxable profits by the Group's operations.

Deferred taxation assets have only been recognised for companies with a past history of profitability and where taxable profits are expected to arise in the future against which the tax losses and accelerated capital losses can be offset.

Group deferred tax liability

Deferred tax liabilities	Accelerated capital allowances £000s	Total £000s
At 1 January 2019 (restated)	5,964	5,964
Credited to the income statement	(1,315)	(1,315)
Acquired in business combinations	49	49
Exchange differences	(3)	(3)
At 31 December 2018	4,695	4,695

NEP UK Film I Limited

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Notes to the Consolidated Financial Statements (continued)

23. Share capital

Group and company	2019 number	2018 number	2019 £000s	2018 £000s
Allotted, called up and fully paid				
Ordinary shares of £1 each	32	32	-	-

24. Share-based payment

The Group operated two Equity Incentive Plans during the year to provide for the grant of incentive share options in shares to certain key management of the Group. The first plan, which provided for share options in shares of NEP Group, Inc, ran until 19 October 2018. The second plan, provided for share options in shares of NEP Group Holdings, Inc. from 8 December 2018.

Movements in share options during the year can be summarised as follows:

Group	2019 number	2018 number
Options outstanding as at 1 January	28,480	9,400
Options lapsed	-	(600)
Options acquired in business combinations	-	9,850
Options vested	-	(18,650)
Options granted during the year	-	28,480
Options outstanding as at 31 December	28,480	28,480
Exercisable as at 31 December	4,557	-

The fair value of share options in the NEP Group, Inc Equity Incentive plan was calculated at the date of grant using a Black-Scholes model which used reasonable assumptions for expected dividend yield, expected life, expected volatility and a risk free interest rate.

During the prior year Crestview Partners' shareholding in NEP Group, Inc was acquired by Carlyle Global Partners and as a result all shares in the NEP Group, Inc Equity Incentive plan vested on 19 October 2018. A charge of £1,264,000 to the income statement was recognised in the prior year in relation to the vesting of these options.

Following completion of the NEP Group, Inc Equity Incentive plan a new scheme, the NEP Group Holdings, Inc Equity Incentive plan was introduced in December 2018. Under this scheme shares were granted to certain key management of the Group. 80% of these options vest annually in five equal instalments, with the final 20% vesting on the achievement of certain performance conditions. Vesting is subject to the employees continued employment at the applicable vesting date. The Plan rules state that the exercise price per share subject to an option granted to an employee shall equal the fair market value per share as of the date the option is granted.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of share options in the NEP Group Holdings, Inc Equity Incentive plan was calculated at the date of grant using a Black-Scholes model which used reasonable assumptions for expected dividend yield, expected life, expected volatility and a risk free interest rate.

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Notes to the Consolidated Financial Statements (continued)

25. Cash generated from operations

	Group		Company	
	2019	2018	2019	2018
	£000s	Restated £000s	£000s	£000s
Operating loss	(3,163)	(217)	-	-
Adjustments for:				
- depreciation of plant, property and equipment	24,666	14,861	-	-
- amortisation of intangible assets	1,844	1,040	-	-
- loss on sale of plant, property and equipment	227	57	-	-
- impairment of intangible assets	643	-	-	-
- negative goodwill	(822)	-	-	-
- unrealised foreign exchange (losses)/gains, net	(7)	(314)	-	-
Changes in working capital:				
- inventories	2,272	(2,384)	-	-
- trade and other receivables	(10,540)	(3,024)	-	-
- receivables from Group undertakings	(10,781)	280	-	-
- trade and other payables	7,743	(2,113)	-	-
Net movement in provisions	140	41	-	-
Income tax paid	(920)	(174)	-	-
Cash generated from operations	11,302	8,053	-	-

26. Analysis of net debt

Group	At 1 January 2019 £000s	Net cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 31 December 2019 £000s
Cash at bank and in hand	6,131	(4,564)	-	11	1,578
Bank overdrafts	-	-	-	-	-
Net cash	6,131	(4,564)	-	11	1,578
HP obligations due in less than one year	(638)	682	(680)	24	(612)
HP obligations due in more than one year	(887)	(163)	319	28	(703)
Bank loans due in less than one year	-	71	(79)	8	-
Bank loans due in more than one year	-	116	(129)	13	-
Intercompany borrowings due in less than one year	(1,139)	614	(673)	1	(1,197)
Intercompany borrowings due in more than one year	(108,897)	(33,061)	(5,040)	128	(146,870)
Net debt	(105,430)	(36,305)	(6,282)	213	(147,804)

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Notes to the Consolidated Financial Statements (continued)

26. Analysis of net debt (continued)

Company	At 1 January 2019 £000s	Net cash flow £000s	Other non cash changes £000s	At 31 December 2019 £000s
Intercompany borrowings due in less than one year	(1,349)	-	(690)	(2,039)
Intercompany borrowings due in more than one year	(9,915)	-	103	(9,812)
Net debt	(11,264)	*	(587)	(11,851)

Other non-cash changes relate to the passage of time and transactions financed through intercompany borrowings.

27. Commitments and contingent liabilities

Capital commitments

The Group had £510,000 (2018: £2,452,000) of capital commitments for the purchase of property, plant and equipment at the balance sheet date which had not been recognised in the financial statements.

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
No later than 1 year	2,299	2,179	7,715	6,712
Later than 1 but no later than 5 years	4,738	5,672	16,658	20,783
Later than 5 years	9,449	10,518	-	198
	16,486	18,369	24,373	27,693

Operating leases primarily relate to the rental of office and warehouse office space, along with motor vehicles.

The Company has no operating lease commitments.

Contingent liabilities

The company has guaranteed the liabilities of the following subsidiaries in order for them to be exempt from audit:

- NEP UK Film II Limited
- Creative Technology Group Limited
- Creative Technology EME Limited
- Creative Technology Limited
- NEP UK Limited
- NEP (UK) Investments Limited
- NEP Connect Limited

NEP UK Film I Limited

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Notes to the Consolidated Financial Statements (continued)

28. Related party transactions

Group

The Group has taken advantage of the exemption available not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

The Group has generated revenue of £8,753,478 (2018: £4,915,639), and incurred costs of £7,980,215 (2018: £3,638,704) and management fees of £2,691,196 (2018: £3,180,061) from fellow subsidiaries of the ultimate parent that have not been eliminated on consolidation. The Group has paid interest of £7,489,221 (2018: £3,051,577) to, and received interest of £661,576 (2018: £236,045) from Group entities that have not been eliminated on consolidation.

Other than the Directors of the Company, the Group does not have any further individuals classified as key management. Details of the Directors' remuneration are set out in note 6.

The Directors of the Company have had awards under the NEP Group, Inc. Equity Incentive Plan (see note 24). The fair value attributable to the Directors' portion of the awards in the year ended 31 December 2019 is £nil (2018: £nil).

Mr J Crump, son of Mr DA Crump, a Director of the Group, was employed on standard group contractual terms by Creative Technology – Emirates LLC, a 100% owned subsidiary of the Group, during the period.

Company

During the year the Company received interest of £608,256 (2018: £532,471) and paid interest of £587,723 (2018: £523,274) to group undertakings.

At the year end balances due from subsidiaries to the Company amounted to £11,893,000 (2018: £11,285,000) and due to subsidiaries from the Company amounted to £11,851,000 (2018: £11,264,000).

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

29. Business combinations

Current year acquisitions

CT Ireland

On 1 July 2019 Avesco Holdings Limited ("Avesco"), a subsidiary of the company, acquired 100% of the ordinary share capital of Eurotek Group Holdings Limited and its subsidiary undertakings Eurotek (Ireland) Limited and Ion Solutions (EMEA) Limited, companies incorporated in Ireland which specialise in the provision of audio visual services to the live event market. Following the acquisition Ion Solutions (EMEA) Limited was renamed as Creative Technology (Audio Visual) Ireland Limited ("CT Ireland"). CT Ireland was acquired because there are potential synergies with the operations of NEP Group, Inc. and its subsidiaries.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed	Book Value £000s	Fair Value £000s
Tangible fixed assets	1,546	1,546
Intangible fixed assets	76	76
Stock	161	161
Debtors	4,142	4,142
Cash and cash equivalents	1,242	1,242
Creditors due in less than one year	(4,643)	(4,643)
Creditors due in more than one year	(289)	(289)
Provisions	(95)	(95)
Identifiable net assets acquired	2,140	2,140
Goodwill		4,145
		6,285
Consideration		
Cash consideration		6,222
Acquisition related costs		63
		6,285

The cash flows on acquisition were as follows:

Analysis of cash flows on acquisition	£000s
Cash consideration	(6,222)
Acquisition related costs	(63)
Net cash acquired	1,242
	(5,043)

The goodwill balance of £4,145 includes intangible assets which consist of customer relationships.

In the year ended 31 December 2019, turnover of £5,977 and profit of £85,000 was included in the consolidated profit and loss account in respect of CT Ireland since the acquisition date.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

29. Business combinations (continued)

SOS

On 15 October 2019, SOS Event Logistics UK Limited ("SOS"), a newly incorporated, wholly owned subsidiary of the company, acquired the trade and assets of SOS Global Express Limited, a company incorporated in England and Wales which specialises in the provision of freight services to the broadcast and live event markets. SOS was acquired because there are potential synergies with the operations of NEP Group, Inc. and its subsidiaries.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed	Book Value £000s	Fair Value £000s
Debtors	1,094	1,094
Cash and cash equivalents	980	980
Creditors due in less than one year	(1,225)	(1,225)
Identifiable net assets acquired	849	849
Negative goodwill		(822)
		27
Consideration		
Cash consideration		27
		27

The cash flows on acquisition were as follows.

Analysis of cash flows on acquisition

Cash consideration	(27)
Net cash acquired	980
	953

The negative goodwill balance of £822,000 has been credited to the profit and loss account as this acquisition is considered to be a bargain purchase.

In the year ended 31 December 2019, turnover of £810,000 and profit of £56,000 was included in the consolidated profit and loss account in respect of SOS since the acquisition date.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

29. Business combinations (continued)

Prior year acquisitions

NEP Connect

On 9 October 2018 NEP UK Film II Limited ("NEP Film II"), a subsidiary of the company, acquired 100% of the ordinary share capital of Sports Information Services Limited ("SIS Live"), a company incorporated in England and Wales which specialises in the provision of services to the broadcast market. Following the acquisition SIS live was renamed as NEP Connect Limited. NEP Connect was acquired because there are potential synergies with the operations of NEP Group, Inc. and its subsidiaries.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed	Book Value 2018 £000s	Fair Value 2018 £000s
Tangible fixed assets	8,098	18,941
Intangible fixed assets	-	3,886
Stock	31	31
Debtors	8,609	8,609
Cash and cash equivalents	4,104	4,104
Creditors due in less than one year	(15,016)	(15,016)
Provisions	-	(2,504)
Identifiable net assets acquired	5,826	18,051
Goodwill		6,422
		24,473
Consideration		
Cash consideration		24,166
Acquisition related costs		307
		24,473

The cash flows on acquisition were as follows:

Analysis of cash flows on acquisition	£000s
Cash consideration	(24,166)
Acquisition related costs	(307)
Net cash acquired	4,104
	(20,369)

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

29. Business combinations (continued)

NEP Visions and Bowtie Television

On 1 July 2018 NEP UK Film II Limited ("NEP Film II"), a subsidiary of the company, acquired 100% of the ordinary share capital NEP Visions Limited and NEP (UK) Investments Limited, both companies incorporated in England and Wales, from a fellow group undertaking. As a result of this transaction the company also acquired Bowtie Television Limited, a subsidiary of NEP (UK) Investments Limited. This transaction was between companies under common control and therefore the requirements of IFRS 3: Business Combinations have not been applied.

30. Post balance sheet events

As explained in the Directors' report, Covid-19 has had a significant impact on the global economy and the broadcast and live events industry that the Group operates in has been particularly hit. The impact of Covid-19 has been treated as a non-adjusting post balance sheet event for the year ended 31 December 2019.

Due to the pandemic the group anticipates a reduction in revenue of circa 49% in the year ended 31 December 2020. Furthermore, the group will undertake an impairment assessment on its non-current assets and this may result in impairment charges being recorded in the financial statements for that year.

There were no post balance sheet events which required adjustment to the financial statements for the year ended 31 December 2019.

NEP UK Film I Limited

Annual report and financial statements for the year ended 31 December 2019

Notes to the Consolidated Financial Statements (continued)

31. Transition to FRS 102

The Group's annual report and financial statements for the year ended 31 December 2019 are the first that the company has prepared in accordance with FRS 102. For all periods up to and including the year ended 31 December 2018 the company prepared its financial statements in accordance with International Financial reporting Standards as adopted by the European Union ("IFRS").

The following is a summary of the effects of the differences between FRS 102 and IFRS on the company's total shareholders' funds, profit and cash flows for the financial year for the years previously reported under IFRS following the date of transition to FRS 102.

	31 December 2018 £'000	1 January 2018 £'000
Total equity shareholders' funds/(deficit)		
IFRS	(8,348)	25,271
Measurement and recognition differences:		
Capitalisation of acquisition related transaction costs	307	-
Amortisation of customer relationships	43	-
Amortisation of goodwill	(377)	-
FRS 102	(8,375)	25,271

	2018 £'000
(Loss) for the financial year	
IFRS	(487)
Measurement and recognition differences:	
Capitalisation of acquisition related transaction costs	307
Amortisation of customer relationships	43
Amortisation of goodwill	(377)
FRS 102	(514)

Acquisition related transaction costs are charged to the income statement under IFRS; under FRS 102 these costs are capitalised as part of the cost of the acquisition and form part of goodwill.

Under IFRS goodwill is not amortised, but is tested annually for impairment; under FRS 102 goodwill is amortised over its useful economic life.

32. Ultimate parent and controlling party

The company's immediate parent company is NEP/NCP Holdco, Inc., a company incorporated in Delaware, USA. The ultimate parent company and controlling party is NEP Group Holdings, LP, a company incorporated in Delaware, USA. NEP Group Holdings, Inc. is the parent undertaking of the largest and only other group of undertakings to consolidate these financial statements at 31 December 2018. The financial statements of NEP Group Holdings, Inc. are not publicly available. The registered offices of NEP/NCP Holdco, Inc. and NEP Group, Inc. are 2 Beta Drive, Pittsburgh, PA 15238, USA.

These financial statements are the smallest group to be consolidated as at 31 December 2019.